

Quarterly
Accounts
(Un-audited)
September 30,
2011

SAUDI PAK
L E A S I N G

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Corporate Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Imaran Masood

HEAD OF INTERNAL AUDIT

Ms. Farhana Naz

AUDITORS

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

LEGAL ADVISOR

M/s. S & B Durrani Law Associates

TAX CONSULTANTS

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

CREDIT RATING

Long-term- (C)
Short-term-(C)

BANK & LENDING INSTITUTIONS

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

REGISTERED OFFICE

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

BRANCHES**Lahore**

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

Islamabad

Room # 05, Business Centre, Low-Rise Area,
Saudi Pak Tower 61-A, Jinnah Avenue,
Blue Area, Islamabad
Tel: (051) 2800206, 2800236
Fax: (051) 2800205

Sialkot

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

Website: www.saudipakleasing.com

REGISTRAR AND SHARE TRANSFER OFFICE

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

Directors' Review

The Directors of Saudi Pak Leasing Company Limited have pleasure in presenting the un-audited financial statements for the quarter ended September 30, 2011.

Consolidated Operating & Financial Results for the three months period ended September 30, 2011

	Rupees
Loss before tax	(106,135,473)
Less: Provision for taxation	(1,243,307)
Loss after taxation	(107,378,780)
Accumulated loss brought forward	(839,410,437)
Transfer from surplus on revaluation of properties to accumulated losses	957,998
Accumulated loss carried forward	(945,831,219)
Loss Per Share	(2.38)

During the current year, the financial difficulties resulting from the overall economic instability further aggravated by recent floods, energy shortfall and high interest rates. This has badly affected the Company and resulted in increased delinquent and non-performing assets. The constant liquidity crunch and amplified non-performing facilities are posing serious challenges to the Company. However, the management aggressively pursued recovery and negotiated with the lenders restructuring of the loans and reduction in the mark-up rates to have a positive impact on the operations of the company. In first quarter ending September 30, 2011, the Company incurred a loss after tax of Rs.107 million as compared to Rs.59 million in the previous year. This includes provision for doubtful leases/loans of Rs.48 million as compared to Rs.30 million in the previous year and impairment on available for sale investments of Rs.4 million.

The management is aggressively pursuing recovery drive and negotiating with the lenders to restructure the loans and obtain waivers in the mark-up rates and losses. These steps will have positive impact on the operations of the company and it is expected to come out of losses.

Finally, the Board assures you that the management is fully aware of its responsibility towards its stakeholders and is determined to increase its profitability and ultimately the return to shareholders.

For and on behalf of the Board of Directors



Muhammad Anwar
Chairman

Dated: October 31, 2011

Condensed Interim Balance Sheet

As at September 30, 2011 (Un-audited)

	Note	September 30, 2011 Rupees (Un-audited)	June 30, 2011 Rupees (Audited)
ASSETS			
Current Assets			
Cash and bank balances		24,112,361	31,700,552
Short-term loans		381,904,470	391,537,756
Short-term investments	5	133,818,728	184,144,146
Advances		2,429,000	1,529,000
Accrued mark-up		36,048,021	41,137,710
Trade deposits and short term prepayments		1,428,968	1,150,707
Other receivables		77,915,205	76,576,514
Assets classified as held for sale		87,820,767	87,820,767
Current maturity of non- current assets	6	1,616,922,164	1,581,440,953
Total current assets		2,362,399,684	2,397,038,105
Non-current assets			
Long-term loans	7	40,606,425	60,739,607
Net investment in leases	8	347,096,699	453,839,825
Long term investments		12,254,616	12,254,616
Deferred tax asset		137,773,920	137,773,920
Intangible assets		781,711	919,664
Property, plant and equipment	9	94,195,217	99,759,348
Total non-current assets		632,708,588	765,286,980
Total Assets		2,995,108,272	3,162,325,085
LIABILITIES			
Current liabilities			
Borrowings from financial institutions		430,121,589	431,121,589
Certificates of investment		184,633,301	204,638,000
Accrued mark-up		285,191,058	251,747,281
Income tax payable - net		2,725,328	2,773,065
Accrued and other payables		37,641,050	40,694,759
Current maturity of non-current liabilities	10	1,400,952,470	1,346,605,070
Total current liabilities		2,341,264,796	2,277,579,764
Non-current liabilities			
Certificates of investment		24,800,000	22,600,000
Long term finances	11	484,542,195	580,551,276
Sub-ordinated debt	12	333,208,499	333,208,499
Deposits against leases		139,924,259	164,268,926
Total non-current liabilities		982,474,953	1,100,628,701
Total liabilities		3,323,739,749	3,378,208,465
NET ASSETS			
FINANCED BY			
Authorized Capital			
100,000,000 (June 30, 2011: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital		451,605,000	451,605,000
Capital Reserves		148,257,389	148,257,389
Accumulated loss		(945,831,219)	(839,410,437)
		(345,968,830)	(239,548,048)
Surplus on revaluation of assets - net	13	17,337,353	23,664,668
		(328,631,477)	(215,883,380)
CONTINGENCIES	14		



Nayyar Alam Ilyas
Acting Chief Executive Officer



Muhammad Anwar
Chairman

Condensed Interim Profit and Loss Account

For the Quarter ended September 30, 2011 (Un-audited)

	Quarter ended	
	September 30, 2011	September 30, 2010
-----Rupees -----		
Revenues		
Income from:		
Finance leases	9,784,308	35,281,643
Operating leases	1,480,650	2,779,929
	11,264,958	38,061,572
Other operating income	287,375	3,894,176
	11,552,333	41,955,748
Expenses		
Financial and other charges	44,118,636	44,583,946
Administrative, selling and other operating expenses	17,595,927	20,203,433
Direct cost of operating leases	3,247,610	3,963,746
	64,962,173	68,751,125
Operating loss before provisions	(53,409,840)	(26,795,377)
Provisions and fair value changes		
Provisions for doubtful leases, loans and other receivables	48,656,515	30,072,688
Impairment on available-for-sale investments	4,069,118	-
	52,725,633	30,072,688
Loss before taxation	(106,135,473)	(56,868,065)
Taxation	1,243,307	2,251,502
Loss for the quarter	(107,378,780)	(59,119,567)
Loss per share - basic and diluted	(2.38)	(1.31)



Nayyar Alam Ilyas
Acting Chief Executive Officer



Muhammad Anwar
Chairman

Condensed Interim Cash Flow Statement

For the Quarter ended September 30, 2011 (Un-audited)

	Note	Quarter Ended	
		September 30, 2011	September 30, 2010
		-----Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	16	(5,865,154)	49,393,424
Financial charges paid		(10,674,859)	(43,759,323)
Taxes paid		(1,291,044)	(151,391)
Deposits paid to lessees		(15,561,212)	(28,439,128)
Decrease in net investment in leases		46,193,700	293,601,392
		18,666,585	221,251,550
Net cash generated from operating activities		12,801,431	270,644,974
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(83,050)	-
Investment in operating lease assets		-	(45,000)
Proceeds from sale of property, plant and equipment		2,311,733	-
Decrease in investments		40,886,983	5,043,256
Decrease / (Increase) in long term loans		(4,055,114)	45,590,578
Decrease in short-term loans		9,633,286	48,230,212
Dividend received		166,375	443,525
Net cash from investing activities		48,860,213	99,262,571
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long term finances		(42,945,136)	(279,501,389)
Decrease in borrowing from financial institutions		(1,000,000)	(31,499,999)
Decrease in certificates of investment		(25,304,699)	(63,406,664)
Dividend paid		-	-
Net cash used in financing activities		(69,249,835)	(374,408,052)
Net Decrease in cash and cash equivalents		(7,588,191)	(4,500,507)
Cash and cash equivalents at beginning of the period		31,700,552	18,541,525
Cash and cash equivalents at the end of the period		24,112,361	14,041,018



Nayyar Alam Ilyas
Acting Chief Executive Officer



Muhammad Anwar
Chairman

Condensed Interim Statement of Changes in Equity

For the Quarter ended September 30, 2011 (Un-audited)

	Share capital	Statutory reserve	Accumulated loss	Total
----- Rupees -----				
Balance as at July 1, 2010	451,605,000	148,257,389	(723,600,422)	(123,738,033)
Loss after taxation for the period ended September 30, 2010	-	-	(59,119,567)	(59,119,567)
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	957,998	957,998
Balance as at September 30, 2010	<u>451,605,000</u>	<u>148,257,389</u>	<u>(781,761,991)</u>	<u>(181,899,602)</u>
Balance as at July 1, 2011	451,605,000	148,257,389	(839,410,437)	(239,548,048)
Loss after taxation for the period ended September 30, 2011	-	-	(107,378,780)	(107,378,780)
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	957,998	957,998
Balance as at September 30, 2011	<u>451,605,000</u>	<u>148,257,389</u>	<u>(945,831,219)</u>	<u>(345,968,830)</u>



Nayyar Alam Ilyas
Acting Chief Executive Officer



Muhammad Anwar
Chairman

Selected Notes to the Condensed Interim Financial Statements

For the Quarter ended September 30, 2011 (Un-audited)

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

1.2 Global financial meltdown has had a negative impact on the local economy as well, which had already been encountering higher inflation, political instability, and lack of trust of foreign investors. These factors cumulatively caused liquidity crunch in the country due to which a wave of defaults spread across the financial sector, soaring the percentage of bad loan portfolios beyond previous highs. The Company, being one of financial sector victims, also started facing defaults in repayments by its lessees. Heavy drop in market values of the Company's investments in equity portfolio also deteriorated financial position of the Company and resultantly following salient changes occurred in our books during the year:

- Impairments of Rs. 528.69 million and Rs. 62.28 million on lease and loans portfolios, and investment portfolio respectively have been recognized till September 30, 2011.
- As of the September 30, 2011, accumulated losses have reached Rs. 945.83 million, and total liabilities have exceeded total assets by Rs. 328.63 million.
- The Company's rating was downgraded as at September 30, 2011 not permitting the Company to issue new certificate of investments. Subsequently, the management has not reviewed the rating agreement with JCR – VIS, a credit rating company.
- The Company maintains a negative equity of Rs. 12.76 million as against the minimum equity requirement of Rs. 350 million which has rendered it unable to get its license renewed and write new leases.

Although material uncertainty exists due to the above factors which may cast doubt on the Company's ability to continue as a going concern, however, the management of the Company is confident that due to steps/measures as explained in the ensuing paragraphs, the going concern assumption is appropriate, and has as such prepared these financial statements on a going concern basis.

- The management has successfully restructured its term finance certificate by increasing the repayment period by four years and substantially reducing the mark-up rate on the financing facility.
- The management subsequent to the period has finalized / negotiated certain agreements with different lenders which would result in settlements to the cumulative tune of Rs. 882.75 million, inclusive of principal and accrued markup.
- The above settlements will result in expected reduction of liability, reversal of markup, waivers and release of suspended markup cumulatively by Rs. 173.58 million. The aforementioned settlements also include conversion of loan of Rs. 150 million, subject to regulatory approval, into preference shares. The total impact of such settlements on the equity will be Rs. 262.83 million.

Management has also applied to Securities and Exchange Commission of Pakistan for granting extension in timelines for meeting the minimum equity requirement of Rs. 350 million.

Management is hopeful that the reduction in financing cost through restructuring / settlements, expected reversals of provisions resulting from settlement with the defaulted borrowers and the issuance of convertible preference shares against settlement of loans will assist in reducing the losses and improving the equity. This will make the Company an attractive candidate for equity participation / merger.

Selected Notes to the Condensed Interim Financial Statements

For the Quarter ended September 30, 2011 (Un-audited)

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

These condensed interim financial statements for the quarter ended September 30, 2011 have been prepared in accordance with the requirements of the International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan, the Companies Ordinance, 1984, the Non Banking Finance Companies (NBFCs) Rules, 2003 (the Rules), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the SECP. In case where requirements differ, the provisions of or directives issued under the Rules, the Regulations and Companies Ordinance, 1984 have been followed.

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

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

3 ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and basis for accounting estimates adopted for the preparation of these condensed interim financial statements (un-audited) are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2011.

These interim financial statements (un-audited) are in condensed form and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2011.

4 RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 June, 2011.

		September 30, 2011 Rupees (Un-audited)	June 30, 2011 Rupees (Audited)
5 SHORT-TERM INVESTMENTS	Note		
Available for sale			
- Ordinary shares of listed companies	5.1	98,372,961	252,302,567
- Ordinary shares of unlisted companies		56,244,259	69,583,330
- Term Finance Certificates	5.2	40,000,000	40,000,000
Available for sale at cost		194,617,220	361,885,897
Impairment loss recognized	5.3	(62,280,971)	(184,593,547)
		132,336,249	177,292,350
Surplus on revaluation of available for sale securities	13	1,482,479	6,851,796
		133,818,728	184,144,146

- 5.1 The investments in the listed equity securities and mutual funds held as available for sale are valued at prices quoted on stock exchanges and relevant net value as at September 30, 2011.
- 5.2 This represent Flying Board & Paper Products Limited's Term Finance Certificates having profit rate of 6 Months KIBOR plus 150 bps with no floor no cap. The maturity date of the issue is July 20, 2014.
- 5.3 This represents impairment loss recognised in accordance with S.R.O 150(I)/2009 dated February 13, 2009 issued by Securities and Exchange Commission of Pakistan.

Selected Notes to the Condensed Interim Financial Statements

For the Quarter ended September 30, 2011 (Un-audited)

6	CURRENT MATURITY OF NON - CURRENT ASSETS	Note	September 30, 2011 Rupees (Un-audited)	June 30, 2011 Rupees (Audited)
	Current portion:			
	Long term Loans	7	175,916,920	159,548,849
	Net investment in leases	8	1,441,005,244	1,421,892,104
			<u>1,616,922,164</u>	<u>1,581,440,953</u>
7	LONG TERM LOANS			
	Related party			
	Due from employees - considered good		6,923,204	9,235,400
	Other than related party			
	Term loan to customers			
	- Considered good		15,916,996	7,778,472
	- Non-performing loans	7.1	210,120,254	219,703,968
			<u>226,037,250</u>	<u>227,482,440</u>
			232,960,454	236,717,840
	Allowance for non-performing loans		16,437,109	16,429,384
			<u>216,523,345</u>	<u>220,288,456</u>
	Recoverable within one year shown as current portion of long term loans		175,916,920	159,548,849
			<u>40,606,425</u>	<u>60,739,607</u>

7.1 Term loan due from customers is secured against property and pledge of listed securities. The rate of return on these loans ranges from 16.50% to 25% (June 30, 2011: 17% to 19.75%) per annum.

8	NET INVESTMENT IN LEASES		September 30, 2011 Rupees (Un-audited)	June 30, 2011 Rupees (Audited)
	Minimum lease payments receivable		1,998,584,941	2,033,589,589
	Add: Residual value of leased assets		724,554,467	743,880,634
	Gross investment in leases		<u>2,723,139,408</u>	<u>2,777,470,223</u>
	Less: Unearned lease income		116,001,133	142,806,936
	Income suspended		361,462,872	342,794,188
	Provision for potential lease losses		457,573,460	416,137,170
			<u>935,037,465</u>	<u>901,738,294</u>
	Net investment in leases		<u>1,788,101,943</u>	<u>1,875,731,929</u>
	Less: Current portion of net investment in leases	6	1,441,005,244	1,421,892,104
			<u>347,096,699</u>	<u>453,839,825</u>

8.1 The internal rate of return on leases ranges from 6.01% to 25.96% (June 30, 2011: 8.50% to 25%) per annum. Certain leases rentals have been hypothecated against long term finance obtained (refer note 11.)

Selected Notes to the Condensed Interim Financial Statements For the Quarter ended September 30, 2011 (Un-audited)

9 PROPERTY, PLANT AND EQUIPMENT

	Own use		Operating lease assets	
	Addition	Disposal	Addition	Disposal
	----- Rupees -----		----- Rupees -----	
Vehicles	-	2,619,000	-	-
Office Equipment	83,050	-	-	-
Plant and machinery	-	-	-	1,100,000
Total	83,050	2,619,000	-	1,100,000

9.1 The above statement shows cost of additions to and disposals from property, plant and equipment during the quarter ended September 30, 2011.

		September 30, 2011 Rupees (Un-audited)	June 30, 2011 Rupees (Audited)
10 CURRENT MATURITY OF NON- CURRENT LIABILITIES	Note		
Current portion of:			
Certificates of investments		20,354,000	27,854,000
Long term finances	11	819,733,956	766,670,011
Deposits against leases		560,864,514	552,081,059
		1,400,952,470	1,346,605,070
11 LONG TERM FINANCES			
Long term finances - secured	11.1	692,635,348	721,912,160
Long term finances - unsecured		100,000,000	100,000,000
Term finance certificates - secured	11.2	511,640,803	525,309,127
		1,304,276,151	1,347,221,287
Less: Current maturity shown under current liabilities	10	819,733,956	766,670,011
		484,542,195	580,551,276

11.1 These represent long term finances availed from financial institutions and are secured by hypothecation of specific leased assets and associated lease rentals and carry mark-up ranging from 9.20% to 15.8% per annum.

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

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

Selected Notes to the Condensed Interim Financial Statements For the Quarter ended September 30, 2011 (Un-audited)

12 SUB-ORDINATED DEBT

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

		September 30, 2011	June 30, 2011
		Rupees (Un-audited)	Rupees (Audited)
13 SURPLUS ON REVALUATION OF ASSETS - NET	Note		
Surplus on revaluation of property, plant and equipment	13.1	15,854,874	16,812,872
Unrealised gain on available-for-sale investments	5	1,482,479	6,851,796
		<u>17,337,353</u>	<u>23,664,668</u>

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

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

		September 30, 2011	June 30, 2011
		Rupees (Un-audited)	Rupees (Audited)
Premises		<u>13,809,349</u>	<u>14,167,892</u>
14 CONTINGENCIES			
Liabilities in respect of guarantees		<u>18,645,000</u>	<u>18,645,000</u>
Claims against the Company not acknowledged as debts		<u>90,657,388</u>	<u>90,657,388</u>

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

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

According to the Company's tax advisor, FED is applicable in respect of document fee, front end fee and syndicate lease income. These represent services rendered by leasing companies in respect of finance lease which are funded services. These services for the periods 2007-08 and 2008-09 are not chargeable to FED because of the reason that for those years FED was chargeable to services which were non-funded. However for the periods 2009-10 due to amendment in entry 8 the said services are chargeable to FED as provisions of the Federal Excise Act, 2005. According, the amount of liability comes out to Rs. 198,530.

The above has been communicated to the authorities in reply to the notice. However no order in this regard has been passed.

Selected Notes to the Condensed Interim Financial Statements

For the Quarter ended September 30, 2011 (Un-audited)

15 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The minimum equity requirement applicable to Company (Leasing License) under the amended NBFC regulations, 2008 is Rs. 350 million. The Company has requested the Securities and Exchange Commission of Pakistan (SECP) for relaxation in the requirement and is hopeful that this request will be accepted based on the condition of the business environment and the company's position in the overall leasing sector and as well as its past performance.

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	(945,831,219)
Sub-ordinated debt	333,208,499
	(12,760,330)

As at September 30, 2011, the equity of the company (excluding unrealized gain/(loss) on revaluation of available for sale as allowed by (SECP) as noted above aggregates to negative Rs 12,760,330 as against the required minimum equity requirement of Rs.350 million.

16 CASH GENERATED FROM OPERATIONS

	Quarter Ended	
	September 30, 2011	September 30, 2010
	-----Rupees-----	
Loss for the period before taxation	(106,135,473)	(56,868,065)
Adjustment for non cash charges and other items :		
Depreciation - owned assets	1,673,260	1,976,779
Depreciation - assets under operating lease	3,192,621	3,938,945
Financial charges and other charges	44,118,636	43,916,770
Provision for doubtful leases, loans and other receivables	48,656,515	30,072,688
Dividend income	(166,375)	(443,525)
Impairment on available-for-sale investments	4,069,118	-
Gain on sale of property, plant and equipment	(1,392,484)	-
	100,151,291	79,461,657
Profit before working capital changes	(5,984,182)	22,593,592
Working capital changes		
Advances, deposits, prepayments and other receivables	3,172,737	(4,299,666)
Accrued and other payables	(3,053,709)	31,099,498
	119,028	26,799,832
Cash generated from operations after working capital changes	(5,865,154)	49,393,424

Selected Notes to the Condensed Interim Financial Statements For the Quarter ended September 30, 2011 (Un-audited)

17 TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS

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

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

	Quarter Ended	
	September 30, 2011	September 30, 2010
	-----Rupees-----	
<u>Controlling entity</u>		
Rent paid	109,435	148,870
Mark-up paid on Certificates of investments	-	3,470,860
<u>Other group Companies</u>		
Rentals received during the period	4,852,835	1,141,300
<u>Key management personnel</u>		
Payments to gratuity fund	674,800	709,494
18 CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>24,112,361</u>	<u>14,041,018</u>

19 RECLASSIFICATION

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

20 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on October 31, 2011 by the Board of Directors.



Nayyar Alam Ilyas
Acting Chief Executive Officer



Muhammad Anwar
Chairman

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