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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Iqbal Hussain	Chairman
Mr. Muhammad Farhan Malik	Vice Chairman
Mr. Ahsanullah Khan	Chief Executive Officer
Mr. Muhammad Tariq Masud	Director
Ms. Parveen A. Malik	Director
Mr. Arsalan I. Khan	Director
Mr. Shoaib Ahmed Khan	Director

AUDIT COMMITTEE

Mr. Muhammad Farhan Malik	Chairman
Mr. Muhammad Tariq Masud	Director
Mr. Arsalan Iftikhar Khan	Director

HUMAN RESOURCE COMMITTEE

Mr. Muhammad Iqbal Hussain	Chairman
Mr. Ahsanullah Khan	Member
Mr. Muhammad Farhan Malik	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Muhammad Ali Siddiqui

AUDITORS

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

LEGAL ADVISOR

M/s. S & B Durrani Law Associates

TAX CONSULTANTS

M/s. Junaidy Shoaib Asad
Chartered Accountants

BANKS & LENDING INSTITUTIONS

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

REGISTERED OFFICE

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

BRANCHES

Lahore

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

Islamabad

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

Sialkot

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

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

REGISTRAR AND SHARE TRANSFER OFFICE

THK Associates (Pvt.) Ltd.
Ground Floor, State Life Building No.3
Dr. Ziauddin Ahmed Road, Karachi 75530.
Tel: (021) 111-000-322
Fax: (021) 35655595

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DIRECTORS' REVIEW

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

Operating and Financial Results

	Nine months period ended March 31, 2013 Rupees	Nine months period ended March 31, 2012 Rupees
Income from operating and finance leases	30,949,238	36,581,829
Other operating income	95,087,289	34,500,950
Total Income	126,036,527	71,082,779
Financial Charges	64,723,741	127,504,565
Administrative and operating expenses	55,806,338	58,471,016
Write Offs against loans and leases	(2,441,491)	(10,969,694)
Operating profit / (loss) before provisions	(15,679,033)	(135,591,448)
Reversal / (provision) / against leases, loans, receivables, investments and investment properties	66,913,202	(311,984,243)
Profit / (loss) before taxation	50,683,847	(447,575,691)
Profit / (loss) after taxation	51,958,925	(664,606,347)
Profit / (Loss) per share - basic and diluted	1.15	(14.72)

As mentioned earlier in the half yearly review that your company after incurring losses for last several years, has been able to show profit during the current financial year. Though the quantum of profit is not significant, but if compared with the loss of previous corresponding period, it reflects a significant improvement over the previous periods.

Though the leasing sector is facing serious challenges for the last five years on account of numerous factors including but not limited to energy crisis and deteriorating law and order situation leading to slow pace of recovery from defaulting customers, yet we are hopeful that given successful implementation of the rehabilitation plan and the financial projections, as approved by the Board, the company would be able to strengthen its situation and would produce more positive results by the end of financial year 2013.

Moreover, as the liquidity resources of the company have been completely dried up for the last five years, yet the company has been able to substantially reduce its book size and maintain its operations only with the help of internal resources. The liquidity resources mainly concentrated on Bank borrowings is completely at halt, however, the company is making all out efforts for recovery and servicing its debt towards creditors as per settlement agreements. The Management is constantly pursuing its recovery drive and continues to negotiate with the lenders with amicable settlements. The lengthy and complex litigation process is also one of the reasons which delayed the process of recovery. Nevertheless, the company is managing its business dynamics through internal cash generation by way of extensive recovery drive. During the last nine months the Company recovered an amount of PKR 174.739 million and settled its debts of PKR 119.285 million besides meeting administrative expenses.

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

DIRECTORS' REVIEW


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

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

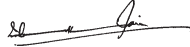
The Rehabilitation Plan along with the Financial Projections as approved by the Board are based on restructuring / settlements, expected reversals of provisions resulting from settlement with the defaulted customers and simultaneously reducing the liability by way of stretching the payments in longer period and offering non cash items to the creditors. Also, the issuance of convertible preference shares against settlement of liabilities will assist the company in reducing the losses and improving its equity.

The Board assures you that the management is fully aware of its responsibility towards its stakeholders and is determined to improve the financial condition of the Company. We look forward to receiving your continuous support and understanding of the affairs of the Company.

For and on behalf of the Board



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

Karachi: April 29, 2013

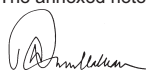
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CONDENSED INTERIM BALANCE SHEET

As at 31 March 2013

	Note	31 March 2013 (Unaudited)	30 June 2012 (Audited)
ASSETS			
Current assets			
Cash and bank balances	6	8,175,469	27,279,060
Short term loans	7	235,528,570	220,222,545
Short term placement	8	20,000,000	-
Short term investments	9	103,551,516	122,568,873
Accrued mark-up		4,497,957	1,513,530
Trade deposits and short term prepayments		1,071,278	808,696
Other receivables	10	12,924,216	15,649,183
Current maturity of non-current assets	11	986,490,789	1,123,221,788
		1,372,239,795	1,511,263,675
Non-current assets			
Long term loans	12	-	-
Net investment in finance leases	13	159,911,178	282,415,625
Investment properties	14	55,781,255	66,983,055
Property, plant and equipment	15	110,175,494	132,660,389
Intangibles		-	367,856
		325,867,927	482,426,925
Total assets		1,698,107,722	1,993,690,600
LIABILITIES			
Current liabilities			
Short term borrowings from financial institutions	16	211,693,229	246,884,058
Certificates of investment		81,395,301	94,895,301
Accrued mark-up		309,959,283	320,736,579
Sub-ordinated debt	17	333,208,499	333,208,499
Accrued expenses and other payables		18,265,530	31,504,450
Provision for taxation		4,481,891	4,100,334
Current maturity of non-current liabilities	18	1,111,479,759	1,290,830,231
		2,070,483,492	2,322,159,452
Non-current liabilities			
Certificates of investment		4,300,000	11,300,000
Deferred tax liability - net		89,657,520	93,432,598
Long term finances	19	479,302,101	507,776,283
Long term deposits	20	11,739,718	70,039,373
		584,999,339	682,548,254
Total liabilities		2,655,482,831	3,004,707,706
NET ASSETS		(957,375,109)	(1,011,017,106)
FINANCED BY			
Authorised share capital			
100,000,000 (30 June 2012: 100,000,000) ordinary shares of Rs. 10 each; and		1,000,000,000	1,000,000,000
100,000,000 (30 June 2012: Nil) preference shares of Rs. 10 each		1,000,000,000	-
		2,000,000,000	1,000,000,000
Issued, subscribed and paid-up share capital		451,605,000	451,605,000
Capital reserves		148,257,389	148,257,389
Accumulated loss		(1,599,546,640)	(1,658,516,423)
Surplus on revaluation of available-for-sale investments		1,683,072	-
Total equity		(98,001,179)	(1,058,654,034)
Surplus on revaluation of property, plant and equipment - net	21	40,626,070	47,636,928
		(957,375,109)	(1,011,017,106)
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

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CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the nine months period ended 31 March 2013

	Note	Nine months period ended 31 March		Three months period ended 31 March	
		2013	2012	2013	2012
----- (Rupees) -----					
Income					
Finance leases	23	28,005,311	33,705,029	7,754,065	14,288,339
Operating leases		2,943,927	2,876,800	892,591	708,157
		<u>30,949,238</u>	<u>36,581,829</u>	<u>8,646,656</u>	<u>14,996,496</u>
Other operating income / (loss) - net	24	95,087,289	34,500,950	8,074,910	50,249,711
TOTAL INCOME		<u>126,036,527</u>	<u>71,082,779</u>	<u>16,721,566</u>	<u>65,246,207</u>
Expenses					
Finance cost	25	(64,723,741)	(127,504,565)	(20,970,459)	(40,958,395)
Administrative and other operating expenses		(55,806,338)	(58,471,016)	(14,815,366)	(15,822,346)
Amount written off directly against loans and lease receivables		(2,441,491)	(10,969,694)	(2,441,491)	(403,441)
Direct cost of operating leases		(18,743,990)	(9,728,952)	(6,002,845)	(3,206,721)
		<u>(141,715,560)</u>	<u>(206,674,227)</u>	<u>(44,230,161)</u>	<u>(60,390,903)</u>
Operating profit / (loss) before provisions		<u>(15,679,033)</u>	<u>(135,591,448)</u>	<u>(27,508,595)</u>	<u>4,855,304</u>
Reversal / (provision) for doubtful leases, loans and other receivables		66,913,202	(291,002,395)	42,303,155	(11,505,727)
Reversal / (impairment) on available-for-sale investments		2,889,487	(20,981,848)	2,889,487	(724,680)
Impairment on investment properties		(3,439,809)	-	-	-
		<u>66,362,880</u>	<u>(311,984,243)</u>	<u>45,192,642</u>	<u>(12,230,407)</u>
Profit / (loss) before taxation		<u>50,683,847</u>	<u>(447,575,691)</u>	<u>17,684,047</u>	<u>(7,375,103)</u>
Taxation					
- Current		2,500,000	2,421,707	747,686	-
- Prior year		-	-	-	-
- Deferred		(3,775,078)	214,608,949	-	-
		<u>(1,275,078)</u>	<u>217,030,656</u>	<u>747,686</u>	<u>-</u>
Profit / (loss) after taxation		<u>51,958,925</u>	<u>(664,606,347)</u>	<u>16,936,361</u>	<u>(7,375,103)</u>
Earnings / (loss) per share - basic and diluted	28	1.15	(14.72)	0.38	(0.16)

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.


Ahsanullah Khan
Chief Executive Officer


Muhammad Iqbal Hussain
Chairman

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the nine months period ended 31 March 2013

	Nine months period ended 31 March	
	2013	2012
	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	50,683,847	(447,575,691)
Adjustments for:		
Depreciation and amortization - owned assets	8,245,654	6,590,063
Depreciation - assets under operating lease	18,743,990	9,522,963
Depreciation - investment properties	2,751,991	8,234,595
Finance cost	64,723,741	127,504,565
(Reversal) / provision for doubtful leases, loans and other receivables	(66,913,202)	291,002,395
Dividend income	(55,000)	(1,251,026)
Impairment on available-for-sale investments	(2,889,487)	20,981,848
Impairment on investment properties	3,439,809	
Amount written off directly against loans and lease receivables	2,441,491	10,969,694
Income from government securities	(2,375,831)	(1,197,678)
(Gain) / loss on sale of investments	(1,209,515)	11,105,742
Waiver on settlement of long term finances	(74,301,089)	(46,518,034)
Gain on sale of property, plant and equipment	(3,189,685)	(2,138,175)
	(50,587,133)	434,806,952
Operating profit / (loss) before working capital changes	96,714	(12,768,739)
Movement in working capital		
(Increase) / decrease in operating assets		
Trade deposits, short term prepayments and other receivables	2,462,385	23,859,554
Accrued mark-up	(2,984,427)	62,910,061
Short term loans	21,604,931	10,358,708
	21,082,889	97,128,323
Increase / (decrease) in operating liabilities		
Accrued expenses and other payables	(13,238,920)	-
Cash generated from operations	7,940,683	84,359,584
Finance cost paid	(1,199,948)	(61,279,413)
Taxes paid	(2,118,443)	(2,963,768)
Security deposits paid to lessees	-	(36,448,423)
Decrease in net investment in finance leases	84,837,394	131,211,352
	81,519,003	30,519,748
Net cash flows from operating activities	89,459,686	114,879,332
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,475,182)	(2,883,050)
Investment in assets under operating lease	(6,044,000)	(900,000)
Purchase of short term investments - net	(982,643)	(30,426,600)
Proceeds from disposal of property, plant and equipment	7,322,000	4,624,243
Decrease in investments	-	101,714,902
Proceeds from disposal of investment properties	5,010,000	-
Repayment of long term loans	7,866,226	56,237,781
Dividend received	25,000	1,251,026
Net cash flows from investing activities	10,721,401	129,618,302
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finances	(53,893,849)	(43,302,338)
Repayment of short term borrowings from financial institutions	(35,190,829)	(104,750,000)
Repayment of certificates of investment	(30,200,000)	(96,873,000)
Net cash flows from financing activities	(119,284,678)	(244,925,338)
Net (decrease) in cash and cash equivalents	(19,103,591)	(427,704)
Cash and cash equivalents at beginning of the period	27,279,060	31,700,552
Cash and cash equivalents at end of the period	8,175,469	31,272,848

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

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

For the nine months period ended 31 March 2013

	Issued, subscribed and paid-up share capital	Capital reserves	Accumulated loss	Surplus / (deficit) on revaluation of available- for-sale investments	Total equity
----- R u p e e s -----					
Balance as at 01 July 2011	451,605,000	148,257,389	(839,410,437)	6,851,796	(232,696,252)
Total comprehensive income for the period					
Loss for the nine months period ended 31 March 2012	-	-	(664,606,347)	-	(664,606,347)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-
Changes in surplus on revaluation of available-for-sale investments	-	-	-	-	-
Realisation of surplus on available for sale investments on disposal	-	-	-	(6,677,684)	(6,677,684)
	-	-	(664,606,347)	(6,677,684)	(671,284,031)
Balance as at 31 March 2012	451,605,000	148,257,389	(1,504,016,784)	174,112	(903,980,283)
Balance as at 01 July 2012	451,605,000	148,257,389	(1,658,516,423)	-	(1,058,654,034)
Total comprehensive income for the period					
Profit for the nine months period ended 31 March 2013	-	-	51,958,925	-	51,958,925
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	7,010,858	-	7,010,858
Changes in surplus on revaluation of available-for-sale investments	-	-	-	1,683,072	1,683,072
	-	-	58,969,783	1,683,072	60,652,855
Balance as at 31 March 2013	451,605,000	148,257,389	(1,599,546,640)	1,683,072	(998,001,179)

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.


Ahsanullah Khan
 Chief Executive Officer


Muhammad Iqbal Hussain
 Chairman

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

For the nine months period ended 31 March 2013

1. LEGAL STATUS AND OPERATIONS

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

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the parent company (by virtue of management rights) and as of 31 March 2013 holds 35.06% (30 June 2012: 35.06%) of issued share capital of the Company.

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

- During the nine months period ended 31 March 2013, the Company has earned a profit after tax of Rs. 51.959 million (compared with a loss of Rs. 664.606 million in the corresponding period). Moreover, as at the period end, its accumulated losses stood at Rs. 1,599.547 million, whereas the equity stood at negative Rs. 998.001 million, as against the minimum equity requirement of Rs. 500 million. Furthermore its total liabilities exceeded total assets by Rs. 957.375 million and its current liabilities exceeded current assets by Rs. 698.244 million.
- The Company's rating was downgraded as at 30 June 2010, not permitting the Company to issue new certificates of investment. Subsequently, the management has not renewed the rating agreement with the credit rating company.
- Furthermore, the Company's license to carry out the leasing business had expired on 18 May 2010 and its renewal is pending with the Securities and Exchange Commission of Pakistan (SECP). However, the Company continues to carry out operating leases.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

For the nine months period ended 31 March 2013

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

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

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the company for the year ended 30 June 2012.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. However, actual results may differ from these estimates. In preparing this condensed interim financial information the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimates and uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2012.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at and for the year ended 30 June 2012.

	31 March 2013 ----- (Rupees) ----- (Unaudited)	30 June 2012 ----- (Audited)
6. CASH AND BANK BALANCES		
Cash in hand	128,279	86,282
Balance with State Bank of Pakistan in: - current account	22,940	27,285
Balances with other banks in: - current account	5,500	5,500
- saving accounts	6.1 8,018,750	27,159,993
	<u>8,175,469</u>	<u>27,279,060</u>

- 6.1 These saving accounts carry profit rates ranging from 6% to 8% per annum (30 June 2012: 6% to 8% per annum).

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

For the nine months period ended 31 March 2013

		31 March 2013 ----- (Rupees) ----- (Unaudited)	30 June 2012 ----- (Audited)
7. SHORT TERM LOANS			
Considered good		-	-
Non-performing loans	7.1	<u>307,891,541</u>	<u>329,496,472</u>
		<u>307,891,541</u>	<u>329,496,472</u>
Provision against non-performing loans		<u>(72,362,971)</u>	<u>(109,273,927)</u>
		<u>235,528,570</u>	<u>220,222,545</u>

7.1 This represents term finance facilities provided to customers and carries mark-up ranging from 16.06% to 25% (30 June 2012 : 16.06% to 25%).

		31 March 2013 ----- (Rupees) ----- (Unaudited)	30 June 2012 ----- (Audited)
8. SHORT TERM PLACEMENT			
Short term placement	8.1	<u>20,000,000</u>	-

8.1 This represents a short term placement with Saudi Pak Industrial & Agricultural Investment Company Limited (the parent company), having maturity on 15 April 2013. This carries profit rate of 8.60% per annum (30 June 2012: Nil).

9. SHORT TERM INVESTMENTS			
Available-for-sale	9.1	<u>27,000,010</u>	45,162,454
Held to maturity	9.2	<u>76,551,506</u>	77,406,419
		<u>103,551,516</u>	<u>122,568,873</u>

9.1 Available-for-sale			
Ordinary shares of listed companies	9.1.1	<u>15,119,497</u>	33,654,260
Ordinary shares of unlisted companies	9.1.2	<u>18,914,938</u>	32,248,268
Available-for-sale at cost		<u>34,034,435</u>	65,902,528
Impairment loss recognised	9.1.3	<u>(7,034,425)</u>	(20,740,074)
Available-for-sale at market value		<u>27,000,010</u>	45,162,454

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

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

Saudi Pak Insurance Company Limited	<u>14,664,938</u>	14,664,938
Pace Barka Properties Limited	<u>4,250,000</u>	4,250,000
Burj Bank Limited	-	13,333,330
	<u>18,914,938</u>	<u>32,248,268</u>

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		31 March 2013	30 June 2012
		----- (Rupees) ----- (Unaudited)	----- (Rupees) ----- (Audited)
9.1.3	Details of impairment loss recognised by the Company up to the period end / year end are as follows:		
	Balance at the beginning of the period / year	20,740,074	184,593,547
	Charge for the period / year	-	13,197,008
	Reversal during the period / year due to settlements	(2,889,487)	(28,469,751)
	Reversal during the period / year on sale of investments	(10,816,162)	(148,580,730)
	Balance at the end of the period / year	<u>7,034,425</u>	<u>20,740,074</u>
9.2	Held to Maturity		
	Government Market Treasury Bills	9.2.1 <u>41,551,506</u>	32,406,419
	Certificates of deposit	9.2.2 <u>35,000,000</u>	45,000,000
		<u>76,551,506</u>	<u>77,406,419</u>
9.2.1	This represents investment in Government Market Treasury Bills having maturities on 18 April 2013 and 30 May 2013 and carries effective mark-up rate of 9.05% and 9.23% respectively (30 June 2012: 11.78%) per annum. As of 31 March 2013, the market value of these treasury bills amounted to Rs. 42 million (30 June 2012: Rs. 32.399 million).		
9.2.2	This represents certificates of deposit of Orix Leasing Pakistan Limited for a period of one year having maturity from 19 April 2013 to 18 February 2014. These certificates carry interest rate from 9.38% to 12% per annum (30 June 2012: 12% per annum).		
		31 March 2013	30 June 2012
		----- (Rupees) ----- (Unaudited)	----- (Rupees) ----- (Audited)
10.	OTHER RECEIVABLES		
	Operating lease rentals receivable	11,545,095	11,545,095
	Receivable on termination of leases	75,060,326	76,619,903
	Others	2,874,574	4,039,964
		<u>89,479,995</u>	<u>92,204,962</u>
	Provision against doubtful receivables	(76,555,779)	(76,555,779)
		<u>12,924,216</u>	<u>15,649,183</u>
11.	CURRENT MATURITY OF NON-CURRENT ASSETS		
	Long term loans	12 <u>67,199,308</u>	73,142,480
	Net investment in finance leases	13 <u>919,291,481</u>	1,050,079,308
		<u>986,490,789</u>	<u>1,123,221,788</u>
12.	LONG TERM LOANS		
	Related party - secured		
	Due from employees - considered good	4,036,441	4,724,493
	Other than related party - secured		
	Term loans to customers		
	- Considered good	8,734,209	1,182,846
	- Non-performing loans	108,639,059	123,368,596
		12.1 <u>117,373,268</u>	<u>124,551,442</u>
		<u>121,409,709</u>	<u>129,275,935</u>
	Provision against non-performing loans	(54,210,401)	(56,133,455)
		<u>67,199,308</u>	<u>73,142,480</u>
	Current maturity of long term loans	11 <u>(67,199,308)</u>	<u>(73,142,480)</u>
		-	-

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12.1 Term loans due from customers are secured against properties. The rate of return on these loans ranges from 16% to 22.66% (30 June 2012: 16% to 22.66%) per annum and have maturity upto 5 June 2013.

		31 March 2013	30 June 2012
		----- (Unaudited)	----- (Audited)
(Rupees)			
13. NET INVESTMENT IN FINANCE LEASES			
Minimum lease payments receivable		1,732,955,550	1,839,774,845
Residual value of leased assets		479,569,104	682,864,766
Gross investment in leases	13.1	<u>2,212,524,654</u>	<u>2,522,639,611</u>
Unearned lease income		(19,101,491)	(49,166,687)
Net investment in finance leases		<u>2,193,423,163</u>	<u>2,473,472,924</u>
Mark-up held in suspense	13.2	(387,444,498)	(386,122,793)
Provision for lease losses	13.3	(726,776,006)	(754,855,198)
		<u>(1,114,220,504)</u>	<u>(1,140,977,991)</u>
		<u>1,079,202,659</u>	<u>1,332,494,933</u>
Current portion of net investment in finance leases	11	<u>(919,291,481)</u>	<u>(1,050,079,308)</u>
		<u>159,911,178</u>	<u>282,415,625</u>

13.1 The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% per annum (30 June 2012: 12.50% to 20.01% per annum). Certain lease rentals have been hypothecated against long term finances obtained (refer note 19.1.1)

		31 March 2013	30 June 2012
		----- (Unaudited)	----- (Audited)
(Rupees)			
13.2 Mark-up held in suspense			
Balance at beginning of the period / year		386,122,793	342,794,188
Income suspended during the period / year		17,352,884	60,003,247
		<u>403,475,677</u>	<u>402,797,435</u>
Suspended income:			
- realised during the period / year		(16,031,179)	(16,407,237)
- written off during the period / year		-	(267,405)
		<u>(16,031,179)</u>	<u>(16,674,642)</u>
		<u>387,444,498</u>	<u>386,122,793</u>
13.3 Provision for lease losses			
Balance at beginning of the period / year		754,855,198	416,137,170
Charge for the period / year		75,003,943	367,456,634
Reversal during the period / year		(105,524,626)	(28,273,631)
		<u>(30,520,683)</u>	<u>339,183,003</u>
Write-offs against provision		2,441,491	(464,975)
Balance at end of the period / year		<u>726,776,006</u>	<u>754,855,198</u>

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	31 March 2013 <u>(Unaudited)</u>	30 June 2012 <u>(Audited)</u>
	(Rupees)	
14. INVESTMENT PROPERTIES		
Cost at the beginning of the period / year	76,169,772	-
Additions during the period / year	-	76,169,772
Disposals during the period / year	<u>(5,010,000)</u>	-
Cost at the end of the period / year	<u>71,159,772</u>	<u>76,169,772</u>
Accumulated depreciation	<u>(11,938,708)</u>	(9,186,717)
Provision for diminution in the value of investment properties	<u>(3,439,809)</u>	-
Carrying value of investment properties	<u>55,781,255</u>	<u>66,983,055</u>

These represents properties acquired by the Company in settlement of loan and lease rental amounts due to the Company (repossessed properties).

15. PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment - owned assets	76,402,428	82,202,621
Plant and equipment - assets under operating lease	<u>33,773,066</u>	<u>50,457,768</u>
	<u>110,175,494</u>	<u>132,660,389</u>
Additions		
Owned assets		
Land	-	2,800,000
Vehicles	2,176,000	1,529,000
Office equipment	299,182	226,850
	<u>2,475,182</u>	<u>4,555,850</u>
Assets under operating lease		
Generators	6,044,000	3,026,480
	<u>6,044,000</u>	<u>3,026,480</u>
Total additions	<u>8,519,182</u>	<u>7,582,330</u>
Disposals		
Owned assets		
Vehicles	3,976,000	10,079,869
	<u>3,976,000</u>	<u>10,079,869</u>
Assets under operating lease		
Generators	10,615,000	10,268,135
	<u>10,615,000</u>	<u>10,268,135</u>
Total disposals	<u>14,591,000</u>	<u>20,348,004</u>

16. SHORT TERM BORROWINGS FROM FINANCIAL INSTITUTIONS		
Letters of placement - Unsecured		
National Bank of Pakistan	77,500,000	77,500,000
Innovative Investment Bank Limited	60,000,000	60,000,000
Meezan Bank Limited	27,001,588	36,871,588
AKD Aggressive Income Fund	14,762,501	20,000,000
IGI Investment Bank Limited	13,750,000	13,750,000
KASB Income Opportunity Fund	14,554,140	17,929,137
KASB Asset Allocation Fund	4,125,000	20,833,333
	<u>211,693,229</u>	<u>246,884,058</u>

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17. SUB-ORDINATED DEBT

This represents long term financing obtained from the parent company through a resolution passed by the board of directors of the parent company and endorsed by the Board of Directors of the Company, the long term finance aggregating to Rs. 333.208 million has been converted into an interest free, unsecured, sub-ordinated debt of the Company.

On 31 July 2012, in an extra ordinary general meeting, the shareholders of the Company approved the decision of the Board of Directors to convert the sub-ordinated debt into non-redeemable and convertible preference shares. This conversion has also been approved by the board of directors of the parent company on 26 March 2012.

During the period ended 31 March 2013, the management of the Company filed an application with the Securities and Exchange Commission of Pakistan (SECP) for approval of the above mentioned conversion. The SECP vide its letter number SC/NBFC/23/SPLCL/2013/58 dated 13 February 2013, approved the application for the conversion of this sub-ordinated debt into non-voting, non-cumulative, convertible and unlisted non-redeemable preference shares. The management has initiated the process of issuance of preference shares.

		31 March 2013 ----- (Unaudited)	30 June 2012 ----- (Audited)
		(Rupees)	
18. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances	19	593,146,100	618,565,767
Certificates of investment		71,469,000	81,169,000
Security deposits against finance leases	20	446,864,659	591,095,464
		<u>1,111,479,759</u>	<u>1,290,830,231</u>
19. LONG TERM FINANCES			
Long term finances - secured		495,817,036	517,806,216
Long term finances - unsecured		109,777,776	111,682,627
	19.1	<u>605,594,812</u>	<u>629,488,843</u>
Term finance certificates - secured		466,853,389	496,853,207
		<u>1,072,448,201</u>	<u>1,126,342,050</u>
Current maturity			
- Long term loans - secured		436,701,652	464,883,140
- Long term loans - unsecured		102,444,448	111,682,627
- Term finance certificates - secured		54,000,000	42,000,000
	18	<u>(593,146,100)</u>	<u>(618,565,767)</u>
		<u>479,302,101</u>	<u>507,776,283</u>

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

For the nine months period ended 31 March 2013

	31 March 2013 ----- (Unaudited)	30 June 2012 ----- (Audited)
	(Rupees)	
19.1 Long term finances		
Secured		
National Bank of Pakistan - II	12,500,000	12,500,000
Pak Brunei Investment Company Limited	63,223	244,711
First Women Bank Limited	75,061,505	75,061,505
Askari Income Fund	15,000,000	15,000,000
Soneri Bank Limited	110,000,000	110,000,000
Bank of Khyber	231,000,000	240,000,000
HSBC Bank Middle East Limited - III	52,192,308	65,000,000
Un-secured		
CDC Trustee United Growth & Income Fund	100,000,000	100,000,000
Silk Bank Limited	9,777,776	11,682,627
	<u>605,594,812</u>	<u>629,488,843</u>

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

20. LONG TERM DEPOSITS

Security deposits against finance leases	458,604,377	661,134,837
Less: Current maturity of deposits against leases	(446,864,659)	(591,095,464)
	<u>11,739,718</u>	<u>70,039,373</u>

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

21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

Surplus on revaluation of property, plant and equipment - net	<u>40,626,070</u>	<u>47,636,928</u>
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21.1 The properties of the Company were revalued as of 28 September 2008 and 30 June 2012. The revaluation was carried out by independent valuers, on the basis of professional assessment of present market values and resulted in surplus of Rs. 33.769 million, Rs. 41.486 million and deficit of Rs. 7.495 million for properties, generators and plant respectively over the written down values.

22. CONTINGENCIES AND COMMITMENTS

Claims against the Company not acknowledged as debt	<u>168,034,208</u>	<u>100,822,578</u>
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22.1 The above includes contingencies of Rs. 107.341 million which represents cases that are filed against the Company as counter claims. It also includes contingencies of Rs. 60.693 million filed against the Company in lieu of rendition of accounts. In view of the legal advisor, the Company is not likely to suffer any loss on account of the aforementioned cases.

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For the nine months period ended 31 March 2013

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

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

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

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

	31 March 2013 ----- (Rupees) ----- (Unaudited)	31 March 2012 ----- (Unaudited)
23. INCOME FROM FINANCE LEASES		
Income from finance lease contracts	23,956,550	28,738,758
Gain on termination of lease contracts	4,048,761	4,966,271
	<u>28,005,311</u>	<u>33,705,029</u>
24. OTHER OPERATING INCOME / (LOSS)		
Income from financial assets:		
Dividend income	55,000	1,251,026
Capital gain / (loss) on sale of investments	1,209,515	(11,105,742)
Interest income from government securities	2,375,831	1,197,678
Income on term loans	7,903,253	(10,896,512)
Return on certificates of deposit	3,500,857	259,726
Income from savings accounts	1,357,719	1,658,356
	<u>16,402,175</u>	<u>(17,635,468)</u>
Income from non-financial assets:		
Commission and fee income	140,129	391,338
Gain on sale of property, plant and equipment	3,189,685	2,138,175
Waiver on settlement of long term finances	74,301,089	46,518,034
Others	1,054,211	3,088,871
	<u>78,685,114</u>	<u>52,136,418</u>
	<u>95,087,289</u>	<u>34,500,950</u>

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	31 March 2013 ----- (Rupees) (Unaudited)	31 March 2012 ----- (Unaudited)
25. FINANCE COST		
Mark-up on:		
- Long term finances	19,773,250	59,119,005
- Term finance certificates	21,656,544	23,414,521
- Short term borrowings from financial institutions	12,586,314	28,107,390
Return on certificates of investment	10,568,129	16,702,931
Bank charges	139,504	160,718
	<u>64,723,741</u>	<u>127,504,565</u>

26. TRANSACTIONS WITH RELATED PARTIES

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

There is no balance outstanding with or from related parties including parent and other group companies except long term loans in respect of amount due from employees as disclosed in note 12, sub-ordinated loan as disclosed in note 17 and amount due in respect of staff retirement benefits. Detail of transactions with related parties which are not disclosed in other notes is as follows:

	31 March 2013 (Unaudited)			
	Parent company	Other group companies	Key management personnel	Other related parties
	----- (Rupees) -----			
Rent paid	346,500	-	-	-
Rentals received	-	-	-	-
Insurance premium paid	-	840,508	-	-
Remuneration of key management personnel	-	-	11,402,511	-
Payments to the gratuity fund	-	-	-	13,377
	<u>346,500</u>	<u>840,508</u>	<u>11,402,511</u>	<u>13,377</u>
	31 March 2012 (Unaudited)			
	Parent company	Other group companies	Key management personnel	Other related parties
	----- (Rupees) -----			
Rent paid	354,435	-	-	-
Rentals received	-	682,173	-	-
Insurance premium paid	-	1,095,731	-	-
Remuneration of key management personnel	-	-	10,718,576	-
Payments to the gratuity fund	-	-	-	1,518,300
	<u>354,435</u>	<u>1,777,904</u>	<u>10,718,576</u>	<u>1,518,300</u>

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27. GENERAL

- 27.1 This condensed interim financial information has been presented in Pakistani Rupees, which is the functional currency of the Company. The figures are rounded off to the nearest rupee.
- 27.2 Corresponding figures have been rearranged and reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purposes of comparison.
- 27.3 This condensed interim financial information was authorised for issue by the Board of Directors of the Company on April 29, 2013.


Ahsanullah Khan
Chief Executive Officer


Muhammad Iqbal Hussain
Chairman