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Mission

SLCL is committed to make a positive contribution towards the country's economy by achieving a leading position in the leasing industry.

SLCL intends to achieve its mission by:

- Enhancing value for its shareholders and lenders.
- Providing efficient and professional services to its customers based on the latest technology.
- Developing an efficient and professionally trained human resource.
- Following good and ethical business practices.

Vision

- SLCL has an infrastructure which can cater to substantial business as such SLCL is well poised to avail opportunities which will be available due to an upsurge in the economy.
- The future of the leasing sector is linked to the macro-economic performance of the country's economy. New projects and Investment in Balancing, Modernization & Replacement (BMR) tender more opportunities to generate more business for the leasing sector.

Business Strategy

The objective of the Company is to contribute towards the economic development of the country, while maintaining the progressive growth rate of the Company, by providing lease financing to small and medium sized business enterprises and individuals in the most efficient and effective manner.

The business strategy of the Company is based on the following:

1. Enhancing value for its shareholders and lenders

By investing into a diversified lease portfolio, the Company substantially reduces the risk of potential losses, which in turn promises to shield the shareholders equity and further increase the value of the stakeholders' interests. The increasing trend of the Company's Earning Per Share reflects that the Company has not only safeguarded the stakeholders' interests efficiently but has also been successfully able to increase the value of their interests.

2. Providing efficient and professional services to its customers

SLCL is known for its quality service. The main objective of the organization is providing high quality services at economical prices. It has been the company's policy to give a wide variety of options to its customers, in order to facilitate their individual requirements.

3. Developing an efficient and professionally trained human resource

The management philosophy of the Company is to develop and maintain a professional organization with a blend of local culture and management style. The professional staff has been hired on the basis of merit from various business organizations.

4. Following Shariah injunctions for financing activities

The Company is committed towards continued improvement and diversification in its lease portfolio. By adopting an Islamic approach to leasing, the company will be able to improve its image as well as provide innovative ways in leasing to its customers.

Company Information

BOARD OF DIRECTORS

Mr. M R Khan	Chairman
Mr. S M Nadim Shafiqullah	Vice Chairman
Mr. Mohammed Khalid Ali	Chief Executive
Mr. Subho Sadiq Hamid	
Mr. Shafiq-ur-Rehman	
Mr. Ahmad Ali Khan	
Mr. Abdul Ghafoor	
Mr. Naeem Shafi	

AUDIT COMMITTEE

Mr. Naeem Shafi	Chairman
Mr. Ahmed Ali Khan	Member
Mr. Abdul Ghafoor	Member

EXECUTIVE COMMITTEE

Mr. M R Khan	Chairman
Mr. S M Nadim Shafiqullah	Member
Mr. M Khalid Ali	Member

COMPANY SECRETARY

Salman Hameed

SECRETARY TO AUDIT COMMITTEE

M. Taqi Lakhani

EXTERNAL AUDITORS

MZJ Muniff Ziauddin Junaidy & Co.
Chartered Accountants

INTERNAL AUDITORS

Anjum Asim Shahid Rahman & Company,
Chartered Accountants

LEGAL ADVISORS

Ali Raza Habb & Co.
Advocates, Solicitors & Legal Advisor

TAX CONSULTANTS

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Company Information

BANKERS & LENDING INSTITUTIONS

Allied Bank of Pakistan

Pak Kuwait Investment Company (Private) Limited

Bank Alfalah Limited

Pak Libya Holding Company (Private) Limited

Bank Al-Habib Limited

Pak Oman Investment Company Limited

Faysal Bank Limited

Soneri Bank Limited

MCB Bank Limited

The Bank of Punjab

Meezan Bank Limited

United Bank Limited

REGISTERED & HEAD OFFICE

Block 'B', 5th Floor, Lakson Square No. 3, Sarwar Shaheed Road, Karachi 74200

Tel: UAN 021 - 111-111-902 PRI 021-35205379 Fax: 021 - 3568 9854

Web: www.seclearse.com e-mail: slcl@seclearse.com

BRANCH

Lahore - North Region

D-802, 8th Floor, City Towers,

6-K, Main Boulevard, Gulberg-II, Lahore-54600.

Phone: 042 - 35788660-62 Fax: 042 - 35788659

SHARE REGISTRAR

Noble Computer Services (Private) Limited

Mezzanine Floor, House of Habib Building,

(Siddiqsons Tower), 3-Jinnah Cooperative,

Housing Society, Main Shahrah-e-Faisal,

Karachi

Phone: 021-34325482-7 Fax:021-34325442

Statement of Ethics & Business Practices

"Every Director and employee of the Company shall follow the highest moral and ethical standard in their dealings, whether financial and otherwise, for and with the Company, its shareholders, customers, lenders, employees and government. Honesty shall always be expected. Conflict of interest shall be avoided and where such possibility exists, it shall be fully disclosed to the Board of Directors. All applicable laws and regulations shall be followed. All directors and employees of the Company shall adhere to the Statement of Operating Policies as approved by the Board of Directors."

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the members of Security Leasing Corporation Limited will be held on Tuesday, 25th October 2011 at 10:00 a.m. at the registered office of the Company situated at Block B, 5th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi 74200, to transact the following business:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 28, 2010.
2. To receive, consider and adopt the audited accounts for the year ended 30th June 2011 and the reports of the Directors and the auditors thereon.
3. To appoint auditors and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Salman Hameed
Company Secretary

Karachi: October 5, 2011

Notes:

1. A member entitled to attend, speak and vote at these meetings may appoint a proxy to attend, speak, and vote on his/her behalf. A proxy need not be a member. A valid instrument of proxy must be deposited at the registered office of the Company, not less than 48 hours before the time of the meeting.
2. The beneficial owners of shares recorded at Central Depository Company of Pakistan Limited (CDCPL) are required to bring their Computerized National Identity Cards and in case of institutions being the beneficial owner, notarially certified copy of the power of attorney or other authority, together with the proof of identity of such nominee, is required for admittance to the meeting of the members.
3. Members are requested to notify any change in their address to the Company Registrar M/s Noble Computer Services (Private) Limited, Mezzanine Floor, House of Habib Building, (Siddiqsons Tower), 3-Jinnah Cooperative, Housing Society, Main Shahrah-e-Faisal, Karachi
4. Share transfer books of the Company shall remain closed from October 19 to 26, 2011, both days inclusive.

REPORT OF THE DIRECTORS

The Board of Directors has pleasure in presenting the Eighteenth Annual Report of Security Leasing Corporation Limited (the Company) together with its audited financial statements for the year ended June 30, 2011.

Financial Results

	RUPEES
Loss after tax	(24,784,927)
Unappropriated profits brought forward	(425,106,623)
Total Loss	(449,891,550)
Loss per share - Basic & diluted	(0.68)

REVIEW OF THE OPERATIONS

Economy overview

Circular debt, power shortages, deteriorating law & order, increasing cost of war against terrorism and floods situation due to unusual monsoon season in lower Sindh and rest of the country were the highlights throughout the year for all walks of life. Government didn't control the deficit level as projected in the last year budget to 4.5% of the GDP and ended the year at 5.9% at the conclusion of the current year budget. Revenue targets for the full year were well short of the amount anticipated due to last year floods in the country which forced the government to provide certain relief to the affectees in the form of subsidies, loans write-off and other rehabilitation measures.

All these factors were highly negative on the overall economic growth of the country however some consolation factors can also be drawn from the last year. The significant improvement in external account where current account deficit shrank notably due to higher amount of exports and remittances from overseas Pakistanis. Rising prices of value added textile products, substantial increase in the expatriate Pakistanis remittances of over USD 11 billion with overall increase in total exports to around USD 25 billion were the main reasons for such positivity and it kept the foreign exchange reserves between 17.5 to 18.0 billion USD during the last year.

The overall growth of the economy remained at 2.4% as compare to earlier targets of 4.5% due to floods which affected the crops of rice and cotton and negligible growth in the industrial sector. However, the impressive growth in the services sector of 4.1% contributed largely to take the overall growth in a reasonable range.

Overall, the government continued to borrow excessively from local banking system to bridge the gap between tax revenues and expenditures. The circular debt of the power sector and huge losses of public sector enterprises like PIA, Railways and Steel Mills ate up most of the borrowings on non-developmental side. The total domestic borrowings shot up to Rs. 6.90 trillion while the external borrowings have also been at USD 59.50 billion. The reforms in the power sector, transfer of certain revenue collections to provinces, removal of subsidies under the IMF program continued during the year.

Company overview

The Company as briefed to you in previous reports continued making payments to its lenders without any delay though since the start of the financial & economic crisis in Pakistan in October 2008, the financing facilities of the Company were withdrawn by the banks. However, due to strong leasing

and other financing portfolio, strong recovery and determined management of the Company, all payments were made on time for long term TFC, Sukuks and short-term borrowings. However, in the presence of huge governmental borrowing the chances of revival of commercial lending by banks in the foreseeable future is not forthcoming and therefore, the Company requested its lenders to reduce the markup rate to zero percent on all secured and unsecured lending in January 2011. Alhamdulillah, all lenders supported the company in this aspect and agreed to reduce the markup rate to zero percent with effect from the respective payment dates. The markup accrued on these borrowings is also waived.

This re-pricing of markup would significantly reduce the cost of the company and provide savings in cash flows, which would be utilized in writing fresh business. In other measures, in order to bring further efficiency in the administrative expenses, the Company has reduced its staff strength by laying off almost 30% of the staff in all cadres to reduce the personnel expenses. This layoff and other administrative measures would reduce the expenses by around Rs. 6 to 7 million annually. In addition, as mentioned in Note 10 to the financial statements, in view of the constraints on cash flow and heavy investment require in assets for secondary power sector, the Company is closing down its operating lease unit and is in the process of disposing off all its assets soon upon completion of the rental agreements. The resultant cash flow would be utilized in writing fresh leasing business. In order to utilize the office properties more efficiently, the Company had made a settlement with a lender to adjust the properties towards the amount outstanding. This would provide annual saving of around Rs. 15 million in depreciation which would add towards the overall benefit of the Company.

Operational review

The revenue from leasing business is substantially reduced due to substantial reduction in leasing portfolio during the year. However, the total revenue of the Company remained at Rs.142 million as compared to Rs.102 million due to sale of properties and healthy stream of musharikhah income.

In order to bring stability through rationalization in the operational expenses of the Company, as explained earlier, the Company has reduced administrative expenses by reducing the number of staff. However, its true impact would be visible from the current year as the staff was provided for three months salary and laid off was made effective at June 30, 2011.

Further, the company has deferred tax asset of Rs.355 million available to it due to accumulated taxable losses of prior years. As mentioned in note 1.2, your directors feel that in the prevailing circumstances, the probable benefit of these taxable losses is expected to be realized in future years based on reasons mentioned therein.

The Company has continued to maintain a diversified exposure as would be seen from note 40 to the financial statements. The diversity of its lease and other financing portfolio has helped the company in lowering the risk of potential losses and made it possible to make payments to its lenders on time. As a measure of prudence however, the company will continue its current policy of creating adequate provisions for potential lease losses.

SHARE CAPITAL & LICENSING

During the year, the Company constantly kept abreast the Securities & Exchange Commission through meetings of its senior board members and correspondence regarding the progress in different areas of operations. In July 2010, the Commission extended the leasing license of the Company by giving forbearance for one year. The Company after completing the different tasks regarding restructuring, recoveries and property settlements it discussed with the Commission for the stability of its operations sent a request in June 2011 for extension in the forbearance for another year. The request is in review with the Commission and hopefully, it would be approved.

During the year, the representatives of the NBF & Modaraba Association had various meetings with the SECP regarding the issues and problems it is facing in conducting its normal course of business.

The Commission assured the members that it is contemplating a separate set of rules for such NBFCs who are not taking public deposits and are closely held companies. As briefed, in the new rules, the requirement for minimum equity, provisioning and other major areas would be specifically looked into to accommodate the requirements of Leasing companies and Modarabas. These rules are expected to be promulgated in the next few months.

Further to these efforts for bringing stability in the company's operations, your Board is also contemplating different options to increase its equity in the coming months, which include the raising of capital through bringing in fresh equity partner, merger with any other suitable financial institution and other options. As soon as any positive development emerges, the shareholders would be promptly informed.

ECONOMY AND FUTURE PROSPECTS

As mentioned in details earlier, the economy which had been showing robust growth during the past few years, experienced significant deterioration in the last three years, owing to recent floods which displaced more than 20 million people of the country, law & order situation, continuous capital flight, heavy borrowings by the government, steep increase in prices of food items, higher utility costs, fast depletion of country's foreign exchange reserves which are restored by loans from IMF and widening government's fiscal gap which directly affected the business and industrial activities in the country. All these factors have resulted in shrinkage of revenue margins and would continue to affect businesses in all sectors.

The Board takes the opportunity to assure Company's stakeholders that it will continue to make all out efforts to recover from the current economic situation, consolidate its position and to tap opportunities. Your directors' feel that the Company's business strategy & approach is sound and if country's economic & business situation settles down it would be able to show better results

CODE OF CORPORATE GOVERNANCE

The Company has implemented the Code as required and there has been no material departure from it. Company's mission statement has been re-affirmed. Statement of Ethics and Business Practices has been prepared and accepted by all the directors and employees. The Audit Committee of the Board is in place. The key operating and financial data is set out in the annexure to this report. The financial statements annexed to this report, present fairly its state of affairs, the results of its operations, cash flows and changes in equity. Proper books of accounts have been maintained and appropriate accounting policies have been consistently applied in the preparation of the financial statements, using reasonable and prudent accounting estimates. Applicable International Accounting Standards and relevant directives from the regulatory authorities have been followed. An effective system of internal controls is in place which is being fully implemented. There is no reasonable doubt about the ability of the Company to continue its operations as a going concern.

A new code of corporate governance is prepared by the Commission and its draft is circulated among the various stakeholders for comments. There has been changes with respect to the Board nominations, elections, chairmanship and other matters which would bring more transparency and positive change in the conduct of the business operations. The revised code is expected to implement before the end of current calendar year.

BOARD OF DIRECTORS

During the year, 5 meetings of the Board of Directors were held. Detail of attendance by each member of the Board is as follows.

Directors	Meetings attended	Directors	Meetings attended
Mr. M.R. Khan	5	Mr. S.S Hamid	5
Mr. S.M. Nadim Shafiqullah	5	Mr. Abdul Ghafoor	1
Mr. M.Khalid Ali	5	Mr. Ahmed Ali Khan	3
Mr. Naeem Shafi	3	Mr. Shafiq-ur-Rehman	4

Leave of absence was granted to directors who could not attend the Board meetings.

There was no trading by any director, chief executive and the chief financial officer & company secretary or their spouses and minor children during the year except as mentioned below.

Directors	Shares traded
Mr. M.Khalid Ali	26,852

EMPLOYEES' BENEFITS' FUND

The value of investments of recognized employees' Provident Fund as at June 30, 2011 amounted to Rs. 4.75 million.

PATTERN OF SHAREHOLDING

Statement showing the pattern of shareholding as at June 30, 2011 is annexed to this report.

AUDITORS

The present auditors Messrs. Muniff Ziauddin Junaidy & Co., Chartered Accountants, would retire at the forthcoming Annual General Meeting and offer themselves for reappointment at terms to be agreed by the members.

ACKNOWLEDGEMENT

The Board expresses its gratitude to the investors, lenders and the regulatory authorities for their continuous support to the Company in this time of extraordinary challenges and for their assistance in enabling it to meet the regulatory requirements.

The Board also places on record its deep appreciation of the efforts put in and dedication shown by all personnel of the Company, which enabled it to conduct its operations in a very difficult environment during the year.

For and on behalf of the Board of Directors



Mohammed Khalid Ali
Chief Executive Officer
October 3, 2011

SIX YEARS FINANCIAL SUMMARY

	2011 Rs '000	2010 Rs '000	2009 Rs '000	2008 Rs '000	2007 Rs '000	2006 Rs '000
BALANCE SHEET						
Ordinary share capital outstanding	363,000	363,000	363,000	363,000	363,000	242,000
Preference share capital outstanding	75,028	75,028	75,027	112,500	150,000	150,000
Shareholders' Fund	438,028	438,028	438,028	475,500	513,000	392,000
Reserves	(331,025)	(384,454)	(111,728)	244,840	42,593	87,440
Unrealised loss on Investment	(170)	(19,125)	110,513	127,971	38,266	88,901
Networth	131,833	80,768	238,995	592,369	517,326	390,539
Surplus on revaluation of Fixed Assets	-	21,319	22,547	23,776	4,859	15,205
Certificates of Investment	-	-	110,200	562,100	443,448	910,100
Borrowings from Financial & Other Institutions	1,092,223	1,749,185	2,378,326	2,923,907	3,139,950	2,517,885
Lease/Musharika disbursements	265,184	293,586	483,836	1,916,701	2,052,014	2,066,751
Net Investment in Leases	1,249,425	1,868,785	2,759,686	4,003,830	4,026,373	3,327,281
Term Finances	31,338	22,070	165,258	57,806	44,568	57,475
Fixed Assets	13,844	161,314	204,684	246,681	209,844	221,794
Total Current Assets	1,097,058	1,635,193	1,955,314	2,468,444	2,399,106	2,276,562
Total Assets	1,836,506	2,749,705	3,966,829	5,577,274	5,352,516	4,770,553
Total Current Liabilities	785,581	1,123,605	1,915,227	2,328,460	2,369,164	2,256,198
Total Liabilities	1,704,673	2,668,937	3,727,834	4,961,129	4,832,031	4,364,808
Total Assets to Networth (times)	13.93	34.04	16.60	9.42	10.35	12.22
PROFIT & LOSS						
Total Income	141,735	102,988	198,172	556,615	586,830	510,016
Financial & Other Charges	47,756	264,043	521,606	465,802	455,481	327,728
Admin & Operating Expenses	83,622	93,118	99,936	89,305	78,817	65,895
Provisions & Other Charges	24,256	37,737	44,742	11,548	3,676	1,488
Total Expenses	155,634	394,898	666,286	566,655	537,974	395,112
(Loss)/Profit Before Tax from continued operations	(13,899)	(278,470)	(468,113)	(10,039)	48,856	114,904
(Loss)/Profit After Tax for the year	(24,785)	(273,954)	(357,796)	211,810	40,258	108,021
Break-up Value (PKR)	3.01	1.84	5.46	12.96	10.18	10.35
Price per share	2.00	2.84	1.98	6.89	10.95	15.40
KEY RATIOS						
Earning per share - PKR - less preferred dividend	(0.68)	(7.55)	(9.86)	5.55	0.97	3.76
Revenue per share - PKR -	3.24	2.35	4.52	11.71	11.44	13.01
Profit before provisions and tax ratio	7.31 %	(246.80)%	(213.64)%	0.27 %	8.95%	22.82 %
Profit/(Loss) before Tax ratio	(9.81)%	(270.39)%	(236.22)%	(1.80)%	8.33%	22.53 %
Price Earning ratio (times)	(2.93)	(0.38)	(0.20)	1.24	11.31	4.10
Return on Capital employed market value per share	(28.29)%	(220.22)%	(412.54)%	64.65 %	7.17%	17.89 %
Income/ Expense ratio (times)	0.91	0.26	0.30	0.98	1.09	1.29
Current ratio (times)	1.40	1.46	1.02	1.06	1.01	1.01
Debt equity ratio (times)	6.97	19.13	10.03	6.13	7.17	9.11
Return on average equity	(23.32)%	(171.35)%	(86.07)%	38.17 %	8.87%	29.31 %
Return on average assets	(1.08)%	(8.16)%	(7.50)%	3.88 %	0.80%	2.57 %
Total assets turnover ratio (times)	12.96	26.70	20.02	10.02	9.12	9.35

STATEMENT OF VALUE ADDED

	2011	2010
Revenues from leasing operations	100,876,185	149,923,767
Other income	41,483,721	2,737,975
Deferred Tax	-	18,126,204
	<u>142,359,906</u>	<u>170,787,946</u>
Direct cost of leases and others	(50,876,752)	(67,750,135)
Impairment on investments	(625,000)	(49,673,715)
Profit from discontinued operations	1,065,316	4,516,936
Value added	<u>91,923,470</u>	<u>57,881,032</u>
Distributed as follows		
To Employees		
As remuneration	44,425,293	48,481,454
To Government		
As income tax	11,950,806	4,687,018
To Provider of Finance		
Financial charges	45,807,935	258,439,524
To Depositors		
As profit on investments	-	2,743,260

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

Security Leasing Corporation Limited (SLC) has applied the principles contained in the Code in the following manner:

- 1) The company encourages representation of independent non-executive directors and directors representing minority interest on its board. At present the Board includes seven non-executive Directors and one Executive Directors i.e. Chief Executive.
- 2) The resident directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
- 3) All the directors of the company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or any NBFC.
- 4) During the year no casual vacancy was occurred in the Board.
- 5) The company has adopted a 'Statement of Ethics and Business Practices', which has been signed by all Directors and employees of the company.
- 6) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company.
- 7) All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chairman and Chief Executive, have been taken by the Board.
- 8) The Board held five meetings during the year with at-least one in each quarter. The meetings of the Board were presided over by the elected Chairman. Written notices of the Board meetings along with the agenda were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and were timely circulated.
- 9) The Chief Financial Officer & Company Secretary was appointed accordingly. Future appointment, if any, on these positions including the remuneration, terms and conditions of employment, as determined by the Chief Executive, will be referred to the board for approval.

- 10) The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- 11) All financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
- 12) The Directors, CEO and the executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.
- 13) The company has complied with all the corporate and financial reporting requirements of the Code.
- 14) The Board has formed an Audit Committee which comprises of three members who are non-executive Directors.
- 15) The meetings of the Audit committee were held at least once in every quarter prior to the approval of interim and final results of the company and as required by the Code. The terms of reference of the Committee have been framed and approved by the Board and has been advised to the committee for compliance.

The Audit committee members also met with External Auditors without CFO and Internal Auditors as required under the Code.

- 16) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of The Institute of Chartered Accountants of Pakistan, that they or any partners of the firm, their spouses and minor children do not hold the shares of the company and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18) We confirm that all other material principles contained in the Code have been complied with.



Mohammed Khalid Ali

Chief Executive Officer
October 3, 2011

PATTERN OF SHAREHOLDING OF ORDINARY SHARE CAPITAL AS ON JUNE 30, 2011

Share holding		Number of Shareholders	Total Shares held	Percentage of Issued capital
From	To			
1	100	42	1,111	0.00
101	500	55	16,945	0.04
501	1,000	33	26,201	0.07
1,001	5,000	88	186,038	0.51
5,001	10,000	23	181,657	0.50
10,001	15,000	9	111,105	0.31
15,001	20,000	3	52,577	0.14
20,001	25,000	8	175,839	0.48
30,001	35,000	1	35,000	0.10
35,001	40,000	2	76,300	0.21
40,001	45,000	4	170,774	0.47
50,001	55,000	1	50,634	0.14
55,001	60,000	1	56,647	0.16
100,001	105,000	1	100,098	0.28
105,001	110,000	2	214,167	0.59
130,001	135,000	1	131,500	0.36
195,001	200,000	1	200,000	0.55
215,001	220,000	1	219,999	0.61
225,001	230,000	1	227,802	0.63
255,001	260,000	1	255,750	0.70
275,001	280,000	1	278,221	0.77
350,001	355,000	1	350,255	0.96
445,001	450,000	1	447,026	1.23
455,001	460,000	1	455,565	1.26
855,001	860,000	1	858,935	2.37
1,260,001	1,265,000	1	1,263,240	3.48
2,200,001	2,205,000	1	2,201,500	6.06
3,170,001	3,175,000	1	3,174,435	8.75
10,280,001	10,285,000	1	10,285,000	28.33
14,495,001	14,500,000	1	14,495,679	39.93
		288	36,300,000	100.00

Categories of Shareholders

Categories of Shareholders	Number	Shares Held	Percentage
Directors, CEO their spouse and minor children (Note 1)	10	16,412,485	45.21
Individuals	252	4,075,213	11.23
National Investment Trust/ICP	2	458,538	1.26
Investment companies	3	536	0.00
Banks, DFIs, NBFIs, Insurance Companies			
Modarabas & Mutual Funds	5	1,586,644	4.37
Charitable Trusts	2	256,299	0.71
Joint Stock Companies	12	3,215,285	8.86
Foreign Investors	2	10,295,000	28.36
	288	36,300,000	100.00

Note 1 : Directors, CEO their Spouse and Minor Children

M. R. Khan - Chairman	350,255	0.97
S.M. Nadim Shafiqullah - Vice Chairman	14,495,679	39.93
Mrs. Rehana Nadim Shafiqullah	1,263,240	3.48
M. Khalid Ali - Chief Executive Officer	300,001	0.83
Abdul Ghafoor	500	0.00
S.S Hamid	1,210	0.00
Shafiqur Rahman	500	0.00
Naeem Shafi	600	0.00
Ahmed Ali Khan	500	0.00
	16,412,485	45.21

Note 2 : Shareholders holding ten percent or more voting interest in the Company

S.M. Nadim Shafiqullah - Vice Chairman	14,495,679	39.93
Merrill, Lynch, Pierce, Fenner, Smith, Inc. USA	10,285,000	28.33
	24,780,679	68.27

Note 3 : Chief financial officer (CFO) & Company Secretary does not hold any shares.

**PATTERN OF SHAREHOLDING OF PREFERENCE SHARE CAPITAL
AS ON JUNE 30, 2011**

<u>Share holding</u>		<u>Number of Shareholders</u>	<u>Total Shares held</u>	<u>Percentage of Issued capital</u>
<u>From</u>	<u>To</u>			
1	500	5	576	0.01
501	1,000	4	2,687	0.04
1,001	5,000	2	3,825	0.05
95,001	150,000	1	100,000	1.33
495,001	750,000	1	500,000	6.66
996,238	1,010,000	1	1,001,237	13.34
2,000,001	3,000,000	1	2,449,200	32.64
3,000,001	3,445,250	1	3,445,250	45.92
		<u>16</u>	<u>7,502,775</u>	<u>100.00</u>

<u>Categories of Shareholders</u>	<u>Number</u>	<u>Shares Held</u>	<u>Percentage</u>
Individuals	10	6,526	0.09
Mutual Funds	2	4,446,487	59.26
Provident Funds	1	100,000	1.33
Private Limited Companies	3	2,949,762	39.32
	<u>16</u>	<u>7,502,775</u>	<u>100.00</u>

Note 2 :

None of the Directors, Chief Executive Officer, their spouse & minor children hold any preference shares.

REVIEW REPORT TO THE MEMBERS OF SECURITY LEASING CORPORATION LIMITED ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the Best Practices (the statement) contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2011, prepared by the Board of Directors of Security Leasing Corporation Limited ("the Company") to comply with the Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges (Guarantee) Limited where the Company is listed.

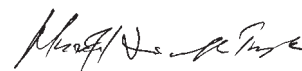
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance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

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

Further, Listing Regulations of the Stock Exchanges where the Company is listed, require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

Karachi:
Date: October 03, 2011



Muniff Ziauddin Junaidy & Co.
CHARTERED ACCOUNTANTS

**AUDITORS' REPORT TO THE MEMBERS OF
SECURITY LEASING CORPORATION LIMITED**

We have audited the annexed balance sheet of Security Leasing Corporation Limited ("the Company") as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

1. IAS 12- Income Taxes requires that a deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits or sufficient taxable temporary difference will be available against which the unused tax credits can be utilized. We have noted that the Company has recorded deferred tax asset aggregating to Rs 355 million representing excess of unused tax losses over the taxable temporary differences as at June 30, 2011. Management has recognized the deferred tax asset on the basis of future business plan of the Company which projects that future taxable profit would be available against which such deferred tax asset could be utilized. However, there is a material uncertainty involved in the assumptions underlying these future business plans, as disclosed in Note 1.2, which are dependant on future events due to which there is a possibility that sufficient future taxable profits or sufficient taxable temporary differences may not be available against which the deferred tax assets can be utilized.
 - (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
 - (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

MZJ Muniff Ziauddin Junaidy & Co.

Chartered Accountants

An independent member firm of BKR International

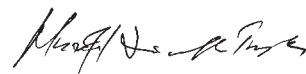
BKR
INTERNATIONAL

- (c) in our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter referred to in paragraph 1 above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance 1980 (XVIII of 1980)

We draw attention towards note 1.2 to the financial statement that discloses the adverse financial condition of the Company including renewal of license to operate as a leasing business. On the application by the Company the Securities and Exchange Commission of Pakistan has accorded special permission to the Company to continue working as leasing company till July, 2011. These condition along with other matters as fully explained in note 1.2 , indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Furthermore, as at June 30, 2011, the Company's equity is Rs. 139.1 million. The Company is required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 700 million by June 30, 2011, 2012 and 2013 respectively. The license to work as NBFC expires on July, 2011. These financial statements do not include any adjustment that might result should the Company not be able to continue as a going concern.

Our opinion is not qualified in respect of above mentioned matter.

Karachi:
Date: October 03, 2011



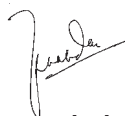
CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)

BALANCE SHEET

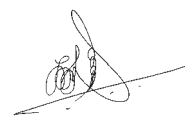
AS AT JUNE 30, 2011

ASSETS	Note	2011 Rupees	2010 Rupees
Current assets			
Balances with banks	5	7,081,414	2,551,680
Short term investments	6	9,110,000	13,948,126
Short-term finances	7	22,000,000	12,500,000
Advances, prepayments and other receivables	8	19,457,248	26,150,072
Accrued return on investments		1,532,212	9,031,691
Taxation-net		1,596,518	7,758,723
Current maturity of non-current assets	9	1,018,940,271	1,563,252,259
		1,079,717,663	1,635,192,551
Non Current assets classified as held for sale	10	17,339,956	-
Total current assets		<u>1,097,057,619</u>	<u>1,635,192,551</u>
Non-current assets			
Net investment in leases	11	328,128,834	494,911,937
Long-term deposits	12	4,059,500	4,059,500
Long-term finances	13	31,337,766	22,069,692
Long-term investments	14	-	88,192,936
Long-term advances	15	6,633,334	-
Property and equipment	16	13,844,299	161,313,712
Deferred tax asset	17	355,444,391	343,964,890
Total non-current assets		<u>739,448,124</u>	<u>1,114,512,667</u>
Total assets		<u>1,836,505,743</u>	<u>2,749,705,218</u>
LIABILITIES			
Current liabilities			
Accrued and other liabilities	18	74,991,334	61,750,091
Accrued mark-up	19	-	13,958,964
Short-term finances	20	-	82,409,863
Current maturity of non-current liabilities	21	710,374,804	965,486,319
		785,366,138	1,123,605,238
Liability directly associated with non-current assets classified as held for sale		215,075	-
Total current liabilities		<u>785,581,213</u>	<u>1,123,605,238</u>
Non-current liabilities			
Long -term finances	22	686,035,835	1,259,787,240
Long-term deposits	23	233,055,491	285,544,496
Total non-current liabilities		<u>919,091,326</u>	<u>1,545,331,736</u>
Total liabilities		<u>1,704,672,538</u>	<u>2,668,936,972</u>
NET ASSETS		<u>131,833,205</u>	<u>80,768,246</u>
REPRESENTED BY SHAREHOLDERS' EQUITY			
Share capital and reserve			
Issued, subscribed and paid-up share capital	24	438,027,750	438,027,750
Reserves	25	(331,024,545)	(384,453,573)
		107,003,205	53,574,177
Deposit against issuance of shares	26	25,000,000	25,000,000
Unrealised loss on remeasurement of available for sale investments		(170,000)	(19,125,006)
		131,833,205	59,449,171
Surplus on revaluation of fixed assets	27	-	21,319,076
Total shareholders' equity		<u>131,833,205</u>	<u>80,768,246</u>
CONTINGENCIES AND COMMITMENTS	28		

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammed Khalid Ali
Chief Executive Officer



M R Khan
Chairman

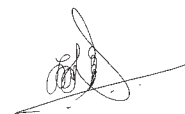
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
REVENUE			
Income from:			
Finance leases	29	100,876,185	149,923,767
Other operating income	30	41,483,721	2,737,975
		<u>142,359,906</u>	<u>152,661,742</u>
Impairment on investments		<u>(625,000)</u>	<u>(49,673,715)</u>
		141,734,906	102,988,027
EXPENSES			
Administrative and selling	32	83,622,204	93,118,334
Finance costs	33	45,807,935	261,182,784
Direct cost of finance leases	34	1,947,710	2,859,779
Provision for potential lease and other losses	35	24,256,494	37,736,793
		<u>155,634,343</u>	<u>394,897,690</u>
Loss before income tax		<u>(13,899,437)</u>	<u>(291,909,663)</u>
Income tax expense			
-current	36	(5,565,851)	(4,687,018)
-prior years		(6,384,955)	-
-deferred	17	-	18,126,204
		<u>(11,950,806)</u>	<u>13,439,186</u>
Loss from continued operations		<u>(25,850,243)</u>	<u>(278,470,477)</u>
Profit from discontinued operations	31	1,065,316	4,516,936
Loss for the year		<u>(24,784,927)</u>	<u>(273,953,541)</u>
Loss per share- basic and diluted	37	<u>(0.68)</u>	<u>(7.55)</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammed Khalid Ali
Chief Executive Officer



M R Khan
Chairman

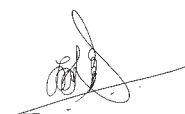
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	2011 Rupees	2010 Rupees
Loss for the year	(24,784,927)	(273,953,541)
Other comprehensive income		
Surplus on remeasurement of available for sale investments	18,955,006	91,388,325
Surplus on revaluation of property	1,417,230	1,228,266
Other comprehensive income for the year	20,372,236	92,616,591
Total Comprehensive loss for the year	(4,412,691)	(181,336,950)

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammed Khalid Ali
Chief Executive Officer



M R Khan
Chairman

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax including discontinued operation		(12,657,426)	(287,285,736)
Depreciation		22,334,010	30,026,857
Loss on disposal of listed securities	30.1	17,202,745	43,070,811
Gain on disposal of property and equipment	30.2	(24,251,962)	(5,239,515)
Finance costs	33	45,807,935	261,182,784
Provision for gratuity	32	-	1,163,000
Impairment on investment		625,000	49,673,715
Provision for potential lease and other losses	35	24,256,494	37,736,793
Operating profit before working capital changes		85,974,222	417,614,444
Working capital changes			
Decrease in net investment in leases		611,304,065	863,964,174
Decrease in advances, prepayments and other receivables		450,290	14,506,813
Decrease in accrued return on investments		7,499,479	4,466,531
Decrease in deposits from lessees		(306,800,516)	(283,833,486)
Decrease in short term finances		(82,409,863)	(223,798,463)
Increase in accrued and other liabilities		13,456,336	20,432,593
Cash from operations after working capital changes		243,499,790	395,738,162
Financial charges paid		(59,766,899)	(318,591,714)
Gratuity paid		-	(909,000)
Taxes paid		(5,519,796)	(4,934,100)
Net cash from operating activities		(65,286,695)	(324,434,814)
		251,529,892	201,632,056
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(8,410,950)	(20,262,978)
Investments		94,158,309	102,800,957
Long term finance		66,266,458	132,872,757
Short term finances		(9,500,000)	34,854,007
Proceeds from disposal of property and equipment(net)		26,784,753	38,846,020
Long term deposits		-	129,900
Net cash from investing activities		169,298,570	289,240,663
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances		(416,298,728)	(380,171,879)
Net cash used in financing activities		(416,298,728)	(380,171,879)
Net increase in cash and cash equivalents		4,529,734	110,700,840
Cash and cash equivalents at beginning of the year		2,551,680	(220,578,817)
Cash and cash equivalents at end of the year	38	7,081,414	(109,877,977)

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammed Khalid Ali
Chief Executive Officer




M R Khan
Chairman

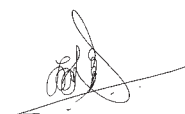
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2011

	Share Capital	Reserves		Unrealised (loss)/gain on remeasurement of available for sale Investment	Total
		Capital Statutory reserve	Revenue Unappropriated profit		
Rupees					
Balance as at June 30, 2009	438,027,750	118,867,005	(230,595,303)	(110,513,331)	215,786,120
Change in equity for the year ended June 30, 2010					
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	1,228,266	-	1,228,266
Unrealized gain on change in market value of investments classified as available for sale	-	-	-	91,388,325	91,388,325
Net income recognised directly in equity	-	-	1,228,266	91,388,325	92,616,591
Loss for the year	-	-	(273,953,541)	-	(273,953,541)
Total recognised income and (expense) for the year	-	-	(272,725,275)	91,388,325	(181,336,950)
Balance as at June 30, 2010	438,027,750	118,867,005	(503,320,578)	(19,125,006)	34,449,170
Change in equity for the year ended June 30, 2011					
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	1,417,230	-	1,417,230
Unrealized gain on change in market value of investments classified as available for sale	-	-	-	18,955,006	18,955,006
Net income recognised directly in equity	-	-	1,417,230	18,955,006	20,372,236
Loss for the year	-	-	(24,784,927)	-	(24,784,927)
Total recognised income and (expense) for the year	-	-	(23,367,697)	18,955,006	(4,412,691)
Transferred from Surplus on Revaluation	-	-	76,796,725	-	76,796,725
Balance as at June 30, 2011	438,027,750	118,867,005	(449,891,550)	(170,000)	106,833,204



Mohammed Khalid Ali
Chief Executive Officer



M R Khan
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Security Leasing Corporation Limited (the Company) was incorporated in Pakistan on December 6, 1993 and commenced its operations on May 21, 1995. The Company is a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and engaged in the business of leasing.

The registered office of the Company is situated at Block B, 5th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, Pakistan. The Company is listed on Karachi and Lahore Stock Exchanges.

- 1.2 The Company is licensed to operate as leasing Company by Securities and Exchange Commission of Pakistan (SECP) and its forbearance of the license was extended up to July 2011. The renewal request is submitted with the Commission.

Since the start of the financial and economic crisis in Pakistan in October 2008, the financing facilities of the Company were abruptly withdrawn by the banks which resulted in reduction of portfolio of leasing and other finances. The Company negotiated the re-profiling of its long-term and short-term borrowings in April 2010 which comprised of the reduction in markup rate as well as extension in the period of repayment of principal. The Company anticipated that the overall economic situation would improve in the coming periods, however, the unprecedented floods, rising cost of doing business and law & order situation continued to affect the business environment which resulted in increased pressure on recoveries. Therefore, the Company could not achieve the desired momentum and results as anticipated in April 2010 though the payments to the investors and lenders continued as per agreed schedule.

In view of the situation where the equity is eroding at a faster pace, the Company decided to request the lenders again for reduction of the markup rate to zero percent. This would provide the Company saving of cash flows for new business. The lenders approved the reduction of markup rate to zero percent in May-June 2011 and necessary documentation is in process. The Board and its management are hopeful that these measures would bring stability to the Company and results would start to improve in the coming periods.

2 BASIS OF MEASUREMENT

These financial statements have been prepared under historical cost convention except for certain property and equipment which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values, cost or amortized cost.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

3 STATEMENT OF COMPLIANCE

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

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1.1 The following standards and interpretations are effective for financial periods beginning on or after July 1, 2010 but are either not relevant or do not have any effect / material effect on the financial statements of the Company:

IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments relating to oil and gas assets and determining whether an arrangement contains a lease.
IFRS 1	First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosure for First -time Adopters.
IFRS 2	Share-based payment - Amendments relating to group cash-settled share-based payment transactions
IFRS 3	Business Combinations - Amendment resulting from improvement to IFRS
IAS 27	Consolidated and Separate Financial Statements - Amendments resulting from improvements to IFRSs
IAS 32	Financial Instruments Presentation - Amendments relating to classification of rights issues
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

3.2 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned against the respective standard or interpretation:

	Standard, interpretation and amendments	Effective date (accounting) periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Replacement of fixed date for certain exemptions with a date of transition to IFRSs	July 1, 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards - Additional exemption for entities ceasing to suffer from severe hyperinflation	July 1, 2011
IFRS 7	Financial Instruments Disclosures - Amendments enhancing disclosure about transfer of financial assets	July 1, 2011
IFRS 9	Financial Instruments - Classification and Measurement	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

IAS 1	Presentation of Financial Statements - Amendment to revise the way other comprehensive income is presented	July 1, 2012
IAS 12	Income taxes - Deferred tax : Recovery of underlying assets	January 1, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	January 1, 2013
IAS 28	Investments in Associates - Reissued as IAS 28 Investment in associates and Joint Ventures (as amended in 2011)	January 1, 2013

The Company expects that the adoption of the above standards and interpretations will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in May 2010, which comprises of various improvements to standards. Effective date, early application and transitional requirements are addressed on standard by standard basis. Such improvements are generally effective for accounting periods beginning on or after July 1, 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application but may result in additional disclosure in financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.01 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, the Regulations and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

In the process of applying the Company's accounting policies, management has made the following estimates and judgment which are significant to the financial statements:

- a) allowance for potential lease and loan losses (note 4.06);
- b) classification of investments (note 4.07);

- c) determining the residual values and useful lives of depreciable assets (note 4.09);
- d) impairment (note 4.09);
- e) accounting for post employment benefits (note 4.11);
- f) income tax and deferred tax (note 4.15); and
- g) provisions (note 4.17).

4.02 Revenue recognition

Finance lease and hire purchase income

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Income from finance leases and hire purchases is suspended if rent is past due by the minimum criteria prescribed by the Regulations.

Front end fee and other lease related income is recognised as income on receipt.

Operating lease income

Rental income from operating leases is recognised on accrual basis over the term of the lease contract.

Return on investments

Markup/Return on loans, advances and investments is recognised on accrual basis using the effective interest method.

Fees and commission income are recognised on accrual basis when the service has been provided.

Dividend income is recognised when the Company's right to receive dividend is established.

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

Return on deposits, short term placements and other money market securities is recognised on a time proportion basis.

4.03 Loans and finances

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

4.04 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those that the Company intends to sell immediately or in the near term, which shall be classified as held-for-trading, and those that the Company upon initial recognition designates as at fair value through profit or loss account; (b) those that the Company upon initial recognition designates as available-for-sale; or (c) those for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Subsequent to initial measurement loans and receivables are measured at amortized cost using the effective interest method. Gains/Losses arising on remeasurement of loans and receivables are taken to the profit and loss account.

Gain or loss is also recognized in profit and loss account when loans and receivables are derecognised or impaired, and through the amortization process.

4.05 Net investment in finance lease

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessees are classified as finance lease. A receivable is recognised at an amount equal to the present value of the lease payments, including any guaranteed residual value and unamortized direct cost.

4.06 Provision for potential lease losses and provision for other doubtful loans and receivables

The provision for potential leases and provision for other doubtful loans and receivables are made based on the appraisal of each lease or loan that takes into account the Regulations issued by SECP from time to time.

Developing the allowance for potential leases and doubtful loans and other receivables is subject to numerous judgments and estimates. In evaluating the adequacy of allowance, management considers various factors, including the requirements of the Regulations, the nature and characteristics of the obligator, current economic conditions, credit concentrations or deterioration in pledged collateral, historical loss experience, delinquencies and present value of future cash flows expected to be received. Lease installment, loans and other receivables are charged off, when in the opinion of management, the likelihood of any future collection is believed to be minimal.

4.07 Investments

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

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

At fair value through profit or loss

- a) These are classified as 'held-for-trading' if (a) acquired or incurred principally for the purpose of selling or re-purchasing it in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).
- b) Upon initial recognition these are designated by the Company as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value can not be reliably measured.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

All quoted investments except 'at fair value through profit or loss' and held-for-trading are initially recognised at cost inclusive of transaction costs. Investments at fair value through profit or loss and held for trading are initially recognised at cost. All quoted investments are subsequently marked to market using the year end bid prices obtained from stock exchange quotations or quotes from brokers. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Investments in delisted / unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

Unrealised gains / losses on investments classified as at fair value through profit or loss are taken to profit and loss account while unrealised gains / losses on investments classified as available for sale are taken to equity until these are derecognised, at which time the cumulative gain or loss previously recognised in equity is taken to profit and loss account.

Gain or loss is also recognized in profit and loss account when held-to-maturity investments are derecognised or impaired, and through the amortization process.

Impairment of investments is recognised in profit and loss account when there is a permanent diminution in their value. On impairment of available-for-sale investments, cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit and loss account even though the investments have not been derecognised. Impairment losses recognised in profit and loss account for an investment in equity instrument classified as available-for-sale are not reversed through profit and loss account. Impairment loss related to investments carried at cost is not reversed.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.08 Repurchase and resale transactions

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

- a) in case of sale under re-purchase obligations, the securities remain on the balance sheet and a liability is recorded in respect of the consideration received as 'Borrowing'. Charges arising from the differential in sale and re-purchase values are accrued on a prorata basis; and

- b) in case of purchases under re-sale obligations, the securities are not recognized on the balance sheet and the consideration paid is recorded as 'Placement' and the differential of the purchase price and contracted re-sale price is recognized over the period of the contract.

4.09 Property and equipment

Initial recognition

An item of property and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

Measurement subsequent to initial recognition

Carried using revaluation model

Office premises are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Carried using cost model

Property and equipment other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All items of property and equipment are depreciated on a straight line basis at rates which will write off their cost or revalued amount over their expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions during the year is charged from the month of acquisition. No depreciation is charged in the month of disposal.

Subsequent expenditure relating to an item of property and equipment is capitalized to the initial cost of the item when the expenditure meets the recognition criteria. All other subsequent expenditure is expensed in the period in which it is incurred.

Profit and loss on disposal of property and equipment is included in income currently.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated

as a revaluation decrease. Where an impairment loss subsequently reverses, the reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

Capital work - in - progress

Capital work-in-progress are carried at cost, less any recognized impairment loss. These expenditures are transferred to relevant category of property and equipments as and when assets start operation.

4.10 Compensated absences

The Company provides its employees with non-accumulated compensated absences that are recognized when the absences occur.

4.11 Staff retirement benefits

Defined contribution plan

The Company operates an approved contributory provident fund for all its permanent employees. Equal monthly contributions are made to the fund in accordance with the laid down policy of the Company.

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

In view to save portion of cost to the Company, in February 2010, Upon the recommendation of the management the Company had discontinued contribution towards provident fund for employees of manager and above cadre.

Defined benefit plan

Company also operates an approved funded gratuity scheme for all eligible employees. Eligible employees are those who have completed minimum qualifying period of service as laid down in rules. Provision has been made in accordance with actuarial recommendations using the projected unit credit method. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceeded ten percent of the higher of defined benefit obligation and fair value of the plan assets at that date. The excess amount of gains or losses are recognized over the expected remaining working lives of the employees participating in the plans. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

In order to bring efficiency in the cost, the Company upon recommendation of the management had discontinued the gratuity scheme.

4.12 Foreign currency translation

Transactions in foreign currencies are accounted for in rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the balance sheet date are expressed in rupees at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange gains and losses are included in income currently.

4.13 Financial instruments

Financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value for the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs incurred on financial assets and liabilities classified as 'at fair value through profit or loss' and held-for-trading and that may be incurred on disposal. The particular recognition methods adopted for the measurement of financial assets and liabilities subsequent to initial measurement are disclosed in the policy statements associated with each item.

Financial assets carried on the balance sheet include cash and bank balances, advances and deposits. Loans and receivables, finance leases and investments have been stated as per the policies mentioned in note 4.5, 4.6 and 4.8 respectively.

Financial liabilities carried on the balance sheet include certificates of investment, deposits, accrued and other payables. Loans and finances have been stated as per the policies mentioned in note 4.4.

4.14 Off-setting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognised amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.15 Taxation

Current tax

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.16 Related parties transactions

All transactions with related parties, if any, are recorded at an arm's length price.

4.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks in current accounts. Running finance facilities availed by the Company, which are payable on demand are included as part of cash and cash equivalent for the purpose of statement of cash flow.

4.19 Repossessed leased assets

These are stated at lower of the original cost of the related asset, exposure to the Company and the net realisable value of the assets repossessed. Gain or losses on the disposal of such assets are recognized in the profit and loss account.

4.20 Functional and presentation currency

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

4.21 Certificate of investments

Return on certificate of investments issued by the Company is recognised on a time proportion basis.

4.22 Dividend distribution

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

4.23 Segmental reporting

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

4.24 Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed off or is held for sale. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation had been discontinued from the start of the comparative period.

Non-current (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

4.25 General

Figures have been rounded-off to nearest rupee.

	Note	2011 Rupees	2010 Rupees
5 BALANCES WITH BANKS			
Balance with State Bank of Pakistan in current account		2,227	33,813
Balance with other banks in:			
-Current accounts		680,476	721,761
-Saving accounts	5.1	6,398,711	1,796,106
		<u>7,081,414</u>	<u>2,551,680</u>
5.1 Return on saving account is 5 % (2010: 5 %) per annum			
6 SHORT TERM INVESTMENTS - Available for sale Other than related party			
Listed securities			
Term finance certificates		510,000	680,000
Close end mutual funds		-	4,043,126
		510,000	4,723,126
Unlisted securities			
Term finance certificates		625,000	625,000
Ordinary shares		20,000,000	20,000,000
Impairment		(20,625,000)	(20,000,000)
		-	625,000
Membership cards	6.1	8,600,000	8,600,000
		<u>9,110,000</u>	<u>13,948,126</u>
6.1 These represent 8 club memberships of Rs. 1,075,000 each of DHA Country and Golf Club. These investments are carried at cost which is the consideration paid by Company for acquisition of memberships. In the absence of an established market, these have not been carried at fair value which may not be different than the cost.			
7 SHORT TERM FINANCES - considered good Other than related party			
Placements	7.1	12,000,000	-
Musharika finances- secured		10,000,000	12,500,000
		<u>22,000,000</u>	<u>12,500,000</u>
7.1 This represents clean placement to Silk Bank Limited at a rate of return of 13.25 % per annum			

8	Note	2011 Rupees	2010 Rupees
ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances considered good:			
-to financial institution	8.1	17,250,000	17,250,000
Prepayments		1,553,326	2,140,306
Operating lease rentals receivables		3,775,153	8,439,922
Less: provision for operating lease rental receivables		(3,702,153)	(3,702,153)
		73,000	4,737,769
Other receivables	8.2	580,922	2,021,997
		<u>19,457,248</u>	<u>26,150,072</u>

- 8.1 This represents exclusive rights of 15 Platinum Memberships of DA Country & Golf Club assigned by Innovative Investment Bank Limited - IIBL (formerly CSIBL) by virtue of settlement reached between IIBL and Sysmax in respect of certain matters raised against each other, through an order of Sindh High Court. IIBL after signing such settlement intimated the Secretary DA Country and Golf Club to transfer, convey and assign the said memberships to various investors including SLCL.

The investors filed an execution application before the High Court for non-transfer, non-recording and refusal to transfer of said Memberships by DHA to investors and the Honorable Court passed an order and directed Administrator DHA to transfer, convey and assign the said memberships to all investors including SLCL. Thereafter, DHA filed an application under section 12 (2) Civil Procedure Code (CPC) alongwith application under order 39 rule 1 & 2 read with section 151 CPC for stay against the said orders which was granted by the Court and the matter is still pending adjudication before the Honorable High Court of Sindh. However the management is of the view that ultimate decision shall be in favor of the Company and therefore, no provision is required in these financial statements.

- 8.2 During the year the Company has applied under the Easy Exit Scheme announced by Securities & Exchange Commission of Pakistan. In this regard notice is issued for striking off the name of Security Capital Services Ltd by SECP on April 11 2011. Accordingly the amount receivable from Company is written off .

9 CURRENT MATURITY OF NON - CURRENT ASSETS

Current portion of:			
Net investments in leases	11	921,296,010	1,373,873,466
House loan to staff	13	136,811	124,653
Musharika finance	13	66,879,491	140,576,484
Murabaha finance	13	3,627,959	5,477,656
Placements	13	27,000,000	43,200,000
		<u>1,018,940,271</u>	<u>1,563,252,259</u>

10 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Description	Cost / Revalued amounts			Depreciation			Written down value as at June 30, 2011	Depreciation rate in %
	As at July 1, 2010	Additions (deletions) during the year	As at June 30, 2011	As at July 1, 2010	Charge for the year/ (Transfers/ disposal)	As at June 30, 2011		
	-----Rupees-----							
Generators	64,975,933	680,000 (38,423,966)	27,231,967	25,176,639	5,183,248 (17,892,835)	12,467,052	14,764,915	10
Commercial vehicles	13,100,000	- (10,800,000)	2,300,000	7,724,179	320,004 (6,300,000)	1,744,183	555,817	10
Motor vehicles	6,181,160	-	6,181,160	3,996,422	748,872	4,745,294	1,435,866	15
Furniture & fixtures	18,680,000	-	18,680,000	17,096,678	1,000,023	18,096,701	583,299	20
Equipment	17,637,229	-	17,637,229	17,079,670	557,500	17,637,170	59	20
	120,574,322	680,000 (49,223,966)	72,030,356	71,073,588	7,809,647 (24,192,835)	54,690,400	17,339,956	

10.1 The operating lease business segment requires constant investment of huge amount to carry on the business in secondary power supply business. In view of the ongoing financial crisis and lack of funds availability, the Company decided to discontinue the business operations of this segment and dispose-off the assets in the next 12 months soon upon completion of the assets placement agreements.

10.1.1 OPERATING LEASED ASSETS

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss) on disposal	Mode of disposal	Particular of Buyers
-----Rupees-----							
Commercial vehicle	4,800,000	2,800,000	2,000,000	1,920,000	(80,000)	Bid	Perfect Transport Co
	6,000,000	3,500,000	2,500,000	2,400,000	(100,000)	Bid	Perfect Transport Co
	10,800,000	6,300,000	4,500,000	4,320,000	(180,000)		
Generators	4,315,000	970,866	3,344,134	2,689,118	(655,016)	Bid	Smart Power System
	900,000	172,500	727,500	560,882	(166,618)	Bid	Smart Power System
	2,642,847	1,719,733	923,114	740,000	(183,114)	Bid	Amjad Bashir
	2,125,000	1,345,821	779,179	1,065,000	285,821	Bid	Sarwar Elahi
	871,618	581,100	290,518	475,000	184,482	Bid	Nauman Iqbal
	2,810,000	1,826,519	983,481	1,200,000	216,519	Bid	S.Ahmed Ali
	2,125,000	1,381,237	743,763	1,000,000	256,237	Bid	S.Ahmed Ali
	648,000	437,400	210,600	525,000	314,400	Bid	Muhammad Zahid
	658,000	460,638	197,362	525,000	327,638	Bid	Muhammad Zahid
	785,000	281,300	503,700	600,000	96,300	Bid	Muhammad Zahid
	913,000	639,087	273,913	600,000	326,087	Bid	Muhammad Zahid
	654,710	551,049	103,661	500,000	396,339	Bid	Muhammad Zahid
	903,048	760,057	142,991	700,000	557,009	Bid	Muhammad Zahid
	3,870,000	1,365,952	2,504,048	2,100,000	(404,048)	Bid	Rizwan Ali
	3,800,000	1,298,347	2,501,653	2,100,000	(401,653)	Bid	Rizwan Ali
	2,615,000	1,242,144	1,372,856	1,450,000	77,144	Transfer to	Finance Lease
	4,000,000	1,099,989	2,900,011	800,000	(2,100,011)	Bid	Asif Ahmed
	812,743	690,835	121,908	550,000	428,092	Bid	Asif Ahmed
	680,000	487,353	192,647	375,000	182,353	Bid	Asif Ahmed
	1,835,000	247,428	1,587,572	1,000,000	(587,572)	Bid	Aijaz Ahmed Khan
	460,000	333,480	126,520	210,000	83,480	Bid	Aijaz Ahmed Khan
	38,423,966	17,892,835	20,531,131	19,765,000	(766,131)		
2011	224,460,507	62,727,741	161,732,766	185,984,728	24,251,962		
2010	66,430,570	32,824,065	33,606,505	38,846,020	5,239,515		

10.2 Depreciation has been charged on assets related to operating lease till the date of its classification as non-current assets held for sale.

	Note	2011 Rupees	2010 Rupees
11 NET INVESTMENT IN LEASES			
Lease rentals receivable		1,008,112,602	1,361,367,660
Add: Residual value of leased assets		538,979,936	844,281,255
Gross investment in finance leases	11.1	1,547,092,538	2,205,648,915
Less: Unearned lease income		85,984,248	123,133,383
Income suspended	11.3	70,973,193	81,076,370
Provision for potential lease losses	11.4	140,710,253	132,653,759
		297,667,694	336,863,512
Net investment in leases	11.2	1,249,424,844	1,868,785,403
Less: current portion of net investment in leases	9	921,296,010	1,373,873,466
		328,128,834	494,911,937
11.1 Gross investment in finance leases			
Less than one year		1,064,729,485	1,551,310,136
More than one year and less than five years		482,363,053	654,338,779
		1,547,092,538	2,205,648,915
11.2 Present value of investment in finance leases			
Less than one year		921,296,010	1,373,873,466
More than one year and less than five years		328,128,834	494,911,937
		1,249,424,844	1,868,785,403
11.3 Income suspended			
Balance at beginning of the year		81,076,370	73,130,566
Income suspended during the year		510,272	15,644,670
Income reversed during the year		(10,613,449)	(7,698,866)
Balance at end of the year		70,973,193	81,076,370
11.4 Provision for potential lease and other losses			
Balance at beginning of the year		132,653,759	105,716,966
Provision for the year		11,166,967	34,612,121
Reversed for the year		(3,110,473)	(7,675,328)
Balance at end of the year		140,710,253	132,653,759
12 LONG TERM DEPOSITS			
National Clearing Company-security deposit		2,500,000	2,500,000
Others		1,559,500	1,559,500
		4,059,500	4,059,500

	Note	2011 Rupees	2010 Rupees
13 LONG TERM FINANCE - secured and considered good			
House loan to staff - related party	13.1	-	-
- Executives		1,436,712	1,776,847
- Employees		136,811	124,653
Less: current portion	9	1,299,901	1,652,194
Musharika finances - other than related party	13.3	96,917,356	160,993,982
Less: current portion	9	66,879,491	140,576,484
		30,037,865	20,417,498
Murabaha finance - other than related party	13.4	3,627,959	5,477,656
Less: current portion	9	3,627,959	5,477,656
		-	-
Placements		54,000,000	54,000,000
Less: Provision		(27,000,000)	(10,800,000)
Less: current portion		27,000,000	43,200,000
		-	-
		31,337,766	22,069,692

13.1 These house loans are given to employees for purchase, construction and renovation purposes over the term of 20 years in accordance with the employment policy. These loans are secured against terminal benefits of employees and original documents of the property are kept by the Company.

13.2 Reconciliation of carrying amount of loans to executives:

Opening Balance	-	1,822,237
Disbursements	-	-
	-	1,822,237
Repayments	-	1,822,237
Closing Balance	-	-

13.3 This represents financing under musharika facility to various customers. The rate of return on these facilities ranges from 17.62% to 19.77% (2010: 16.46% to 19.17%) per annum. The repayment of these facilities is due between July, 2011 and December, 2013. These are secured by way of equitable mortgage on properties and pledge of shares.

13.4 This represents finance provided under morabaha facility and was secured against mortgage of property. The rates of return on these facilities ranges from 19.57% to 19.61% (2010: 18.41% to 19.29%) per annum.

	Note	2011 Rupees	2010 Rupees
14 LONG-TERM INVESTMENTS			
Available for sale - other than related party			
Pakistan investment bonds		-	88,192,936
15 LONG-TERM ADVANCES	22.4	6,633,334	-
16 PROPERTY AND EQUIPMENT			
Property and equipment - own use	16.1	13,844,299	111,812,977
Property and equipment - operating lease	16.1	-	49,500,735
		13,844,299	161,313,712

16.1 OPERATING ASSETS

DESCRIPTION	Cost / Revalued amounts			Depreciation			Written down value as at June 30, 2011	Depreciation rate in %
	As at July 1, 2010	Additions (deletions) during the year	As at June 30, 2011	As at July 1, 2010	Charge for the year/ (Transfers/ disposal)	As at June 30, 2011		
Rupees								
OWNED								
Office premises	110,256,377	(5,301,377) (104,955,000)	-	23,650,220	4,134,618 (27,784,838)	-	-	5
Leasehold improvements	12,717,945	9,556,055 (22,274,000)	-	5,892,272	1,430,775 (7,323,047)	-	-	15
Furniture and fixtures	7,257,182	2,383,285 (7,104,370)	2,536,097	4,615,796	1,047,769 (3,885,490)	1,778,075	758,022	20
Office equipment	2,581,882	123,600 (182,750)	2,522,732	2,452,971	92,308 (170,990)	2,374,289	148,443	36
Computer equipment	4,708,960	- (305,000)	4,403,960	4,441,486	131,838 (304,993)	4,268,331	135,629	36
Generator and air conditioners	3,688,070	-	3,688,070	2,357,197	696,056	3,053,253	634,817	20
Vehicles	27,941,010	7,661,350 (7,992,325)	27,610,035	13,928,507	6,990,966 (5,476,831)	15,442,642	12,167,393	30
June 30, 2011	169,151,426	14,422,913 (142,813,445)	40,760,894	57,338,449	14,524,330 (44,946,189)	26,916,590	13,844,299	-
June 30, 2010	335,893,340	20,262,978 (66,430,570)	289,725,748	131,209,251	30,026,850 (32,824,065)	128,412,036	161,313,712	-

16.1.1 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss) on disposal	Mode of disposal	Particular of buyers
-----Rupees-----							
Vehicles							
	1,468,475	356,195	1,112,280	1,116,780	4,500	Terms of Employment	Jawad Rafi
	1,005,000	904,500	100,500	100,500	-	Terms of Employment	Shahid M.Shah
	652,000	586,800	65,200	65,200	-	Terms of Employment	M.Abid Khan
	620,000	558,000	62,000	62,000	-	Terms of Employment	M.Taqi Lakhani
	505,000	429,250	75,750	75,750	-	Terms of Employment	Atta Abbas
	455,000	227,500	227,500	227,500	-	Terms of Employment	M.Islam
	1,153,000	480,780	672,220	672,220	-	Terms of Employment	Masood-ur-Rehman
	403,000	352,625	50,375	50,375	-	Terms of Employment	M.Imran
	377,300	339,588	37,712	37,712	-	Terms of Employment	Abid Iftikhar
	365,000	328,500	36,500	36,500	-	Terms of Employment	M.Farooq
	64,000	63,999	1	25,000	24,999	Terms of Employment	Shakil Aziz
	422,275	384,548	37,727	42,212	4,485	Terms of Employment	Irfan Hussain
	422,275	384,548	37,727	42,200	4,473	Terms of Employment	Shiraz Siddiqui
	40,000	39,999	1	15,000	14,999	Negotiation	Gulam Mustafa
	40,000	39,999	1	18,000	17,999	Negotiation	Five Star Autos
	7,992,325	5,476,831	2,515,494	2,586,949	71,455		
Furniture & fixture							
	10,576,519	3,726,528	6,849,991	10,112,676	3,262,685	Negotiation	Bank of Khyber
	80,000	24,000	56,000	56,000	-	Terms of Employment	Amim Khan
	174,370	134,962	39,408	39,408	-	Terms of Employment	Jawad Rafi
	10,830,889	3,885,490	6,945,399	10,208,084	3,262,685		
Leasehold Improvements	29,597,047	7,323,047	22,274,000	28,299,042	6,025,042	Negotiation	Bank of Khyber
Leasehold Property	126,328,530	21,373,530	104,955,000	120,788,281	15,833,281	Negotiation	Bank of Khyber
Mobile Phone & Office							
Equipment							
	12,300	12,299	1	1	-	Term of Employment	Salman Hameed
	145,050	145,030	20	1,000	980	Negotiation	Amjad
	8,400	7,056	1,344	3,000	1,656	Claim Received	EFU Insurance Co. Ltd.
	8,500	4,845	3,655	3,655	-	Terms of Employment	Masood ur Rehman
	8,500	1,785	6,715	6,715	-	Terms of Employment	Atta Abbas
	182,750	171,015	11,735	14,371	2,636		
Computer Equipment	305,000	304,993	7	3,000	2,993	Negotiation	Amjad
2011	175,236,541	38,534,906	136,701,635	161,899,728	25,198,093		
2010	11,644,977	9,355,283	2,289,694	1,800,666	(489,028)		

	Note	2011 Rupees	2010 Rupees
17 DEFERRED TAX ASSET			
Accelerated depreciation for tax purposes		(197,802,679)	(234,006,047)
Overdue rentals of finance leases		149,718,178	160,302,739
Provision for potential lease losses		58,698,589	50,208,816
Diminution in value of long term investments		-	6,273,416
Unabsorbed tax depreciation		344,830,304	372,665,468
		<u>355,444,392</u>	<u>355,444,392</u>
Surplus on revaluation of fixed assets		-	(11,479,502)
		<u>355,444,392</u>	<u>343,964,890</u>
This represents the probable benefits expected to be realized in future years determined on the projected financial statements under prevailing circumstances for the next few years.			
18 ACCRUED AND OTHER LIABILITIES			
Accrued liabilities	18.1	519,588	654,584
Advance against leases		71,158,860	54,251,464
Unclaimed dividend		809,102	809,102
Other liabilities		2,503,837	6,034,941
		<u>74,991,387</u>	<u>61,750,091</u>
18.1	This includes an amount of Rs. 85,650 (2010: Rs. 7,850) payable to provident fund of the Company.		
19 ACCRUED MARK-UP			
-Short-term finance		-	2,405,770
-Long-term finance		-	11,553,194
		-	<u>13,958,964</u>
20 SHORT TERM FINANCES - other than related party			
Secured			
Under repurchase agreements		-	82,409,863
		-	<u>82,409,863</u>
21 CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current maturity of:			
Long term finances	22	406,187,500	406,987,504
Long term deposits	23	304,187,304	558,498,815
		<u>710,374,804</u>	<u>965,486,319</u>
22 LONG-TERM FINANCES - secured Other than related party			
Term finance certificates	22.1	128,906,249	175,781,249
SUKUKs	22.2	700,900,446	958,322,162
Long-term loans	22.3	262,416,640	532,671,333
		1,092,223,335	1,666,774,744
Less: Current maturity shown under current liabilities	21		
Term finance certificates		46,875,000	46,875,000
SUKUKs		257,812,500	257,812,500
Long-term loans		101,500,000	102,300,004
		406,187,500	406,987,504
		<u>686,035,835</u>	<u>1,259,787,240</u>

The Company has negotiated repricing of its long term loans including SUKUK issue I and II and Privately Placed Term Finance Certificate in March 2011 which comprised of the reduction in markup rate to zero percent. The principal will be paid in equal monthly installment up to March 2014.

22.1 Principal terms of term finance certificates (TFCs)

Particulars	Repayment period		Profit rate per annum	Principal outstanding (Rupees)	
	from	to		2011	2010
From financial institutions					
Privately placed term finance certificates (3rd Issue)	Sep-07	Mar-14	Zero % (2010: 6%)	128,906,249	175,781,249

22.2 Principal terms of SUKUKs

Particulars	Repayment period		Profit rate per annum	Principal outstanding (Rupees)	
	from	to		2011	2010
From financial institutions					
Privately placed SUKUK-1	Dec-08	Mar-14	Zero % (2010: 6%)	318,326,995	435,362,996
Privately placed SUKUK-2	Mar-09	Mar-14	Zero % (2010: 6%)	382,573,451	649,563,095

22.3 Principal terms of Long Term Loans

Particulars	Repayment period		Profit rate per annum	Principal outstanding (Rupees)	
	from	to		2011	2010
United Growth & Income Fund	Dec-07	Apr-12	Zero % (2010: 6%)	129,000,000	181,000,000
The Bank of Khyber	Apr-10	Apr-11	Zero % (2010: 6%)	-	192,366,666
United Bank Ltd	Apr-10	Apr-14	Zero % (2010: 6%)	35,416,639	46,875,009
The Bank Of Punjab	Apr-10	Apr-14	Zero % (2010: 6%)	65,000,001	87,777,520
Soneri Bank Ltd	Apr-10	Apr-14	Zero % (2010: 6%)	33,000,000	24,652,138

22.4 The Company has settled its clean placement with Bank of Khyber against its properties for an agreed value of Rs. 159.20 million. Under the agreement, the Company shall have the right to re-purchase the properties in future if it has the ability to generate the funds to acquire the properties. The Company has made payment of Rs. 6,633,334 till June 30 2011 in this regard.

	Note	2011 Rupees	2010 Rupees
23 LONG-TERM DEPOSITS			
Security deposits against leases		537,242,795	844,043,311
Less: current maturity of security deposits	21	304,187,304	558,498,815
		<u>233,055,491</u>	<u>285,544,496</u>

23.1 These represent interest free security deposits received against lease contracts and are refundable/adjustable at the expiry/termination of the respective leases.

	Note	2011 Rupees	2010 Rupees
24 SHARE CAPITAL			
Authorised capital			
75,000,000 (2010: 75,000,000) ordinary shares of Rs. 10 each		750,000,000	750,000,000
50,000,000 (2010: 50,000,000) preference shares of Rs. 10 each		500,000,000	500,000,000
		<u>1,250,000,000</u>	<u>1,250,000,000</u>
Issued, subscribed and paid-up share capital			
22,100,000 (2010: 22,100,000) ordinary shares of Rs. 10 each fully paid in cash		221,000,000	221,000,000
14,200,000 (2010: 14,200,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares		142,000,000	142,000,000
		<u>363,000,000</u>	<u>363,000,000</u>
Preference shares			
7,502,775 preference shares-Class A of Rs. 10 each fully paid in cash	24.2	75,027,750	75,027,750
		<u>438,027,750</u>	<u>438,027,750</u>

		2011 Number	2010 Number
24.1 Movement in number of shares			
Ordinary shares			
Number of the shares at beginning of the year		36,300,000	36,300,000
Issued during the year		-	-
Number of the shares at end of the year		<u>36,300,000</u>	<u>36,300,000</u>
Preference shares			
Number of the shares at beginning of the year		7,502,775	7,502,775
Redeemed during the year	24.2	-	-
Number of the shares at end of the year		<u>7,502,775</u>	<u>7,502,775</u>

24.2 The Company raised additional equity of Rs. 150 million through right issue of 15 million non-convertible and non-cumulative Preference Shares - Class A of Rs. 10 each in September 2003. These Preference Shares carry preferred right to dividend computed @ 35% of profit after tax and statutory reserves subject to a maximum profit of Rs. 40 million. The Company has the option to redeem these shares after 12 months from the date of the issue. The Preference shareholders have the right to exercise the put option in tranches by giving three months advance notice as per the following schedule:

Percentage of redemption	Period to exercise put option	
	From	To
3,750,000 Shares (1st redemption)	June-07	November-07
3,750,000 Shares (2nd redemption)	June-08	November-08
3,750,000 Shares (3rd redemption)	June-09	November-09
3,750,000 Shares (4th redemption)	June-10	November-10

24.3 Due to huge losses and absence of any fresh issue of Capital and in accordance with section 85 of the companies ordinance the Company has not redeemed the redemption of preference shares. However, after consultation with the majority shareholders of Preference Shares and legal advisor, the would set up a sinking fund in the current year. Portion of profits, if any, would be transferred on periodic basis to the fund to enable the Company to make redemption.

24.4 Capital management policies and procedures

The Company's objective for managing capital is to safeguard its ability to continue as a going concern in order to continue providing returns to its shareholders. Further, the Company ensures to comply with all the regulatory requirements regarding capital and its management. Due to heavy losses, the Company is facing shortfall meeting minimum Capital requirement. In July 2010, SECP has given extension to the Company for continuing its leasing business and equity position would be reviewed after June 30 2011.

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

To be complied by	Minimum equity Rupees
June 30, 2011	350,000,000
June 30, 2012	500,000,000
June 30, 2013	700,000,000

	Note	2011 Rupees	2010 Rupees
The Company's capital consist of:			
Issued, subscribed and paid-up share capital		438,027,750	438,027,750
Reserves		(331,024,545)	(384,453,573)
		107,003,205	53,574,177
Unrealized loss on available for sale investments		(170,000)	(19,125,006)
		<u>106,833,205</u>	<u>34,449,171</u>
25 RESERVES			
Capital reserve			
Statutory reserves	25.1	118,867,005	118,867,005
Revenue reserve			
(Accumulated loss)/Unappropriated profit		(449,891,550)	(503,320,578)
		<u>(331,024,545)</u>	<u>(384,453,573)</u>
25.1 Balance at beginning of the year		118,867,005	118,867,005
Transferred during the year		-	-
Balance at end of the year		<u>118,867,005</u>	<u>118,867,005</u>

Statutory reserve represents profit set aside to comply with the Regulations.

26 Deposit against issuance of shares

The Company under restructuring process negotiated the settlement of a deposit under certificate of investment by AMZ Plus Income Fund through conversion of the deposit into Cumulative, Convertible, Redeemable Preference Shares. A memorandum of understanding (MOU) was signed with Crosby Asset Management (Pakistan) Limited, fund manager of AMZ Plus Income Fund on April 29, 2010. Application was submitted with SECP for permission to issue shares directly to Crosby Asset Management. However, the Commission has asked the Company to obtain approval under the provisions of Companies Ordinance 1984.

27 SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on revaluation of fixed assets	27.1	-	32,798,578
Deferred tax (liability) recognized	27.2	-	(11,479,502)
		<u>-</u>	<u>21,319,076</u>

	Note	2011 Rupees	2010 Rupees
27.1 Reconciliation of surplus on revaluation of fixed assets			
At the beginning of the year		32,798,578	34,688,218
Surplus Adjusted during the year		(31,381,348)	-
Surplus realized on account of incremental depreciation		(1,417,230)	(1,889,640)
At the end of the year		<u>-</u>	<u>32,798,578</u>
27.2 Deferred tax liability			
At the beginning of the year		11,479,502	12,140,876
Deferred tax liability arise/(Adjusted) during the year		(10,062,272)	-
Deferred tax liability realized on account of incremental depreciation		(1,417,230)	(661,374)
At the end of the year		<u>-</u>	<u>11,479,502</u>
28 CONTINGENCIES AND COMMITMENTS			
28.1 Commitments for lease disbursements		<u>3,973,270</u>	<u>29,880,000</u>
28.2 Contingencies			
There is no contingencies as at balance sheet date.			
29 INCOME FROM FINANCE LEASE			
Income from finance lease contracts		100,876,185	149,873,329
Hire purchase contracts		-	50,438
		<u>100,876,185</u>	<u>149,923,767</u>
30 OTHER OPERATING INCOME			
Income from financial assets	30.1	15,418,092	3,270,875
Other than financial assets	30.2	26,065,629	(532,900)
		<u>41,483,721</u>	<u>2,737,975</u>
30.1 Income from financial assets			
Loans and receivables			
Profit from bank under cash management scheme		317,177	419,641
Profit on term finance certificates		102,159	113,032
Profit on musharika		23,795,669	32,241,396
Profit on house finance to staff		116,508	521,500
Profit on murabaha		998,376	1,159,566
Profit on placements- net of income suspended		701,946	1,901,986
		<u>26,031,835</u>	<u>36,357,121</u>
Available for sale investment			
Mark-up on government securities		6,533,542	6,564,485
Loss on disposal of available for sale investments		(17,202,745)	(43,070,811)
Dividend income		55,460	3,420,080
		<u>(10,613,743)</u>	<u>(33,086,246)</u>
		<u>15,418,092</u>	<u>3,270,875</u>
30.2 Other than financial assets			
Fees, commissions and other charges		644,786	(43,872)
Gain on disposal of property and equipment		25,198,093	(489,028)
Others		222,750	-
		<u>26,065,629</u>	<u>(532,900)</u>

	Note	2011 Rupees	2010 Rupees
31 Discontinued Operation			
Operating leases Revenue		17,669,541	21,398,255
Direct Cost of Operating Lease			
Maintenance contracts		6,187,532	7,886,840
Depreciation		7,809,647	12,543,540
Insurance		1,484,220	2,072,491
		15,481,399	22,502,871
(Loss)/Gain on disposal		(946,131)	5,728,543
Profit before tax		1,242,011	4,623,927
Taxation		(176,695)	(106,991)
Profit after tax		1,065,316	4,516,936
Cash flows			
Net cash from operating activities		4,664,769	10,909,921
Net cash from investing activities		24,085,000	37,045,354
Net cash inflows from discontinued operation for the year		28,749,769	47,955,275
32 ADMINISTRATIVE AND SELLING EXPENSES			
Salaries, allowances and benefits	32.2 & 32.3	44,425,293	47,318,454
Gratuity		-	1,163,000
Directors' fee	32.1	256,000	210,000
Staff training and development		41,800	104,150
Telephone and fax		1,516,483	2,112,921
Postage and courier		81,350	144,101
Electricity		1,414,106	1,194,537
Office maintenance		1,665,900	2,566,112
Software maintenance		180,933	232,268
Security guards charges		324,000	312,000
Insurance		548,342	647,211
Business promotion expenses		1,731,960	1,688,960
Canteen expenses		559,660	478,706
Vehicle running expenses		8,446,338	8,547,755
Vehicle insurance		933,374	872,544
Traveling and conveyance		260,949	362,340
Advertisement expenses		105,598	139,500
Printing and stationery		801,442	978,744
Central depository charges		218,049	216,069
Subscriptions and listing fees		759,007	761,883
Legal and professional charges		2,225,876	1,212,176
Auditors' remunerations	32.4	507,700	585,190
Statutory filing fees		40,400	74,900
Depreciation		14,524,363	17,483,317
Rent, rates and taxes		1,984,931	3,670,998
Miscellaneous		68,350	40,498
		83,622,204	93,118,334

32.1 Directors' fee

This represents remuneration paid to the non-executive directors of the Company for attending meetings of the Board and Board's committees.

32.2 Remuneration of chief executive and executives

	2011		2010	
	Chief executive	Executives	Chief executive	Executives
Managerial remuneration	7,800,000	7,062,900	7,200,000	6,672,578
Housing and utilities	3,960,000	3,585,780	4,146,000	3,267,000
Medical and other perquisites	759,089	543,300	121,656	493,200
Provident fund contribution			480,000	396,000
Gratuity				
	<u>12,519,089</u>	<u>11,191,980</u>	<u>11,947,656</u>	<u>10,828,778</u>
No. of persons	<u>1</u>	<u>7</u>	<u>1</u>	<u>7</u>

32.2.1 The chairman, chief executive and certain executives were also provided with free use of Company owned and maintained cars and certain household items in accordance with their terms of employment.

32.3 Salaries, allowances and benefits include provident fund contribution of Rs. 1,179,810 (2010: Rs. 1,734,558).

	Note	2011 Rupees	2010 Rupees
32.4 Auditors' remuneration			
Annual audit		250,000	250,000
Half yearly review		100,000	100,000
Other certifications		100,000	175,000
Out-of-pocket expenses		57,700	60,190
		<u>507,700</u>	<u>585,190</u>
33 FINANCE COSTS			
Markup on :			
Long and short term finance		22,825,793	74,313,767
running finance		9,562,889	22,103,684
certificates of investment		-	2,743,260
term finance certificates		2,136,664	26,162,408
Profit on SUKKUKs		11,282,589	135,859,665
		<u>45,807,935</u>	<u>261,182,784</u>
34 DIRECT COST OF FINANCE LEASES			
Court fee, stamp duty and others		1,947,710	2,859,779
35 Provision for potential lease and other losses			
Provision on leases	11.4	8,056,494	26,936,793
Provision on other financing	13	16,200,000	10,800,000
		<u>24,256,494</u>	<u>37,736,793</u>
36 INCOME TAX EXPENSE			

Current

The tax charge for the current year represents minimum charge at 1 % of gross income under section 113 of the Income Tax Ordinance, 2001 and tax on dividend income.

Assessments of the Company have been finalized upto the tax year 2010. Returns are deemed to be an assessment order passed by the Commissioner of Income Tax under section 120 of Income Tax Ordinance, 2001. The said returns have so far not been selected for audit by the tax department.

36.1 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under section 113 of the Income Tax Ordinance, 2001 related to minimum tax. The Company's tax computation gives rise to a tax loss due to unabsorbed tax depreciation.

	Note	2011 Rupees	2010 Rupees
37 (LOSS)/EARNINGS PER SHARE - basic and diluted			
Loss for the year from continuing operations		(25,850,243)	(278,470,477)
Profit for the year from discontinuing operations		1,065,316	4,516,936
Loss attributable to ordinary shareholders-Rupees		(24,784,927)	(273,953,541)
Number of ordinary shares issued and subscribed		36,300,000	36,300,000
Loss per share from continuing business		(0.71)	(7.67)
Earnings per share from discontinue business		0.03	0.12
Loss per share		(0.68)	(7.55)

(Loss)/Earnings per share has been calculated by dividing (loss)/profit for the year attributable to the ordinary shareholders outstanding at the period end by the weighted average number of shares outstanding during the year.

Diluted earnings per share

There is no dilution effect on the basic earning per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2011.

38 CASH AND CASH EQUIVALENTS

Running finance		-	(112,429,657)
Balances with banks	5	7,081,414	2,551,680
		7,081,414	(109,877,977)

39 SEGMENT INFORMATION

The primary sources of revenue segments are Finance Lease, Musharika business and Capital Market Operations based on the nature of business and related risk associated with each type of business segment. Other operations, which are not deemed by the management to be sufficiently significant to disclose as separate items are reported under Others.

Segment assets and liabilities included all assets and liabilities related to the segment and relevant proportion of the assets and liabilities allocated to the segment on reasonable basis.

Segment revenue and expenses included all revenue and expenses related to the segment and relevant proportion of the revenue and expenses allocated to the segment on reasonable basis.

	June 30, 2011					Total
	Finance lease	Capital market	Musharika	Others	Operating Lease Discontinued Operations	
	Rupees					
Segment revenues	100,876,185	(11,136,584)	23,795,669	27,253,505	17,669,541	158,458,316
Segment result	305,832	(14,403,443)	17,026,749	24,422,019	741,038	28,092,195
Unallocated cost						3,326,470
Finance cost						37,206,601
Administrative and selling expenses						40,533,071
Loss before income tax						(12,440,876)
Income tax expense						(11,950,806)
Loss for the year						(24,391,682)
Other information						
Segment assets	1,249,424,844	9,280,000	106,917,356	44,064,671	17,339,956	1,427,026,827
Unallocated assets						409,617,087
Total assets						1,836,643,914
Segment liabilities	1,458,557,546	6,842,989	78,839,906	32,492,896	12,786,329	1,589,519,666
Unallocated liabilities						108,519,592
Total liabilities						1,698,039,258
Net assets						138,604,656
Capital expenditure				7,730,950	680,000	680,000

	June 30, 2010					Total
	Finance lease	Capital market	Musharika	Others	Operating Lease Discontinued Operations	
	Rupees					
Segment revenues	149,923,767	(82,646,929)	32,241,396	9,198,336	21,398,255	130,114,825
Segment result	(92,498,250)	(112,449,360)	(2,102,758)	1,034,603	(14,015,950)	(220,031,714)
Unallocated cost						
Finance cost						24,410,252
Administrative and selling expenses						42,843,770
						67,254,022
Loss before income tax						(287,285,736)
Income tax expense						13,332,195
Profit for the year						(273,953,541)
Other information						
Segment assets	1,868,785,403	102,141,062	173,493,982	50,454,503	67,234,811	2,262,109,761
Unallocated assets						487,595,457
Total assets						2,749,705,218
Segment liabilities	2,202,814,509	74,265,527	126,145,370	36,684,857	48,885,615	2,488,795,878
Unallocated liabilities						180,141,094
Total liabilities						2,668,936,972
Net assets						80,768,245
Capital expenditure				10,984,478	9,270,000	20,254,478

40 RISK MANAGEMENT

The Company is primarily exposed to credit risk, liquidity risk and market risk. The Company has designed and implemented a framework of controls to identify, monitor and manage these risks as follows:

40.1 Credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economics, political and other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company manages its credit risk by monitoring credit exposure, limiting transaction with specific counter party and continually assessing the credit worthiness of counter parties. Management considers that all the financial assets that are neither past due nor impaired are of good credit quality. The maximum exposure of the Company to credit risk at reporting date without taking account any collateral held or other credit enhancements is as follows:

	Note	2011 Rupees	2010 Rupees
Classes of financial assets - carrying value			
Cash and cash equivalent			
Balances with banks	5	7,081,414	2,551,680
Loans and receivables			
Short-term finances	7	22,000,000	12,500,000
Advance to financial institution	8	17,250,000	17,250,000
Accrued return on investments		1,532,212	9,031,691
Long-term deposits	12	4,059,500	4,059,500
Long-term finances		128,982,027	211,448,485
Lease receivables			
Net investment in finance leases	11	1,249,424,844	1,868,785,403
Operating lease receivables	8	73,000	4,737,769
Available for sale financial assets			
Short term investments	6	9,110,000	13,948,126
Long-term investments	14	-	88,192,936
		1,439,512,997	2,232,505,590

- 40.1.1 The credit risk to cash and cash equivalent is negligible, since the counter parties are reputable banks with high quality external credit rating.
- 40.1.2 Loans and receivables of the Company are secured by collaterals that are disclosed in their relevant notes.
- 40.1.3 The Company manages concentration of credit risk exposure through diversification of activities to avoid undue concentrations of risks with individuals, groups of specific industry segment. An analysis by class of business of the Company's net investments in finance leases, hire purchase contracts, investment and other financial assets is given below:

Sector	2011		2010	
	Rupees	%	Rupees	%
Textile	255,398,454	18.41	366,601,464	16.76
Construction	88,525,728	6.38	200,175,983	9.15
Transport and communication	199,347,602	14.37	231,330,407	10.58
Oil and gas	155,543,792	11.21	274,267,235	12.54
Food and beverages	57,303,107	4.13	84,125,523	3.85
Engineering	62,415,175	4.50	96,065,266	4.39
Plastic	27,601,131	1.99	53,655,798	2.45
Consumer leases	52,686,814	3.80	98,493,865	4.50
Health care	29,703,183	2.14	74,318,194	3.40
Travel and tourism	29,991,639	2.16	5,564,047	0.25
Pharmaceutical	40,176,802	2.90	44,936,633	2.05
Advertisement	2,922,650	0.21	18,103,503	0.83
Cement	40,890,968	2.95	60,228,100	2.75
Auto and allied	45,470,493	3.28	58,221,207	2.66
Publications	15,800,587	1.14	21,108,513	0.97
Sugar	96,176,850	6.93	122,524,321	5.60
Glass and ceramics	8,981,504	0.65	73,341,233	3.35
Energy	-	0.00	3,275,000	0.15
Others	178,653,392	12.88	300,417,619	13.74
Total	1,387,589,871	100	2,186,753,911	100

40.1.4 Analysis of financial assets that are past due:

	Total	Loans and receivables	Net investment in finance lease	Operating lease receivables
.....R u p e e s				
Gross carrying amount				
Not past due	895,027,850	104,630,389	786,622,308	3,775,153
Past due by more than 30 days but not more than 180 days	45,057,404	12,193,350	32,864,054	-
Past due by more than 180 days but not more than 360 days	45,065,057	-	45,065,057	-
Past due by more than 360 days	609,583,678	84,000,000	525,583,678	-
	1,594,733,989	200,823,739	1,390,135,097	3,775,153
Impairment loss on				
Past due by more than 180 days	-	-	-	-
Past due by more than 180 days but not more than 360 days	-	-	-	-
Past due by more than 360 days	171,412,406	27,000,000	140,710,253	3,702,153
Total impairment loss	171,412,406	27,000,000	140,710,253	3,702,153
Net carrying amount	1,423,321,583	173,823,739	1,249,424,844	73,000

40.1.5 Financial assets that are past due and impaired are disclosed in notes . Impairment is determined after considering the forced sale value of the collateral held.

40.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulties in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding impact of netting agreements:

	2 0 1 1				Total
	Within 6 month	6 month to 1 year	One year to five years	Over five years	
-----Rupees-----					
Financial Assets					
Cash and cash equivalent	7,081,414				7,081,414
Loans and receivables	34,073,485	87,102,988	52,647,266	-	173,823,739
Lease receivables	180,320,178	741,048,832	328,128,834	-	1,249,497,844
Available for sale financial assets	-	9,110,000	-	-	9,110,000
	221,475,077	837,261,820	380,776,100	-	1,439,512,997
Financial liabilities					
Accrued and other liabilities	74,991,334	-	-	-	74,991,334
Accrued mark-up	-	-	-	-	-
Short-term finances	-	-	-	-	-
Certificates of investment	-	-	-	-	-
Long -term finances	203,093,750	203,093,750	686,035,835	-	1,092,223,335
Long-term deposits	44,848,470	259,338,834	233,055,491	-	537,242,795
	322,933,554	462,432,584	919,091,326	-	1,704,457,464
	(101,458,477)	374,829,236	(538,315,226)	-	(264,944,467)
-----Rupees-----					
Financial Assets					
Cash and cash equivalent	2,551,680	-	-	-	2,551,680
Loans and receivables	66,282,578.00	123,096,215	21,710,883	-	211,089,676
Lease receivables	399,797,258.00	978,813,977	494,911,937	-	1,873,523,172
Available for sale financial assets	-	13,948,126	88,192,936	-	102,141,062
	468,631,516	1,115,858,318	-	604,815,756	2,189,305,590
Financial liabilities					
Accrued and other liabilities	61,750,091	-	-	-	61,750,091
Accrued mark-up	-	13,958,964	-	-	13,958,964
Short-term finances	82,409,863	112,429,657	-	-	194,839,520
Certificates of investment	-	-	-	-	-
Long -term finances	216,197,424	190,790,080	1,147,357,582	-	1,554,345,086
Long-term deposits	386,053,443	172,445,372	285,544,496	-	844,043,311
	746,410,821	489,624,073	1,432,902,078	-	2,668,936,972
	(277,779,305)	626,234,245	(828,086,322)	-	(479,631,382)

40.3 Market risk

Market risk is the risk that the value of a financial instruments will fluctuate as a result of changes in interest rates or market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, activities, supply and demand of securities and liquidity in the market. The Company is not exposed to currency risk as it is not involved in foreign currency transactions. However, it is exposed to interest rate risk and market price risk.

40.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to restructuring of the long & short term borrowings the Company, the rate of markup is now zero percent for the next 12 months and therefore, the Company is exposed to changes in market interest rates only for net investment in lease.

Cash flow sensitivity analysis for variable rate instruments

Due to restructuring of the long & short term borrowings of the Company, the rate of markup is now zero percent for the next 12 months and therefore, the sensitivity analysis is not performed.

41 FAIR VALUE OF FINANCIAL ASSETS

The fair value of all other financial assets and financial liabilities is estimated to approximate their carrying value.

42 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company include staff provident fund, staff gratuity fund, directors, key management personnel and companies in which directors are common or a director hold office. Transactions with directors and key management personnel are disclosed in their relevant notes. Transactions with other related parties and the balances outstanding at the year end are given below:

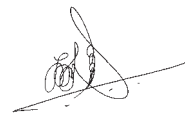
			2011	
Name of related party	Nature of relationship	Description of transaction	Total value of transaction	Closing balance
		Rupees.....	
Provident fund	Other related party	Contribution paid	1,179,810	85,650
Gratuity fund	Other related party	Contribution paid	-	-
			2010	
Name of related party	Nature of relationship	Description of transaction	Total value of transaction	Closing balance
		Rupees.....	
Provident fund	Other related party	Contribution paid	1,734,558	7,850
Gratuity fund	Other related party	Contribution paid	1,163,000	-

43 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 03, 2011 by the Board of Directors of the Company.



Mohammed Khalid Ali
Chief Executive Officer



M R Khan
Chairman

FORM OF PROXY

I/We _____ of _____

being a member **Security Leasing Corporation Limited** do hereby appoint

_____ of _____ or failing him/her

_____ of _____ or failing him/her

_____ of _____

to be proxy and to vote for me at the Annual General Meeting of the Company to be held on October 25, 2011 and at any adjournment thereof in the same manner as I / We would vote if personally present at such meeting.

Signed this _____ day of _____ 20 _____

Signature: _____

Rupees 5/-
Revenue Stamp

Address: _____

Total Shares Held: _____ Folio/CDC A/c No. _____

Holder of Share Nos. From: _____ To _____

Witness:

Witness:

Name: _____ Name: _____

CNIC: _____ CNIC: _____

Signature: _____ Signature: _____

Address: _____ Address: _____

NOTE:

1. Signature should agree with specimen registered with the company.
2. Proxy to be valid must be deposited with the Company at its registered office not less than forty-eight hours before the meeting.
3. Proxy need not be a member.

For CDC Account Holders/ Corporate Entities:

In addition to the above the following have to be met:

- i) The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his/her original CNIC or passport at the time of the Meeting.
- iv) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has provided earlier) alongwith proxy form of the Company.