

**FINANCING GROWTH
SINCE 1991**

Annual
Report
2009

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FINANCE LEASE

OPERATING LEASE

SYNDICATE ARRANGEMENTS

TERM LOAN

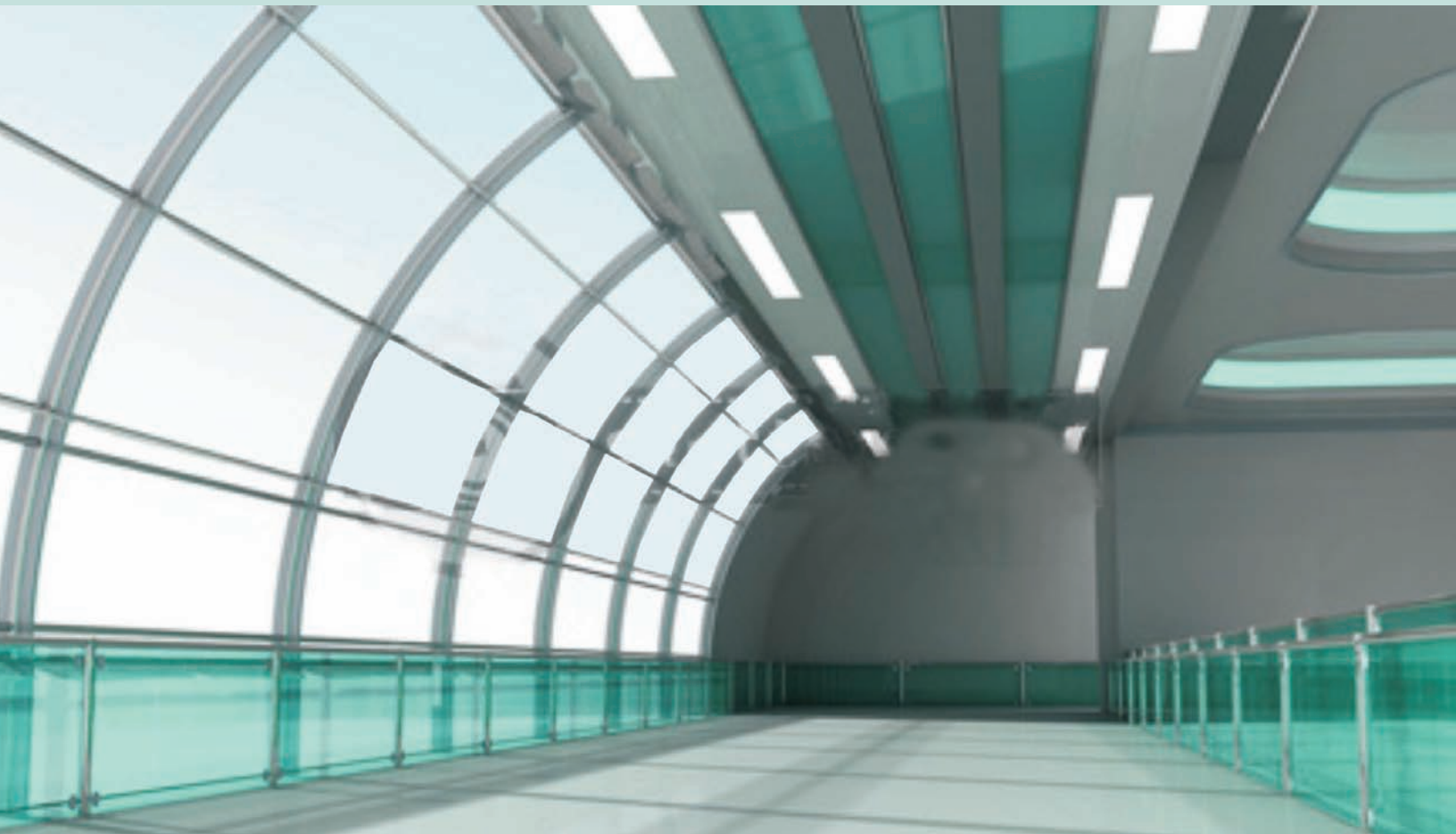
**adding value to
financial transactions**

OUR VISION

To become industry leader by offering unique business solutions to the customers, driven by a cohesive team of professionals.



OUR MISSION



For our Customers

We will strive to add value for our customers through high quality business solutions and superior services.

For our Shareholders

We will maximize our shareholders' value by optimum utilization of resources.

For our Employees

We will provide our employees opportunities for self-development in a highly challenging performance-oriented work environment.

For our society

We will maintain high ethical standards and act as responsible corporate citizen.

OUR CORPORATE INFO

Promoting a Culture of
Corporate Governance



MR. MUHAMMAD RASHID ZAHIR
Chairman

BOARD OF DIRECTORS

Mr. Muhammad Rashid Zahir
Chairman

Senator (R) Ihsanul Haq Piracha
Vice Chairman

Mr. Farrukh Shauket 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

Senator (R) Ihsanul Haq Piracha
Vice Chairman

Mr. Aasim Azim Siddiqui
Director

CREDIT COMMITTEE

Senator (R) 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. Mazhar Abbas Zaidi

HEAD OF INTERNAL AUDIT

Mr. Imran Masood

AUDITORS

M/s. 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)



SENATOR (R) IHSANUL HAQ PIRACHA
Vice Chairman



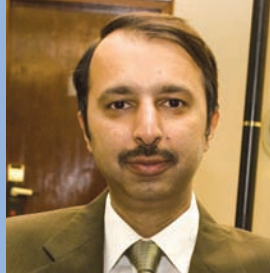
MR. AASIM AZIM SIDDIQUI
Director



MR. FARIDULLAH KHAN
Director



MR. FARRUKH SHAUKET ANSARI
Chief Executive Officer



MR. HAROON IHSAN
Director



MR. MUHAMMAD TARIQ MASUD
Director

BANK & LENDING INSTITUTIONS

National Bank of Pakistan
United Bank Limited
MCB Bank Limited
Allied Bank Limited
Askari Bank Limited.
The Royal Bank of Scotland
(Formerly ABN AMRO Bank (Pakistan) Limited)
Standard Chartered Bank (Pakistan) Limited
HSBC Bank Middle East Limited
Silkbank Limited
(Formerly Saudi Pak Commercial Bank 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) 5672633

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) 5655595



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of the members of Saudi Pak Leasing Company Limited ("the Company") will be held at Saudi Pak Tower 61-A, Jinnah Avenue, Blue Area, Islamabad, on Friday, October 30, 2009 at 10:00 hours to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 18th Annual General Meeting of the Company held on October 30, 2008.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with the Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year 2009-2010 and to fix their remuneration. The Board of Directors has recommended appointment of M/s M. Yousuf Adil Saleem & Co, Chartered Accountants as auditors for the year 2009-2010.
4. To consider any other business with the permission of the Chair.

By Order of the Board

Mazhar Abbas Zaidi
Company Secretary

Karachi: October 10, 2009

NOTES:

1. The Register of members of the Company will remain closed from October 22, 2009 to October 30, 2009 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her.
3. A proxy must be a member of the Company.
4. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power of attorney, in order to be valid must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.
5. Members are advised to lodge shares for transfer at the office of our Registrar, THK Associates (Pvt) Ltd., Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi.
6. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:
 - i) In case of individuals, the account holder or sub-account holder, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their participants I.D. numbers and account numbers in CDS.
 - ii) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

OUR BUSINESS

Corporate Finance:

Our strategic focus is to sustain and enhance our niche in providing financial solutions to the ever-expanding corporate world. Encompassing a substantial portfolio of commercial assets like industrial equipment, power machinery, vehicles, etc., our marketing efforts are geared towards local blue chips and export-oriented enterprises. While fulfilling our commitment to provide innovative financial solutions, we also extend lease financing to small and medium sector enterprises with the added advantage of superior services.

In order to cater to the needs of our clients to the fullest, we have also introduced operating lease of Generators and Reverse Osmosis plants.



Structuring Financial Transactions
to meet Customer Needs

Consumer Finance:

Recognizing the scope of consumer segment of the market, we have ventured into financing of consumer products at competitive rates with easy accessibility. We have collaborations with leading manufacturers of this segment aimed at enhancement of lifestyles while delivering luxury at doorsteps.



CHAIRMAN'S REVIEW

I am pleased to present the 19th Annual Report along with the audited Financial Statements of Saudi Pak Leasing Company Limited for the year ended June 30, 2009.

Economic Overview

The effects of global crisis continue to reverberate through our economy. The global financial meltdown impacted adversely Gross Domestic Product (GDP), exports and foreign direct investment. The situation was further exacerbated by credit crunch, drying up of liquidity and the damaging outfall of war on terror. The acute energy shortage hampered the industrial activity.

During Financial Year 2009, Pakistan's economy grew by 2 per cent, the lowest growth in the last 7 years. The slow down in the economy was due to massive contraction in the industrial sector which declined by 7.7 per cent as compared to growth of 4 per cent in the last year. The services sector grew by 3.6 per cent compared to 6.6 per cent last year on account of decline in the performance of Finance and Insurance sector which had posted a healthy growth of 12.9 per cent last year. The Agriculture sector emerged as the main driver of economic growth as it grew by 4.7 per cent compared to 1.1 per cent in the previous year.

The IMF Stand By Arrangement program has provided much needed relief to the economy. Foreign exchange reserves have increased to USD 11.5 billion by June 30, 2009 which had touched a low of USD 7 billion in November 2008. The workers' remittances touched an all time high of USD 7.811 billion up from USD 6.451 billion contributing in shrinking the current account deficit to USD 8.5 billion, lower by 23 per cent compared to the previous year. Trade deficit also narrowed down to USD 14 billion against USD 16.8 billion on account of lower imports.

The Exchange rate lost significant value against US Dollar depreciating by 21 per cent after remaining stable for more than four years. Per capita income showed a nominal increase rising to USD 1,046 from USD 1,042 in Financial Year 2008 on the back of increased workers' remittances and growth in agriculture sector.

The inflationary pressure is receding. The inflation (CPI) peaking at 25.5 per cent in August 2008 has eased down to 14 per cent by June 30, 2009. Due to reduced inflationary pressure State Bank of Pakistan (SBP) has reduced the discount rate to 14 per cent.

Capital market

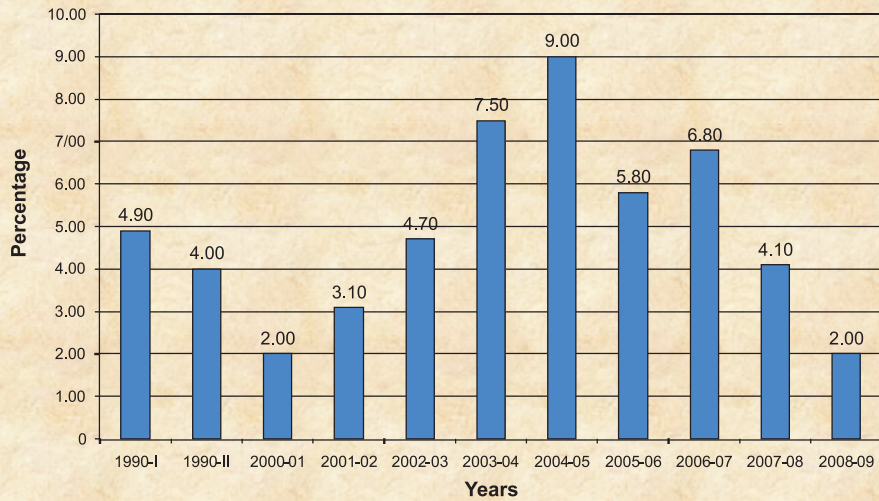
The Stock market went through a roller coaster ride during the last year. The benchmark KSE-100 index touched a low of 4,815 points on January 26, 2009 declining by 61 per cent compared to 12,289 points on July 1, 2008. The index recovered to 7,162 points by June 30, 2009. The stock market performance was marred by unprecedented imposition of price floor between August to December, 2008 and fallout from weakened economy and high inflation. The market is recovering gradually on the back of political calm and renewed interest from foreign investors.

Leasing Industry

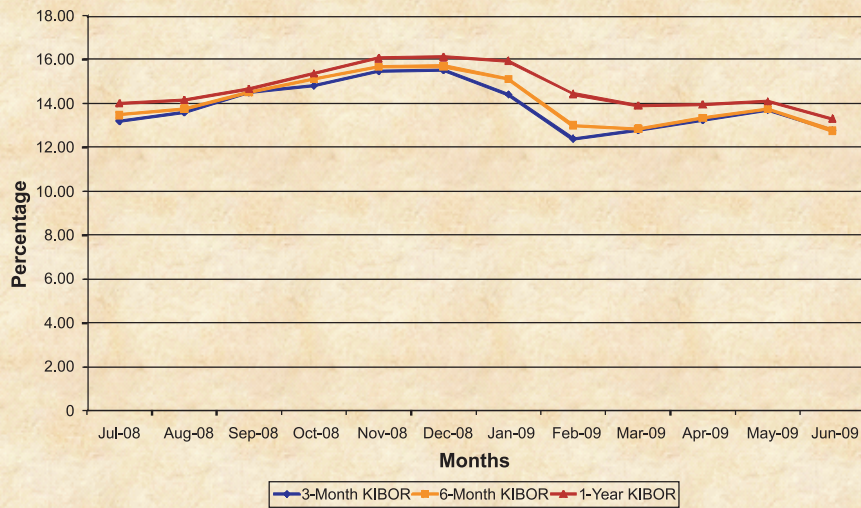
During the rapid economic growth period leasing sector played a vital role in nurturing the various small and medium sectors including transport, fuel and energy, textile, automobiles, construction, healthcare and agriculture and helped in generating employment opportunities in the country. It is now a matter of grave concern that the leasing sector is passing through a severe liquidity crunch induced by stoppage of financing by the Commercial Banks and Development Finance Institutions and lack of financial support from Government and SBP. It is time that both the regulators, SECP and SBP, take immediate and supportive measures before the NBFC sector is irreparably damaged which will in turn dent the development of SME sector which has been playing a key role in the development of the economy.

As part of consolidation in the industry we expect a spate of mergers and acquisitions. The prevailing circumstances

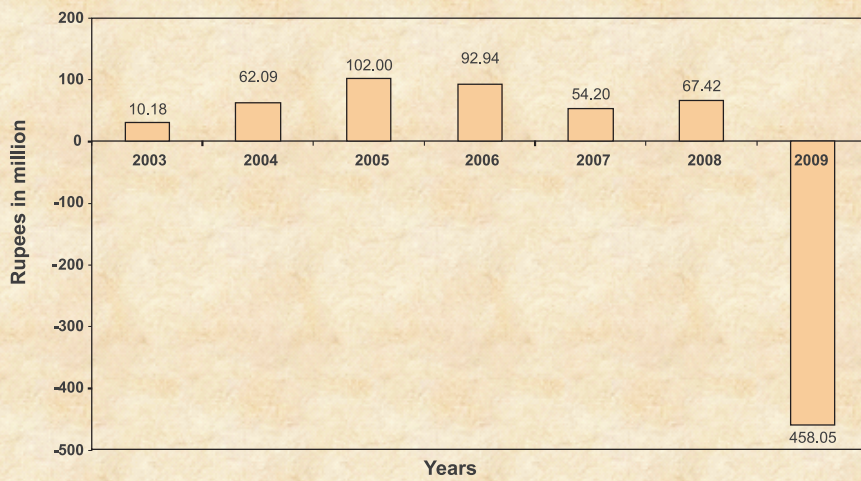
GDP GROWTH RATE



INTEREST RATE ANALYSIS



OPERATING PERFORMANCE

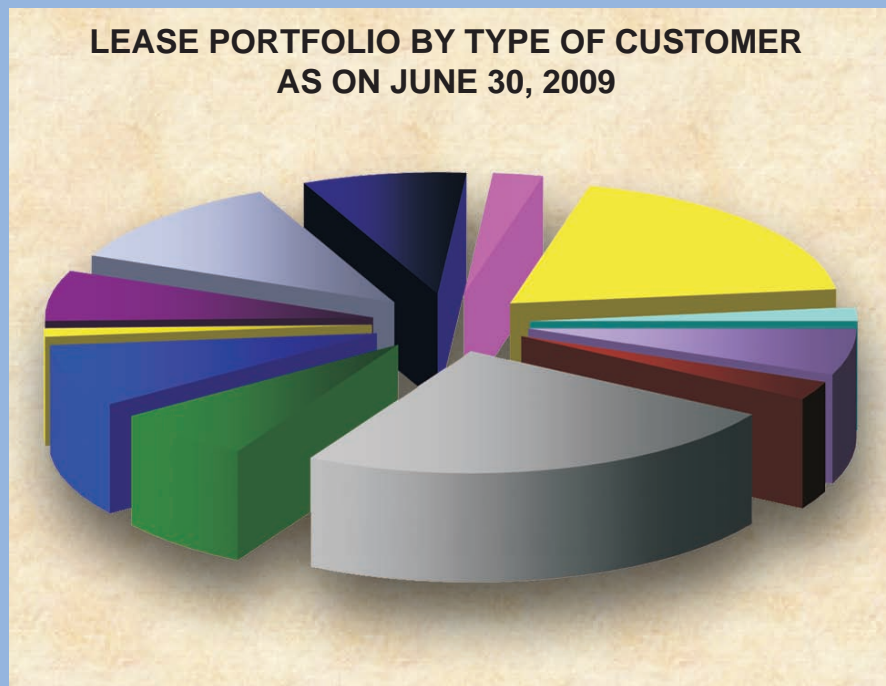


**LEASE PORTFOLIO BY TYPE OF ASSETS
AS ON JUNE 2009**



- 76% Plant & Machinery
- 09% Commercial Vehicles
- 08% Passenger Vehicles
- 07% Others

**LEASE PORTFOLIO BY TYPE OF CUSTOMER
AS ON JUNE 30, 2009**



- 06% Food and Allied
- 25% Textile
- 08% Construction
- 07% Energy oils & Gas
- 08% Services
- 19% Miscellaneous
- 02% Pharmaceuticals/Fertilizer
- 07% Steel and Engineering
- 01% Leather & Allied
- 12% Transport & Communication
- 03% Consumer & SME
- 02% Cement

may compel some of the leasing companies to consider the option of merger to meet the regulatory requirements regarding capital adequacy.

Financial Performance

Due to freezing of credit lines and non availability of long term funding the lease and loan disbursements during Financial Year 2009 decreased to Rs.851 million as against Rs.3,249 million during Financial Year 2008. As a result total gross revenue declined to Rs.677 million from Rs.871 million in the same period in the previous. Revenue from leasing operations decreased to Rs.499 million from Rs.555 million. The other operating income decreased to Rs.177 million from Rs.317 million. The major impact came from capital market operations whose contribution decreased significantly to Rs.13 million from Rs.87 million in the last year. The financial charges for the year jumped to Rs.776 million as compared to Rs.571 million in the previous year as the banking institutions charged exorbitant rates due to tight liquidity and difficult money market conditions. The operating expenses increased nominally to Rs.112 million from Rs.105 million in the last year. Direct cost of operating leases increased to Rs.44 million as compared to Rs.30 million in the previous year, mainly due to impact of higher depreciation costs.

Low disbursements, higher financial cost and adverse stock market conditions during the year under review resulted in operating loss of Rs.258 million as against operating profit of Rs.160 million earned during the last year. The provisions and fair value charges increased to Rs.270 million up from Rs.69 million in the last year. Major component of this was 50 per cent of the total deficit on investment in listed securities and mutual fund amounting to Rs.169 million which has been recognized in the profit and loss account in accordance with the S.R.O 150(I)/2009 dated February 13, 2009. The net loss after provisions and tax amounted to Rs.458 million as compared to net profit of Rs.67 million earned during the last year.

Future Outlook

Political stability and improvement in law and order situation will allow the economic managers to focus their attention to economic management and improvement in the operating environment.

The earning and growth of NBFC sector has been negatively impacted by the economic turmoil in the country during Financial Year 2009. We see improvement in macro economic factors such as inflation, interest rate, balance of payments and stability in exchange rate which will help in arresting the economic decline. There is an urgent need to tackle energy shortage problem, which is the main impediment to survival and growth of small and medium industrial enterprises.

The macro economic conditions will apparently continue to hurt the growth and profitability of the leasing sector. The Government needs to come up with a support package for NBFC sector to allow them to weather the economic turmoil they are going through.

And last, but not the Least

On behalf of the Board of Directors, I avail the opportunity to acknowledge with thanks the guidance of the regulatory authorities and the patronage of customers, COI and TFC holders, banks and lending institutions. I would also like to place on record the dedicated efforts and hard work of the management and the employees.

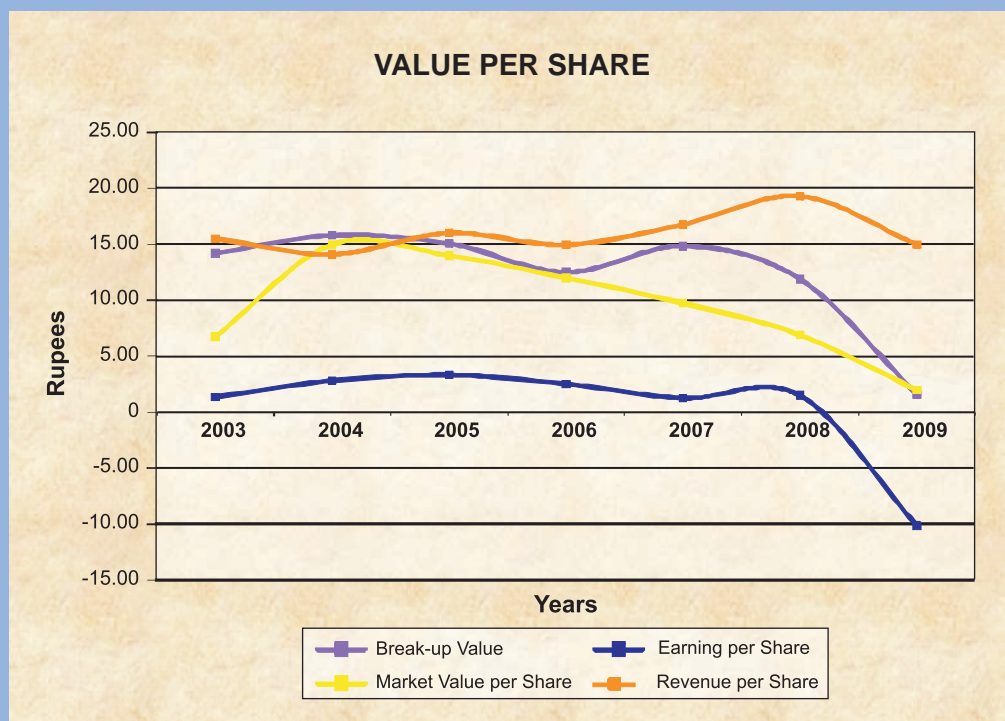
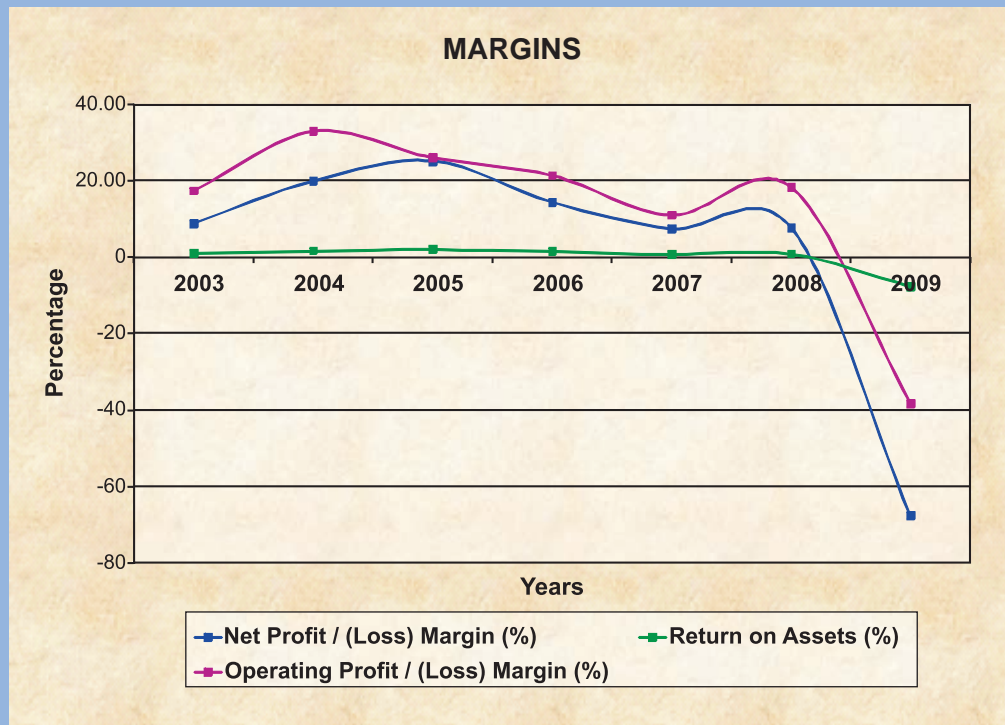


Muhammad Rashid Zahir

Chairman

October 6, 2009

KEY PERFORMANCE INDICATORS

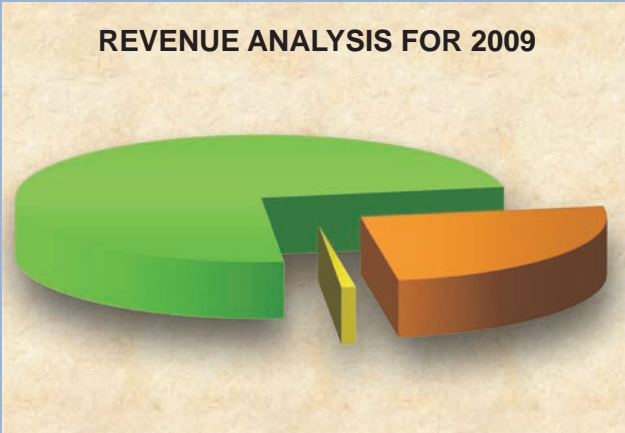


| Ratio | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--|----------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Break up Value (Rs.) | 1.60 | 11.89 | 14.84 | 12.51 | 15.07 | 15.80 | 14.21 | 13.30 | 16.36 |
| Current Ratio (X) | 1.15 | 0.92 | 1.01 | 1.04 | 0.98 | 1.10 | 1.40 | 2.09 | 1.48 |
| Debt Leverage | 7.94 | 10.39 | 7.62 | 8.46 | 9.74 | 8.34 | 6.84 | 7.64 | 6.48 |
| Dividend per Share (Rs.) | - | - | 1.50* | 1.50 | 2.00 | 2.50 | 0.75 | - | 1.25 |
| Dividend Yield (%) | - | - | 15.38 | 12.50 | 14.29 | 16.67 | 11.11 | - | 19.10 |
| Earning / (Loss) per Share (Rs.) | (10.14) | 1.49 | 1.26 | 2.52 | 3.33 | 2.82 | 1.37 | 0.62 | 1.56 |
| Financial Charges / Total Expenses (%) | 82.90 | 80.37 | 81.38 | 81.25 | 72.07 | 69.65 | 81.30 | 87.69 | 86.46 |
| Market Value per Share (Rs.) | 1.99 | 6.90 | 9.75 | 12.00 | 14.00 | 15.00 | 6.75 | 6.10 | 6.55 |
| Net Profit / (Loss) Margin (%) | (67.63) | 7.74 | 7.51 | 14.45 | 25.18 | 20.01 | 8.85 | 3.51 | 8.92 |
| Operating Profit / (Loss) Margin (%) | (38.19) | 18.39 | 11.11 | 21.47 | 26.12 | 33.04 | 17.49 | 4.51 | 7.49 |
| Price Earning Ratio (X) | (0.20) | 4.62 | 7.74 | 4.75 | 4.20 | 5.32 | 4.92 | 9.80 | 4.19 |
| Return on Assets (%) | (7.76) | 0.91 | 0.83 | 1.54 | 2.13 | 1.66 | 1.07 | 0.49 | 1.16 |
| Revenue per Share (Rs.) | 15.00 | 19.29 | 16.78 | 14.96 | 16.01 | 14.10 | 15.50 | 17.75 | 17.52 |
| Times Interest Earned (X) | 0.67 | 1.28 | 1.15 | 1.34 | 1.49 | 1.71 | 1.26 | 1.05 | 1.09 |
| Total Assets / Net Worth (X) | 14.56 | 13.82 | 10.24 | 11.19 | 12.54 | 10.78 | 9.04 | 9.59 | 8.23 |
| Total Financing / Net Worth (X) | 10.00 | 7.14 | 7.30 | 8.13 | 9.31 | 7.95 | 6.39 | 7.13 | 5.63 |

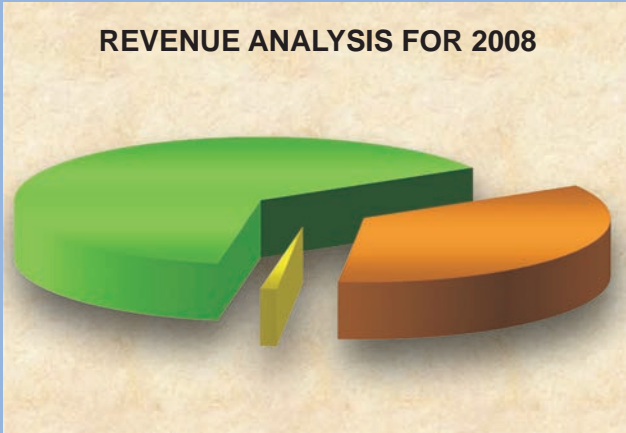
* includes Bonus Shares

Net worth includes Sub-ordinated debt of Rs. 333 million

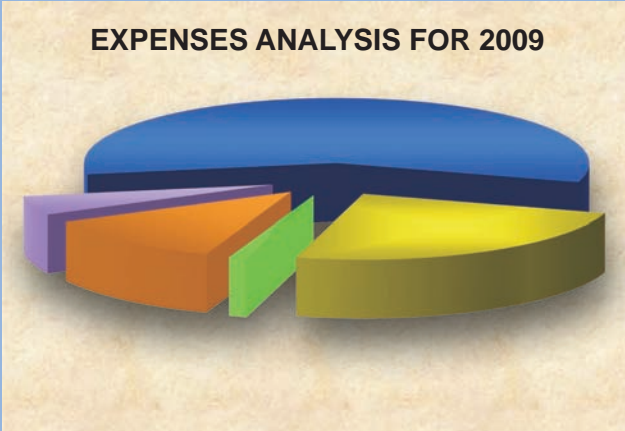
FINANCIAL HIGHLIGHTS



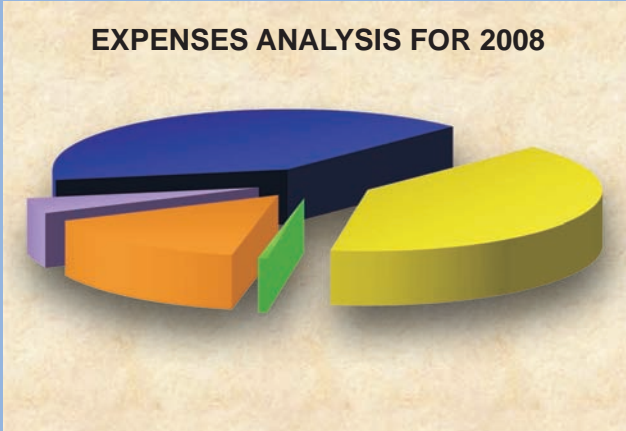
- 74% Income from leasing operations
- 01% Other income
- 25% Income on term loans investments



- 64% Income from leasing operations
- 01% Other income
- 35% Income on term loans investments



- 57% Financial charges from financial institutions
- 25% Certificates of Investments
- 01% Other Charges
- 12% Administrative & Operating Expenses
- 05% Direct cost of operating leases



- 40% Financial charges from financial institutions
- 40% Certificates of Investments
- 01% Other Charges
- 15% Administrative & Operating Expenses
- 04% Direct cost of operating leases

(Rupees in millions)

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Operational results | | | | | | | | | |
| Total disbursement | 851 | 3,249 | 2,486 | 2,258 | 1,874 | 1,592 | 1,012 | 614 | 1,052 |
| Revenues | 677 | 871 | 722 | 643 | 405 | 310 | 355 | 392 | 358 |
| (Loss) / Profit before tax | (527) | 84 | 71 | 103 | 54 | 68 | 66 | 17 | 39 |
| (Loss) / Profit after tax | (458) | 67 | 54 | 93 | 102 | 62 | 30 | 14 | 34 |
| Financial charges | 776 | 571 | 522 | 411 | 216 | 145 | 229 | 327 | 306 |
| Provision for bad debts | 101 | 69 | 18 | 32 | 43 | 33 | 5 | 2 | (11) |
| Impairment loss on shares investment | 169 | - | - | - | - | - | - | - | - |
| Cash dividend | - | - | 13.01 | 64.52 | 25.30 | 22.00 | 16.50 | - | 27.50 |
| Balance sheet | | | | | | | | | |
| Gross lease receivables | 4,868 | 5,937 | 5,084 | 4,844 | 3,866 | 2,916 | 2,276 | 2,123 | 2,589 |
| Net investment in leases | 3,801 | 4,873 | 4,248 | 4,073 | 3,319 | 2,533 | 1,919 | 1,775 | 2,112 |
| Net worth | *405 | 537 | 638 | 537 | 381 | 326 | 313 | 293 | 360 |
| Reserves | 148 | 151 | 136 | 125 | 106 | 86 | 73 | 83 | 139 |
| Fixed assets owned & operating | 261 | 256 | 209 | 84 | 100 | 42 | 39 | 46 | 54 |
| Total assets | 5,903 | 7,424 | 6,538 | 6,020 | 4,780 | 3,746 | 2,824 | 2,807 | 2,981 |
| Long term liabilities | 2,316 | 2,441 | 2,028 | 1,855 | 1,483 | 1,419 | 1,328 | 1,658 | 1,493 |
| Long term investments | 92 | 129 | 120 | 381 | 143 | 21 | - | 48 | 61 |

* Net worth includes Sub-ordinated debt of Rs. 333 million

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Saudi Pak Leasing Company Limited (the Company) are pleased to present on behalf of the Board of Directors the 19th Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2009.



Financial Results

Rupees

| | |
|--|---------------|
| Loss before taxation | (527,196,677) |
| Less: Taxation-Current | 3,092,869 |
| -Deferred | (72,230,324) |
| Loss after taxation | (458,059,222) |
| Un-appropriated profit brought forward | 71,343,624 |
| Transfer from contingency reserve to unappropriated profit | 2,600,000 |
| Transfer from surplus on revaluation of properties to accumulated losses | 1,401,073 |
| Accumulated loss carried forward | (382,714,525) |
| Loss per share | (10.14) |

The negative performance of the Company during the year under review is attributable to impact of deepening international recessionary trends, lack luster performance of the economy, liquidity crunch, higher cost of funds, worsening law and order situation. The investment in stock market is not yielding desired returns while on the other hand the diminution in the value of these investments is affecting the net operating results.

Dividend

In view of the loss during the year, the Board has not recommend any dividend for the year ended June 30, 2009.

Board of Directors

No casual vacancy arose during the year.

Corporate Governance

The Board of Directors of the Company is responsible to the shareholders for the management of the Company. It acknowledges the responsibility for the system of sound internal controls and is committed to uphold the highest standards of Corporate Governance. Your Company has also implemented provisions of the Code of Corporate Governance. Review report on compliance with best practices of the Code of Corporate Governance by statutory auditors is annexed with the report.

Statement of Corporate Governance

The Directors are pleased to state that:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

- e) The system of internal control is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of internal control system and its monitoring lies with the Board. An Audit Committee has been formed for the purpose that meets periodically and independently throughout the year with the management and also the internal and external auditors to discuss the effectiveness of internal control system and other financial reporting matters. In addition, there are financial forecasts and budgetary control procedures in place, which are reviewed and monitored throughout the year to indicate and evaluate the variances from the budget.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h) During the year six (6) board meetings were held. These meetings were attended by the Directors as under:

| Name of Directors | Designation | Number of Meetings | |
|---------------------------------|-----------------|----------------------|----------|
| | | Held during the year | Attended |
| Mr. Muhammad Rashid Zahir | Chairman | 6 | 6 |
| Senator (R) Ihsanul Haq Piracha | Vice Chairman | 6 | 6 |
| Mr. Farrukh Shauket Ansari | Chief Executive | 6 | 6 |
| Mr. Aasim Azim Siddiqui | Director | 6 | 2* |
| Mr. Haroon Ihsan | Director | 6 | 6 |
| Mr. Faridullah Khan | Director | 6 | 6 |
| Mr. Muhammad Tariq Masud | Director | 6 | 6 |

* Leaves of absence were granted to Mr. Aasim Azim Siddiqui who could not attend the Board Meetings.

- i) The key information as to operating and financial data of the Company is available in the annual report. The categories and pattern of shareholding as required by the Companies Ordinance, 1984 are also included in the annual report.
- j) No executive owns or has acquired any shares in the Company during the year and no trading was carried out in the shares of the Company during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor or their spouses and minor children.
- k) The value of investments in provident and gratuity funds is Rs.5.761 million (2008: Rs. 8.047 million) and Rs.9.279 million (2008: Rs.3.581 million) respectively as per the audited accounts for provident fund and gratuity fund for the year ended June 30, 2009.

Impairment Loss against Investment Securities

The investment in the listed equity securities and mutual funds held as available for sale are valued at prices quoted on the stock exchanges and relevant net asset value as at June 30, 2009. The 50 percent of the total deficit on such investments i.e. Rs. 168,877,727 has been recognized in the profit and loss account and remaining amount has been reflected as unrealized loss on available for sale investments in accordance with

the S.R.O 150(I)/2009 dated February 13, 2009. Had the entire amount of decline in value been recognized in the profit and loss account, the loss for the year ended June 30, 2009 and loss per share would have been increased by Rs 167,846,298 and Rs 3.72 respectively.

Housing Finance License

The Company has surrendered the Housing Finance License as the scope of housing finance activities has been limited to residential purposes only. Further, the leasing license under the revised regulation allows development of commercial properties for which purpose the license had been originally obtained. Accordingly on the request of the Company the Securities and Exchange Commission of Pakistan (SECP) has cancelled the license of the Company for carrying on the business of Housing Finance Services with effect from January 23, 2009.

Audit Committee

The Audit Committee comprises of three non-executive directors namely Mr. Muhammad Rashid Zahir, Senator (R) Ihsanul Haq Piracha and Mr. Aasim Azim Siddique.

Credit Rating

Based on the results for the year ended June 30, 2008 the entity rating of BBB- for long term and A-3 (A minus 3) for short term assigned by JCR-VIS, a credit rating company, has been maintained.

Auditors

The present auditors, M/s. M. Yousuf Adil Saleem & Co (MYASCO) retired and being eligible, offer themselves for re-appointment for the year 2009-2010. On the suggestion of the Audit Committee, the Board recommends the appointment of M/s. M. Yousuf Adil Saleem & Co (MYASCO), Chartered Accountants as statutory auditors for the year 2009-2010.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2009 is annexed with this report.

Financial Highlights

Key financial highlights are summarized and annexed to these financial statements.

For and on behalf of the Board.



Farrukh S. Ansari
Chief Executive Officer



Muhammad Rashid Zahir
Chairman

Karachi:
October 06, 2009

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Code of Ethics of Saudi Pak Leasing Company Limited imbibes the guiding principles of our operations and conduct of our business with our shareholders, customers, vendors, affiliated companies and other stakeholders. These principles are required to be upheld at all times by all the officers and employees of the Company. The salient features of our commitments are as follows:

Our Shareholders

We strive to achieve optimum value for our shareholders on their investment in the Company through pursuance of prudent and sound risk management policies.

Our Customers

- We are a customer-friendly Company and seek to serve the needs of our customers with high standards of professional expertise and efficiency.
- In dealings with our customers, we strictly adhere to the legal, statutory and regulatory requirements.
- Transparency in business dealings is the cornerstone of our corporate policy.

Our Staff

- We expect the highest standards of integrity, diligence and responsibility from our staff.
- We expect our staff to be essentially “team players” and be able to contribute towards achievement of the goals set by the Company.
- We require of our staff utmost confidentiality of information and data obtained during the course of business with our customers.

Compliance with Laws & Regulations

- Our business policies and plans are formulated in strict compliance with the laws prevailing in the country.
- The Company attaches high degree of sanctity to proper maintenance of records relating to financial transactions as required under the laws.

Credit Operations

- Our credit operations are conducted under well-defined policies and procedures which are carefully reviewed, from time to time, to meet the emerging business environment.
- Our credit operations are transparent and the business decisions conform to high standards of financial prudence.
- We maintain adequate provisions against our receivables and investments as required under the Prudential Regulations.



Social Responsibility

- We recognize our responsibility in terms of the contribution we make towards the well-being of the society.
- We do not make donations to or extend any financing to or accept financial exposure towards any political organization.

Maintaining Confidentiality

- We attach utmost importance to ensure the confidentiality of business data concerning the Company, its customers and other business relationships.
- We do not disclose information relating to our customers or employees to third parties except with their consent or unless there is a legal or regulatory obligation to do so.

Financial Statements and other Records

- We have installed adequate control procedures and systems to ensure that all the books, records, accounts and financial statements are maintained appropriately and capture the spirit of the Company's transactions and conform to the legal requirements. The Company will not retain unrecorded or "off-the-books" funds or assets or liabilities in contravention of applicable laws and regulations.
- We believe in disclosure of all material financial information relating to the operations of the Company as required under the laws.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement of compliance is being presented to comply with the Code of Corporate Governance contained in listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive directors and no directors representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of stock exchange, has been declared as a defaulter by that stock exchange
4. No casual vacancy in the Board of Directors has occurred during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practice's which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer (CEO) have been taken by the Board. As on June 30, 2009, there is no other executive director of the company besides the CEO.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated in time before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The related party transaction have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
10. The Directors have given declaration that they are aware of their duties, powers and responsibilities. The directors have confirmed that they have kept themselves abreast with the latest developments in the Code of Corporate Governance with respect to their responsibilities.
11. The Board has approved appointment, remuneration and terms and conditions of the employment of Chief Financial Officer and Company Secretary and Head of Internal Audit, as determined by CEO.

12. The director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before the approval of the Board.
14. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of the shareholdings.
15. The company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee comprising of three non-executives directors including the Chairman of the committee.
17. The meeting of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance in the form of Audit Committee Charter.
18. The Board has set-up an effective internal audit function with employees who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis. The Internal Audit Department reports to the Audit Committee.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all his partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the person associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.
21. The quarterly un-audited financial statements of the Company were circulated along with the review of the Directors. Half yearly financial statements were subject to the limited review by the statutory auditors. Financial Statements for the year ended June 30, 2009 have been audited and will be circulated in accordance with clause (xxii) of the Code.
22. All material information as described in clause (xxiii) of the Code is disseminated to the stock exchanges and Securities and Exchange Commission of Pakistan in a timely fashion.
23. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board



Farrukh S. Ansari
Chief Executive Officer



Muhammad Rashid Zahir
Chairman

Dated: October 6, 2009



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Saudi Pak Leasing Company Limited (the Company) to comply with the respective Listing Regulations of the Karachi, Lahore and Islamabad where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the personnel of the Company and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub- Regulation (xiii) of Listing Regulations 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price while recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

M. Yousuf Adil Saleem - C
Chartered Accountants

Karachi

Date: 06 OCT 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Saudi Pak Leasing Company Limited (the Company) as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the requirements of the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

- ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the Company's affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund establish under Section 7 of that Ordinance.

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. During the year, 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). Further, subsequent to year ended June 30, 2009, Securities and Exchange Commission of Pakistan through its notification S.R.O 764 (I) 2009 dated September 2, 2009 amended the schedule of the Regulations for minimum equity requirements for 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 instead of June 30, 2009 (Refer Note 24).


Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Date:

06 OCT 2009

Place: Karachi

Member of
Deloitte Touche Tohmatsu

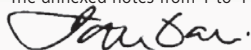
BALANCE SHEET

AS AT JUNE 30, 2009

| | Note | 2009 Rupees | Restated 2008 Rupees |
|--|------|------------------------------|------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | 3 | 14,124,771 | 49,704,341 |
| Short-term loans | 4 | 863,647,100 | 1,098,672,015 |
| Short-term investments (a) | 5 | 260,012,655 | 434,137,004 |
| Advances | 6 | 83,964,244 | 206,529,784 |
| Accrued mark-up | 7 | 79,820,479 | 57,792,029 |
| Trade deposits and short term prepayments | | 1,013,414 | 3,381,202 |
| Advance tax - net of provision | | 1,201,135 | 489,419 |
| Other receivables | 8 | 107,664,629 | 67,302,796 |
| Current maturity of non- current assets | 9 | 2,134,558,945 | 2,063,079,138 |
| | | 3,546,007,372 | 3,981,087,728 |
| Non-current assets classified as held for sale | 10 | 123,288,550 | 115,488,550 |
| Total current assets | | 3,669,295,922 | 4,096,576,278 |
| Non-current assets | | | |
| Long term loans | 11 | 76,796,621 | 110,360,971 |
| Net investment in leases | 12 | 1,880,875,577 | 2,941,966,308 |
| Long term investments | 13 | 15,169,918 | 19,137,345 |
| Property, plant and equipment | 14 | 260,795,453 | 256,383,010 |
| Total non-current assets | | 2,233,637,569 | 3,327,847,634 |
| Total assets | | 5,902,933,491 | 7,424,423,912 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Borrowings from financial institutions | 15 | 1,166,990,577 | 1,245,000,000 |
| Certificates of investment | 16 | 850,470,000 | 940,108,000 |
| Accrued mark-up | 17 | 109,120,803 | 128,803,034 |
| Accrued and other payables | 18 | 79,498,462 | 103,497,302 |
| Current maturity of non-current liabilities | 19 | 975,750,513 | 2,028,993,025 |
| Total current liabilities | | 3,181,830,355 | 4,446,401,361 |
| Non-current liabilities | | | |
| Certificates of investment | 16 | 98,324,000 | 199,469,000 |
| Long term finances | 20 | 1,340,704,879 | 1,110,722,870 |
| Sub-ordinated debt | 21 | 333,208,499 | - |
| Deposits against leases | 22 | 876,652,626 | 1,070,375,836 |
| Deferred tax | 23 | - | 60,411,017 |
| Total non-current liabilities | | 2,648,890,004 | 2,440,978,723 |
| Total liabilities | | 5,830,720,359 | 6,887,380,084 |
| NET ASSETS | | 72,213,132 | 537,043,828 |
| FINANCED BY | | | |
| Authorized capital 100,000,000 (2008: 100,000,000) ordinary shares of Rs. 10 each | | 1,000,000,000 | 1,000,000,000 |
| Issued, subscribed and paid-up share capital | 24 | 451,605,000 | 451,605,000 |
| Capital Reserves | | 148,257,389 | 150,857,389 |
| Accumulated (loss) / unappropriated profit | | (382,714,525) | 71,343,624 |
| Deficit on revaluation of asset - net (a) | 25 | 217,147,864 (144,934,732) | 673,806,013 (136,762,185) |
| | | 72,213,132 | 537,043,828 |
| CONTINGENCIES | 26 | | |

(a) The investment in the listed equity securities and mutual funds held as available for sale are valued at prices quoted on the stock exchanges and relevant net asset value as at June 30, 2009. Out of the total decline in value of Rs.336,724,026 on such investments an amount of Rs. 168,877,727 has been recognized in the profit and loss account and remaining amount has been reflected as unrealized loss on available for sale investments in accordance with the S.R.O. 150(I)/2009 dated February 13, 2009. Had the entire amount of decline in value been recognized in the profit and loss account, the loss for the year ended June 30, 2009 and loss per share would have been increased by Rs.167,846,298 and Rs 3.72 respectively.

The annexed notes from 1 to 44 form an integral part of these financial statements.



Farrukh S. Ansari
Chief Executive Officer



Muhammad Rashid Zahir
Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009

| | Note | 2009 Rupees | Restated 2008 Rupees |
|--|------|----------------------|----------------------------|
| Revenue | | | |
| Income from: | | | |
| Finance leases | 27 | 437,131,871 | 479,904,810 |
| Operating leases | | 62,220,534 | 74,834,950 |
| | | 499,352,405 | 554,739,760 |
| Other operating income | 28 | 177,969,854 | 316,561,540 |
| | | 677,322,259 | 871,301,300 |
| Expenses | | | |
| Financial charges | 29 | 775,875,565 | 571,465,692 |
| Administrative, selling and other operating expenses | 30 | 112,291,266 | 105,741,856 |
| Amount written off directly against loans, lease receivables and investments | | 2,904,969 | 4,069,206 |
| Direct cost of operating leases | 31 | 44,895,161 | 29,759,970 |
| | | 935,966,961 | 711,036,724 |
| Operating (loss)/profit before provisions | | (258,644,702) | 160,264,576 |
| Provisions and fair value changes | | | |
| Provision for doubtful leases, loans and other receivables | 32 | 100,803,464 | 69,397,898 |
| Impairment on available for sale investments (a) | 5.1 | 168,877,727 | - |
| Unrealized loss in the market value of investment classified as held for trading | | 3,357 | 1,200 |
| | | 269,684,548 | 69,399,098 |
| | | (528,329,250) | 90,865,478 |
| Share of loss from associate | | (1,397,270) | (6,709,514) |
| Gain on dilution of interest in associate | 13 | 2,529,843 | - |
| | | 1,132,573 | (6,709,514) |
| (Loss)/profit before taxation | | (527,196,677) | 84,155,964 |
| Taxation | | | |
| - Current | | 3,092,869 | 10,900,000 |
| - Deferred | | (72,230,324) | 5,829,049 |
| | 33 | (69,137,455) | 16,729,049 |
| (Loss)/profit for the year (a) | | (458,059,222) | 67,426,915 |
| (Loss)/earnings per share - basic and diluted (a) | 34 | (10.14) | 1.49 |

(a) The investment in the listed equity securities and mutual funds held as available for sale are valued at prices quoted on the stock exchanges and relevant net asset value as at June 30, 2009. Out of the total decline in value of Rs.336,724,026 on such investments an amount of Rs. 168,877,727 has been recognized in the profit and loss account and remaining amount has been reflected as unrealized loss on available for sale investments in accordance with the S.R.O. 150(I)/2009 dated February 13, 2009. Had the entire amount of decline in value been recognized in the profit and loss account, the loss for the year ended June 30, 2009 and loss per share would have been increased by Rs.167,846,298 and Rs 3.72 respectively.

The annexed notes from 1 to 44 form an integral part of these financial statements.


Farrukh S. Ansari
Chief Executive Officer


Muhammad Rashid Zahir
Chairman

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

| | Note | 2009 Rupees | Restated 2008 Rupees |
|---|------|----------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations after working capital changes | 38 | 816,265,394 | 516,052,295 |
| Financial charges paid | | (795,557,134) | (529,467,848) |
| Taxes paid | | (3,804,585) | (13,224,048) |
| Deposits (paid to) / received from leases | | (179,382,154) | 271,766,864 |
| Decrease/(increase) in net investment in leases | | 985,797,497 | (679,680,112) |
| | | 7,053,624 | (950,605,144) |
| Net cash generated from/(used in) operating activities | | 823,319,018 | (434,552,849) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property, plant and equipment | 14 | (5,348,348) | (1,553,849) |
| Investment in operating lease assets | 14 | (51,038,500) | (113,613,442) |
| Proceeds from sale of property, plant and equipment | | 35,077,634 | 33,225,805 |
| Investments made | | (16,623,951) | (123,550,394) |
| Long-term loans | | (57,467,882) | (17,159,016) |
| Dividend received | | 9,730,152 | 14,898,389 |
| Net cash used in investing activities | | (85,670,895) | (207,752,507) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term finances obtained | 39 | 488,093,441 | 141,022,865 |
| Borrowings from financial institutions | | (78,009,423) | 280,000,000 |
| Certificates of investment | | (1,516,478,000) | 209,152,000 |
| Sub-ordinated loan | 39 | 333,208,499 | - |
| Dividend paid | | (42,210) | (42,783,527) |
| Net cash (used in)/from financing activities | | (773,227,693) | 587,391,338 |
| Net decrease in cash and cash equivalents | | (35,579,570) | (54,914,018) |
| Cash and cash equivalents at beginning of the year | | 49,704,341 | 104,618,359 |
| Cash and cash equivalents at end of the year | | 14,124,771 | 49,704,341 |

(0.3)

The annexed notes from 1 to 44 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2009

| | CAPITAL RESERVES | | Total reserves | Accumulated (loss) / unappropriated profit | Total equity | |
|---|---------------------|-------------------|--------------------|--|----------------------|--------------------|
| | Contingency reserve | Statutory reserve | | | | |
| Rupees | | | | | | |
| Balance as at June 30, 2007 — as reported | 430,100,000 | 2,600,000 | 133,564,293 | 136,164,293 | 87,377,946 | 653,642,239 |
| Effect of prior period adjustment (Note 13.3) | - | - | - | - | (4,253,141) | (4,253,141) |
| Balance as at June 30, 2007 — restated | 430,100,000 | 2,600,000 | 133,564,293 | 136,164,293 | 83,124,805 | 649,389,098 |
| Changes in equity for the year 2007—2008 | | | | | | |
| Profit for the year ended June 30, 2008 — as reported | - | - | - | - | 73,465,478 | 73,465,478 |
| Effect of prior period adjustment (Note 13.3) | - | - | - | - | (6,038,563) | (6,038,563) |
| Profit for the year ended June 30, 2008 — restated | - | - | - | - | 67,426,915 | 67,426,915 |
| Total recognized income and expense for the year | - | - | - | - | 67,426,915 | 67,426,915 |
| Transfer to reserve for issue of bonus shares | - | - | - | - | (21,505,000) | (21,505,000) |
| Issue of bonus shares | 21,505,000 | - | - | - | - | 21,505,000 |
| Final dividend for the year ended June 30, 2007 declared and paid subsequent to year end | - | - | - | - | (43,010,000) | (43,010,000) |
| Transfer to statutory reserve | - | - | 14,693,096 | 14,693,096 | (14,693,096) | - |
| Balance as at June 30, 2008 — restated | 451,605,000 | 2,600,000 | 148,257,389 | 150,857,389 | 71,343,624 | 673,806,013 |
| Changes in equity for the year 2008—2009 | | | | | | |
| Transfer from contingency reserve to unappropriated profit | - | (2,600,000) | - | (2,600,000) | 2,600,000 | - |
| Transfer from surplus on revaluation of properties on account of incremental depreciation | - | - | - | - | 1,401,073 | 1,401,073 |
| Net income recognized directly in equity | - | (2,600,000) | - | (2,600,000) | 4,001,073 | 1,401,073 |
| Loss after taxation for the year ended June 30, 2009 | - | - | - | - | (458,059,222) | (458,059,222) |
| Total recognized income and expense for the year | - | (2,600,000) | - | (2,600,000) | (454,058,149) | (456,658,149) |
| Balance as at June 30, 2009 | 451,605,000 | - | 148,257,389 | 148,257,389 | (382,714,525) | 217,147,864 |

The annexed notes from 1 to 44 form an integral part of these financial Statements.


Farrukh S. Ansari
 Chief Executive Officer


Muhammad Rashid Zahir
 Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

1. 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 Securities and Exchange Commission of Pakistan (SECP) has cancelled the license of the company for carrying on the business of Housing Finance Services with effect from January 23, 2009 on an application dated January 15, 2009 made by the company in this respect.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). Wherever, the requirements differ with the requirements of IFRS, the requirements of the Ordinance, the Rules or the Regulations shall prevail.

2.2 Adoption of new International Financial Reporting Standards

During the current year, IFRS -7 "Financial Instruments : Disclosures" became effective from July 1, 2008. The application of this standard has resulted in certain increased disclosures only as IFRS 7 requires extensive disclosures about the significance of financial instruments for the company's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks. These requirements incorporate many of the requirements previously in IAS 32 - Financial Instruments: Presentation.

Other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2008 and are not considered to be relevant or have any significant effect on the company's operations, are not detailed in these financial statements.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards and interpretations of approved accounting standards were effective for accounting periods beginning from the dates specified below. These standards and interpretations are either not relevant to the Company's operations or are not likely to have a significant impact on the Companies financial statements other than presentation and disclosure changes in certain cases.

Effective for annual periods beginning on or after

| | |
|---|-----------------|
| Revised IAS 1 - Presentation of financial statements | January 1, 2009 |
| Revised IAS 23 - Borrowing costs | January 1, 2009 |
| Amended IAS 27 - Consolidated and Separate Financial Statements | July 1, 2009 |
| Revised IFRS 3 - Business Combinations | July 1, 2009 |
| IFRS 4 - Insurance Contracts | January 1, 2009 |
| IFRS 8 - Operating Segments | January 1, 2009 |
| IFRIC 15 - Agreement for the Construction of Real Estate | October 1, 2009 |
| IFRIC 16 - Hedge of Net Investment in a Foreign Operation | October 1, 2008 |
| IFRIC - 17 Distributions of Non-cash Assets to Owners | July 1, 2009 |
| IFRIC 18 - Transfer of Assets from Customers | July 1, 2009 |

2.3 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or amortized cost as applicable.

2.4 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical

accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In the process of applying the company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

In the process of applying the company's accounting policies, management has made the following estimates and judgment which are significant to the financial statement.

- a) accounting for post employment benefits (note 2.6), and
- b) recognition of taxation and deferred tax (note 2.7);
- c) determining the residual values and useful lives of the property, plant and equipment (note 2.8);
- d) classification of investments (note 2.12);
- e) allowance for potential lease and loan losses (note 2.13);
- f) provisions (note 2.17);
- g) impairment (note 2.18)

The principle accounting policies adopted are set out below.

2.5 Term Loans

These are initially recognized at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognized at amortized cost using the effective interest method.

2.6 Staff retirement benefits

Defined benefit plan

The company operates an approved gratuity fund for its permanent employees who complete the eligible period of service. Provision has been made in accordance with actuarial recommendations using the "Projected Unit Credit Method". The results of current valuation are summarized in note 35. The amount recognised in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses and as reduced by the fair value of plan assets.

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed ten percent of the higher of defined benefit obligation and fair value of the plan assets at that date. The excess amount of gains or losses are recognized over the expected remaining working lives of the employees participating in the plans.

Defined contribution plan

The company also operates a provident fund scheme for its permanent employees. Equal monthly contributions at a rate of 10 percent of basic salary are made by the company and its employees.

2.7 Taxation

Current

The charge of current tax is based on taxable income at the applicable rate of taxation after taking into account available tax credits and exemption. Income for the purpose of computing current taxation is determined under the provisions of tax laws.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary timing differences at balance sheet date between tax base of assets and liabilities and their carrying amounts for financial reporting.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

2.8 Property, plant and equipment

Property, plant and equipment (including assets given under operating lease arrangements) are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any. Depreciation is calculated using the straight line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives.

The rates at which the fixed assets are depreciated are disclosed in note 14. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date.

Depreciation on additions is charged from the month the assets are available for use, while no depreciation is charged in the month in which the assets are disposed off.

Surplus arising on revaluation of fixed assets is credited to surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets, is transferred directly to unappropriated profit (net of deferred tax).

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in the profit and loss account in the year the asset is derecognized, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

Subsequent cost are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any. These assets will be transferred to specific assets as and when these assets are available for use.

2.9 Repossessed assets

These assets are acquired in settlement of certain loans / lease receivables. These are measured at lower of carrying amount of the related receivables and fair value less cost to sell of repossessed assets.

2.10 Finance Leases (as lessor)

Amounts due from lessees under finance lease are recorded as receivables at the amount of the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

2.11 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortization process.

2.12 Investments

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the company commits to purchase or sell the asset.

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement (IAS-39)" at the time of purchase and re-evaluates this classification on a regular basis. The investments of the company have been categorised as per the requirements of IAS 39 as follows:

At fair value through profit or loss

These include investments held for trading and those that are designated at fair value through profit or loss at inception. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. They are initially measured at fair value exclusive of transaction cost and changes on re-measurement are taken to profit and loss account.

The company has not designated any investment as at fair value through profit or loss.

Held-to-maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortised cost using effective interest rate method, less any

impairment losses. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount. Gains and losses are recognized in the income statement when the investments are de-recognized or impaired, as well as through the amortization process.

Available for sale

Investment securities held by the company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently re-measured at fair value. Investments in delisted / unquoted investments are carried at cost less impairment in value, if any. Gains and losses arising from re-measurement at fair value is recognised directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognised in equity is included in profit and loss account.

Investment in associate

Investment in associate is recorded using equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognised in the investor's profit or loss. Gains and losses on dilution of interest in associate are recognised in profit and loss account.

2.13 Allowance for potential lease and loan losses

The allowance for potential lease and loan losses are maintained at a level which, in the judgement of management, is adequate to provide for potential losses on lease and loan portfolio which can be reasonably anticipated. The adequacy of allowance is evaluated on the basis as set out in the Regulations. The allowance is increased by provisions charged to income and is decreased by charge offs, net of recoveries.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks.

2.15 Borrowing cost

Borrowing cost is recognised in profit and loss in the period in which they are incurred.

2.16 Revenue recognition

Finance leases income

The company follows the 'financing method' in accounting for recognition of finance lease. At the commencement of a lease, the total unearned finance income i.e. the excess of aggregate installment contract receivables plus residual value over the cost of the leased asset is amortized over the term of the lease, applying the annuity method, so as to produce a constant periodic rate of return on the net investment in finance leases. Initial direct costs are deferred and amortized over the lease term as a yield adjustment.

Processing, front end and commitment fees and commission are recognized as income when received.

Operating lease

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Income on term loan

Income on loans is recognized using effective yield on a time proportion basis.

Income on non-performing lease and loan receivables

Income on non-performing loan and lease receivables is recognized on receipt basis in accordance with the requirements of the Regulations.

Return on investments

Return on debt securities is recognized using effective interest method.

Capital gain or loss arising on sale of investments are taken to income in the period in which they arise.

Dividend income from investments is recognized when the company's right to receive dividend is established.

2.17 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is

probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.18 Impairment

Non-financial assets

The company assesses at each balance sheet date whether there is any indication that non-financial assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount of the asset which it would have been, had no impairment loss been recognised. Reversal of impairment loss is recognised as income.

Financial assets

Loan and net investment in lease

Impairment testing and recognition of impairment loss if any, is carried out in accordance with requirements of NBFC Regulations, 2008. (Refer note 2.13)

Held to maturity

If there is objective evidence that an impairment loss on held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss shall be reversed through profit and loss account.

Available for sale

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

A decline in the value of equity securities determined as impairment loss is recognized in the profit and loss account except for the impairment determined as at December 31, 2008, which is recognized in accordance with SECP notification vide S.R.O 150(I)/2009 dated February 13, 2009. Refer note 5.1.3. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in debt instrument shall be reversed, with the amount of the reversal recognized in profit or loss.

2.19 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income directly.

The financial assets and liabilities carried on the balance sheet date have been disclosed in the note 41.

2.20 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive, and liabilities when fair value is negative. Any change in the fair value of derivative financial instrument is taken to profit and loss account.

2.21 Repurchase and resale transactions

The company enters into transactions of re-purchase (repo) and re-sale (reverse repo) of securities at contracted rates for a specified period of time following the trade date accounting. These transactions are recorded as follows:

- a) in case of sale under re-purchase obligations, the securities remain on the balance sheet and a liability is recorded in respect of the consideration received as 'Borrowing'. Charges arising from the differential in sale and re-purchase values are accrued on a prorata basis; and
- b) in case of purchases under re-sale obligations, the securities are not recognized on the balance sheet and the consideration paid is recorded as 'Placement' and the differential of the purchase price and contracted re-sale price is recognized over the period of the contract.

2.22 Off-setting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.23 Related party transactions

Transactions with related parties are carried out by the company on agreed terms.

2.24 Foreign currencies

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of the transaction. Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains or losses are included in income currently.

2.25 Dividend distribution

Dividend distribution to the company's shareholders is recognized in the financial statements in the period in which the dividend is approved by the Board of Directors of the company.

2.26 Segmental reporting

A business segment is a distinguishable component of the company that is engaged in providing an individual product or service or a group of related products or services and that is subject to risk and returns that are different from those of other business segments. As the risk and rate of return are predominantly affected by difference in these products or services, the primary format for reporting segment information is based on business segment.

2.27 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani Rupees, which is the company's functional and presentation currency.

3. CASH AND BANK BALANCES

With State Bank of Pakistan in current account

With banks:

- in current accounts - local currency
- in current accounts - foreign currency
- in savings accounts

Cash in hand

| | 2009 Rupees | 2008 Rupees |
|--|-------------------|-------------------|
| | 34,619 | 306,918 |
| | 979,122 | 1,073,399 |
| | 5,401 | 5,401 |
| | 13,004,370 | 48,208,174 |
| | 101,259 | 110,449 |
| | <u>14,124,771</u> | <u>49,704,341</u> |

| | Note | 2009 Rupees | 2008 Rupees |
|--------------------------------------|------|--------------------|----------------------|
| 4. SHORT-TERM LOANS - secured | | | |
| Considered good | | 403,165,449 | 891,807,654 |
| Non-performing loans | | 475,348,825 | 211,114,361 |
| | 4.1 | 878,514,274 | 1,102,922,015 |
| Allowance for non-performing loans | 4.2 | (14,867,174) | (4,250,000) |
| | | 863,647,100 | 1,098,672,015 |

4.1 These represents term finance facilities provided to customers on mark-up basis in the normal course of business. These are secured against charge over properties, listed securities, stocks and receivables . The rate of mark-up ranges from 14.98% to 25% (2008:11% to 25%) per annum.

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|-------------------|------------------|
| 4.2 Allowance for non-performing loans | | | |
| Balance at beginning of the year | | 4,250,000 | 1,700,000 |
| Charge for the year | 32 | 10,617,174 | 2,550,000 |
| Balance at end of the year | | 14,867,174 | 4,250,000 |

5. SHORT-TERM INVESTMENTS

At fair value through profit and loss account - Held for trading:

| | | | |
|---|-------|--------------------|--------------------|
| - Ordinary shares of listed companies | | 2,040 | 7,281 |
| Available for sale | 5.1 | 260,010,615 | 434,129,723 |
| | | 260,012,655 | 434,137,004 |
| 5.1 Available for sale: | | | |
| - Ordinary shares of listed companies | 5.1.1 | 455,304,334 | 451,557,432 |
| - Cumulative preference shares of listed companies | 5.1.2 | 11,250,000 | 11,250,000 |
| - Ordinary shares of unlisted companies | | 69,583,330 | 35,000,000 |
| - Units of mutual funds | | 58,234,476 | 73,084,476 |
| Available for sale at cost | 5.1.4 | 594,372,140 | 570,891,908 |
| Impairment loss recognized during the year | 5.1.3 | (168,877,727) | - |
| | | 425,494,413 | 570,891,908 |
| Deficit on revaluation of available for sale securities | 5.1.3 | (165,483,798) | (136,762,185) |

5.1.1 Equity securities aggregating to Rs.56,250,000 have been pledged against short term borrowings from financial institutions.

5.1.2 These represent 1.125 million preference shares of Rs. 10 each subscribed through the agreement with PEL dated 15th September, 2004 and carries return at the rate of 9.5%. These are convertible at the option of the Company into ordinary shares of PEL on the last business day of each financial quarter commencing from the third anniversary of the issue/ agreement date. Conversion option is available from the third anniversary till the fifth anniversary of the issue.

5.1.3 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.

The listed equity securities and mutual fund units were valued at prices quoted on the KSE on December 31, 2008 without any adjustment as allowed by SECP circular ENF/D-111/Misc/1/2008 dated January 29, 2009. Furthermore, SECP issued a notification vide S.R.O. 150(I)/2009 dated February 13, 2009 allowing that the impairment loss, if any, recognized 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 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.

The impairment loss as of June 30, 2009 based on the market values as of that date have been determined at Rs.336,724,026 (December 31, 2008: Rs.336,314,742) after quarterly adjustments as required in above mentioned SECP notification.

Out of total impairment loss aggregating to Rs.336,724,026, an amount of Rs. 168,877,727 has been recognized in the profit and loss account and remaining amount has been reflected as unrealized loss on available for sale investments in accordance with S.R.O. 150(I)/2009 dated February 13, 2009. Full recognition of impairment loss based on the market values as at June 30, 2009 would have had the following effect on these financial statements:

| | June 30, 2009 Rupees |
|---|---------------------------------|
| Increase in 'Impairment loss' in Profit and Loss Account | 167,846,298 |
| Increase in loss for the year | 167,846,298 |
| Increase in loss per share -after tax (basic and diluted) | 3.72 |
| Decrease in deficit on revaluation of available for sale securities | 167,846,298 |
| Decrease in unappropriated profit | 167,846,298 |

5.1.4 This includes investment made to comply with Rule 14(4)(i) of the Regulations to maintain liquidity against certificates of investment.

| | 2009 Rupees | 2008 Rupees |
|---------------------------|------------------------|------------------------|
| 6. ADVANCES | | |
| Advance to suppliers | 870,000 | 1,520,869 |
| Advance against leases | 83,094,244 | 166,675,582 |
| Advance for investment | - | 38,333,333 |
| | 83,964,244 | 206,529,784 |
| 7. ACCRUED MARK-UP | | |
| Return on investments | 161,797 | 232,833 |
| Mark-up on term loans | 79,658,682 | 57,559,196 |
| | 79,820,479 | 57,792,029 |

| | Note | 2009 Rupees | 2008 Rupees |
|--|------|--------------------|--------------------|
| 8. OTHER RECEIVABLES | | | |
| Operating lease rentals | | 13,026,026 | 18,603,102 |
| Receivable on termination of lease | | 63,666,158 | 14,737,740 |
| Others | 8.1 | 33,722,805 | 36,712,314 |
| | | <u>110,414,989</u> | <u>70,053,156</u> |
| Less: Provision for doubtful other receivables | | <u>(2,750,360)</u> | <u>(2,750,360)</u> |
| | | <u>107,664,629</u> | <u>67,302,796</u> |

8.1 This include balance amount aggregating to Rs.31,500,000 (2008: 34,500,000) receivable from Quality Golf Pakistan (Private) Limited in respect of consideration paid for investor quota (46 membership cards) in ACACIA Country & Golf Club. Under the agreement, the investor quota is transferable to prospective members at Company's option and any untransferred amount is to be adjusted by September 30, 2009 with a grace period of 30 days.

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|----------------------|----------------------|
| 9. CURRENT MATURITY OF NON- CURRENT ASSETS | | | |
| Current portion of: | | | |
| Long term loans | 11 | 208,836,931 | 124,424,699 |
| Net investment in leases | 12 | 1,920,622,014 | 1,931,800,039 |
| Long term investments | 13.2 | 5,100,000 | 6,854,400 |
| | | <u>2,134,558,945</u> | <u>2,063,079,138</u> |

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

These represents repossessed leased assets previously leased out to customers. The company intends to dispose off these assets to recover the balance amount outstanding against such leases.

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|--------------------|--------------------|
| 11. LONG TERM LOANS - secured | | | |
| Related party | | | |
| Due from employees - considered good | 11.3 | 22,464,216 | 24,810,339 |
| Other than related party | | | |
| Term loan to customers | | | |
| - Considered good | | 70,685,117 | 96,062,207 |
| - Non-performing loans | | 199,104,219 | 113,913,124 |
| | 11.2 | <u>269,789,336</u> | <u>209,975,331</u> |
| Allowance for non-performing loans | 11.1 | 292,253,552 | 234,785,670 |
| | | <u>6,620,000</u> | - |
| | | <u>285,633,552</u> | <u>234,785,670</u> |
| Recoverable within one year shown as current portion of long term loans | 9 | 208,836,931 | 124,424,699 |
| | | <u>76,796,621</u> | <u>110,360,971</u> |

| | Note | 2009 Rupees | 2008 Rupees |
|--|------|----------------|----------------|
| 11.1 Allowance for non-performing loans | | | |
| Balance at beginning of the year | | - | - |
| Charge for the year | 32 | 6,620,000 | - |
| Balance at end of the year | | 6,620,000 | - |

11.2 Term loan due from customers is secured against property and pledge of listed securities. The rate of return on these loans ranges from 14.55% to 22.66% (2008: 14.55% to 21.30%) per annum.

| | Note | 2009 Rupees | 2008 Rupees |
|---------------------------------------|--------|----------------|----------------|
| 11.3 Related parties - secured | | | |
| Term loans | | | |
| Chief executives | | - | - |
| Executives | | 13,847,711 | 12,446,918 |
| Other employees | | 6,683,423 | 9,068,154 |
| | 11.3.1 | 20,531,134 | 21,515,072 |
| Other loans | | | |
| Chief executives | | - | 303,074 |
| Executives | | 479,199 | 1,253,034 |
| Other employees | | 1,453,883 | 1,739,159 |
| | 11.3.1 | 1,933,082 | 3,295,267 |
| | | 22,464,216 | 24,810,339 |

Reconciliation of outstanding amount of loans to Chief Executive and Executives:

| | Chief Executive | | Executives | |
|--------------------|-----------------|-----------|-------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| Term loans | | | | |
| Opening balance | - | - | 12,446,918 | 3,914,261 |
| Disbursements | - | - | 3,126,601 | 12,660,284 |
| Repayments | - | - | (1,725,808) | (4,127,627) |
| | - | - | 13,847,711 | 12,446,918 |
| Other loans | | | | |
| Opening balance | 303,074 | 497,771 | 1,253,034 | 558,150 |
| Disbursements | - | - | 50,000 | 1,100,000 |
| Repayments | (303,074) | (194,697) | (823,835) | (405,116) |
| | - | 303,074 | 479,199 | 1,253,034 |

11.3.1 Term loans include house loan given in accordance with terms of the Company's employment policy and are repayable within a period of 15 years or retirement date whichever is earlier. Term loans are secured against property. Other loans include personal loans and these are secured against the future salaries and retirement benefits of the employees. These loans are repayable within a period of 3 years from the date of disbursement or retirement date whichever is earlier.

11.3.2 Maximum amount outstanding at the end of any month during the year against any loans to Chief Executive and executives were Rs.121,579 (2008: Rs.497,771) and Rs.16,262,286 (2008: Rs.12,446,918).

| | Note | 2009 Rupees | 2008 Rupees |
|--|------|----------------------|----------------|
| 12. NET INVESTMENT IN LEASES | | | |
| Minimum lease payments receivable | | 3,725,757,147 | 4,611,303,800 |
| Add: Residual value of leased assets | | 1,141,754,478 | 1,326,101,505 |
| Gross investment in leases | 12.1 | 4,867,511,625 | 5,937,405,305 |
| Less: Unearned lease income | | 550,762,266 | 745,310,581 |
| Net investment in leases | 12.1 | 4,316,749,359 | 5,192,094,724 |
| Less: Income suspended | | 242,086,290 | 127,754,841 |
| Provision for potential lease losses | 12.2 | 273,165,478 | 190,573,536 |
| | | 515,251,768 | 318,328,377 |
| | | 3,801,497,591 | 4,873,766,347 |
| Current portion of net investment in lease | 9 | 1,920,622,014 | 1,931,800,039 |
| | | 1,880,875,577 | 2,941,966,308 |

12.1 The internal rate of return on leases disbursed during the year ranges from 16.12% to 28.34% (2008: 15% to 28.34%) per annum. Certain lease rentals have been hypothecated against long term finances obtained (refer note 20.1 & 20.2).

| | Gross Investment in leases | | Net Investment in leases | |
|------------------------|----------------------------|----------------|--------------------------|----------------|
| | 2009 Rupees | 2008 Rupees | 2009 Rupees | 2008 Rupees |
| Less than one year | 2,453,285,853 | 2,593,501,690 | 1,920,622,014 | 1,931,800,039 |
| One year to five years | 2,414,225,772 | 3,343,903,615 | 2,396,127,345 | 3,260,294,685 |
| | 4,867,511,625 | 5,937,405,305 | 4,316,749,359 | 5,192,094,724 |

| | Note | 2009 Rupees | 2008 Rupees |
|--|------|--------------------|----------------|
| 12.2 Provision for potential lease losses | | | |
| Balance at beginning of the year | | 190,573,536 | 143,598,868 |
| Charge for the year | | 123,720,317 | 86,102,372 |
| Reversal during the year | | (40,154,027) | (32,477,103) |
| | 32 | 83,566,290 | 53,625,269 |
| Write offs against provision | | (974,348) | (6,650,601) |
| Balance at end of the year | | 273,165,478 | 190,573,536 |

12.3 Net investment in lease finance includes lease contract receivables amounting to Rs. 10,580,320 (2008: Rs.15,943,226) from related parties.

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|---------------------|-------------------|
| 13. LONG TERM INVESTMENTS | | | |
| Investments in associate | 13.1 | 15,169,918 | 14,037,345 |
| Held to maturity investments | 13.2 | - | 5,100,000 |
| | | 15,169,918 | 19,137,345 |
| 13.1 Investments in associate – at equity method | | | |
| 13.1.1 Number of shares held | | 2,500,000 | 2,500,000 |
| Cost of investments (Rupees) | | 25,000,000 | 25,000,000 |
| Ownership interest | | 7.69% | 10% |
| 13.1.2 Cost | | 25,000,000 | 25,000,000 |
| Share of post acquisition profit | | (12,359,925) | (10,962,655) |
| Gain on dilution of interest in associate | | 2,529,843 | - |
| | | 15,169,918 | 14,037,345 |
| 13.1.3 Total assets | | 48,748,228 | 60,411,011 |
| Total liabilities | | 33,578,310 | 46,373,666 |
| Share in net assets | | 15,169,918 | 14,037,345 |

13.1.4 Summarized financial highlights of Saudi Pak Insurance Company Limited as at June 30, 2009 are as follows:

| | June 30, 2009 Rupees | June 30, 2008 Rupees |
|-------------------|----------------------------|----------------------------|
| Total assets | 633,726,963 | 604,110,108 |
| Total liabilities | 436,518,026 | 463,736,659 |
| Revenue | 144,878,205 | 141,932,704 |
| Loss for the year | (18,164,512) | (67,095,144) |

| | Note | 2009 Rupees | 2008 Rupees |
|-------------------------------------|--------|------------------|------------------|
| 13.2 Held to maturity | | | |
| Term finance certificates - secured | 13.2.1 | 5,100,000 | 11,954,400 |
| Less: current portion | 9 | 5,100,000 | 6,854,400 |
| | | - | 5,100,000 |

13.2.1 Term Finance Certificates- secured

| | Number of Certificates | | Face value Rupees | Tenure | Profit rate | 2009 Rupees | 2008 Rupees |
|---------------------------------|------------------------|-------|----------------------|-------------------------------|-------------|------------------|-------------------|
| | 2009 | 2008 | | | | | |
| Al-Zamin Leasing Modaraba-I | - | 702 | 5,000 | 5 years from Dec 24, 2003 | 8.00% | - | 1,754,400 |
| Al-Zamin Leasing Modaraba-II | 3,000 | 3,000 | 5,000 | 5 years from July 01, 2005 | 8.50% | 5,100,000 | 10,200,000 |
| | | | | | | 5,100,000 | 11,954,400 |

- 13.3** During the year, the company has rectified the prior year error in respect of accounting of investment in associate. Previously, investment in associate had been carried at cost which has been corrected by recording it under equity method of accounting in accordance with the requirements of IAS 28 'Investments in Associates'. This error has been corrected retrospectively and the comparative figures has been restated in accordance with the treatment specified in IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' as discussed below:

| | As Originally reported June 30, 2008 | Effect of Prior Period Adjustment prior to 2007-2008 | 2007-2008 | Restated Amount |
|---|---|--|-------------|--------------------|
| -----Rupees----- | | | | |
| Restatement in Balance sheet | | | | |
| Long term investment | 30,100,000 | (4,253,141) | (6,709,514) | 19,137,345 |
| Deferred Taxation | 61,081,968 | - | (670,951) | 60,411,017 |
| Restatement in Profit and Loss Account | | | | |
| Share of loss from associate | - | - | 6,709,514 | 6,709,514 |
| Taxation | 17,400,000 | - | (670,951) | 16,729,049 |

14. PROPERTY, PLANT AND EQUIPMENT

| Description | Cost | | | As at June 30, 2009 | Accumulated Depreciation | | | Net Book Value As at June 30, 2009 | Rate (%) |
|--------------------------------|-----------------------|----------------------------|--------------------------|---------------------------|--------------------------|----------------------------------|---------------------------|--|-------------|
| | As at July 1, 2008 | Additions / (Disposals) | Revalua- tion surplus | | As at July 1, 2008 | For the year / (on disposals) | As at June 30, 2009 | | |
| ----- Rupees ----- | | | | | | | | | |
| Own assets | | | | | | | | | |
| Building Improvements | 3,526,371 | - | - | 3,526,371 | 3,384,059 | 142,312 | 3,526,371 | 0 | 20% |
| Office premises | 35,548,042 | - | 33,769,445 | 69,317,487 | 10,648,159 | 3,932,895 | 14,581,054 | 54,736,433 | 5% |
| Furniture, fixtures & fittings | 6,726,717 | 45,680 | - | 6,772,397 | 6,046,860 | 337,084 | 6,383,944 | 388,453 | 20% |
| Vehicles | 27,860,872 | 5,207,169 | - | 30,317,041 | 15,162,969 | 4,784,500 | 18,365,387 | 11,951,654 | 20% |
| | | (2,751,000) | | | | (1,582,082) | | | |
| Office equipment | 25,982,695 | 95,499 | - | 26,012,194 | 20,795,609 | 1,912,659 | 22,642,269 | 3,369,925 | 20% |
| | | (66,000) | | | | (65,999) | | | |
| | 99,644,697 | 5,348,348 | 33,769,445 | 135,945,490 | 56,037,656 | 11,109,450 | 65,499,025 | 70,446,465 | |
| | | (2,817,000) | | | | (1,648,081) | | | |
| Operating Lease assets | | | | | | | | | |
| Plant and Machinery | 67,000,000 | - | - | 67,000,000 | 15,135,000 | 6,030,000 | 21,165,000 | 45,835,000 | 10% |
| Generators | 43,345,135 | 6,522,000 | - | 49,867,135 | 10,372,621 | 8,661,594 | 19,034,215 | 30,832,920 | 20% |
| Vehicles | 152,965,307 | 44,516,500 | - | 156,637,307 | 25,026,852 | 29,390,732 | 42,956,239 | 113,681,068 | 20% |
| | | (40,844,500) | | | | (11,461,345) | | | |
| | 263,310,442 | 51,038,500 | - | 273,504,442 | 50,534,473 | 44,082,326 | 83,155,454 | 190,348,988 | |
| | | (40,844,500) | | | | (11,461,345) | | | |
| 2009 | 362,955,139 | 56,386,848 | 33,769,445 | 409,449,932 | 106,572,129 | 55,191,776 | 148,654,479 | 260,795,453 | |
| | | (43,661,500) | | | | (13,109,426) | | | |
| 2008 | 282,618,353 | 115,167,291 | | 362,955,139 | 73,757,807 | 37,498,490 | 106,572,129 | 256,383,010 | |
| | | (34,830,505) | | | | (4,684,168) | | | |

14.1 The following assets were disposed off during the year:

| Particulars | Cost | Accumulated depreciation | Book value | Sale proceeds | Gain/(loss) on sale | Particulars of purchaser | Mode of disposal |
|--|-------------------|--------------------------|-------------------|-------------------|---------------------|---|------------------|
| -----Rupees----- | | | | | | | |
| Assets - Own use | | | | | | | |
| Vehicles | | | | | | | |
| | 438,000 | 182,960 | 255,040 | 326,000 | 70,960 | Mr. Salman Altaf | Negotiation |
| | 559,000 | 452,790 | 106,210 | 355,000 | 248,790 | Mr. Muhammad Nadeem Farooqui | Negotiation |
| | 560,000 | 184,800 | 375,200 | 490,000 | 114,800 | Mr. Mian Iqbal Nasir | Negotiation |
| | 54,000 | 13,770 | 40,230 | 47,000 | 6,770 | M/s. Saudi Pak Insurance Company Limited (Related party) | Insurance claim |
| | 579,000 | 486,361 | 92,639 | 391,100 | 298,461 | Mr. Mudassir | Negotiation |
| | 560,000 | 260,401 | 299,599 | 565,000 | 265,401 | Mr. Adeel Ahmed | Negotiation |
| Book value not exceeding Rs. 50,000 each | 2,750,000 | 1,581,082 | 1,168,918 | 2,174,100 | 1,005,182 | | Negotiation |
| | 1,000 | 1,000 | - | - | - | | |
| | 2,751,000 | 1,582,082 | 1,168,918 | 2,174,100 | 1,005,182 | | |
| Office equipment & appliances | | | | | | | |
| Book value not exceeding Rs. 50,000 each | 66,000 | 65,999 | 1 | 10,000 | 9,999 | M/s. Future Technologies | Negotiation |
| | 66,000 | 65,999 | 1 | 10,000 | 9,999 | | |
| Operating lease assets | | | | | | | |
| Vehicles | | | | | | | |
| | 639,000 | 172,530 | 466,470 | 535,959 | 69,489 | Mr. Muhammad Yaroo Khan S/o Makoo Khan | Negotiation |
| | 1,422,000 | 127,980 | 1,294,020 | 1,505,308 | 211,288 | Mr. Fayyaz – Ul – Moazzam S/o Qazi Muhammad yousuf | Negotiation |
| | 1,005,000 | 135,675 | 869,325 | 914,763 | 45,438 | Mr. Mohammad Zafar Abdur Rehman S/o Abdur Rehman | Negotiation |
| | 1,340,000 | 582,900 | 757,100 | 977,918 | 220,818 | Mr. Syed Riaz Ahmed S/O Syed Darbar Ahmed | Negotiation |
| | 999,000 | 44,955 | 954,045 | 984,058 | 30,013 | Mr. Syed Riaz Ahmed S/o Syed Darbar Ahmed | Negotiation |
| | 969,000 | 247,095 | 721,905 | 842,776 | 120,871 | Mr. Harris Munir S/o Muhammad Munir | Negotiation |
| | 901,000 | 256,785 | 644,215 | 851,968 | 207,753 | Mr. Atif Khalid S/O Khalid Imam Ghani | Negotiation |
| | 455,000 | 54,600 | 400,400 | 441,575 | 41,175 | Mr. Liaquat Ali S/o Razi Margul | Negotiation |
| | 1,370,000 | 246,600 | 1,123,400 | 1,383,966 | 260,566 | M/S Reliance Financial Product (Pvt) Ltd | Negotiation |
| | 879,000 | 355,995 | 523,005 | 584,708 | 61,703 | Mrs. Rubina Begum W/o M. Mujeeb-ur-Rehman Siddiqui | Negotiation |
| | 879,000 | 355,995 | 523,005 | 584,708 | 61,703 | Mr. Adnan Alam S/o Siraj Alam | Negotiation |
| | 857,500 | 128,625 | 728,875 | 751,814 | 22,939 | Mr. Mudasar Kausar W/o Mohammad Tariq | Negotiation |
| | 857,500 | 128,625 | 728,875 | 726,936 | (1,939) | Mr. Syed Mehdi Ishtiaq S/o Syed Ishtiaq Hussain | Negotiation |
| | 969,000 | 334,305 | 634,695 | 671,881 | 37,186 | Mr. Aamir A. Shamsi | Negotiation |
| | 1,383,000 | 394,155 | 988,845 | 1,427,831 | 438,986 | Mr. Ahsan Abdul Qayyum S/o Mohsin Abdul Wadood | Negotiation |
| | 1,370,500 | 431,708 | 938,792 | 1,100,687 | 161,895 | M/s. ICI (Pakistan) Limited | Negotiation |
| | 895,500 | 402,975 | 492,525 | 573,917 | 81,392 | Mr. Tariq Hamid Qureshi S/o Hamid Qureshi | Negotiation |
| | 1,519,500 | 273,510 | 1,245,990 | 1,346,555 | 100,565 | Mr. Hassan Aftab S/o Aftab Ahmed Khan | Negotiation |
| | 694,000 | 176,970 | 517,030 | 519,665 | 2,635 | M/s. ICI (Pakistan) Limited | Negotiation |
| | 969,000 | 305,235 | 663,765 | 747,834 | 84,069 | Mr. Yasir Aman Jumani S/o Aman Ullah Jumani | Negotiation |
| | 879,000 | 421,920 | 457,080 | 537,936 | 80,856 | Mr. Aamir Sagheer Chaudhary S/o Sagheer Ahmed Chaudhary | Negotiation |
| | 1,388,000 | 249,840 | 1,138,160 | 1,157,527 | 19,367 | Mr. Muhammad Arif S/o Khuda Buksh | Negotiation |
| | 1,500,500 | 562,688 | 937,812 | 1,031,244 | 93,432 | Mr. Pervaiz Ahmed Khan S/o Malik Muhammad Ibrahim | Negotiation |
| | 1,370,500 | 555,053 | 815,447 | 945,772 | 130,325 | Mr. Mohsin Ali S/o Hashmat Ali | Negotiation |
| | 879,000 | 355,995 | 523,005 | 577,525 | 54,520 | Mr. Adeel Ahmed Hashmi S/o Tanveer Ahmed Hashmi | Negotiation |
| | 1,205,000 | 216,900 | 988,100 | 1,045,951 | 57,851 | Mr. Muhammad Iqbal S/o Ghulam Rasool | Negotiation |
| | 1,428,500 | 364,268 | 1,064,232 | 1,067,019 | 2,787 | Mr. Syed Riaz Ahmed S/o Syed Darbar Ahmed | Negotiation |
| | 1,557,000 | 397,035 | 1,159,965 | 1,281,814 | 121,849 | Mr. Raza Mehni Zaidi | Negotiation |
| | 1,422,000 | 319,950 | 1,102,050 | 1,152,509 | 50,459 | Mr. Mohammed Ahmed Ghaffar S/o Mohammed Ghaffar | Negotiation |
| | 950,000 | 166,500 | 783,500 | 874,859 | 91,359 | Mr. Tayyab Akram S/o Muhammad Akram | Negotiation |
| | 1,519,500 | 250,718 | 1,268,782 | 1,326,688 | 57,906 | Mr. Shahid Ali Malik S/o Bashart Ali Malik | Negotiation |
| | 879,000 | 461,475 | 417,525 | 483,637 | 66,112 | Mr. Khawaja Abdul Sami S/o Khawaja Abdul Jalil | Negotiation |
| | 1,370,500 | 575,610 | 794,890 | 932,995 | 138,105 | Mr. Matin Amjad S/o Aijaz Ahmed | Negotiation |
| | 1,370,500 | 534,495 | 836,005 | 1,019,967 | 183,962 | Mr. Shehroze Sattar S/o Abdul Sattar | Negotiation |
| | 846,000 | 304,560 | 541,440 | 623,491 | 82,051 | Mr. Asif Zaheer S/o Zaheer Ahmed Khan | Negotiation |
| | 901,000 | 310,845 | 590,155 | 611,651 | 21,496 | Mr. Atif Izhar Siddiqui S/o Mohammed Izhar Siddiqui | Negotiation |
| | 1,005,000 | 256,275 | 748,725 | 748,122 | (603) | Mr. Moona Faisal W/o Faisal Munawar | Negotiation |
| | 40,844,500 | 11,461,345 | 29,383,155 | 32,893,534 | 3,510,379 | | |
| | 43,661,500 | 13,109,426 | 30,552,074 | 35,077,634 | 4,525,560 | | |

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|----------------------|----------------------|
| 15. BORROWINGS FROM FINANCIAL INSTITUTIONS | | | |
| Secured | | | |
| Short Term Borrowings | 15.1 | 525,490,577 | - |
| Unsecured | | | |
| Letter of placements | 15.2 | 641,500,000 | 1,245,000,000 |
| | | 1,166,990,577 | 1,245,000,000 |

15.1 These facilities are availed from banking companies and financial institutions and are secured against hypothecation of leased assets and pledge of shares. These carry mark-up at rate ranging from of 14.6% to 17.7% and maturing on various dates latest by July 5, 2009.

15.2 These represents unsecured borrowing from banking companies and financial institutions carrying mark-up at rates ranging from 12% to 19.7% (2008:10.45% to 18%) and maturing on various dates latest by June 19, 2010.

| | Note | 2009 Rupees | 2008 Rupees |
|--|-------------|--------------------|--------------------|
| 16. CERTIFICATES OF INVESTMENT | | | |
| Long term certificates of investment | 16.1 | 225,019,000 | 1,651,859,000 |
| Less :Current maturity | | (126,695,000) | (1,452,390,000) |
| | | 98,324,000 | 199,469,000 |
| Short term certificates of investment | 16.1 & 16.2 | 850,470,000 | 940,108,000 |

16.1 These certificates of investment are for periods ranging from 1 months to 5 years and return on these certificates ranges from 6.5 % to 18.5% (2008: 8.75% to 15%) per annum.

16.2 Short term certificates of investment includes certificates issued to related parties amounting to Rs.162,006,000 (2008: Rs.45,892,000).

| | | 2009 Rupees | 2008 Rupees |
|---|--|--------------------|----------------|
| 17. ACCRUED MARK-UP | | | |
| Accrued return on certificates of investment | | 38,806,031 | 66,001,542 |
| Accrued mark-up on: | | | |
| - long term finances | | 29,461,017 | 16,734,704 |
| - term finance certificates | | 31,126,165 | 26,401,239 |
| - short term borrowings from financial institutions | | 9,727,590 | 19,665,549 |
| | | 109,120,803 | 128,803,034 |

| | | 2009 Rupees | 2008 Rupees |
|---|--|-------------------|----------------|
| 18. ACCRUED AND OTHER PAYABLES | | | |
| Rentals received in advance | | 6,156,081 | 14,675,342 |
| Accrued expenses | | 2,018,029 | 7,761,707 |
| Tax deducted at source | | 793,231 | 1,018,177 |
| Unclaimed dividend | | 1,686,897 | 1,729,107 |
| Payable against investment in securities | | - | 672,634 |
| Payable on termination / maturity of leases | | 17,447,873 | 14,075,094 |
| Payable in respect of undisbursed leases | | 21,387,748 | 49,262,901 |
| Payable in respect of operating leases | | 15,694,301 | 3,854,657 |
| Payable to defined benefit plan | | 243,898 | 245,414 |
| Payable to defined contribution plan | | 665,555 | - |
| Others | | 13,404,849 | 10,202,269 |
| | | 79,498,462 | 103,497,302 |

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|----------------------|----------------------|
| 19. CURRENT MATURITY OF NON- CURRENT LIABILITIES | | | |
| Current portion of: | | | |
| Certificates of investment | 16 | 126,695,000 | 1,452,390,000 |
| Long term finances | 20 | 597,578,100 | 339,466,668 |
| Deposits against leases | 22 | 251,477,413 | 237,136,357 |
| | | 975,750,513 | 2,028,993,025 |
| 20. LONG TERM FINANCES | | | |
| Long term finance - secured | 20.1 | 1,198,246,260 | 712,500,003 |
| Term finance certificates - secured | 20.2 | 740,036,719 | 737,689,535 |
| | | 1,938,282,979 | 1,450,189,538 |
| Less: Current maturity shown under current liabilities | 19 | 597,578,100 | 339,466,668 |
| | | 1,340,704,879 | 1,110,722,870 |

20.1 Long term finances-secured

| From Banking Companies | Tenure | | Price | Principal outstanding | |
|--|--------|--------|---|-----------------------|-------------|
| | from | to | | | |
| National Bank of Pakistan -I | Jun-04 | Jul-08 | 6 month KIBOR+1.5% (payable semi annually) | - | 25,000,000 |
| National Bank of Pakistan -II | Mar-05 | Sep-09 | 6 month KIBOR+1.5% (payable semi annually) | 12,500,000 | 25,000,000 |
| Allied Bank Limited - II | Dec-05 | Dec-08 | 6 month KIBOR+2.0% (payable semi annually) | - | 33,333,335 |
| Allied Bank Limited - IV | Feb-09 | Feb-11 | 3 month KIBOR+2.0% (payable monthly) | 123,000,000 | - |
| Standard Chartered Bank (Pakistan) Limited | Sep-05 | Sep-08 | 3 month KIBOR+1.5% (payable quarterly) | - | 29,166,667 |
| HSBC Bank Middle East Limited -I | Aug-06 | Jul-09 | 3 month KIBOR+1.75% (payable quarterly) | 20,000,000 | 100,000,000 |
| HSBC Bank Middle East Limited. -II | Dec-07 | Dec-10 | 3 month KIBOR+1.25% (payable quarterly) | 120,000,000 | 200,000,000 |
| Soneri Bank Limited | Jun-09 | Jan-11 | 6 month KIBOR+2.00% (payable monthly) | 90,476,000 | - |
| Faysal Bank Limited | Jun-08 | Jun-12 | 6 month KIBOR+1.75% (payable semi annually) | 200,000,000 | 200,000,000 |
| Pak Brunei Investment Company Limited | Feb-09 | Aug-11 | 6 month KIBOR+1.75% (payable monthly) | 90,000,000 | - |
| First Credit and Investment Bank Limited | Apr-09 | Oct-10 | 6 month KIBOR+2.75% (payable monthly) | 79,270,260 | - |
| Bank Of Khyber | May-09 | May-11 | 3 month KIBOR+1.85% (payable monthly) | 463,000,000 | - |
| | | | | 1,198,246,260 | 612,500,002 |

From related party for equity

| | | | | | |
|---|--------|--------|--|----------------------|-------------|
| Saudi Pak Industrial and Agricultural Company Limited | Jun-06 | Jan-10 | 6 month KIBOR+2.0% (payable semi annually) | - | 100,000,001 |
| | | | | 1,198,246,260 | 712,500,003 |

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

20.2 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 installments in arrears after a grace period of 12 months from the date of issuance.

21. 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-ordinate to all other debts of the company.

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|--------------------|----------------------|
| 22. DEPOSITS AGAINST LEASES | | | |
| Security deposits against finance leases | 22.1 | 1,128,130,039 | 1,307,512,193 |
| Less: Current maturity of security deposits | 19 | 251,477,413 | 237,136,357 |
| | | <u>876,652,626</u> | <u>1,070,375,836</u> |

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

| | Note | 2009 Rupees | Restated 2008 Rupees |
|--|------|----------------------|----------------------------|
| 23. DEFERRED TAX | | | |
| Deferred tax liability on taxable temporary differences arising due to: | | | |
| Excess of net investment in leases over written down value of leases | | 310,945,532 | 490,599,418 |
| Accelerated tax depreciation | | 51,946,769 | 61,660,932 |
| Surplus on revaluation of property, plant and equipment | | 11,064,881 | - |
| | | <u>373,957,182</u> | <u>552,260,350</u> |
| Deferred tax asset on | | | |
| -Deductible temporary differences arising in respect of: | | | |
| Provision against term loans | | 6,033,010 | 1,487,500 |
| Provision against other receivables | | 962,626 | 962,626 |
| Investment in associate | | 983,008 | 670,952 |
| | | <u>(7,978,644)</u> | <u>(3,121,078)</u> |
| - Unabsorbed depreciation and carry forward losses | 23.1 | <u>(365,978,538)</u> | <u>(488,728,255)</u> |
| | | <u>-</u> | <u>60,411,017</u> |

23.1 Deferred tax asset on carryforward losses aggregating to Rs.134,941,459 has not been recognized as per management decision.

24. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| 2009 | 2008 | | 2009 | 2008 |
|-------------------|-------------------|--|--------------------|--------------------|
| Number of shares | | | ----- Rupees ----- | |
| 25,180,000 | 25,180,000 | Ordinary shares of Rs. 10 each fully paid in cash | 251,800,000 | 251,800,000 |
| 19,980,500 | 19,980,500 | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | 199,805,000 | 199,805,000 |
| <u>45,160,500</u> | <u>45,160,500</u> | | <u>451,605,000</u> | <u>451,605,000</u> |

24.1 Saudi Pak Industrial & Agricultural Investment Company Limited holds 35.06% (2008: 35.06%) of the issued, subscribed and paid-up share capital of the company.

24.2 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objective for managing capital is to safeguard its ability to continue as a going concern in order to continue providing returns to its shareholders. Further the Company ensures to comply with all the regulatory requirements regarding capital and its management.

Capital requirement applicable to Company are set and regulated by Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. The Company manages its Capital requirements by assessing its capital structure against the required capital level on a regular basis.

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 instead of June 30, 2009.

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 | (382,714,525) |
| Sub-ordinated debt | 333,208,499 |
| | <u><u>550,356,363</u></u> |

As at June 30, 2009, the equity of the company (excluding unrealized loss on revaluation of available for sale as allowed by SECP) as noted above aggregates to Rs.550,356,363 as against the required minimum equity requirement of Rs.200 million.

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|----------------------|----------------------|
| 25. DEFICIT ON REVALUATION OF ASSETS - NET | | | |
| Surplus on revaluation of property, plant and equipment | 25.1 | 20,549,066 | - |
| Unrealised loss on available for sale investments | 5.1 | (165,483,798) | (136,762,185) |
| | | <u>(144,934,732)</u> | <u>(136,762,185)</u> |
| 25.1 Surplus on revaluation of property, plant and equipment as at the beginning of the year | | - | - |
| Effect of revaluation carried out during the year | | 33,769,445 | - |
| Transferred to unappropriated profit on account of: | | | |
| - incremental depreciation - net of deferred tax | | (1,401,073) | - |
| - disposals - net of deferred tax | | - | - |
| Related deferred tax liability | | (754,423) | - |
| | | <u>(2,155,496)</u> | - |
| Surplus on revaluation of property, plant and equipment as at June 30, 2009 | | 31,613,949 | - |
| Related deferred tax liability on: | | | |
| Revaluation as at the beginning of the year | | - | - |
| Revaluation carried out during the year | | (11,819,306) | - |
| Transferred to profit and loss account on account of: | | | |
| - incremental depreciation - net of deferred tax | | 754,423 | - |
| - disposal - net of deferred tax | | - | - |
| | | <u>(11,064,883)</u> | - |
| | | <u>20,549,066</u> | <u>-</u> |

25.2 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;

| | Note | 2009 Rupees | 2008 Rupees |
|--------------------------------------|------|----------------|----------------|
| Premises | | 24,011,185 | 24,899,883 |
| 26. CONTINGENCIES | | | |
| Liabilities in respect of guarantees | 26.1 | 26,645,000 | 84,792,648 |

26.1 These represent guarantees given on behalf of the customers and include guarantees against letters of credit aggregating to Rs.8,000,000 (2008: Rs.46,147,648).

| | 2009 Rupees | 2008 Rupees |
|---|--------------------|--------------------|
| 27. INCOME FROM FINANCE LEASES | | |
| Income on finance lease contracts | 415,233,817 | 439,945,398 |
| Document fee, front end fee and other charges | 15,775,529 | 31,874,446 |
| Gain on cancellation of lease contracts | 4,714,600 | 4,693,391 |
| Syndicate lease income | 1,407,925 | 3,391,575 |
| | 437,131,871 | 479,904,810 |
| 28. OTHER OPERATING INCOME | | |
| Income from financial assets: | | |
| - Available for sale | | |
| Dividend income | 9,180,027 | 15,049,514 |
| Gain on sale of investments from: | | |
| - derivatives | - | 28,972,728 |
| - investment in equity securities | 4,290,601 | 43,028,688 |
| | 13,470,628 | 87,050,930 |
| - Held to maturity | | |
| Income on Term Finance Certificates | 1,930,015 | 5,056,723 |
| - Loans and receivables | | |
| Short-term loans | 112,285,320 | 139,264,997 |
| Return on placements | 762,381 | 9,429,490 |
| Long-term loan | 31,994,818 | 40,337,638 |
| Income from savings accounts | 2,616,996 | 7,127,080 |
| Advance against lease | 8,486,265 | 18,842,441 |
| | 156,145,780 | 215,001,646 |
| Income from non-financial assets: | | |
| Mark-up, commission and fee income | 362,455 | 3,245,031 |
| Rental income | - | 1,652,000 |
| Gain on sale of property, plant and equipment | 4,525,560 | 3,079,468 |
| Others | 1,535,416 | 1,475,742 |
| | 6,423,431 | 9,452,241 |
| | 177,969,854 | 316,561,540 |

| | Note | 2009 Rupees | 2008 Rupees |
|--------------------------------------|------|--------------------|--------------------|
| 29. FINANCIAL CHARGES | | | |
| Mark-up on: | | | |
| - Long term loans | 29.1 | 121,648,199 | 105,365,196 |
| - Term finance certificates | | 109,510,107 | 68,323,061 |
| - Short-term borrowings | | 307,514,103 | 112,130,949 |
| Return on certificates of investment | | 229,212,244 | 285,228,187 |
| Arrangement fee | | 6,750,000 | - |
| Bank charges | | 1,240,912 | 418,299 |
| | | 775,875,565 | 571,465,692 |

29.1 Mark-up on long term loans include markup of Rs.24,283,470 (2008: Rs.19,026,325) on finance availed from a related party.

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|--------------------|--------------------|
| 30. ADMINISTRATIVE, SELLING AND OTHER OPERATING EXPENSES | | | |
| Salaries, allowances and benefits | 30.1 | 67,323,083 | 63,359,636 |
| Rent | | 2,677,213 | 2,550,037 |
| Repairs and maintenance | | 956,518 | 1,198,894 |
| Utilities | | 1,812,428 | 1,607,354 |
| Depreciation | 14 | 11,109,450 | 8,646,010 |
| Insurance | | 2,134,502 | 1,764,675 |
| Vehicle running expenses | | 7,470,049 | 6,079,226 |
| Printing and stationery | | 773,403 | 1,558,811 |
| Telephone and postage | | 2,751,589 | 2,857,926 |
| Traveling and conveyance | | 1,706,956 | 3,450,679 |
| Fees and subscriptions | | 4,115,807 | 2,120,656 |
| Legal and professional charges | | 5,404,039 | 3,845,654 |
| Training and development | | 48,480 | 164,082 |
| Brokerage | | 473,748 | 2,799,822 |
| Advertising and entertainment | | 491,997 | 851,589 |
| Auditors' remuneration | 30.2 | 535,275 | 595,135 |
| Miscellaneous | | 2,506,729 | 2,291,670 |
| | | 112,291,266 | 105,741,856 |

30.1 Salaries, allowances and benefits include Rs.6,243,932 (2008: Rs.5,238,675) in respect of staff retirement benefits.

| | 2009 Rupees | 2008 Rupees |
|------------------------------------|----------------|----------------|
| 30.2 Auditors' remuneration | | |
| Annual audit fee | 300,000 | 250,000 |
| Half yearly review | 100,000 | 100,000 |
| Special certifications | 50,000 | 50,000 |
| Taxation services | - | 130,000 |
| Out of pocket expenses | 85,275 | 65,135 |
| | 535,275 | 595,135 |

| | Note | 2009 Rupees | 2008 Rupees |
|---|------|---------------------|-------------------|
| 31. DIRECT COST OF OPERATING LEASES | | | |
| Insurance and other expenses | | 812,835 | 907,488 |
| Depreciation on operating lease assets | 14 | 44,082,326 | 28,852,482 |
| | | <u>44,895,161</u> | <u>29,759,970</u> |
| 32. PROVISION FOR DOUBTFUL LEASES, LOANS AND OTHER RECEIVABLES | | | |
| Provision for potential lease losses | 12.2 | 83,566,290 | 53,625,269 |
| Provision for non-performing short term loans | 4.2 | 10,617,174 | 2,550,000 |
| Provision for non-performing long term loans | 11.1 | 6,620,000 | |
| Provision for other doubtful receivables | | - | 13,222,629 |
| | | <u>100,803,464</u> | <u>69,397,898</u> |
| 33. TAXATION | | | |
| Taxation | | | |
| - Current | | 3,092,869 | 10,900,000 |
| - Deferred | | (72,230,324) | 5,829,049 |
| | | <u>(69,137,455)</u> | <u>16,729,049</u> |
| 33.1 Current tax liability | | | |

The tax charge for the current year represents tax liability under Final Tax Regime.

33.2 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as the company's tax computation results in a tax loss.

33.3 Current status of tax assessments

Tax assessments of the company relating to assessment years before tax year 2003 have been completed and no appeal is pending in any appellate forums. Returns for the tax years 2003 to 2008 have been filed and deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

| | 2009 Rupees | 2008 Rupees |
|--|----------------|----------------|
| 34. (LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED | | |
| (Loss)/profit after taxation attributable to ordinary shareholders- Rupees | (458,059,222) | 67,426,915 |
| Weighted average number of ordinary shares issued and subscribed | 45,160,500 | 45,160,500 |
| (Loss)/profit per share- Rupees | (10.14) | 1.49 |

Corresponding figure of weighted average number of shares have been adjusted to take affect of bonus shares issued during the year 2008.

35. STAFF RETIREMENT GRATUITY

35.1 General description

The scheme provides for terminal benefits for all permanent employees who complete qualifying period of service with the company at last drawn salary multiplied by year of services.

The latest actuarial valuation of the gratuity fund was carried out as at June 30, 2009.

| | 2009 | 2008 |
|--|-------------------|-------------------|
| 35.2 Principal actuarial assumptions | | |
| Following principal actuarial assumptions were used for the valuation. | | |
| Discount rate | 12% | 12% |
| Expected long-term rate of increase in salary level | 11% | 11% |
| Expected long-term rate of interest | 12% | 12% |
| Expected remaining working life time of employees | 7 years | 7 years |
| Number of employees | 82 | 74 |
| | 2009 | 2008 |
| | Rupees | Rupees |
| 35.3 Reconciliation of provision for gratuity scheme | | |
| Present value of defined benefit obligation | 14,145,554 | 10,328,338 |
| Less: fair value of plan assets | (9,982,014) | (7,754,353) |
| Deficit | 4,163,540 | 2,573,985 |
| Unrecognized net actuarial loss | (3,919,642) | (2,328,571) |
| | <u>243,898</u> | <u>245,414</u> |
| 35.4 Movement in the balance sheet liability | | |
| Balance at beginning of the year | 245,414 | 3,141,506 |
| Add: Charge for the year | 2,926,864 | 2,557,334 |
| Payments made during the year | (2,928,380) | (5,453,426) |
| Balance at end of the year | <u>243,898</u> | <u>245,414</u> |
| 35.5 Changes in present value of Defined Benefit Obligations | | |
| Present value of Defined Benefit Obligation at beginning of the year | 10,328,338 | 7,909,082 |
| Current service cost for the year | 2,432,880 | 2,085,498 |
| Interest cost for the year | 1,239,401 | 790,908 |
| Benefit paid during the year | (537,442) | (1,321,576) |
| Acturial (gain) / loss on present value of Defined Benefit Obligation | 682,377 | 864,426 |
| Present value of Defined Benefit Obligation at end of the year | <u>14,145,554</u> | <u>10,328,338</u> |
| 35.6 Changes in Fair value of Plan Assets | | |
| Fair value of Plan Assets at beginning of the year | 7,754,353 | 3,653,041 |
| Expected return on Plan Assets | 930,522 | 365,304 |
| Contribution during the year | 2,928,380 | 5,453,426 |
| Benefit paid during the year | (537,442) | (1,321,576) |
| Acturial loss on Plan Assets | (1,093,799) | (395,842) |
| Fair value of Plan Assets at end of the year | <u>9,982,014</u> | <u>7,754,353</u> |

| | 2009 Rupees | 2008 Rupees |
|---|------------------|------------------|
| 35.7 Gratuity scheme expense | | |
| Current service cost | 2,432,880 | 2,085,498 |
| Interest cost | 1,239,401 | 790,908 |
| Expected return on plan assets | (930,522) | (365,304) |
| Actuarial loss recognised | 185,105 | 46,232 |
| | 2,926,864 | 2,557,334 |
| Past service cost due to change in benefits during the year | - | - |
| | 2,926,864 | 2,557,334 |

35.8 Actual return on plan assets during the year was Rs.(163,277) (2008: Rs.30,538).

35.9 Five years data on surplus /deficit of the plans and experience adjustment

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|------------------|--------------|-------------|-------------|-------------|
| | -----Rupees----- | | | | |
| Present value of defined benefit obligation | (14,145,554) | (10,328,338) | (7,909,082) | (3,046,433) | (2,370,116) |
| Fair value of plan assets | 9,982,014 | 7,754,353 | 3,653,041 | 2,822,993 | 2,818,553 |
| (Deficit)/surplus | (4,163,540) | (2,573,985) | (4,256,041) | (223,440) | 448,437 |
| Experience adjustments on plan liabilities | | | | | |
| Loss | (682,377) | (864,426) | (940,958) | (41,186) | (563,690) |
| Experience adjustments on plan assets | | | | | |
| (Loss)/gain | (1,093,799) | (395,842) | 49,863 | (274,592) | 201,944 |

36. TRANSACTIONS WITH RELATED PARTIES

The related parties comprises Saudi Pak Industrial & Agricultural Investment Company Limited (the holding company), other group companies (including associated company), key management personnel and employee benefit plans.

Transactions with related parties are carried out as per agreed terms.

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

| | 2009 | | | |
|--|--------------------|-----------------------|--------------------------|-----------------------|
| | Holding company | Other Group Companies | Key management Personnel | Other related parties |
| | ----- Rupees ----- | | | |
| Rent Paid | 544,575 | - | - | - |
| Rental received on property | - | - | - | - |
| Lease money disbursed | - | - | - | - |
| Rentals received | - | 6,633,569 | - | - |
| Mark-up income on term loans | 32,474,045 | - | - | - |
| Contributions to provident fund | - | - | - | 3,317,068 |
| Lease key money received | - | - | - | - |
| Payments to gratuity fund | - | - | - | 2,928,380 |
| Remuneration to key management personnel | - | - | Refer Note 37 | - |

| | 2008 | | | |
|--|--------------------|-----------------------|--------------------------|-----------------------|
| | Holding company | Other Group Companies | Key management Personnel | Other related parties |
| | ----- Rupees ----- | | | |
| Rent Paid | 355,935 | - | - | - |
| Rental received on property | - | 1,652,000 | - | - |
| Lease money disbursed | - | 6,194,650 | - | - |
| Rentals received | - | 17,424,014 | - | - |
| Mark-up income on term loans | 529,659 | - | - | - |
| Contributions to provident fund | - | - | - | 2,681,341 |
| Lease key money received | - | 487,280 | - | - |
| Payments to gratuity fund | - | - | - | 5,453,426 |
| Remuneration to key management personnel | - | - | Refer Note 37 | - |

37. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in financial statements for remuneration including all benefits, to the Chief Executive and Executives is as follows:

| | Chief Executive | | Executives | | Total | |
|---------------------------|--------------------|-----------|------------|------------|------------|------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | ----- Rupees ----- | | | | | |
| Managerial remuneration | 5,221,236 | 5,066,111 | 11,675,975 | 8,084,012 | 16,897,211 | 13,150,123 |
| Bonus | 1,957,962 | 567,525 | 1,751,125 | 1,310,735 | 3,709,087 | 1,878,260 |
| House rent, utilities etc | 3,263,266 | 2,533,050 | 7,658,415 | 4,909,989 | 10,921,681 | 7,443,039 |
| Retirement benefits | 970,295 | 916,978 | 2,169,806 | 1,463,241 | 3,140,101 | 2,380,219 |
| Leave passage | 206,650 | 831,150 | 1,045,500 | 568,800 | 1,252,150 | 1,399,950 |
| | 11,619,409 | 9,914,814 | 24,300,821 | 16,336,777 | 35,920,230 | 26,251,591 |
| Number of persons | 1 | 1 | 13 | 10 | 14 | 11 |

Chief Executive and Executives are provided with free use of company maintained cars.

| | Note | 2009 Rupees | Restated 2008 Rupees |
|---|--------|----------------------|----------------------------|
| 38. CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES | | | |
| Profit for the year before taxation | | (527,196,677) | 84,155,964 |
| Adjustment for non-cash charges and other items: | | | |
| Depreciation - owned assets | 14 | 11,109,450 | 8,646,010 |
| Depreciation - assets under operating lease | 14 | 44,082,326 | 28,852,482 |
| Financial charges | 29 | 775,875,565 | 571,465,692 |
| Provision for doubtful leases, loans and other receivables | 32 | 100,803,464 | 69,397,898 |
| Dividend income | 28 | (9,180,027) | (15,049,514) |
| Impairment on available-for-sale investments | 5.1 | 168,877,727 | - |
| Unrealized loss/(gain) in market value of investments classified as held for trading | | 3,357 | 1,200 |
| Amount written off directly against loans, lease receivables and investments | | 2,904,969 | 4,069,206 |
| Share of loss from associate | | 1,397,270 | 6,709,514 |
| Gain on dilution of interest in associate | 13.1.2 | (2,529,843) | - |
| Gain on sale of property, plant and equipment | | (4,525,560) | (3,079,468) |
| | | 1,088,818,698 | 671,013,020 |
| Profit before working capital changes | | 561,622,021 | 755,168,984 |
| Working capital changes | | | |
| Advances, deposits, prepayments and other receivable | | 76,220,706 | (17,172,572) |
| Accrued mark-up | | (22,028,450) | (14,895,725) |
| Short-term loans | | 224,407,741 | (250,152,628) |
| | | 278,599,997 | (282,220,925) |
| Accrued and other payables | | (23,956,624) | 43,104,236 |
| | | 254,643,373 | (239,116,689) |
| Cash generated from operations after working capital changes | | 816,265,394 | 516,052,295 |

39. NON-CASH TRANSACTIONS

Increase of Rs.333,208,499 in sub-ordinated debt represents conversion of long term finance from holding company into sub-ordinated debt.

40. SEGMENT INFORMATION

The business of the company is divided into four primary reporting segments namely Finance lease operations, Operating lease operations, Term loans and Investments based on the nature of business and the related risks and returns associated with these segments. Other operations, which are not considered by management to be sufficiently significant to disclose as separate items and do not fall into the above segment category, are reported as 'Others'.

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

| June 30, 2009 | | | | | | |
|---|--------------------|-------------------|--------------------|----------------------|-------------------|----------------------|
| Rupees | | | | | | |
| Finance Lease | Operating lease | Term loans | Investment | Others | Total | |
| Segment revenue | 437,131,871 | 62,220,534 | 144,280,138 | 16,533,216 | 18,289,073 | 678,454,832 |
| Direct cost of operating lease | - | 44,895,161 | - | - | - | 44,895,161 |
| Provisions and fair value changes | 83,566,290 | - | 17,237,174 | 168,881,084 | - | 269,684,548 |
| Segment results | 353,565,581 | 17,325,373 | 127,042,964 | (152,347,868) | 18,289,073 | 363,875,123 |
| Unallocated cost | | | | | | |
| Financial and bank charges | | | | | | 775,875,565 |
| Administrative, selling and other operating | | | | | | 112,291,266 |
| Write-offs | | | | | | 2,904,969 |
| | | | | | | 891,071,800 |
| Loss before taxation | | | | | | (527,196,677) |
| Taxation | | | | | | (69,137,455) |
| Loss for the year | | | | | | (458,059,222) |
| Other information | | | | | | |
| Segment assets | 3,801,497,591 | 190,348,988 | 1,149,280,652 | 265,112,655 | - | 5,406,239,886 |
| Unallocated assets | | | | | 496,693,605 | 496,693,605 |
| Total assets | | | | | | 5,902,933,491 |
| Segment liabilities | 1,128,130,039 | 15,694,301 | - | - | - | 1,143,824,340 |
| Unallocated liabilities | | | | | 4,686,896,019 | 4,686,896,019 |
| Total liabilities | | | | | | 5,830,720,359 |
| Net assets | | | | | | 72,213,132 |

| June 30, 2008 | | | | | | |
|---|--------------------|-------------------|--------------------|-------------------|-------------------|----------------------|
| Rupees | | | | | | |
| Finance Lease | Operating lease | Term loans | Investment | Others | Total | |
| Segment revenue | 479,904,810 | 74,834,950 | 179,602,635 | 85,398,139 | 44,851,252 | 864,591,786 |
| Direct cost of operating lease | | 29,759,970 | | | | 29,759,970 |
| Provisions and fair value changes | 53,625,269 | - | 2,550,000 | 1,200 | 13,222,629 | 69,399,098 |
| Segment results | 426,279,541 | 45,074,980 | 177,052,635 | 85,396,939 | 31,628,623 | 765,432,718 |
| Unallocated cost | | | | | | |
| Financial and bank charges | | | | | | 571,465,692 |
| Administrative, selling and other operating | | | | | | 105,741,856 |
| Write-offs | | | | | | 4,069,206 |
| | | | | | | 681,276,754 |
| Profit before taxation | | | | | | 84,155,964 |
| Taxation | | | | | | 16,729,049 |
| Profit for the year | | | | | | 67,426,915 |
| Other information | | | | | | |
| Segment assets | 4,873,766,347 | 212,775,967 | 1,333,457,685 | 460,128,749 | - | 6,880,128,748 |
| Unallocated assets | | | | | 544,295,164 | 544,295,164 |
| Total assets | | | | | | 7,424,423,912 |
| Segment liabilities | 1,307,512,193 | 3,854,657 | - | 672,634 | - | 1,312,039,484 |
| Unallocated liabilities | | | | | 5,575,340,600 | 5,575,340,600 |
| Total liabilities | | | | | | 6,887,380,084 |
| Net assets | | | | | | 537,043,828 |

41. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

41.1 Financial instruments by category

| | June 30, 2009 | | June 30, 2008 | |
|--|-----------------|---------------|-----------------|---------------|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| -----Rupees----- | | | | |
| Financial assets | | | | |
| <i>Held for trading</i> | | | | |
| Short term investment | 2,040 | 2,040 | 7,281 | 7,281 |
| <i>Available for sale</i> | | | | |
| Short term investment | 260,010,615 | 260,010,615 | 434,129,723 | 434,129,723 |
| <i>Held to maturity</i> | | | | |
| | 5,100,000 | 4,782,765 | 11,954,400 | 11,954,400 |
| <i>Investment in associate</i> | | | | |
| | 15,169,918 | 15,169,918 | 14,037,345 | 14,037,345 |
| <i>Loans and receivables</i> | | | | |
| Cash and bank balance | 14,124,771 | 14,124,771 | 49,704,341 | 49,704,341 |
| Short-term loans | 863,647,100 | 863,647,100 | 1,098,672,015 | 1,098,672,015 |
| Long term loans | 285,633,552 | 285,633,552 | 234,785,670 | 234,785,670 |
| Advances | 83,094,244 | 83,094,244 | 205,008,915 | 205,008,915 |
| Net investment in leases | 3,801,497,591 | 3,801,497,591 | 4,873,766,347 | 4,873,766,347 |
| Accrued mark-up | 79,820,479 | 79,820,479 | 57,792,029 | 57,792,029 |
| Trade Deposits | 544,045 | 544,045 | 620,045 | 620,045 |
| Other Receivables | 107,664,629 | 107,664,629 | 67,302,796 | 67,302,796 |
| | 5,236,026,411 | 5,236,026,411 | 6,587,652,158 | 6,587,652,158 |
| | 5,516,308,984 | 5,515,991,749 | 7,047,780,907 | 7,047,780,907 |
| Financial liabilities | | | | |
| <i>At Amortized Cost</i> | | | | |
| Borrowings from financial institutions | 1,166,990,577 | 1,166,990,577 | 1,245,000,000 | 1,245,000,000 |
| Certificates of investment | 1,075,489,000 | 1,075,489,000 | 2,591,967,000 | 2,591,967,000 |
| Accrued mark-up | 109,120,803 | 109,120,803 | 128,803,034 | 128,803,034 |
| Accrued and other payables | 72,549,150 | 72,549,150 | 87,803,783 | 87,803,783 |
| Long term Finance | 1,938,282,979 | 1,938,282,979 | 1,450,189,538 | 1,450,189,538 |
| Sub-ordinated debt | 333,208,499 | 333,208,499 | - | - |
| Deposit against Lease | 1,128,130,039 | 1,128,130,039 | 1,307,512,193 | 1,307,512,193 |
| | 5,823,771,047 | 5,823,771,047 | 6,811,275,548 | 6,811,275,548 |

41.1.1 Fair values of held for trading, available for sale and held-to-maturity securities except for investment in unquoted securities are based on the quoted market values.

Except for investment in unquoted securities, fixed term loans and leases of over one year, staff loans and fixed term certificates of investment of over one year, the fair value of other on balance sheet financial assets and liabilities are not significantly different from their book value as these assets and liabilities are either short term in nature or are frequently re-priced.

The fair values of unquoted securities, fixed term loans and leases of over one year, staff loans and fixed term certificates of investment of over one year cannot be calculated with sufficient reliability due to non-availability of relevant active markets for similar assets and liabilities.

41.1.2 Reconciliation of Financial Assets and Liabilities with Total Assets and Liabilities

| | 2009 | 2008 |
|--|----------------------|----------------------|
| Total financial assets as per note 41.1 | 5,516,308,984 | 7,047,780,907 |
| Add: Non Financial Assets | | |
| Advance tax - net of provision | 1,201,135 | 489,419 |
| Non-current assets classified as held for sale | 123,288,550 | 115,488,550 |
| Property, plant and equipment | 260,795,453 | 256,383,010 |
| Prepayments | 469,369 | 2,761,157 |
| Advance to suppliers | 870,000 | 1,520,869 |
| | 386,624,507 | 376,643,005 |
| Total Assets | 5,902,933,491 | 7,424,423,912 |
| Total Financial liabilities as per note 41.1 | 5,823,771,047 | 6,811,275,548 |
| Add: Non Financial Liabilities | | |
| Deferred tax | - | 60,411,017 |
| Rental received in advance | 6,156,081 | 14,675,342 |
| Tax deducted at source | 793,231 | 1,018,177 |
| | 6,949,312 | 76,104,536 |
| Total Liabilities | 5,830,720,359 | 6,887,380,084 |

41.2 FINANCIAL RISK MANAGEMENT

The Company's directors and ALCO are responsible for ensuring that financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and company risk appetite. The Board of Directors reviews and agrees policies for managing each of these risk. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows.

41.2.1 Credit Risk

41.2.1.1 The objective of the credit risk management is to ensure that the risk of default by a client or counterparty is reduced to a minimum, keeping in view the risk management policies of the Company. The company manages the credit risk by operating a sound credit-granting process, maintaining an appropriate credit administration, measurement and monitoring process and ensuring adequate controls. The controls include monitoring credit exposure, limiting transactions with specific counter party and continually assessing the credit worthiness of counter parties.

The Company's exposure to credit risk is inherent in lease and loan receivables, deposits with banks and contingent liabilities.

41.2.1.2 Exposure to credit risk - on balance sheet

| | Net Investment in Lease | | Long Term Loan | | Short Term Loan | |
|--|-------------------------|----------------------|--------------------|--------------------|--------------------|----------------------|
| | June 30, 2009 | June 30, 2008 | June 30, 2009 | June 30, 2008 | June 30, 2009 | June 30, 2008 |
| -----Rupees----- | | | | | | |
| Past due but not impaired: | | | | | | |
| - upto 29 days | 74,409,519 | 64,145,045 | 3,477,464 | - | 67,473,018 | - |
| -30 to 89 days | 121,167,696 | 92,886,704 | 10,013,905 | - | 163,565,477 | - |
| Past due and impaired | | | | | | |
| - 90 to 179 | 309,327,319 | 270,184,128 | 54,550,088 | - | 88,539,701 | - |
| - 180 to 364 | 453,750,471 | 308,155,881 | 41,053,581 | - | 250,538,474 | - |
| - 365 to 729 | 492,892,023 | 388,191,193 | 45,696,732 | 83,054,408 | 97,795,637 | 146,389,351 |
| - 730 to 1095 | 265,927,079 | 187,239,089 | 53,637,153 | 28,983,717 | 8,552,836 | 34,802,836 |
| -more than 1095 | 309,331,752 | 124,311,742 | 4,166,666 | 1,874,999 | 29,922,174 | 29,922,174 |
| Neither past due nor individually impaired | 2,289,943,500 | 3,756,980,942 | 57,193,747 | 96,062,207 | 172,126,957 | 891,807,654 |
| Total gross amount | 4,316,749,359 | 5,192,094,724 | 269,789,336 | 209,975,331 | 878,514,274 | 1,102,922,015 |

41.2.1.3 Exposure to credit risk - off balance sheet

Refer Note 26

41.2.1.4 Restructured lease receivables

The carrying amount of restructured lease receivables included in on balance sheet credit risk exposure as noted above aggregates to Rs. 415,616,215 .

41.2.1.5 Concentration of Credit Risk

| Sector | Lease and loan receivables | | | |
|---|----------------------------|--------------------|----------------------|----------------------|
| | Percentage 2009 | Percentage 2008 | Gross amount 2009 | Gross amount 2008 |
| Sugar and Allied | 2.07 | 2.36 | 113,149,410 | 153,372,918 |
| Cement | 2.35 | 1.37 | 128,517,293 | 89,413,148 |
| Energy Oils and Gas | 5.64 | 5.83 | 308,260,156 | 379,190,065 |
| Steel and Engineering & Auto Mobiles | 6.08 | 5.75 | 332,083,316 | 373,968,859 |
| Electric and Electric Goods | 0.90 | 1.12 | 49,288,264 | 73,096,880 |
| Transport and Communications | 10.10 | 10.87 | 551,844,338 | 706,820,723 |
| Chemicals / Fertilizer / Pharmaceutical | 2.11 | 2.56 | 115,502,997 | 166,425,932 |
| Textile | 19.32 | 18.83 | 1,055,591,640 | 1,225,025,391 |
| Paper and Boards | 4.01 | 4.01 | 218,896,527 | 261,060,286 |
| Construction | 5.31 | 4.92 | 290,401,786 | 319,798,850 |
| Food, Tobacco and Beverages | 3.47 | 4.75 | 189,732,781 | 308,703,788 |
| Glass and Ceramics | 1.41 | 1.62 | 76,911,346 | 105,076,765 |
| Hotels | 4.14 | 3.89 | 225,991,580 | 253,228,477 |
| Health Care | 1.09 | 1.36 | 59,400,519 | 88,760,497 |
| Dairy and Poultry | 1.15 | 1.09 | 62,635,309 | 71,138,928 |
| Services | 2.95 | 2.70 | 161,425,222 | 175,563,042 |
| Miscellaneous | 11.57 | 12.97 | 632,084,553 | 843,899,775 |
| Consumer | 16.35 | 14.00 | 893,335,932 | 910,447,746 |
| | 100.00 | 100.00 | 5,465,052,969 | 6,504,992,070 |

41.2.1.6 Analysis of financial assets that are neither past due nor impaired

- Lease and loan receivables

To further strengthen the credit monitoring controls, the Company is in the process of establishing an internal credit grading system with the objective of assigning appropriate risk rating for each customer. These ratings will be assigned after taking into account various factors including the financial condition, ownership structure, management quality and industry pattern that impact the business of customers.

- Other financial assets

The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a optimal credit rating.

41.2.2 Liquidity risk

The Company's objective of liquidity management is to ensure the availability of sufficient liquidity to meet its liabilities when due without risking sustained damage to its operations. ALCO is responsible for ensuring that the Company maintains its liquidity by keeping a level of liquid assets in such amount which is considered sufficient to anticipate payment of borrowings. For managing liquidity risk, the company carries out an analysis of maturities of financial assets and financial liabilities to identify on and off-balance sheet funding gaps. The analysis for the year ended June 30, 2009 is given below:

| | 2009 | | | | Total |
|---|--------------------|-----------------------|----------------------|----------------------------|---------------|
| | Upto 1 year | Maturity 1-5 years | More than 5 years | No contractual maturity | |
| | ----- Rupees ----- | | | | |
| Financial assets | | | | | |
| Cash and bank balances | - | - | - | 14,124,771 | 14,124,771 |
| Short-term loans | 863,647,100 | - | - | - | 863,647,100 |
| Long-term loans | 208,836,931 | 68,930,955 | 14,485,666 | - | 292,253,552 |
| Short term investments | - | - | - | 260,012,655 | 260,012,655 |
| Long-term investment (including current maturity) | 5,100,000 | - | - | 15,169,918 | 20,269,918 |
| Advances | 83,094,244 | - | - | - | 83,094,244 |
| Net investment in leases | 1,920,622,014 | 2,396,127,345 | - | - | 4,316,749,359 |
| Accrued mark-up | 79,820,479 | - | - | - | 79,820,479 |
| Trade deposits | - | - | - | 544,045 | 544,045 |
| Other receivables | 107,664,629 | - | - | - | 107,664,629 |
| | 3,268,785,397 | 2,465,058,300 | 14,485,666 | 289,851,389 | 6,038,180,752 |
| Provisions / suspended income against long term loans and lease receivables | | | | | 521,871,768 |
| | | | | | 5,516,308,984 |
| Financial liabilities | | | | | |
| Borrowings from financial institutions | 1,166,990,577 | - | - | - | 1,166,990,577 |
| Certificates of investment | 977,165,000 | 98,324,000 | - | - | 1,075,489,000 |
| Accrued mark-up | 109,120,803 | - | - | - | 109,120,803 |
| Accrued and other payables | 72,549,150 | - | - | - | 72,549,150 |
| Long-term finances | 597,578,100 | 1,340,704,879 | - | - | 1,938,282,979 |
| Sub-ordinated debt | - | - | - | 333,208,499 | 333,208,499 |
| Deposits against leases | 251,477,413 | 876,652,626 | - | - | 1,128,130,039 |
| | 3,174,881,043 | 2,315,681,505 | - | 333,208,499 | 5,823,771,047 |
| On balance sheet gap | 93,904,354 | 149,376,795 | 14,485,666 | (43,357,110) | 214,409,705 |
| Contingencies | 26,645,000 | | | | |
| Off balance sheet gap | 26,645,000 | - | - | - | - |
| Total gap | 120,549,354 | 149,376,795 | 14,485,666 | (43,357,110) | 214,409,705 |

The above analysis is based on contractual maturities and not on their expected realisation, hence the actual gaps based on expected realization may reduce significantly.

| | 2008 | | | | Total |
|---|----------------------|-----------------------|----------------------|----------------------------|--------------------|
| | Upto 1 year | Maturity 1-5 years | More than 5 years | No contractual maturity | |
| ----- Rupees ----- | | | | | |
| Financial assets | | | | | |
| Cash and bank balances | - | - | - | 49,704,341 | 49,704,341 |
| Short-term loans | 1,098,672,015 | - | - | - | 1,098,672,015 |
| Long-term loans | 124,424,699 | 110,360,971 | - | - | 234,785,670 |
| Short Term Investments | - | - | - | 434,137,004 | 434,137,004 |
| Long-term investment (including current maturity) | 6,854,400 | 5,100,000 | - | 14,037,345 | 25,991,745 |
| Advances | 205,008,915 | - | - | - | 205,008,915 |
| Net investment in leases | 1,931,800,039 | 3,260,294,685 | - | - | 5,192,094,724 |
| Accrued mark-up | 57,792,029 | - | - | - | 57,792,029 |
| Trade Deposits | 620,045 | - | - | - | 620,045 |
| Other Receivables | 67,302,796 | - | - | - | 67,302,796 |
| | 3,492,474,938 | 3,375,755,656 | - | 497,878,690 | 7,366,109,284 |
| Provisions / suspended income against long term loans and lease receivables | | | | | 318,328,377 |
| | | | | | 7,047,780,907 |
| Financial liabilities | | | | | |
| Borrowings from financial institutions | 1,245,000,000 | - | - | - | 1,245,000,000 |
| Certificate of investment | 2,392,498,000 | 199,469,000 | - | - | 2,591,967,000 |
| Accrued mark-up | 128,803,034 | - | - | - | 128,803,034 |
| Accrued and other payables | 87,803,783 | - | - | - | 87,803,783 |
| Long-term finances | 339,466,668 | 1,110,722,870 | - | - | 1,450,189,538 |
| Sub-ordinated debt | - | - | - | - | - |
| Deposits against leases | 237,136,357 | 1,070,375,836 | - | - | 1,307,512,193 |
| | 4,430,707,842 | 2,380,567,706 | - | - | 6,811,275,548 |
| On balance sheet gap | (938,232,904) | 995,187,950 | - | 497,878,690 | 554,833,736 |
| Contingencies | 84,792,648 | | | | |
| Off balance sheet gap | 84,792,648 | - | - | - | - |
| Total gap | (853,440,256) | 995,187,950 | - | 497,878,690 | 554,833,736 |

41.2.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk.

41.2.3.1 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Company's exposure to fair value interest rate risk is limited as it does not hold significant fixed interest based financial instruments. However, the Company is exposed to cash flow interest rate risk and currently, it is in the process of developing parameters, methods and a system for preparing sensitivity analysis for such risk.

41.2.3.2 Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's exposure to foreign exchange risk is limited as there are no significant financial instruments in foreign currency

41.2.3.3 Equity price risk

There is a risk that the value of a security or portfolio of securities will decline in future. The investment in listed equity securities are made in accordance with the established guidelines which include ensuring compliance with regulations, diversification and selection of securities after careful financial analysis of the issuer.

Price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to valuation gains and losses for investment portfolio of the Company. The analysis is prepared on the amount of investments at the balance sheet date. 15% increase or decrease in equity instrument prices are used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity instruments rates.

If prices in equity instruments had been 15 percent higher/lower, the Company's loss for the year ended June 30, 2009 would decrease/increase by Rs.8,914,677 and deficit on revaluation of available-for-sale investments would increase/decrease by Rs.19,611,855.

The Company's sensitivity to price risk has increased during the current year mainly due to the unprecedented and significant decline in equity instruments prices.

42. RECLASSIFICATION

Corresponding figures of following line items in balance sheet and profit and loss account have been reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison.

| From | To | Amount reported / restated in June 30, 2008 | |
|---|--|---|------------|
| Advances, deposits, prepayments and other receivables | Advances | 206,529,784 | |
| | Accrued mark-up | 57,792,029 | |
| | Trade deposits and short term prepayments | 3,381,202 | |
| | Advance tax - net of provision | 489,419 | |
| | Assets classified as held for sale | 115,488,550 | |
| | Other receivable | 67,302,796 | |
| | Long term loans | 3,295,267 | |
| | Loans and receivable | Short term investments | 11,250,000 |
| | Short term investments | Other receivable | 34,500,000 |
| | | Long term investments | 14,037,345 |
| Accrued and other payables | Accrued mark-up | 128,803,034 | |
| | Financial and other charges | 571,047,393 | |
| | Administrative, selling and other operating expenses | 649,921 | |
| | Amount written off directly against loans, lease receivables and investments | 3,878,157 | |
| Administrative, selling and other operating expenses | Amount written off directly against loans and lease | 191,049 | |


43. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on **October 06, 2009**.

44. GENERAL

Figures have been rounded-off to nearest Rupee.


Farrukh S. Ansari
Chief Executive Officer


Muhammad Rashid Zahir
Chairman

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2009

| NO. OF SHAREHOLDERS | FROM | HAVING SHARES TO | SHARES HELD | PERCENTAGE |
|------------------------|----------|---------------------|-------------------|------------|
| 428 | 1 | 100 | 13,937 | 0.0308 |
| 369 | 101 | 500 | 98,341 | 0.2177 |
| 181 | 501 | 1000 | 135,973 | 0.3010 |
| 455 | 1001 | 5000 | 1,079,824 | 2.3910 |
| 87 | 5001 | 10000 | 620,327 | 1.3736 |
| 52 | 10001 | 15000 | 649,567 | 1.4383 |
| 22 | 15001 | 20000 | 381,649 | 0.8450 |
| 12 | 20001 | 25000 | 268,728 | 0.5950 |
| 9 | 25001 | 30000 | 248,205 | 0.5496 |
| 3 | 30001 | 35000 | 94,700 | 0.2096 |
| 5 | 35001 | 40000 | 180,282 | 0.3992 |
| 4 | 40001 | 45000 | 171,475 | 0.3797 |
| 2 | 45001 | 50000 | 91,031 | 0.2015 |
| 3 | 50001 | 55000 | 153,044 | 0.3388 |
| 2 | 55001 | 60000 | 112,091 | 0.2482 |
| 3 | 60001 | 65000 | 189,508 | 0.4196 |
| 2 | 70001 | 75000 | 147,516 | 0.3266 |
| 2 | 75001 | 80000 | 158,445 | 0.3508 |
| 2 | 80001 | 85000 | 166,856 | 0.3694 |
| 2 | 85001 | 90000 | 173,500 | 0.3841 |
| 1 | 90001 | 95000 | 95,000 | 0.2103 |
| 2 | 100001 | 105000 | 210,000 | 0.4650 |
| 1 | 105001 | 110000 | 109,018 | 0.2414 |
| 2 | 115001 | 120000 | 235,531 | 0.5215 |
| 2 | 120001 | 125000 | 243,195 | 0.5385 |
| 1 | 125001 | 130000 | 126,925 | 0.2810 |
| 1 | 130001 | 135000 | 130,835 | 0.2897 |
| 1 | 155001 | 160000 | 157,796 | 0.3494 |
| 2 | 165001 | 170000 | 331,662 | 0.7344 |
| 1 | 180001 | 185000 | 184,553 | 0.4086 |
| 1 | 210001 | 215000 | 210,745 | 0.4666 |
| 1 | 215001 | 220000 | 215,261 | 0.4766 |
| 1 | 220001 | 225000 | 222,075 | 0.4917 |
| 2 | 225001 | 230000 | 451,604 | 0.9999 |
| 1 | 235001 | 240000 | 235,675 | 0.5218 |
| 2 | 245001 | 250000 | 496,764 | 1.0999 |
| 1 | 260001 | 265000 | 263,431 | 0.5833 |
| 1 | 315001 | 320000 | 318,255 | 0.7047 |
| 1 | 450001 | 455000 | 451,080 | 0.9988 |
| 1 | 510001 | 515000 | 511,432 | 1.1324 |
| 1 | 585001 | 590000 | 585,945 | 1.2974 |
| 1 | 1035001 | 1040000 | 1,038,211 | 2.2989 |
| 1 | 1215001 | 1220000 | 1,218,536 | 2.6982 |
| 1 | 1520001 | 1525000 | 1,522,920 | 3.3722 |
| 1 | 1805001 | 1810000 | 1,806,420 | 4.0000 |
| 1 | 1995001 | 2000000 | 1,997,822 | 4.4238 |
| 1 | 3105001 | 3110000 | 3,105,752 | 6.8771 |
| 1 | 3195001 | 3200000 | 3,199,182 | 7.0840 |
| 1 | 4510001 | 4515000 | 4,514,473 | 9.9965 |
| 1 | 15835001 | 15840000 | 15,835,403 | 35.0647 |
| 1681 | | | 45,160,500 | 100 |

CATEGORIES OF SHARE HOLDERS

| | SHAREHOLDERS | SHAREHOLDING | PERCENTAGE | |
|----|--|--------------|------------|---------|
| 1 | Individuals | 1628 | 8,776,279 | 19.4335 |
| 2 | Shares held by Associated Companies, undertakings and related parties: | | | |
| | Saudi Pak Industrial & Agricultural Investment Co. Ltd. | 1 | 15,835,403 | 35.0647 |
| | Saudi Pak Insurance Company Ltd. | 1 | 16,065 | 0.0356 |
| | Premier Mercantile Services (Pvt) Ltd | 1 | 4,516,048 | 10.0000 |
| | Marine Services (Pvt) Ltd | 1 | 64,352 | 0.1425 |
| 3 | Investment Corporation of Pakistan | 1 | 500 | 0.0011 |
| 4 | National Investment Trust | 1 | 6,304,934 | 13.9612 |
| 5 | Directors, Chief Executive Officer and their spouse and minor children | | | |
| | Senator(R) Ihsanul Haq Piracha | 1 | 2,032,222 | 4.5000 |
| | Mr. Haroon Ihsan | 1 | 2,421,847 | 5.3628 |
| | Mrs. Khurshid Ihsan Piracha | 1 | 1,748,722 | 3.8722 |
| 6 | INSURANCE COMPANIES | 2 | 1,997,822 | 4.4238 |
| 7 | PUBLIC SECTOR COMPANIES & CORPORATIONS | 2 | 9,016 | 0.0200 |
| 8 | FINANCIAL INSTITUTION | 13 | 304,176 | 0.6735 |
| 9 | MODARABAS | 1 | 12,132 | 0.0269 |
| 10 | OTHERS | 25 | 1,035,482 | 2.2929 |
| 11 | NON RESIDENT | 1 | 85,500 | 0.1893 |
| | | 1681 | 45,160,500 | 100.000 |
| | Shareholders holding ten percent or more voting interest in the Company. | | | |
| | Saudi Pak Industrial & Agricultural Investment Co.Ltd. | | 15,835,403 | 35.0647 |
| | Premier Mercantile Services (Pvt) Ltd | | 4,516,048 | 10.0000 |
| | National Bank of Pakistan, Trustee Deptt | | 6,304,934 | 13.9612 |



PROXY FORM

I/we _____ of _____
_____ (full address)

being member(s) of Saudi Pak Leasing Company Limited hereby appoint _____

Mr./Ms. _____
of _____ (full address)

of failing him/her _____

Mr./Ms. _____ of _____
_____ (full address)

being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my / our behalf at the 19th Annual General Meeting of the Company to be held on October 30, 2009 and at any adjournment thereof

As witness my/our hand this _____ day of _____ 2009

Signed by _____

in presence of _____

Signature and address of witness

Signature of Member(s)

Please affix
Rs. 5/- revenue
stamp

Shareholder's Folio No. _____

Number of Shares held _____

A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote for him/her. A proxy must be a member of the Company.

The instrument appointing a proxy shall be in written under the hand of the appointer or of his/her attorney duly authorised in writing, if the appointer is a corporation, under its common seal of the hand of any officer or attorney duly authorised.

The instrument appointing a proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the Meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary
SAUDI PAK LEASING COMPANY LIMITED
6th Floor, Lakson Square, Building # 1,
Sarwar Shaheed Road, Saddar
Karachi-74200, Pakistan



improvising strategies for the future

www.saudipakleasing.com

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