

**Condensed Interim
Financial Information
(Un-audited)
September 30, 2012**



P A K I S T A N

SAUDI PAK
L E A S I N G

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Iqbal Hussain	Chairman
Mr. Ihsanul Haq Piracha	Vice Chairman
Mr. Muhammad Tariq Masud	Director
Ms. Parveen A. Malik	Director
Mr. Arsalan I. Khan	Director
Mr. Muhammad Farhan Malik	Director
Mr. Farrukh Shauket Ansari	Director
Mr. Ahsanullah Khan	Chief Executive Officer

AUDIT COMMITTEE

Mr. Ihsanul Haq Piracha	Chairman
Mr. Muhammad Tariq Masud	Director
Mr. Arsalan Iftikhar Khan	Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Muhammad Ali Siddiqui

AUDITORS

M/s. KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISOR

M/s. S & B Durrani Law Associates

TAX CONSULTANTS

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

BANKS & LENDING INSTITUTIONS

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

REGISTERED OFFICE

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

BRANCHES

Lahore

804-D, 8th Floor, City Tower,
6-K, Main Boulevard,
Gulberg-III, Lahore.
Tel: (042) 35788691-94, 35788696-97
Fax: (042) 35788695

Islamabad

Room No. 5, Business Centre, Low Rise Area,
Saudi Pak Tower, 61-A, Jinnah Avenue,
Blue Area, Islamabad.
Tel: (051) 2800236, 2800206
Fax: (051) 2800205

Sialkot

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

Universal Access Number: 111-888-999
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

Quarterly Report 2012

DIRECTORS' REVIEW

The Directors of Saudi Pak Leasing Company Limited are pleased to present the Un-audited Financial Statements of the Company for the first quarter ended September 30, 2012.

Operating and Financial Results

	September 30, 2012 Rupees	September 30, 2011 Rupees
Income from operating and finance leases	12,005,684	11,264,958
Other operating income	85,297,143	287,375
Total Income	97,302,827	11,552,333
Financial Charges	19,773,248	44,118,636
Administrative and operating costs	24,583,328	20,843,537
Operating profit / (loss) before provisions	52,964,251	(53,409,840)
Provisions / (reversals) against leases, loans, receivables and investments	(49,298,550)	52,725,633
Profit / (Loss) before taxation	102,244,801	(106,135,473)
Profit / (Loss) after taxation	100,744,801	(107,378,780)
Profit / (Loss) per share - basic and diluted	2.23	(2.38)

The Company has started its journey towards making itself a going concern by way of making profits in the first quarter of the current financial year. Though the country is facing serious challenges for the last four years on account of numerous factors along with energy crisis and security risk leading to slow pace of recovery from clients, yet we are hopeful that given successful implementation of the rehabilitation plan, the company would be able to make a come-back situation. Though all the liquidity resources of the company have been completely dried up for the last four years, yet the company has been able to maintain its operations. The liquidity resources mainly concentrated on Bank borrowings is completely at halt, however, the company is making all out efforts for recovery and servicing its debt towards creditors as per settlement agreements. The Management is constantly pursuing its recovery drive and continues to negotiate with the lenders with amicable settlements through win-win situations. The lengthy and complex litigation process is also one of the reasons which delayed the 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 the pressure on the lease/loan customers and 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 and offering relaxation in repayment period to the customers.

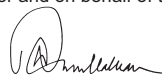
The management continues to work on the liability side of the book and has successfully negotiated and closed a substantial amount of liability in the shape of restructuring the facilities by way of taking advantage of waiver in mark-up and discount towards the principal liability. So far, the settlements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

The settlements of assets and liabilities have so far 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 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. Also, the issuance of convertible preference shares against settlement of liabilities will assist the company in reducing the losses and 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 in the days to come.

For and on behalf of the Board



Ahsanullah Khan
Chief Executive Officer



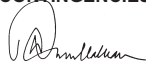
Muhammad Iqbal Hussain
Chairman


Karachi: December 28, 2012

CONDENSED INTERIM BALANCE SHEET

As at September 30, 2012 (Un-audited)

	Note	September 30,	June 30,
		2012	2012
		Rupees	
		(Un-audited)	(Audited)
ASSETS			
Current Assets			
Cash and bank balances		14,507,265	27,279,060
Short-term loans	5	220,093,100	220,222,545
Short-term investments	6	106,124,526	122,568,873
Accrued mark-up		3,334,594	1,513,530
Trade deposits and short term prepayments		913,237	808,696
Other receivables		14,090,469	15,649,183
Current maturity of non- current assets	7	1,100,595,239	1,123,221,788
Total current assets		1,459,658,430	1,511,263,675
Non-current assets			
Long-term loans	8	3,169,849	-
Net investment in leases	9	280,378,764	282,415,625
Investment Property		66,030,933	66,983,055
Intangible assets		229,903	367,856
Property, plant and equipment	10	126,852,183	132,660,389
Total non-current assets		476,661,632	482,426,925
Total Assets		1,936,320,062	1,993,690,600
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	11	207,762,470	246,884,058
Certificates of investment		90,645,301	94,895,301
Accrued mark-up		267,291,875	320,736,579
Sub-ordinated debt	12	333,208,499	333,208,499
Income tax payable - net		4,463,033	4,100,334
Accrued and other payables		18,610,880	31,504,450
Current maturity of non-current liabilities	13	1,274,562,429	1,290,830,231
Total current liabilities		2,196,544,487	2,322,159,452
Non-current liabilities			
Certificates of investment		6,050,000	11,300,000
Deferred tax liability - net		95,320,137	93,432,598
Long term finances	14	508,908,897	507,776,283
Deposits against leases		41,656,385	70,039,373
Total non-current liabilities		651,935,419	682,548,254
Total liabilities		2,848,479,906	3,004,707,706
NET ASSETS		(912,159,844)	(1,011,017,106)
FINANCED BY			
Authorized Capital 200,000,000 (June 30, 2012: 100,000,000) ordinary shares of Rs. 10/-each		2,000,000,000	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		(1,554,266,193)	(1,658,516,423)
		(954,403,804)	(1,058,654,034)
Surplus on revaluation of assets - net	15	42,243,960	47,636,928
		(912,159,844)	(1,011,017,106)
CONTINGENCIES			
	16		


Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman


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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the Quarter ended September 30, 2012 (Un-audited)

	Note	Quarter ended	
		September 30, 2012	September 30, 2011
		----- Rupees -----	
Revenues			
Income from:			
Finance leases		11,311,368	9,784,308
Operating leases		694,316	1,480,650
		12,005,684	11,264,958
Other operating income	18	85,297,143	287,375
		97,302,827	11,552,333
Expenses			
Financial and other charges		19,773,248	44,118,636
Administrative and other operating expenses		18,137,147	17,595,927
Direct cost of operating leases		6,446,181	3,247,610
		44,356,576	64,962,173
Operating Profit / (loss) before provisions		52,946,251	(53,409,840)
Provisions and fair value changes			
Provisions / (reversals) for doubtful leases, loans and other receivables		(48,556,315)	48,656,515
Impairment / (reversal) on available-for-sale investments		(742,235)	4,069,118
		(49,298,550)	52,725,633
Profit / (Loss) before taxation		102,244,801	(106,135,473)
Taxation		1,500,000	1,243,307
Profit / (Loss) for the period		100,744,801	(107,378,780)
Profit / (Loss) per share - basic and diluted		2.23	(2.38)


Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

CONDENSED INTERIM CASH FLOW STATEMENT

For the Quarter ended September 30, 2012 (Un-audited)

Note	Quarter ended	
	September 30, 2012	September 30, 2011
	----- Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations after working capital changes	19 65,715,970	(5,865,154)
Financial charges paid / adjusted	(73,217,952)	(10,674,859)
Taxes paid	(1,137,301)	(1,291,044)
Deposits paid to lessees	(18,756,327)	(15,561,212)
Decrease in net investment in leases	43,896,474	46,193,700
	(49,215,106)	18,666,585
Net cash generated from operating activities	16,500,864	12,801,431
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,176,000)	(83,050)
Proceeds from sale of property, plant and equipment	2,555,000	2,311,733
Proceeds from sale of investments	7,709,854	40,886,983
Decrease in long term loans	2,820,819	(4,055,114)
Decrease in short-term loans	33,201,110	9,633,286
Dividend received	-	166,375
Net cash generated from investing activities	44,110,783	48,860,213
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in long term finances	(20,261,854)	(42,945,136)
Decrease in borrowing from financial institutions	(39,121,588)	(1,000,000)
Decrease in certificates of investment	(14,000,000)	(25,304,699)
Net cash used in financing activities	(73,383,442)	(69,249,835)
Net Decrease in cash and cash equivalents	(12,771,795)	(7,588,191)
Cash and cash equivalents at beginning of the period	27,279,060	31,700,552
Cash and cash equivalents at end of the period	14,507,265	24,112,361


Ahsanullah Khan
Chief Executive Officer


Muhammad Iqbal Hussain
Chairman


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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Quarter ended September 30, 2012 (Un-audited)

	Share capital	Statutory reserve	Accumulated loss	Total
----- R u p e e s -----				
Balance as at July 1, 2011	451,605,000	148,257,389	(839,410,437)	(239,548,048)
Loss after taxation for the period ended September 30, 2011	-	-	(107,378,780)	(107,378,780)
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	957,998	957,998
Balance as at September 30, 2011	451,605,000	148,257,389	(945,831,219)	(345,968,830)
Balance as at July 1, 2012	451,605,000	148,257,389	(1,658,516,423)	(1,058,654,034)
Profit after taxation for the period ended September 30, 2012	-	-	100,744,801	100,744,801
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	3,505,429	3,505,429
Balance as at September 30, 2012	451,605,000	148,257,389	(1,554,266,193)	(954,403,804)


Ahsanullah Khan
 Chief Executive Officer


Muhammad Iqbal Hussain
 Chairman

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter ended September 30, 2012 (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, Karachi. The main business activity of the Company is the leasing of assets. The Company's license to carry out the business of leasing had expired on May 18, 2010 and renewal is pending with the Securities and Exchange Commission of Pakistan.

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

- 1.2 The country's weak economic fundamentals has had a pessimistic impact on the local economy, the country is facing serious challenges for the last four years on account of numerous factors along with energy crisis and security risk. Higher inflation, political instability, disturbed security environment and lack of trust of foreign investors are the other main reasons and have caused a serious dent in the country's economy.

These factors provides foundation for severe liquidity crunch in the leasing sector and in the Company as well. The Company was thus trapped in the mud of defaults wherein recovery from customers had become an uphill task. The deteriorated financial position of the Company can be overcome from the recovery on account of balance lease / loan portfolio, which is currently an available lifeline for the company, and the management is trying to recover as much as possible from the available means.

Although uncertainty still exists due to the above factors which may cast doubt on the Company's ability to continue as a going concern, however, 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 approved rehabilitation plan for capital management and the approved financial projections, the going concern assumption is appropriate and has as such prepared these financial statements on a going concern basis.

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

These condensed interim financial statements for the quarter ended September 30, 2012 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, 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, 2012.

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, 2012.

4 RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended June 30, 2012.

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter ended September 30, 2012 (Un-audited)

	Note	September 30, 2012 ----- (Un-audited)	(Rupees) ----- (Audited)	June 30, 2012 ----- (Audited)
5 SHORT TERM LOANS - Secured				
Term loan to customers		-		-
- Considered good				
- Non-performing loans		296,295,362		329,496,472
		296,295,362		329,496,472
Allowance for non-performing loans		(76,202,262)		(109,273,927)
		<u>220,093,100</u>		<u>220,222,545</u>
5.1		Term loans due from customers are secured against property and pledge of listed securities. The rate of return on these loans ranges from 16.06% to 25% (June 30, 2012: 16.06% to 25%) per annum.		
6 SHORT-TERM INVESTMENTS				
Available for sale				
- Ordinary shares of listed companies	6.1	17,722,832		33,654,260
- Ordinary shares of unlisted companies		32,248,268		32,248,268
Available for sale at cost		49,971,100		65,902,528
Impairment loss recognized		(12,156,160)		(20,740,074)
		37,814,940		45,162,454
Held to maturity				
Government Market Treasury Bills		33,309,586		32,406,419
Certificates of deposit		35,000,000		45,000,000
		<u>106,124,526</u>		<u>122,568,873</u>
6.1		The investments in the listed equity securities held as available for sale are valued at prices quoted on stock exchanges as at September 30, 2012.		
7 CURRENT MATURITY OF NON - CURRENT ASSETS				
Current portion:				
Long term Loans	8	58,486,331		73,142,480
Net investment in leases	9	1,042,108,908		1,050,079,308
		<u>1,100,595,239</u>		<u>1,123,221,788</u>
8 LONG TERM LOANS				
Related party				
Due from employees - considered good		4,384,709		4,724,493
Other than related party				
Term loan to customers		-		1,182,846
- Considered good				
- Non-performing loans		122,070,407		123,368,596
	8.1	122,070,407		124,551,442
		126,455,116		129,275,935
Allowance for non-performing loans		(64,798,936)		(56,133,455)
		61,656,180		73,142,480
Recoverable within one year shown as current portion of long term loans	7	(58,486,331)		(73,142,480)
		<u>3,169,849</u>		<u>-</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter ended September 30, 2012 (Un-audited)

8.1 Term loans due from customers are secured against property and pledge of listed securities. The rate of return on these loans ranges from 16% to 22.66% (June 30, 2012: 16% to 22.66%) per annum.

9	NET INVESTMENT IN LEASES	Note	September 30,	June 30,
			2012	2012
			(Rupees)	(Rupees)
			(Un-audited)	(Audited)
	Minimum lease payments receivable		1,815,952,253	1,839,774,845
	Add: Residual value of leased assets		663,943,439	682,864,766
	Gross investment in leases		2,479,895,692	2,522,639,611
	Less: Unearned lease income		36,211,520	49,166,687
	Income suspended		390,045,875	386,122,793
	Provision for potential lease losses		731,150,625	754,855,198
			1,157,408,020	1,190,144,678
	Net investment in leases		1,322,487,672	1,332,494,933
	Less: Current portion of net investment in leases	7	(1,042,108,908)	(1,050,079,308)
			280,378,764	282,415,625

9.1 The internal rate of return on leases ranges from 12.50% to 20.01% (June 30, 2012: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finance obtained (refer note 11).

10	PROPERTY, PLANT AND EQUIPMENT	Note	September 30,	June 30,
			2012	2012
			(Rupees)	(Rupees)
			(Un-audited)	(Audited)
	Property, plant and equipment - own use		82,840,593	82,202,621
	Property, plant and equipment - operating lease		44,011,590	50,457,768
			126,852,183	132,660,389

	Own use		Operating lease assets	
	Addition	Disposal	Addition	Disposal
	----- Rupees -----		----- Rupees -----	
Vehicles	2,176,000	3,500,000	-	-
Office Equipment	-	-	-	-
Plant and machinery	-	-	-	-
Total	2,176,000	3,500,000	-	-

The above statement shows cost of additions to and disposals from property, plant and equipment during the quarter ended September 30, 2012.

11	BORROWINGS FROM FINANCIAL INSTITUTIONS	Note	September 30,	June 30,
			2012	2012
			(Rupees)	(Rupees)
			(Un-audited)	(Audited)
	Letter of placements - Unsecured			
	National Bank of Pakistan		77,500,000	77,500,000
	Innovative Investment Bank Limited		60,000,000	60,000,000
	Meezan Bank Limited		-	36,871,588
	AKD Aggressive Income Fund		20,000,000	20,000,000
	IGI Investment Bank Limited		13,750,000	13,750,000
	KASB Income Opportunity Fund		16,804,137	17,929,137
	KASB Asset Allocation Fund		19,708,333	20,833,333
			207,762,470	246,884,058

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SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter ended September 30, 2012 (Un-audited)

12 SUB-ORDINATED DEBT

This represents long term financing obtained from the Parent Company, aggregating to Rs. 333,208,499 which was subsequently converted into an interest free, unsecured debt sub-ordinated to all debts of the company.

	Note	September 30, 2012 ----- (Rupees) ----- (Un-audited)	June 30, 2012 ----- (Audited)
13 CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current portion of:			
Certificates of investments		76,669,000	81,169,000
Long term finances	14	597,171,299	618,565,767
Deposits against leases		600,722,130	591,095,464
		<u>1,274,562,429</u>	<u>1,290,830,231</u>

14 LONG TERM FINANCES

Long term finances - secured	14.1 & 14.2	507,226,851	517,806,216
Long term finances - unsecured		111,000,000	111,682,627
Term finance certificates - secured	14.3	487,853,345	496,853,207
		<u>1,106,080,196</u>	<u>1,126,342,050</u>
Less: Current maturity shown under current liabilities	13	597,171,299	618,565,767
		<u>508,908,897</u>	<u>507,776,283</u>

		Principal Outstanding	
		September 30, 2012 ----- (Rupees) -----	June 30, 2012
14.1 Long term finances			
Secured			
National Bank of Pakistan - II		12,500,000	12,500,000
Pak Brunei Investment Company Limited		165,346	244,711
First Women Bank Limited		75,061,505	75,061,505
Askari Income Fund		15,000,000	15,000,000
Soneri Bank Limited		110,000,000	110,000,000
Bank Of Khyber		237,000,000	240,000,000
HSBC Bank Middle East Limited - III		57,500,000	65,000,000
Un-secured			
CDC Trustee United Growth & Income Funds		100,000,000	100,000,000
Silk Bank Limited		11,000,000	11,682,627
		<u>618,226,851</u>	<u>629,488,843</u>

14.2 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 9.20% to 15.00% per annum.

14.3 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.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter ended September 30, 2012 (Un-audited)

Note	September 30, 2012	June 30, 2012
	(Rupees) (Un-audited)	(Audited)
15 SURPLUS ON REVALUATION OF ASSETS - NET		
Surplus on revaluation of property, plant and equipment	42,243,960	47,636,928
Unrealised gain on available-for-sale investments	-	-
	<u>42,243,960</u>	<u>47,636,928</u>

15.1 The property, plant and equipment of the Company were revalued as at September 28, 2008, June 27, 2012 and June 30, 2012. The revaluation was carried out by independent valuers, on the basis of professional assessment of present market values and resulted in surplus of Rs.33,769,445, Rs.41,486,216 and Rs.10,006,600 respectively over the written down values.

Note	September 30, 2012	June 30, 2012
	(Rupees) (Un-audited)	(Audited)
16 CONTINGENCIES		
Claims against the Company not acknowledged as debts	100,822,578	100,822,578

16.1 The Company has also filed various claims for the recovery of defaulted amounts.

16.2 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 & 2009-10. Accordingly Rs. 126,204,794 has been alleged to be recoverable. The above amount of FED has been imposed on all the income of the Company for the 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. 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 to 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 per provisions of the Federal Excise Act, 2005. Accordingly, the amount of liability comes out to Rs. 198,530, for which 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 No. 97 of 2012 dated 30 April 2012 constituted that the duty so charged is legally and constitutionally valid under the FED Act. 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 and is likely to succeed in getting the relief claimed against the said demand.

17 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The minimum equity requirement applicable to Company (Leasing License) under the amended NBFC regulations, 2008 is Rs. 500 million. The Company has requested the Securities and Exchange Commission of Pakistan (SECP) for relaxation in the requirement and is hopeful that this request will be accepted based on the condition of the business environment and the company's position in the overall leasing sector and as well as its past performance.

Quarterly Report 2012

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter ended September 30, 2012 (Un-audited)

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	(1,554,266,193)
Sub-ordinated debt	333,208,499

(621,195,304)

Quarter Ended

September 30, September 30,
2012 2011

----- (Rupees) -----

18 OTHER OPERATING INCOME

Dividend income	-	166,375
Capital gain on sale of investments	362,340	324,768
Income from Government Securities	903,167	-
Income from saving accounts	127,594	440,425
Income on term loans	4,033,364	(2,143,248)
Gain on settlement of liabilities	76,348,568	-
Gain on sale of fixed assets	2,205,000	1,392,484
Return on certificates of deposit	1,272,329	-
Others	44,781	106,571
	<u>85,297,143</u>	<u>287,375</u>

19 CASH GENERATED FROM OPERATIONS

Profit for the period before taxation	102,244,801	(106,135,473)
Adjustment for non cash charges and other items :		
Depreciation - owned assets	2,278,101	1,673,260
Depreciation - assets under operating lease	6,446,181	3,192,621
Financial charges and other charges	19,773,248	44,118,636
Provision / (reversals) for doubtful leases, loans and other receivables	(48,556,315)	48,656,515
Dividend income	-	(166,375)
Impairment / (reversal) on available-for-sale investments	(742,235)	4,069,118
Gain on sale of property, plant and equipment	(2,205,000)	(1,392,484)
	<u>(23,006,020)</u>	100,151,291
Profit before working capital changes	79,238,781	(5,984,182)
Working capital changes		
Advances, deposits, prepayments and other receivables	(629,241)	3,172,737
Accrued and other payables	(12,893,570)	(3,053,709)
	<u>(13,522,811)</u>	119,028
Cash generated from operations after working capital changes	<u>65,715,970</u>	<u>(5,865,154)</u>

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Quarter ended September 30, 2012 (Un-audited)

20 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:

	Quarter Ended	
	September 30, 2012	September 30, 2011
	----- (Rupees) -----	
Parent Company		
Rent paid	115,500	109,435
Other Associated Companies		
Rentals received during the period	20,305	4,852,835
Key management personnel		
Payments to gratuity fund	-	674,800


21 COMPARATIVE FIGURES

Corresponding figures have been rearranged and reclassified, if necessary, to reflect more appropriate presentation of events and transactions for the purposes of comparison.

22 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on December 28, 2012 by the Board of Directors.


Ahsanullah Khan
 Chief Executive Officer


Muhammad Iqbal Hussain
 Chairman

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CORPORATE