

**FINANCING GROWTH
SINCE 1991**

Quarterly
Accounts
Unaudited
September 30, 2009

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Corporate Information

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)

BANK & LENDING INSTITUTIONS

National Bank of Pakistan
MCB Bank Limited
Askari Bank Limited.
Standard Chartered Bank (Pakistan) Limited
Silkbank Limited
(Formerly Saudi Pak Commercial Bank Limited)

United Bank Limited
Allied Bank Limited
The Royal Bank of Scotland
(Formerly ABN AMRO Bank (Pakistan) Limited)
HSBC Bank Middle East 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

Directors' Review

The Directors are pleased to present their report and the review of unaudited financial statements of Saudi Pak Leasing Company Limited for the quarter ended September 30, 2009.

Economic Scenario

The effects of the global recession and slowdown in domestic economic activities have impacted growth and corporate earnings in Pakistan. The economic outlook has been dampened by the continuing war against militants and by the power crises which is severely impacting the manufacturing sector. Despite facing daunting challenges Pakistan's economy witnessed some positive developments. Both CPI and core inflation have declined, but the pace of decline was less than expected. The current account deficit posted a decline of 89 per cent in the first quarter of the current fiscal year mainly owing to higher home remittances by the overseas Pakistanis, sharp decline in imports and trade deficit that helped in improving foreign exchange reserves to USD 14.5 billion and stabilizing the exchange rate. Similarly, on the back of favourable revisions in outlook of Pakistan's economy by international rating agencies, portfolio inflows are now positive. The investor confidence has renewed that resulted in a rebound in the equity market, with the increase of KSE-100 Index by 30 per cent to 9,349 points till September 30, 2009 from 7,162 points as on June 30, 2009.

Financial Performance

Your company has put business on hold owing to liquidity crunch and higher cost of funds. Therefore, no disbursement of lease or loan has been made during the current period as against the disbursement of Rs.574 million in July-September 2008. Non disbursement of fresh leases and loans and increasing delinquencies has eroded the lease and loan portfolio. As a result the gross revenue of the company decreased to Rs.98 million in July-September 2009 from Rs.218 million in the corresponding period of the previous year. Finance lease revenue decreased to Rs.76 million from Rs.135 million and income from operating lease to Rs.11 million from Rs.20 million. Other operating income also declined to Rs.11 million from Rs.63 million partly due to adverse stock market conditions.

During the period under review financial charges decreased to Rs.156 million from Rs.177 million in the same period last year due to reduction in borrowing level. Despite high inflation and sharp increases in utilities costs the management of the Company succeeded in reducing the operating expenses by 19 per cent during the current quarter as compared to the last quarter ended September, 2008. Direct cost of operating lease decreased to Rs.8.9 million as compared to Rs.10.8 million in the previous quarter. Due to higher financial cost and lower revenue the Company has suffered an operating loss of Rs.93 million as against operating loss of Rs.0.4 million in the corresponding period in the last year. The provision and fair value changes increased to Rs.81 million up from Rs.8 million in the last quarter ended September, 2008. Major component of this was impairment on available for sale investment amounting to Rs.57 million which has been recognized in the profit and loss account in accordance with the SRO 150(I)/2009 dated February 13, 2009. The net loss after provisions and reversal of deferred tax for July-September 2009 amounted to Rs.95 million as compared to a loss of Rs.9 million in the corresponding period last year.

Credit Rating

JCR-VIS Credit Rating Company Limited has revised the issuer rating to BBB- (Triple B minus) for medium to long term and A-3 for short term with negative outlook for the time being on account of the risks stemming from the macro economic environment. The listed TFC's of the company have also been assigned a rating of BBB (Triple B) with negative outlook.

Future Outlook

The impact of financial crisis of October, 2008 is still looming over NBFC sector particularly on leasing companies in the form of decrease in growth and profitability and increase in provision charges against their portfolios. The banks are still reluctant to lend money to the NBFC sector. As a result this sector is facing severe liquidity crunch. The NBFC sector is in dire need of Government support to allow them to weather the economic turmoil they are facing. We believe that the declining interest rate should also help ease pressure on corporate and small and medium enterprises (SMEs) which coupled with the push of our restructuring and recovery efforts should lead us to an improvement in operating performance in the coming periods.

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

For and on behalf of the Board of Directors



Muhammad Rashid Zahir
Chairman

Dated: October 30, 2009

Condensed Interim Balance Sheet

As at September 30, 2009 (Un-audited)


	Note	September 30, 2009 (Un-audited) Rupees	June 30, 2009 (Audited) Rupees
ASSETS			
Current assets			
Cash and bank balances		10,606,647	14,124,771
Short-term loans		843,624,809	863,647,100
Short-term investments	4	277,323,260	260,012,655
Advances		35,591,348	83,964,244
Accrued mark-up		71,266,088	79,820,479
Trade deposits and short term prepayments		2,334,403	1,013,414
Advance tax - net of provision		1,855,963	1,201,135
Other receivables		100,699,940	107,664,629
Assets classified as held for sale		123,288,230	123,288,550
Current maturity of non-current assets	5	2,059,466,631	2,134,558,945
Total current assets		3,526,057,319	3,669,295,922
Non-current assets			
Long-term loans	6	66,930,945	76,796,621
Net investment in leases	7	1,742,389,804	1,880,875,577
Long term investments		15,169,918	15,169,918
Deferred Tax Asset		81,922,964	-
Property, plant and equipment	8	172,608,472	260,795,453
Total non-current assets		2,079,022,103	2,233,637,569
Total assets		5,605,079,422	5,902,933,491
LIABILITIES			
Current liabilities			
Borrowings from financial institutions		1,044,420,577	1,166,990,577
Certificates of investment		753,662,000	850,470,000
Accrued mark-up		104,252,729	109,120,803
Accrued and other payables		67,562,235	79,498,462
Current maturity of non-current liabilities	9	1,008,715,893	975,750,513
Total current liabilities		2,978,613,434	3,181,830,355
Non-current liabilities			
Certificates of investment		80,644,000	98,324,000
Long term finances	10	1,238,547,630	1,340,704,879
Sub-ordinated debt	11	333,208,499	333,208,499
Deposits against leases		879,429,414	876,652,626
Total non-current liabilities		2,531,829,543	2,648,890,004
Total liabilities		5,510,442,977	5,830,720,359
NET ASSETS		94,636,445	72,213,132
FINANCED BY			
Authorized capital 100,000,000 (June 30, 2009: 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
Reserves		148,257,389	148,257,389
Accumulated loss		(476,980,164)	(382,714,525)
Unrealized loss on available for sale investments (a)		122,882,225 (48,327,818)	217,147,864 (165,483,798)
Surplus on revaluation of property - net	12	74,554,407 20,082,038	51,664,066 20,549,066
CONTINGENCIES AND COMMITMENTS	13	-	-
		94,636,445	72,213,132

(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 September 30, 2009. Rs.57,351,736 has been recognized in the condensed interim 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 condensed interim profit and loss account, the loss for the quarter ended September 30, 2009 and loss per share would have been increased by Rs.48,327,818 and Rs 1.07 respectively.

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Farrukh S. Ansari
Chief Executive Officer



Muhammad Rashid Zahir
Chairman

Condensed Interim Profit and Loss Account

For the Quarter ended September 30, 2009 (Un-audited)

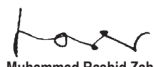
	Quarter ended September 30, 2009 Rupees	Quarter ended September 30, 2008 Rupees
Revenues		
Income from:		
Finance leases	75,645,774	134,734,947
Operating leases	11,074,787	19,569,314
	86,720,561	154,304,261
Other operating income	11,336,445	63,269,330
	98,057,006	217,573,591
Expenses		
Financial and other charges	156,018,340	177,244,096
Administrative, selling and other operating expenses	24,028,835	29,625,673
Amount written off directly against loans, lease receivables and investments	2,573,816	359,047
Direct cost of operating leases	8,896,508	10,767,282
	191,517,499	217,996,098
Operating loss before provisions	(93,460,493)	(422,507)
Provision and fair value changes		
Provision for doubtful leases	23,957,979	8,429,640
Impairment on available for sale investments	57,351,736	-
Unrealized (gain)/loss in the market value of investments classified as held for trading	(1,005)	2,384
	81,308,710	8,432,024
Loss before taxation	(174,769,203)	(8,854,531)
Taxation		
- Current	1,886,424	-
- Deferred	(81,922,964)	500,000
	(80,036,540)	500,000
Loss after taxation	(94,732,663)	(9,354,531)
Loss per share- basic and diluted	(2.10)	(0.21)

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 September 30, 2009. Rs.57,351,736 has been recognized in the condensed interim 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(1)/2009 dated February 13, 2009. Had the entire amount of decline in value been recognized in the condensed interim profit and loss account, the loss for the quarter ended September 30, 2009 and loss per share would have been increased by Rs.48,327,818 and Rs 1.07 respectively.

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Farrukh S. Ansari
Chief Executive Officer



Muhammad Rashid Zahir
Chairman


Condensed Interim Cash Flow Statement

For the Quarter ended September 30, 2009 (Un-audited)

	Note	Quarter ended September 30, 2009 Rupees	Quarter ended September 30, 2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	15	121,956,931	253,901,918
Financial charges paid		(159,965,646)	(194,892,127)
Taxes paid		(2,541,253)	(1,144,447)
Deposits paid to lessees		(40,939,257)	(9,997,380)
Decrease in net investment in leases		180,122,740	51,528,624
		(23,323,416)	(154,505,330)
Net cash generated from operating activities		98,633,515	99,396,588
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(129,000)	(4,625,290)
Investment in operating lease assets		(3,169,366)	(12,296,500)
Proceeds from sale of property, plant and equipment		81,099,403	2,377,267
Decrease/(Increase) in investments		42,494,643	(35,000,000)
Decrease/(Increase) in long term loans		18,286,321	(77,826,809)
Decrease in short-term loans		21,099,014	75,373,106
Dividend received		701,170	3,246,575
Net cash from / (used) in investing activities		160,382,185	(48,751,651)
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long term finances		(38,955,824)	(139,489,700)
(Decrease) /Increase in borrowing from financial institutions		(122,570,000)	425,000,000
Decrease in certificates of investment		(101,008,000)	(348,121,000)
Net cash used in financing activities		(262,533,824)	(62,610,700)
Net decrease in cash and cash equivalents		(3,518,124)	(11,965,763)
Cash and cash equivalents at beginning of the period		14,124,771	49,704,341
Cash and cash equivalents at end of the period		10,606,647	37,738,578

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Farrukh S. Ansari
Chief Executive Officer


Muhammad Rashid Zahir
Chairman


Condensed Interim Statement of Changes in Equity

For the Quarter ended September 30, 2009 (Un-audited)

	Share capital	Statutory reserve	Total reserves	Accumulated (loss) / Un-appropriated profit	Total
----- Rupees -----					
Balance as at July 1, 2008 - restated	451,605,000	148,257,389	148,257,389	71,343,624	673,806,013
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	-	-	-
Net income recognized directly in equity	-	-	-	-	-
Loss after taxation for the quarter ended September 30, 2008	-	-	-	(9,354,531)	(9,354,531)
Balance as at September 30, 2008	451,605,000	148,257,389	148,257,389	61,989,093	664,451,482
Balance as at July 1, 2009 brought forward	451,605,000	148,257,389	148,257,389	(382,714,525)	217,147,864
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	-	467,024	467,024
Loss after taxation for the quarter ended September 30, 2009	-	-	-	(94,732,663)	(94,732,663)
Balance as at September 30, 2009	451,605,000	148,257,389	148,257,389	(476,980,164)	122,882,225

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Farrukh S. Ansari
Chief Executive Officer


Muhammad Rashid Zahir
Chairman

Selected Notes to the Condensed Interim Financial Statements For the Quarter ended September 30, 2009 (Un-audited)

1 STATUS AND NATURE OF BUSINESS

Saudi Pak Leasing Company Limited (the Company) was incorporated in Pakistan 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 moveable 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 w.e.f. 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 BASIS OF PRESENTATION

These condensed interim financial statements (un-audited) 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) and Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the SECP.

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.

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, 2009.

These interim financial statements are in condensed form and should be read in conjunction with the annual financial statements of the company.

		September 30, 2009 Rupees (Un-audited)	June 30, 2009 Rupees (Audited)
4 SHORT-TERM INVESTMENTS			
Available for sale	4.1	277,320,215	260,010,615
At fair value through profit or loss-held for trading			
Investment in equity securities		3,045	2,040
		277,323,260	260,012,655
4.1 Available for sale			
- Ordinary shares of listed companies	4.1.1	427,809,693	455,304,334
- Cumulative preference shares of listed companies		1,250,000	11,250,000
- Ordinary shares of unlisted companies		69,583,330	69,583,330
- Units of mutual funds		43,234,473	58,234,476
Available for sale at cost		551,877,496	594,372,140
Impairment loss recognized	4.1.2	(226,229,463)	(168,877,727)
		325,648,033	425,494,413
Deficit on revaluation of available for sale securities		(48,327,818)	(165,483,798)
		277,320,215	260,010,615

Selected Notes to the Condensed Interim Financial Statements For the Quarter ended September 30, 2009 (Un-audited)

- 4.1.1 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 September 30, 2009.
- 4.1.2 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.

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 September 30, 2009 based on the market values as of that date have been determined at Rs.274,557,281 (December 31, 2008: Rs.336,314,742) after quarterly adjustments and effect for price movement as required in above mentioned SECP notification.

			September 30, 2009 Rupees (Un-audited)	June 30, 2009 Rupees (Audited)
5	CURRENT MATURITY OF NON - CURRENT ASSETS			
	Current portion:			
	Long term Loans	6	200,416,286	208,836,931
	Net Investment in leases	7	1,853,950,345	1,920,622,014
	Long term investments		5,100,000	5,100,000
			2,059,466,631	2,134,558,945
6	LONG TERM LOANS			
	Related party			
	Due from employees - considered good		15,949,644	22,464,216
	Other than related party			
	Term loan to customers			
	- Considered good		59,178,036	70,685,117
	- Non-performing loans		198,839,551	199,104,219
		6.1	258,017,587	269,789,336
			273,967,231	292,253,552
	Allowance for non-performing loans		6,620,000	6,620,000
			267,347,231	285,633,552
	Recoverable within one year shown as current portion of long term loans		200,416,286	208,836,931
			66,930,945	76,796,621

- 6.1 Term loan due from customers is secured against property and pledge of listed securities. The rate of return on these loans ranges from 17.03% to 18.32% (June 30, 2009: 14.55% to 22.66%) per annum.

Selected Notes to the Condensed Interim Financial Statements

For the Quarter ended September 30, 2009 (Un-audited)

	September 30, 2009 Rupees (Un-audited)	June 30, 2009 Rupees (Audited)
7 NET INVESTMENT IN LEASES		
Minimum lease payments receivable	3,527,297,665	3,725,757,147
Add: Residual value of leased assets	1,106,438,296	1,141,754,478
Gross investment in leases	4,633,735,961	4,867,511,625
Less: Unearned lease income	477,069,899	550,762,266
Income suspended	262,135,522	242,086,290
Provision for potential lease losses	298,190,391	273,165,478
	1,037,395,812	1,066,014,034
Net investment in leases	3,596,340,149	3,801,497,591
Less: Current portion of net investment in leases	1,853,950,345	1,920,622,014
	1,742,389,804	1,880,875,577

7.1 The internal rate of return on leases disbursed during the period ranges from 17.77% to 19.72% (June 30, 2009: 16.12% to 28.34%) per annum. Certain leases rentals have been hypothecated against long term finance obtained (refer note 10.)

8 PROPERTY, PLANT AND EQUIPMENT

	Own use		Operating lease assets	
	Addition	Disposal	Addition	Disposal
	----- Rupees -----		----- Rupees -----	
Vehicles	-	-	569,366	116,801,366
Office equipment	129,000	490,000	-	-
Plant and machinery	-	-	2,600,000	-
Total	129,000	490,000	3,169,366	116,801,366

8.1 The above statement shows cost of additions to and disposals from property, plant and equipment during the quarter ended September 30, 2009.

	Note	September 30, 2009 Rupees (Un-audited)	June 30, 2009 Rupees (Audited)
9 CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current portion of:			
Certificates of investments		140,175,000	126,695,000
Long term finances		660,779,525	597,578,100
Deposits against leases		207,761,368	251,477,413
		1,008,715,893	975,750,513
10 LONG TERM FINANCES			
Long term finances - secured	10.1	1,252,335,760	1,198,246,260
Term finance certificates - secured	10.2	646,991,395	740,036,719
		1,899,327,155	1,938,282,979
Less: Current maturity shown under current liabilities	9	660,779,525	597,578,100
		1,238,547,630	1,340,704,879

10.1 These represent long term finances availed from financial institutions and are secured by hypothecation of specific leased assets and associated lease rentals.

Selected Notes to the Condensed Interim Financial Statements For the Quarter ended September 30, 2009 (Un-audited)

10.2 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.

11 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.

12 SURPLUS ON REVALUATION OF PROPERTY

This represents surplus over book values resulting from revaluation of leasehold - office premises of Karachi carried out by independent valuer, Messer Tracom (Private) Limited.

	September 30, 2008 Rupees (Un-audited)	June 30, 2008 Rupees (Audited)
13 CONTINGENCIES AND COMMITMENTS		
Contingencies	-	-
Commitments for lease disbursements	26,645,000	26,645,000

14 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The minimum equity requirement applicable to company (Leasing License) under NBFC regulations, 2007 was Rs. 200 million while the company was required to comply with the enhanced requirement of Rs. 350 million by June 30, 2008. Under NBFC regulations, 2008 deadline for meeting the equity of Rs. 350 million was extended till June 30, 2009. Subsequent to year end Securities and Exchange Commission of Pakistan through its notification S.R.O. 764 (I) 2009 dated September 2, 2009 amended the Schedule of regulations 2008 for minimum equity requirements of leasing companies. According to amended schedule, leasing companies are now required to meet the minimum equity requirements of Rs. 350 million by June 30, 2011 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	(476,980,164)
Sub-ordinated debt	333,208,499
	456,090,724

As at September 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.456,090,724 as against the required minimum equity requirement of Rs.200 million.

Selected Notes to the Condensed Interim Financial Statements For the Quarter ended September 30, 2009 (Un-audited)

	Quarter ended September 30, 2009 Rupees (Un-audited)	Quarter ended September 30, 2008 Rupees (Un-audited)
15 CASH GENERATED FROM OPERATIONS		
Loss for the period before taxation	(174,769,203)	(8,854,531)
Adjustment for non cash charges and other items :		
Depreciation - owned assets	2,276,820	2,375,771
Depreciation - assets under operating lease	8,833,358	10,548,462
Financial charges and other charges	155,097,571	176,438,874
Provision for doubtful leases, loans and other losses	23,957,979	8,429,640
Dividend income	(701,170)	(2,495,450)
Unrealized (gain)/loss in market value of investments classified as held for trading	(1,005)	2,384
Impairment on available-for-sale investments	57,351,736	-
Gain on sale of property, plant and equipment	(724,234)	(331,821)
	<u>246,091,055</u>	<u>194,967,860</u>
Profit before working capital changes	71,321,852	186,113,329
Working capital changes		
Decrease/(Increase) in advances, deposits, prepayments and other receivables	62,571,307	(10,900,876)
(Decrease)/Increase in accrued and other payables	(11,936,228)	78,689,465
	<u>50,635,079</u>	<u>67,788,589</u>
Cash generated from operations after working capital changes	<u>121,956,931</u>	<u>253,901,918</u>

16 TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS

The related parties comprises Saudi Pak Industrial & Agricultural Investment Company (Private) 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, 2009 Rupees (Un-audited)	Quarter ended September 30, 2008 Rupees (Un-audited)
Controlling entity		
Rent paid	-	309,660
Other group Companies		
Lease money disbursed during the period	-	-
Rentals received during the period	886,397	1,754,601
Mark-up income on term loans	238,768	11,138,233
Mark-up income on Certificates of investments	5,692,403	3,273,973
Lease key money received during the period	-	-
Rentals received on property during the period	-	-

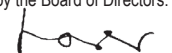
17 CASH AND CASH EQUIVALENTS

Cash and bank balances	<u>10,606,647</u>	<u>37,738,578</u>
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18 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on **October 30, 2009** by the Board of Directors.


Farrukh S. Ansari
Chief Executive Officer


Muhammad Rashid Zahir
Chairman

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