Security Leasing
Corporation Limited

Table of Contents

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 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. Mohammed Khalid Ali	Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	
Mr. Abdul Ghafoor	Chairman
Mr. S. M. Nadim Shafiqullah	Member
Mr. Mohammed Khalid Ali	Member
Mr. Shafiq-ur-Rehman	Member
COMPANY SECRETARY	Salman Hameed
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

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.seclease.com e-mail: slcl@seclease.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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of the members of Security Leasing Corporation Limited will be held on Thursday, 25th October 2012 at 7:00 p.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:

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 25, 2011.

2. To receive, consider and adopt the audited accounts for the year ended 30th June 2012 and the reports of the Directors and the auditors thereon.

3. To appoint auditors and fix their remuneration for the year ending June 30, 2013.

4. To transact any other business with the permission of the Chair.

By order of the Board
Salman Hameed
Company Secretary

Karachi: October 4, 2012

Notes:

1. The Share Transfer Books of the Company shall remain closed from 19 October, 2012 to 26 October, 2012 (both days inclusive). Transfers received in order at the office of our Shares 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 by the close of the business on 18 October, 2012 will be treated in time for the purpose of attending the meeting.

2. A Member entitled to be present and vote at the meeting may appoint another Member as proxy to attend, speak and vote instead of him.

3. The instrument appointing a proxy, duly stamped and signed, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or authority must be deposited Registered Office of the Company, B- 501, 5th Floor, Lakson Square # 3, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting. A form of proxy is enclosed.

4. Shareholders are requested to notify any change of address immediately to the Share Registrars 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.

5. The CDC account holders will have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A. For attending the meeting:

(i) In case of individuals, the account holders or sub-account holders and / or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending the meeting.

(ii) In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

(i) In case of individuals, the account holders or sub-account holders and / or persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations, shall submit the proxy forms accordingly.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy forms.

(iv) The proxy shall produce their original CNIC or original passport at the time of the meeting.

(v) In case of corporate entities, the Board of Directors resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

REPORT OF THE DIRECTORS

The Board of Directors has pleasure in presenting the Nineteenth Annual Report of Security Leasing Corporation Limited (the Company) together with its audited financial statements for the year ended June 30, 2012.

The financial results of the Company are summarized below:

	2012 Rupees	2011 Rupees (Restated)
Profit after tax	**112,028,968**	205,845,466
Earnings per share - Basic & diluted	**3.09**	5.67
Appropriations:		
- Transfer to statutory reserves	**22,000,000**	41,000,000

OVERVIEW OF THE ECONOMY

The economy of Pakistan is facing serious challenges for the past four years on account of different factors but continuous issues of acute energy crisis, deteriorating situation of law & order throughout the country and especially in Karachi, depleting valuations of Pak Rupee parity with US Dollar and other currencies have remained the highlights of the outgoing financial year. Though the government is desperately trying to control the fiscal deficit but increasing domestic borrowings from banking sector has pushed the private sector in the tight corner. State Bank of Pakistan in its third quarterly report elaborated worrying signs about the less than appreciative progress of economy. Although, the GDP showed positive growth of 3.7% over last comparable period of 3.0% but the key macroeconomic indicators remained weak and it remained far from the targeted growth of 4.2%.

The continuous decline in direct investment for the fourth consecutive year along with energy shortage and security situation is a great source of concern for all stakeholders. The government may start large number of development projects in view of general elections in the current financial year but the borrowing for such large scale projects would be financed from domestic borrowings which are already at record levels. SBP in its report clearly indicated that it is supporting market financial liquidity at present but such support is temporary and government needs to adhere to the guidelines of Fiscal Responsibility and Debt Limitation Act 2005 which is not adhered to at the moment.

The positive of the economy can be drawn from the reported growth in the manufacturing sector of 3.6% and the agriculture sector of 3.1%, posting a marginal growth over previous year. This and record remittance from overseas Pakistanis have provided crucial support to the economy.

COMPANY OVERVIEW

State Bank of Pakistan in its report mentioned that credit to private sector by banks during the outgoing year ended up at 1.8%, the lowest growth in the past 10 years. NBFC sector especially leasing and investment banks which are highly dependent on external funding for fresh business have remained highly under pressure due to non availability of funds. This have remained so since October 2008.

As you were briefed in previous reports that the Company is managing its business dynamics only through internal generation of funds from recoveries of existing portfolio which is however not enough to show an appreciable growth in business volumes. Therefore, the Company in January 2012 requested the lenders to extend the repayment terms of the existing financing facilities to 10 years from 4 years.

As refer to note 18.1, a joint meeting of all the investors and lenders of the Company representing 54% of Sukuk-I, 57% of Sukuk-II and 83% of PPTFC-III was held in March 2012 with the senior members of the Board to discuss the issues being faced by the Company. The lenders were informed that shareholders had taken significant hits on the equity while paying the lenders on time and with markup during the four years of financial crisis.

They were also informed that the Company is taking every step necessary to reduce the overheads and bringing in more efficiency in business had laid off more than 50% of the staff while reducing substantial recurring and post employment benefits of the remaining employees. The lenders were always very sympathetic and helped the Company in overcoming the problems by reducing the markup to zero percent during the last year while in March 2012 they decided in principal to restructure the repayment terms with effect from February 2012 as requested by the Company and obtain internal approvals accordingly. The Company started making payments immediately according to the revised repayment schedule to all the lenders.

According to the terms of issue, the legal documentation would be completed after the investors of Sukuk and PPTFC representing 51% of amount outstanding provide their resolution. Subsequently, the approvals of Sukuk 1 are completed while 37.3% of Sukuk 2 and 31% of PPTFC3 holders have given their resolutions while remaining would be hopefully received soon.

The impact of the above mentioned restructuring in payment timeline resulted in gains over the extinguishment of financial liabilities and their recognition on the basis of ten years which was recorded in the financial statements by restating portion in the comparable period ended June 30, 2011 and portion in the outgoing financial year ended June 30, 2012. This amount is recognized in accordance with the Paragraph 40 of the International Accounting Standard - 39: Financial Instruments: Recognition and Measurement and would be amortized over the repayment period.

OPERATIONAL REVIEW

The revenue from leasing business is substantially reduced due to continuous reduction in leasing portfolio during the year. The total revenue of the Company remained at Rs. 77 million as compared to Rs. 117 million.

The total strength of the Company in September 2008 was around 60 persons and 3 offices including Head Office. In order to bring stability through rationalization in the operational expenses of the Company, the Company closed one branch at Hyderabad while reduced the number of staff at Lahore Office for reducing the overall overheads in all levels of management and staff to follow the "Necessary Only Policy" and laid off staff to reflect the reduced business volumes. In this regard, the administrative expenses were reduced by reducing levels of certain expenses and suspending the post employment benefits of Provident Fund and Gratuity funds for senior cadre management staff. These measures resulted in savings of around Rs. 60 million in almost 4 years which was either paid out to lenders or utilized in writing fresh business. During the outgoing year, further staff was reduced in the last quarter of financial year for further rationalization of overheads.

Further, the company has deferred tax asset of Rs.328 million available to it due to accumulated taxable losses of prior years. Your directors feel that in view of the long term restructuring, the Company would be able to realize the probable benefit of these taxable losses in future years based on the restructuring and related projections.

The Company has continued to maintain a diversified exposure as would be seen from note 36 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 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 discussed with the Commission steps taken for the stability of it 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.

In view of the stringent requirement for minimum equity, provisioning and other major areas and the difficult circumstances being faced by the leasing companies, the Securities & Exchange Commission of Pakistan (SECP) formed a NBF Sector Reform Committee to review the overall structure of the sector and recommend necessary changes to streamline it for future viability. The Committee has formulated and presented its report to Commission and currently it is under review for issuance of revised rules.

The most important aspect of these proposed recommendations is the distinction of Deposit and Non Deposit taking Companies to make separate sets of rules for both types of financial institutions. Accordingly, the MCR would be defined according to the business model of both types of NBFIs. These rules are expected to be promulgated by the end of current calendar year.

Further to these efforts for bringing stability in the company's operations, your Board is also contemplating different options to increase its equity, 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.

During the year, the Company reclassified an amount of Rs. 25 million appearing as Deposit against issuance of shares from AMZ Plus Income Fund due to reasons explained in more detail under Note 22 to the financial statements as long term financial liability.

CORPORATE SOCIAL RESPONSIBILITY

Your Company always takes pride in demonstrating responsible corporate citizen by participating directly and indirectly in various social causes. During earthquake, floods or in any other natural calamity, the Company directly or by the voluntary help of its staff supported work for the betterment of the underprivileged and people in need with cash and in kind.

BUSINESS ETHICS

The Code of conduct of the Company provides a clear guiding framework for the Directors as well as the employees to operate in the environment of integrity, honesty and dedication towards the common goal of achieving positive results for the Company and its various stakeholders. The detailed code of conduct is annexed to this report.

DIRECTORS' DECLARATION

The Directors have implemented the revised Code of Corporate Governance as advised under Regulation # 35 of the Karachi and Lahore Stock Exchanges. In this regard, the requirements with immediate implementation are made and the Directors are pleased to report that:

1. The financial statements prepared by the management presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There are no significant doubts upon the Company's ability to continue as a going concern.

7. Reasons for significant deviations in the Company's operating results during the year ended June 30, 2012 have been explained in the Directors' Report.

8. Key operating and financial data for the last six years in summarized form is given as annexure to this report.

9. The value of investments of the recognized provident fund as at June 30, 2012 was Rs. 3.63 million (un-audited) and as at June 30, 2011 was Rs. 4.75 million (audited).

10. No trading in shares of the Company was carried out in the shares by the Directors, Executives and their spouses and minor children during the year except for the following.

Directors	Shares traded
Mr. Mohammed Khalid Ali	393,900

11. During the year four meetings of the Board of Directors and four meetings of the Audit Committee were held. The detail of attendance by each member of the Board is as follows:

Board of Directors' Meetings

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

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

Audit Committee Meetings

Name of Directors	Meetings attended
Mr. Naeem Shafi	4
Mr. Abdul Ghafoor	4
Mr. Ahmed Ali Khan	1

AUDITORS

The present auditors Messrs. Muniff Ziauddin Junaidy & Co., Chartered Accountants, would retire at the forthcoming Annual General Meeting and they are unable to continue due to dissolution of the partnership. Therefore, the Audit Committee has recommended the appointment of M/s. Avais Hyder Liaquat Nauman as the new auditors of the Company for the year ending June 30, 2013.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2012 is attached as annexure to this report.

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 2, 2012

Code of Conduct

The Code of Conduct of Security Leasing Corporation Limited (SLC) reflects our standard for proper behavior and corporate values. It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest professional, ethical and legal standards. This Code of Conduct applies to all the people relating to SLC including Directors, Officers and Employees.

The Code fosters the culture that each member of the Board and staff is responsible to reflect integrity and leadership with the provisions of the Mission, Vision, Company policies and all applicable statutory guidelines for the Company.

It encourages the employees to work proficiently with due diligence in following the internal policies of the Company for dealing with each other, customers and all third parties related directly or indirectly with the Company.

The Salient features of the Code are explained below:

1. **Conflict of Interest**
   Each Director and employee should exercise its judgment in order to avoid association with any other activity, person or company that conflicts with or appear to conflict with the best interests of the Company. Any situation which may involve a conflict of interest or reasonably expected to involve such conflict should be disclosed promptly.

2. **Protection of the Proprietary information**
   All the trade secrets, other proprietary information and business data of the Company are valuable assets. All the Directors and employees who are entrusted with such information are responsible to properly safeguard and do not disclose such information, data and knowledge to any person except such information which is made public in compliance with statutory requirement by the Company or is given proper authority in writing to disclose such information for any specific purpose.

3. **Honesty, integrity and ethical standards**
   All Directors and employees must act honestly, fairly and exhibit highest level of integrity and ethical standards in dealing with all the stakeholders of the Company. Employees must deal ethically with all the customers, suppliers and other parties with fair consideration and without any personal favour. During the course of any business interaction, the employees should ensure that SLC name, integrity and reputation should not be damaged if such interaction becomes public in any manner.

4. **Political contribution**
   No funds or assets of the Company may be contributed to any political party or organization or any person who holds an office of public importance.

5. **Bribes**
   No amount may be paid or received in cash or in kind on account of bribes or for any such matter which helps in influencing any decision relating to the Company interests or compromise independent judgment to government staff or customer.

Code of Conduct

6. **Compliance with laws and regulations**
   All Directors and employees must ensure to comply with all the laws, guidelines, regulations and directives as issued by Securities & Exchange Commission of Pakistan, Stock Exchanges and other bodies relating to the Company.

7. **Charity and voluntary work**
   The Company encourages the culture of mutual help, assistance, charity and voluntary work in time of need of any person or community. All Directors and employees are encouraged to participate in such activities of national calamity like floods, earthquake or other social work.

8. **Communication and disclosure**
   The Directors should take steps to ensure that employees are encouraged to communicate with their seniors or any other appropriate person in regard to ethical practices or when in doubt about a course of action in any particular situation. Employees must be encouraged to report violation of rules, regulations, laws or internal policies of the Company without any fear of retaliation or retribution.

9. **Family connections and employment of relatives**
   Any dealing with any customer or third party or organization where the employee has a direct or indirect or family connection must be promptly disclosed to the Company.

10. **General Discipline**
    No assets of the Company or belongings of the employees should be used without specific permission. All employees must adhere to the Services' Rules of the Company.

SIX YEARS FINANCIAL SUMMARY

	2012 Rs '000	2011 Rs '000 (Restated)	2010 Rs '000	2009 Rs '000	2008 Rs '000	2007 Rs '000
BALANCE SHEET						
Ordinary share capital outstanding	363,000	363,000	363,000	363,000	363,000	363,000
Preference share capital outstanding	75,028	75,028	75,028	75,027	112,500	150,000
Shareholders' Fund	438,028	438,028	438,028	438,028	475,500	513,000
Reserves	(59,933)	(176,145)	(384,454)	(111,728)	244,840	42,593
Unrealised loss on Investment	-	(170)	(19,125)	110,513	127,971	38,266
Networth	378,095	261,883	80,768	238,995	592,369	517,326
Surplus on revaluation of Fixed Assets	44,193	48,376	21,319	22,547	23,776	4,859
Borrowings from Financial & Other Institutions	517,988	986,549	1,749,185	2,378,326	2,923,907	3,139,950
Lease/Musharika disbursements	85,959	265,184	293,586	483,836	1,916,701	2,052,014
Net Investment in Leases	898,560	1,249,425	1,868,785	2,759,686	4,003,830	4,026,373
Long Term Finances	27,808	31,338	22,070	165,258	57,806	44,568
Fixed Assets	136,847	145,434	161,314	204,684	246,681	209,844
Total Current Assets	825,465	1,097,058	1,635,193	1,955,314	2,468,444	2,399,106
Total Assets	1,439,327	1,934,087	2,749,705	3,966,829	5,577,274	5,352,516
Total Current Liabilities	426,693	700,660	1,236,035	1,915,227	2,328,460	2,369,164
Total Liabilities	1,017,039	1,598,998	2,668,937	3,727,834	4,961,129	4,832,031
Total Assets to Networth (times)	3.81	7.39	34.04	16.60	9.42	10.35
PROFIT & LOSS						
Total Income	243,365	374,855	130,115	198,172	556,615	586,830
Financial & Other Charges	65	45,808	286,545	521,606	465,802	455,481
Admin & Operating Expenses	83,379	86,112	93,118	99,936	89,305	78,817
Provisions & Other Charges	40,638	24,256	37,737	44,742	11,548	3,676
Total Expenses	127,472	158,124	417,401	666,286	566,655	537,974
(Loss)/Profit Before Tax	115,894	216,731	(287,286)	(468,113)	(10,039)	48,856
(Loss)/Profit After Tax	112,029	205,845	(273,954)	(357,796)	211,810	40,258
Break-up Value (PKR)	9.64	7.08	1.84	5.46	12.96	10.18
Price per share	2	2	2.84	1.98	6.89	10.95
KEY RATIOS						
Earning per share - PKR - less preferred dividend	3.09	5.67	(7.55)	(9.86)	5.55	0.97
Revenue per share - PKR -	5.56	8.56	2.97	4.52	11.71	11.44
Profit before provisions and tax ratio	65.71%	64.81%	(191.79)%	(213.64)%	0.27%	8.95%
Profit before Tax ratio	47.62%	57.82%	(220.79)%	(236.22)%	(1.80%)	8.33%
Price Earning ratio (times)	0.65	0.35	(0.38)	(0.20)	1.24	11.31
Return on Capital employed market value per share	127.88%	234.97%	(220.22)%	(412.54)%	64.65%	7.17%
Income/ Expense ratio (times)	1.91	2.37	0.31	0.30	0.98	1.09
Current ratio (times)	1.93	1.57	1.32	1.02	1.06	1.01
Long term Debt equity ratio (times)	1.56	3.43	19.13	10.03	6.13	7.17
Return on average equity	35.01%	120.15%	(171.35)%	(86.07)%	38.17%	8.87%
Return on average assets	6.64%	8.79%	(8.16)%	(7.50)%	3.88%	0.80%
Total assets turnover ratio (times)	5.91	5.16	21.13	20.02	10.02	9.12

STATEMENT OF VALUE ADDED

	2012 Rupees	2011 Rupees (Restated)
Revenues from leasing operations	**62,544,975**	100,876,185
Other income	**14,276,848**	16,362,712
Gain on de-recognition of financial liabilities	**278,137,063**	298,038,926
Unwinding of financial liability	**(111,538,616)**	(39,797,811)
	243,420,270	375,480,012
Direct cost of leases and others	**(66,074,273)**	(50,876,752)
Impairment on Investment	**(55,000)**	(625,000)
Profit From Discontinued	**(780,420)**	1,065,316
Value added	**176,510,577**	325,043,576
Distributed as follows		
To Employees		
As remuneration	**43,630,879**	44,425,293
To Government		
As income tax	**3,084,285**	11,950,806
To Provider of Finance		
Financial charges	**64,713**	45,807,935

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi & 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.
The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive Directors and Directors representing minority interests on its board of directors. At present the board includes:

Category	**Name of Directors**
Non Executive Directors	Mr. M. R. Khan Mr. S.M. Nadim Shafiqullah Mr. Subho Sadiq Hamid
Independent Directors	Mr. Shafiq ur Rahman Mr. Ahmad Ali Khan Mr. Abdul Ghafoor Mr. Naeem Shafi
Executive Director	Mr. Mohammed Khalid Ali

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the Directors is a member of any of the Stock Exchanges.

4. No casual vacancy occurred on the Board during the year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO. No new appointment of CEO has been made neither there is any change in the remuneration of non-executive Directors during the year.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a Director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified in clause (xi) of CCG, the Directors are exempted from the requirement of Directors' Training Program.

10. The existing CFO & Company Secretary continue to serve as per their terms of appointment as approved by the Board of Directors. The Company has designated one of its employees as Head of Internal Audit to act as coordinator between the firm providing internal audit services and the Audit Committee of the Board of Directors.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of three (3) members, all of whom are non-executive directors including the Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises of four (4) members, of whom three (3) are non-executive directors including the Chairman of the Committee.

18. The board has outsourced the Internal Audit function and M/s Anjum, Asim, Shahid, Rahman continue to work as Internal Auditor during the year, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. 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.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and Stock Exchanges.

22. Material/price sensitive information has been disseminated among all the market participants at once through Stock Exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Mohammed Khalid Ali

Chief Executive Officer
October 2, 2012

PATTERN OF SHAREHOLDING OF ORDINARY SHARE CAPITAL
AS ON JUNE 30, 2012

Share holding From	Share holding To	Number of Shareholders	Total Shares held	Percentage of Issued capital
1	100	49	1,178	0.00
101	500	49	14,753	0.04
501	1,000	29	22,131	0.06
1,001	5,000	87	188,449	0.52
5,001	10,000	22	172,252	0.48
10,001	15,000	7	86,335	0.24
15,001	20,000	2	36,409	0.10
20,001	25,000	7	153,486	0.43
25,001	30,000	1	29,950	0.08
30,001	35,000	1	35,000	0.10
35,001	40,000	1	36,300	0.10
40,001	45,000	4	170,774	0.47
50,001	55,000	2	101,630	0.28
55,001	60,000	2	116,647	0.32
105,001	110,000	1	105,048	0.29
150,001	155,000	1	150,153	0.42
195,001	200,000	1	200,000	0.56
215,001	220,000	1	219,999	0.61
225,001	260,000	1	255,750	0.71
350,001	355,000	1	350,255	0.97
445,001	450,000	1	447,026	1.24
455,001	460,000	1	455,565	1.27
670,001	675,000	1	672,121	1.87
855,001	860,000	1	858,935	2.39
1,260,001	1,265,000	1	1,263,240	3.51
2,200,001	2,205,000	1	2,201,500	6.12
3,170,001	3,175,000	1	3,174,435	8.82
10,280,001	10,285,000	1	10,285,000	28.57
14,495,001	14,500,000	1	14,495,679	39.93
		278	36,300,000	100

Categories of Shareholders	Number	Shares Held	Percentage
Directors, CEO their spouse and minor children (Note 1)	10	16,806,385	46.30
Individuals	243	3,906,915	10.76
Investment companies	3	536	0.00
Banks, DFIs, NBFIs, Insurance Companies Modarabas & Mutual Funds	6	1,817,380	5.01
Charitable Trusts	2	256,299	0.71
Joint Stock Companies	12	3,217,485	8.86
Foreign Investors	2	10,295,000	28.36
	278	**36,300,000**	**100.00**

Note 1 : **Directors, CEO their Spouse and Minor Children**

M. R. Khan - Chairman	350,255	0.96
S.M. Nadim Shafiqullah - Vice Chairman	14,495,679	39.93
Mrs. Rehana Nadim Shafiqullah	1,263,240	3.48
Mohammed Khalid Ali - Chief Executive Officer	693,901	1.91
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
	16,806,385	46.30

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, 2012

Share holding		Number of Shareholders	Total Shares held	Percentage of Issued capital
From	To			
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
		16	7,502,775	100.00

Categories of Shareholders	Number	Shares Held	Percentage
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
	16	7,502,775	100.00

Note 2 :

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

MZJ Muniff Ziauddin Junaidy & Co.
Chartered Accountants
An independent member firm of BKR International

BKR INTERNATIONAL

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 contained in the Code of Corporate Governance ("the Code") 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 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 Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval of 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 30 June 2012.

Karachi:
Date: October 02, 2012

Muniff Ziauddin Junaidy & Co.
CHARTERED ACCOUNTANTS

Business & Finance Centre, Office No. 909, 9th Floor,
Opp. State Bank of Pakistan, I.I. Chundrigar Road, Karachi-74000, Pakistan
Tel: 021-32429541-2, Fax: 32467849, Email: info@mzj.com.pk, URL: www.mzj.com.pk

MZJ Muniff Ziauddin Junaidy & Co.
Chartered Accountants
An independent member firm of BKR International

BKR INTERNATIONAL

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, 2012 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 (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express an opinion on these financial statements based on our audit.

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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 respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the profits, total comprehensive income, its cash flows and changes in equity for the year then ended; and

Business & Finance Centre, Office No. 909, 9th Floor,
Opp. State Bank of Pakistan, I.I. Chundrigar Road, Karachi-74000, Pakistan
Tel: 021-32429541-2, Fax: 32467849, Email: info@mzj.com.pk, URL: www.mzj.com.pk

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

1. We draw attention to the note 1.2 of the financial statement that discloses the adverse financial condition of the Company including renewal of the license to operate as a leasing business. On the application of the Company to the Securities and Exchange Commission of Pakistan, the Commission has granted special permission to continue operating as a leasing company till July, 2011. These conditions along with other matters as fully explained in note 1.2, indicate the existence of material uncertainty which may cast significant doubt on the ability of Company to continue as a going concern.

   Furthermore, we draw attention to note 20.4 of the financial statements that discloses capital management policies and procedures adopted by the Company and the management expectations on the NBF sector reform committee established by the Securities and Exchange Commission of Pakistan over the issue of minimum capital requirements. However as at 30 June 2012, the Company is still required to meet the minimum equity requirements of Rs. 500 million and Rs. 700 million by June 30, 2012 and 2013 respectively. Total equity as at 30 June 2012 is Rs. 422.287 million (30 June 2011, Re-stated: 335.088 million).

   These financial statements do not include any adjustment that may be necessary should the Company not be able to continue as a going concern. Therefore these financial statements have been prepared based on going concern assumption.

2. We draw attention to note 15 of the financial statement which elaborates on the fact that Company has recorded deferred tax asset aggregating to Rs. 328.069 million (30 June 2011,Re-stated: 328.069 million) representing excess of unused tax losses over the taxable temporary differences. The Company, based on ten year strategic business plan including projections for future profits is expected to recover the deferred tax asset carried at 30 June 2012. The plan and projections have been approved by the Board of Directors of the Company. However, there is a material uncertainty involved in the assumptions underlying these future business plans, as disclosed in Note 1.2, which are dependent 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.

3. We draw attention to note 18.1 to the financial statements which discloses current status of restructuring as approved by the Sukuk-II and PPTFC-III holders. The shareholders' attention is drawn to the fact that restructuring would be effective subject to condition of restructuring terms and conditions by at least 51% holders belonging to Sukuk-II and PPTFC-III category. Though currently 37% of Sukuk-II and 31% of PPTFC-III holders have submitted their written consent to restructuring. The management based on their discussion with lenders is confident that the approval to restructuring would be obtained by the year end. Accordingly financial statements have been adjusted to take the effect of restructuring.

   Our conclusion is not qualified in respect of these above mentioned matters.

Muniff Ziauddin Junaidy & Co.

Karachi
Date: October 02, 2012

CHARTERED ACCOUNTANTS
Farrukh V. Junaidy

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees (Restated)
ASSETS			
Current assets			
Balances with banks	5	4,840,042	7,081,414
Short term investments	6	-	9,110,000
Short-term finances	7	10,000,000	22,000,000
Advances, deposits, prepayments and other receivables	8	5,220,956	19,457,248
Accrued return on investments		729,451	1,532,214
Taxation - net		1,762,515	1,596,518
Current maturity of non-current assets	9	802,328,186	1,018,940,271
		824,881,150	1,079,717,665
Non Current assets classified as held for sale	10	583,358	17,339,956
Total current assets		825,464,508	1,097,057,621
Non-current assets			
Net investment in leases	11	118,134,074	328,128,834
Long-term deposits	12	3,004,500	4,059,500
Long-term finances	13	27,807,548	31,337,766
Property and equipment	14	136,846,804	145,433,577
Deferred tax asset	15	328,069,507	328,069,507
Total non-current assets		613,862,433	837,029,184
Total assets		1,439,326,941	1,934,086,805
LIABILITIES			
Current liabilities			
Accrued and other liabilities	16	81,935,794	74,991,195
Current maturity of non-current liabilities	17	344,757,236	625,453,820
		426,693,030	700,445,015
Liability directly associated with non-current assets classified as held for sale		-	215,075
Total current liabilities		426,693,030	700,660,090
Non-current liabilities			
Long -term finances	18	473,616,472	665,282,509
Long-term deposits	19	116,729,757	233,055,491
Total non-current liabilities		590,346,229	898,338,000
Total liabilities		1,017,039,259	1,598,998,090
NET ASSETS		422,287,682	335,088,715
REPRESENTED BY SHAREHOLDERS' EQUITY			
Share capital and reserve			
Issued, subscribed and paid-up share capital	20	438,027,750	438,027,750
Reserves	21	(59,932,929)	(176,145,080)
		378,094,821	261,882,670
Deposit against issuance of shares	22	-	25,000,000
Surplus on revaluation of fixed assets	23	44,192,861	48,376,045
Unrealised loss on remeasurement of available for sale investments		-	(170,000)
		44,192,861	73,206,045
Total shareholders' equity		422,287,682	335,088,715
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes from 1 to 40 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, 2012

	Note	2012 Rupees	2011 Rupees (Restated)
REVENUE			
Income from finance leases	25	62,544,975	100,876,185
Other operating income	26	14,276,848	16,362,712
		76,821,823	117,238,897
Gain on de-recognition of financial liabilities	18	278,137,063	298,038,926
Unwinding of financial liability		(111,538,616)	(39,797,811)
		166,598,447	258,241,115
Impairment on investments		55,000	625,000
		243,365,270	374,855,012
EXPENSES			
Administrative and selling	28	83,378,715	86,111,917
Finance costs	29	64,713	45,807,935
Direct cost of finance leases	30	3,389,842	1,947,710
Provision for potential lease and other losses	31	40,638,327	24,256,494
		127,471,597	158,124,056
Operating Profit before Income tax		115,893,673	216,730,956
Income tax expense:			
- current	32	(3,084,285)	(5,565,851)
- prior		-	(6,384,955)
		(3,084,285)	(11,950,806)
Profit for the period from continuing operations		112,809,388	204,780,150
(Loss)/Profit for the period from discontinued operations	27	(780,420)	1,065,316
Profit/(Loss) for the period		112,028,968	205,845,466
Earnings/(Loss) per share from continued operation		3.11	5.64
Earnings/(Loss) per share from discontinued operation		(0.02)	0.03
Earning/(Loss) per share	33	3.09	5.67

The annexed notes from 1 to 40 form an integral part of these financial statements.

Mohammed Khalid Ali
Chief Executive Officer

M R Khan
Chairman

Security Leasing Corporation Limited

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees (Restated)
Profit/(Loss) for the year	**112,028,968**	205,845,466
Other comprehensive income		
Surplus on remeasurement of available for sale investments	**170,000**	18,955,006
Surplus on revaluation of property	**4,183,184**	2,463,026
Other comprehensive income for the year	**4,353,184**	21,418,032
Total Comprehensive Income/(loss) for the year	**116,382,152**	227,263,498

The annexed notes from 1 to 40 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, 2012

	Note	2012 Rupees	2011 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before income tax including discontinued operation		**115,123,968**	217,972,967
Depreciation		**17,701,732**	17,014,076
Loss on disposal of listed securities	26.1	**-**	25,012,392
Loss on disposal of property and equipment	26.2 & 27	**846,182**	869,047
Gain on de-recognition of financial liabilities		**(278,137,063)**	(298,038,926)
Finance costs	29	**64,713**	45,807,935
Unwinding of financial liability		**111,538,616**	39,797,811
Impairment on investment		**55,000**	625,000
Provision for potential lease and other losses	31	**40,638,327**	24,256,494
Operating profit before working capital changes		**(107,292,493)**	(144,656,171)
Working capital changes			
Increase in net investment in leases		**337,226,144**	611,304,065
Decrease in advances, prepayments and other receivables		**2,652,896**	450,290
Decrease in accrued return on investments		**802,763**	7,499,479
Decrease in deposits from lessees		**(120,127,601)**	(306,800,516)
Decrease in short term finances		**-**	(82,409,863)
Increase in accrued and other liabilities		**6,729,453**	13,456,336
Cash from operations after working capital changes		**227,283,655**	243,499,791
Financial charges paid		**(64,713)**	(59,766,899)
Taxes paid		**(3,260,997)**	(5,519,796)
		(3,325,710)	(65,286,695)
Net cash from operating activities		**231,789,420**	251,529,892
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(11,298,312)**	(8,410,950)
Investments		**1,305,000**	94,158,309
Long term finance		**52,272,592**	66,266,458
Short term finances		**12,000,000**	(9,500,000)
Proceeds from disposal of property and equipment(net)		**18,093,769**	26,784,753
Long term deposits		**1,055,000**	-
Net cash from investing activities		**73,428,049**	169,298,570
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances		**(307,458,841)**	(416,298,728)
Net cash used in financing activities		**(307,458,841)**	(416,298,728)
Net increase in cash and cash equivalents		**(2,241,372)**	4,529,734
Cash and cash equivalents at beginning of the year		**7,081,414**	2,551,680
Cash and cash equivalents at end of the year	34	**4,840,042**	7,081,414

The annexed notes from 1 to 40 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, 2012

	Share Capital	----------------Reserves------------ Capital Statutory reserve	Revenue Unappropriated profit	Unrealised (loss)/gain on remeasurement of available for sale Investment	Total
	----------------	----------------	Rupees	----------------	----------------
Balance as at June 30, 2010	438,027,750	118,867,005	(503,320,578)	(19,125,006)	34,449,171
Change in equity for the year ended June 30, 2011					
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	2,463,026	-	2,463,027
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	-	-	2,463,026	18,955,006	21,418,033
Profit for the year	-	-	205,845,466	-	205,845,466
Total recognised income and (expense) for the year	-	-	208,308,492	18,955,006	227,263,499
Transferred to statutory reserve	-	41,000,000	(41,000,000)	-	-
Balance as at June 30, 2011-Restated	438,027,750	159,867,005	(336,012,086)	(170,000)	261,712,670
Change in equity for the year ended June 30, 2012					
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	4,183,184	-	4,183,184
Unrealized gain on change in market value of investments classified as available for sale	-	-	-	170,000	170,000
Net income recognised directly in equity	-	-	4,183,184	170,000	4,353,184
Profit for the year	-	-	112,028,968	-	112,028,968
Total recognised income and (expense) for the year	-	-	116,212,152	170,000	116,382,152
Transferred to statutory reserve	-	22,000,000	(22,000,000)	-	-
Balance as at June 30, 2012	438,027,750	181,867,005	(241,799,934)	-	378,094,821

The annexed notes from 1 to 40 form an integral part of these financial statements.

Mohammed Khalid Ali
Chief Executive Officer

M R Khan
Chairman

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. 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. Therefore, the Company again requested the lenders to reduce the markup rate to zero percent in April 2011 to achieve stability in business operations without any external support.

The private sector especially NBFCs could not attract any funding either equity or financing facility due to crowding out by high fiscal borrowings by government in the last 4 years. The Company was feeling extraordinary pressure on its repayment capacity due to constant reduction of portfolio and absence of sizeable fresh business. Therefore, in January 2012 the Company requested the lenders again for extension in the repayment period to 10 years. This would provide the Company saving of cash flows for new business. Majority of the lenders have approved the extension in repayment period in their joint meeting in March 2012 and majority of the required approvals are received. 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 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT HAVE BECOME EFFECTIVE DURING THE YEAR

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 standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2012:

3.2.1 Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after January 1, 2011). These amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. The amendment may result in certain changes in disclosures.

3.2.2 Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2011). These amendments clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendment may result in certain changes in disclosures.

3.2.3 Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

3.2.4 IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendment has no impact on financial statements of the Company.

3.2.5 IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after January 1, 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. This amendment is not likely to have any impact on Company's financial statements.

3.2.6 Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. This amendment is not likely to have any impact on Company's financial statements.

3.2.7 Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

3.2.8 IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be a effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company

3.2.9 IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

3.2.10 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

3.2.11 Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

3.2.12 Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The impact of this has not been assessed at the balance sheet date.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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 4.6);

b) classification of investments (note 4.7);

c) determining the residual values and useful lives of depreciable assets (note 4.9);

d) impairment (note 4.9);

e) accounting for post employment benefits (note 4.12);

f) income tax and deferred tax (note 4.16); and

g) provisions (note 4.18).

4.2 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 recognized 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 recognized as income on receipt.

Operating lease income

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

Return on investments

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

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

Dividend income is recognized 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 recognized on a time proportion basis.

4.3 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.

4.4 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 derecognized or impaired, and through the amortization process.

4.5 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 recognized at an amount equal to the present value of the lease payments, including any guaranteed residual value and unamortized direct cost.

4.6 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.

4.7 Investments

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognized 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 categorized 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 recognized at cost inclusive of transaction costs. Investments at fair value through profit or loss and held for trading are initially recognized 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.

Unrealized gains / losses on investments classified as at fair value through profit or loss are taken to profit and loss account while unrealized gains / losses on investments classified as available for sale are taken to equity until these are derecognized, at which time the cumulative gain or loss previously recognized 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 derecognized or impaired, and through the amortization process.

Impairment of investments is recognized 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 recognized directly in equity is removed from equity and recognized in profit and loss account even though the investments have not been derecognized. Impairment losses recognized 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.

4.8 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.

4.9 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 Intangible Assets

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the company and that the cost of such assets can also be measured reliably.

Generally, cost associated with the development or maintenance of computer software programmes are recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognized as an intangible assets. Direct costs include the purchase cost of software and related overhead cost. Computer software costs that are directly associated with the computer and computer controlled machines, which cannot operate without the related specific software, are included in the costs of the respective assets. When the software is not an integral part of the related hardware, it is classified an intangible asset. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Expenditures, which enhance or extend the performance of computer software beyond their original specification and useful life are recognized as capital improvement and added to the original cost of the software.

4.11 Compensated absences

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

4.12 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 planed 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 recognized 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.

4.13 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.

4.14 Financial instruments

Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized 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.

4.15 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 recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.16 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 tax

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.

4.17 Related parties transactions

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

4.18 Provisions

Provisions are recognized 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.

4.19 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.

4.20 Repossessed leased assets

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

4.21 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.

4.22 Certificate of investments

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

4.23 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.

4.24 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.

4.25 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 of 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.

4.26 General

Figures have been rounded-off to nearest Pakistani rupee.

	Note	2012 Rupees	2011 Rupees (Restated)
5 BALANCES WITH BANKS			
Balance with State Bank of Pakistan in current account		**12,151**	2,227
Balance with other banks in:			
- Current accounts		**4,620,404**	680,476
- Saving accounts	5.1	**207,487**	6,398,711
		4,840,042	7,081,414

5.1 Return on saving account is 6 % (2011: 5 %) per annum.

	Note	2012 Rupees	2011 Rupees (Restated)
6 SHORT TERM INVESTMENTS - Available for sale			
Other than related party			
Listed securities			
Term finance certificates		**680,000**	510,000
Impairment		**(680,000)**	-
		-	510,000
Unlisted securities			
Term finance certificates		**-**	625,000
Ordinary shares		**20,000,000**	20,000,000
Impairment		**(20,000,000)**	(20,625,000)
		-	-
Membership cards	8.1	**-**	8,600,000
		-	9,110,000

		Note	2012 Rupees	2011 Rupees (Restated)
7	**SHORT TERM FINANCES - considered good**			
	Other than related party			
	Placements		-	12,000,000
	Musharika finances- secured	7.1	**10,000,000**	10,000,000
			10,000,000	22,000,000

7.1 This represents financing under musharika facility to customer. This facility is secured by way of equitable mortgage on property.

8 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2012 Rupees	2011 Rupees (Restated)
Advances considered good:			
-to financial institution	8.1	-	17,250,000
Prepayments		**4,629,589**	1,553,326
Operating lease rentals receivables		**3,702,153**	3,775,153
Less: provision for operating lease rental receivables		**(3,702,153)**	(3,702,153)
		-	73,000
Other receivables		**591,367**	580,922
		5,220,956	19,457,248

8.1 This represents exclusive rights of the Company for the memberships of DA Country & Golf Club (DAC&GC) by virtue of settlement agreement between Innovative Investment Bank Limited and Sysmax – developer of the club through an order passed by the honorable Sindh High Court. Subsequently, certain issues relating to the completion of the Club were disputed between Sysmax and DHA, Karachi and consequently, DHA filed an application for stay against the order which was granted. However, during the current year, after amicable out of court resolution of the disputes between the parties, all the investors including the Company were given memberships' rights by DAC&GC in accordance with the settlement agreement.

The Company received 15 memberships accordingly and some of these memberships were offered to a lender for settlement against the outstanding amount at the book value of these memberships. The Company transferred its rights to the lender through an agreement.

9 CURRENT MATURITY OF NON - CURRENT ASSETS

	Note	2012 Rupees	2011 Rupees (Restated)
Current portion of:			
Net investments in leases	11	**780,426,299**	921,296,010
House loan to staff	13	**40,560**	136,811
Musharika finance	13	**21,333,366**	66,879,491
Murabaha finance	13	**527,961**	3,627,959
Placements	13	-	27,000,000
		802,328,186	1,018,940,271

10 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Description	(Restated) Cost / Revalued amounts As at July 1, 2011	Additions (deletions) during the year	As at June 30, 2012	(Restated) Depreciation As at July 1, 2011	Charge for the year/ (Transfers/ disposal)	As at June 30, 2012	Written down value as at June 30, 2012	Depreciation rate in %
	Rupees							
Generators	27,231,967	- (27,231,967)	-	12,467,052	- (12,467,052)	-	**-**	10
Machinery	-	-	-	-	-	-	**-**	10
Commercial vehicles	2,300,000	- (2,300,000)	-	1,744,183	- (1,744,183)	-	**-**	10
Motor vehicles	6,181,160	(6,074,475)	106,685	4,745,294	(4,638,610)	106,684	**1**	15
Furniture & fixtures	18,680,000	-	18,680,000	18,096,701	-	18,096,701	**583,299**	20
Equipment	17,637,229	-	17,637,229	17,637,170	-	17,637,170	**59**	20
June 30, 2012	**72,030,356** **-**	**-** **(35,606,442)**	**36,423,914** **-**	**54,690,400** **-**	**-** **(18,849,845)**	**35,840,555** **-**	**583,359** **-**	
June 30, 2011	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 During the year 2011-12, the Company discontinued its operating lease division due to lack of fresh funds for capital investment in power generators and other assets. Most of the assets are disposed off during the year ended June 30, 2012 and the remaining assets would also be disposed off soon.

10.1.1 OPERATING LEASED ASSETS

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)on diposal	Mode of disposal	Particular of Buyers
	------------------Rupees------------------						
Commercial vehicle							
	2,300,000	1,744,183	555,817	690,000	134,183	Negotiation	Plastech International
	2,300,000	**1,744,183**	**555,817**	**690,000**	**134,183**		
Generators							
	7,635,000	954,375	6,680,625	4,220,000	(2,460,625)	Bid	M.Younus
	1,335,000	511,756	823,244	825,000	1,756	Bid	M.Younus
	700,000	262,485	437,515	595,855	158,340	Bid	Greaves Pakistan
	790,167	684,818	105,349	350,000	244,651	Bid	Mehdi Abbas
	1,500,000	600,000	900,000	763,888	(136,112)	Bid	Mehdi Abbas
	120,000	47,000	73,000	61,112	(11,888)	Bid	Mehdi Abbas
	805,000	412,543	392,457	625,000	232,543	Bid	Muhammad Yasin
	840,000	609,000	231,000	600,000	369,000	Bid	Rizwan Ali
	4,975,000	1,859,356	3,115,644	1,466,000	(1,649,644)	Bid	Smart Power System
	225,000	90,000	135,000	210,000	75,000	Bid	Tariq Azeem
	7,421,800	5,838,337	1,583,463	700,000	(883,463)	Negotiation	International Power System
	885,000	597,381	287,619	80,000	(207,619)	Negotiation	Syed Ahmed Ali
	27,231,967	**12,467,051**	**14,764,916**	**10,496,855**	**(4,268,061)**		
Motor Vehicle							
	1,082,000	1,081,999	1	900,000	899,999	Bid	Nauman A.Siddiqui
	4,950,000	3,526,875	1,423,125	3,000,000	1,576,875	Transfer to Fin.Lease	APL
	42,475	29,736	12,739	12,739	-	Transfer to Fin.Lease	APL
	6,074,475	**4,638,610**	**1,435,865**	**3,912,739**	**2,476,874**		
	35,606,442	**18,849,844**	**16,756,598**	**15,099,594**	**(1,657,004)**		
June 30, 2012	**48,847,392**	**29,907,441**	**18,939,951**	**18,093,769**	**(846,182)**		
June 30, 2011	49,223,966	24,192,835	25,031,131	24,085,000	(946,131)		

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.

11 NET INVESTMENT IN LEASES

	Note	2012 Rupees	2011 Rupees (Restated)
Lease rentals receivable		738,849,309	1,008,112,602
Add: Residual value of leased assets		420,553,635	538,979,936
Gross investment in finance leases	11.1	1,159,402,944	1,547,092,538
Less: Unearned lease income		44,154,543	85,984,248
Income suspended	11.3	62,339,448	70,973,193
Provision for potential lease losses	11.4	154,348,580	140,710,253
		260,842,571	297,667,694
Net investment in leases	11.2	898,560,373	1,249,424,844
Less: current portion of net investment in leases	9	780,426,299	921,296,010
		118,134,074	328,128,834

11.1 Gross investment in finance leases

	2012 Rupees	2011 Rupees
Less than one year	886,077,966	1,064,729,485
More than one year and less than five years	273,324,978	482,363,053
	1,159,402,944	1,547,092,538

11.2 Present value of investment in finance leases

	2012 Rupees	2011 Rupees
Less than one year	780,426,299	921,296,010
More than one year and less than five years	118,134,074	328,128,834
	898,560,373	1,249,424,844

11.3 Income suspended

	2012 Rupees	2011 Rupees
Balance at beginning of the year	70,973,193	81,076,370
Income suspended during the year	3,853,176	510,272
Income reversed during the year	(12,486,921)	(10,613,449)
Balance at end of the year	62,339,448	70,973,193

11.4 Provision for potential lease and other losses

	2012 Rupees	2011 Rupees
Balance at beginning of the year	140,710,253	132,653,759
Provision for the year	22,701,647	11,166,967
Reversed for the year	(9,063,320)	(3,110,473)
Balance at end of the year	154,348,580	140,710,253

12 LONG TERM DEPOSITS

	2012 Rupees	2011 Rupees
National Clearing Company-security deposit	2,500,000	2,500,000
Others	504,500	1,559,500
	3,004,500	4,059,500

	Note	2012 Rupees	2011 Rupees (Restated)
13 LONG TERM FINANCE - secured and considered good			
House loan to staff:			
- Employees	13.1	**964,277**	1,436,712
Less: current portion	9	**40,560**	136,811
		923,717	1,299,901
Musharika finances - other than related party	13.2	**48,217,197**	96,917,356
Less: current portion	9	**21,333,366**	66,879,491
		26,883,831	30,037,865
Murabaha finance - other than related party	13.3	**527,961**	3,627,959
Less: current portion	9	**527,961**	3,627,959
		-	-
Placements	13.4	**54,000,000**	54,000,000
Less: Provision		**(54,000,000)**	(27,000,000)
Less: current portion	9	**-**	27,000,000
		-	-
		27,807,548	31,337,766

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 This represents financing under musharika facility to various customers. The rate of return on these facilities ranges from 15.96% to 16.96% (2011: 17.62% to 19.77%) per annum. The repayment of these facilities is due between July, 2012 and December, 2013. These are secured by way of equitable mortgage on properties.

13.3 This represents finance provided under Murabaha facility and was secured against mortgage of property. The rates of return on these facilities ranges from 17.93% to 18.02 (2011: 19.57% to 19.61%) per annum.

13.4 This represents finance provided under placement facility and was secured against ranking charge on all assets of the customer.

14 PROPERTY AND EQUIPMENT

	Note	2012 Rupees	2011 Rupees
Property and equipment - owned	14.1	**136,846,804**	145,433,577
		136,846,804	145,433,577

During the year, the Company in order to correctly reflect the transaction, restated its settlement of borrowing with the Bank of Khyber and correspondingly restated Property and related assets amounting to Rs. 134.07 million under fixed assets.

This restatement/reclassification has the following impact on categories of accounts as mentioned below during the corresponding period of June 30, 2011.

			Effects on 30 June 2011 Rupees
Fixed assets	-	increased by	134,079,000
Accumulated depreciation	-	increased by	2,489,713
Surplus On Revaluation Of Fixed Assets	-	increased by	75,187,808
Equity	-	decreased by	(22,657,983)

14.1 PROPERTY & EQUIPMENT

DESCRIPTION	(Restated) Cost / Revalued amounts As at July 1, 2011	Additions (deletions) during the year	As at June 30, 2012	(Restated) Depreciation As at July 1, 2011	Charge for the year/ (Transfers/ disposal)	As at June 30, 2012	Written down value as at June 30, 2012	Depreciation rate in %
	....	....	....	Rupees	....	....	....	
OWNED								
Office premises	104,955,000	-	104,955,000	1,311,939	5,247,750	6,559,689	98,395,311	5
Leasehold Improvements	22,274,000	-	22,274,000	835,275	3,341,100	4,176,375	18,097,625	15
Furniture and fixtures	9,386,097	424,400	9,410,497	2,120,585	1,853,362	3,723,864	5,686,633	20
		(400,000)			(250,083)			
Office equipment	2,522,732	164,900	2,527,282	2,374,289	74,746	2,383,959	143,323	36
		(160,350)			(65,076)			
Computer equipment	4,403,960	-	4,403,960	4,268,332	87,000	4,355,332	48,628	36
Generator and air conditioners	3,688,070	-	3,688,070	3,053,254	634,810	3,688,064	6	20
		-						
Vehicles	27,610,035	10,709,012	25,638,447	15,442,643	6,462,964	11,163,169	14,475,278	24-30
		(12,680,600)			(10,742,438)			
June 30, 2012	**174,839,894**	**11,298,312**	**172,897,256**	**29,406,317**	**17,701,732**	**36,050,452**	**136,846,804**	
		(13,240,950)			**(11,057,597)**			
June 30, 2011	163,850,049	19,724,290	174,839,894	24,603,288	10,914,805	29,406,317	145,433,577	
		(8,734,445)			(6,111,776)			

14.1.1 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)on diposal	Mode of disposal	Particular of buyers
	-------------------Rupees-------------------						
Vehicles							
	41,000	41,000	-	14,000	14,000	Terms of Employment	Zeshan Ahmed
	47,400	40,290	7,110	16,460	9,350	Finance Lease	Transbridge Logistics
	1,308,000	1,177,200	130,800	130,800	-	Terms of Employment	M.R.Khan
	403,000	362,700	40,300	40,300	-	Terms of Employment	Rouf-Ur-Rehman
	652,000	586,800	65,200	65,200	-	Terms of Employment	Amim Khan
	1,014,000	912,600	101,400	101,400	-	Terms of Employment	Nauman Akhter
	403,000	362,700	40,300	40,300	-	Terms of Employment	Sohaib Ahmed
	770,000	693,000	77,000	77,000	-	Terms of Employment	Salman Hameed
	795,000	794,999	1	750,000	749,999	Terms of Employment	Tahir Rizwan
	56,400	56,399	1	30,000	29,999	Finance Lease	Ammad Yousuf
	1,750,000	1,575,000	175,000	175,000	-	Terms of Employment	Tahir Rizwan
	24,360	24,360	-	-	-	Terms of Employment	Tahir Rizwan
	1,354,000	1,049,350	304,650	304,650	-	Terms of Employment	Asim Ilyas
	59,440	44,580	14,860	14,860	-	Terms of Employment	Asim Ilyas
	460,000	333,500	126,500	126,500	-	Terms of Employment	M.Tahir Khan
	460,000	333,500	126,500	126,500	-	Terms of Employment	Haroon Ghaziani
	645,000	516,000	129,000	129,000	-	Terms of Employment	Midhat Khaleeq
	539,000	129,360	409,640	409,640	-	Terms of Employment	Abid Iftikhar
	1,899,000	1,709,100	189,900	189,900	-	Terms of Employment	Mohammed Khalid Ali
	12,680,600	**10,742,438**	**1,938,162**	**2,741,510**	**803,348**		
Furniture & fixture							
	225,000	153,833	71,167	71,167	-	Terms of Employment	Asim Ilyas
	175,000	96,250	78,750	78,750	-	Terms of Employment	Tahir Rizwan
	400,000	**250,083**	**149,917**	**149,917**	**-**		
Mobile Phone & Office Equipment							
	49,900	22,455	27,445	33,300	5,855	Insurance Claim	Efu General Insurance
	63,500	7,620	55,880	57,000	1,120	Insurance Claim	Efu General Insurance
	6,000	5,999	1	500	499	Negotiation	Amjad
	11,550	8,675	2,875	2,875	-	Terms of Employment	Asim Ilyas
	15,000	14,999	1	1	-	Terms of Employment	Tahir Rizwan
	8,400	4,788	3,612	3,612	-	Terms of Employment	Midhat Khaleeq
	6,000	540	5,460	5,460	-	Terms of Employment	Abid Iftikhar
	160,350	**65,076**	**95,274**	**102,748**	**7,474**		
June 30, 2012	**13,240,950**	**11,057,597**	**2,183,353**	**2,994,175**	**810,822**		
June 30, 2011	8,734,445	6,111,801	2,622,644	2,699,729	77,085		

	Note	2012 Rupees	2011 Rupees (Restated)
15 DEFERRED TAX ASSET			
Deferred Tax Asset		**352,628,787**	354,881,270
Surplus on revaluation of fixed assets		**(24,559,280)**	(26,811,763)
		328,069,507	328,069,507

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.

16 ACCRUED AND OTHER LIABILITIES

	Note	2012 Rupees	2011 Rupees
Accrued liabilities	16.1	**744,690**	519,396
Advance against leases		**74,005,354**	71,158,860
Unclaimed dividend		**809,102**	809,102
Other liabilities		**6,376,648**	2,503,837
		81,935,794	74,991,195

16.1 This includes an amount of Rs. Nil (2011: Rs. 85,650) payable to provident fund of the Company.

17 CURRENT MATURITY OF NON- CURRENT LIABILITIES

	Note	2012 Rupees	2011 Rupees
Current maturity of:			
Long term finances	18	**44,371,799**	321,266,516
Long term deposits	19	**300,385,437**	304,187,304
		344,757,236	625,453,820

18 LONG-TERM FINANCES - secured
Other than related party

	Note	2012 Rupees	2011 Rupees
Term finance certificates	18.2	**51,293,396**	104,960,475
SUKUKs	18.3	**280,580,829**	572,352,787
Long-term loans	18.4	**186,114,046**	309,235,763
		517,988,271	986,549,025
Less: Current maturity shown under current liabilities			
Term finance certificates		**2,585,075**	33,266,015
SUKUKs		**14,761,376**	184,687,835
Long-term loans		**27,025,348**	103,312,666
	17	**44,371,799**	321,266,516
		473,616,472	665,282,509

18.1 In January 2012, in view of the difficult financial situation with no bright prospects of new funding in form of direct equity or financing, the Company requested the lenders to modify the terms of the long term finance by extending the repayment period from 4 years to 10 years with effect from February 2012. In order to reflect the impact of this extension in the tenure according to the Para 40 of International Accounting Standard 39 - Financial Instruments, the Company has recomputed the accounting effect on derecognition of all the financial liabilities to record the gain and unwinding of the related liabilities accordingly.

In this regard, a joint meeting of all the investors/lenders of the Company was held on March 26, 2012 with the senior members of the Board to discuss and finalize the restructuring of repayment period. In the joint meeting, the investors/lenders representing 54% of Sukuk-I, 57% of Sukuk-II and 83% of PPTFC-III respectively agreed in principal to restructure the repayment terms to 10 years and obtain respective internal approvals accordingly. The required approval for legal documentation is 51% which is recieved for Sukuk-I while out of the total 16 Sukuk-II and 9 PPTFC-III holders, lenders representing 37% of outstanding Sukuk-II and 31% of PPTFC-III have consented to the restructuring plan by signing off the resolution subject to the fulfillment of condition of approval by 51% Sukuk-II and PPTFC-III holders respectively. 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. This would also provide the Company saving of cash flows for new business.

	2012 Rupees	2011 Rupees
Carrying amount of financial Liabilities before de-recognition	**890,937,975**	1,092,223,335
Carrying amount of financial Liabilities after de-recognition	**612,800,912**	794,184,409
Gain on de-recognition	**278,137,063**	298,038,926

The company has restated the corresponding figures to extinguish the original financial liability and recognize new financial liability. The amount of gain arisen due to difference between the existing carrying amount of original financial liability and new financial liability recognized is recorded as income through both equity and Profit & loss account. This amount would be amortized as unwinding of financial liability over the repayment term. The effect of restatement in the corresponding balances of financial statements is summarized below:

	Effects on 30 June 2011 Rupees
Decrease in current maturity - long term finance	118,218,093
Decrease in long term finance	179,820,833
Increase in revenue reserves	298,038,926

18.2 **Principal terms of Term Finance Certificate (TFC's)**

Particulars	Repayment period from	Repayment period to	Profit rate per annum	Principal outstanding (Rupees) 2012	Principal outstanding (Rupees) 2011 (Re-stated)
From financial institutions					
Privately placed term finance certificates (3rd Issue)	Sep-07	Jan-22	**Zero % (2011: Zero %)**	**51,293,396**	104,960,476

18.3 **Principal terms of SUKUKs**

Particulars	Repayment period from	Repayment period to	Profit rate per annum	Principal outstanding (Rupees) 2012	Principal outstanding (Rupees) 2011 (Re-stated)
From financial institutions					
Privately placed SUKUK-1	Dec-08	Jan-22	**Zero % (2011: Zero %)**	**129,344,470**	259,813,860
Privately placed SUKUK-2	Mar-09	Jan-22	**Zero % (2011: Zero %)**	**156,380,665**	312,538,927

18.4 **Principal terms of Long -term loans**

Particulars	Repayment period from	Repayment period to	Profit rate per annum	Principal outstanding (Rupees) 2012	Principal outstanding (Rupees) 2011 (Re-stated)
United Growth & Income Fund	Dec-07	Feb-19	**Zero % (2011: Zero %)**	**45,666,539**	108,598,521
The Bank of Khyber	Apr-10	Jan-22	**Zero % (2011: Zero %)**	**72,725,980**	152,566,709
United Bank Ltd	Apr-10	Feb-22	**Zero % (2011: Zero %)**	**13,932,939**	28,822,035
The Bank Of Punjab	Apr-10	Jan-22	**Zero % (2011: Zero %)**	**25,406,593**	52,822,904
Soneri Bank Ltd	Apr-10	Jan-22	**Zero % (2011: Zero %)**	**13,117,635**	27,452,158
KASB Funds	Jul-12	Jun-20	**Zero %**	**15,264,360**	-

19 **LONG-TERM DEPOSITS**	Note	2012 Rupees	2011 Rupees (Restated)
Security deposits against leases	19.1	**417,115,194**	537,242,795
Less: current maturity of security deposits	17	**300,385,437**	304,187,304
		116,729,757	233,055,491

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

	Note	2012 Rupees	2011 Rupees (Restated)
20 SHARE CAPITAL			
Authorized capital			
75,000,000 (2011: 75,000,000) ordinary shares of Rs. 10 each		**750,000,000**	750,000,000
50,000,000 (2011: 50,000,000) preference shares of Rs. 10 each		**500,000,000**	500,000,000
		1,250,000,000	1,250,000,000
Issued, subscribed and paid-up share capital			
22,100,000 (2011: 22,100,000) ordinary shares of Rs. 10 each fully paid in cash		**221,000,000**	221,000,000
14,200,000 (2011: 14,200,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares		**142,000,000**	142,000,000
		363,000,000	363,000,000
Preference shares			
7,502,775 preference shares-Class A of Rs. 10 each fully paid in cash	20.2	**75,027,750**	75,027,750
		438,027,750	438,027,750

	Note	2012 Number	2011 Number
20.1 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		**36,300,000**	36,300,000
Preference shares			
Number of the shares at beginning of the year		**7,502,775**	7,502,775
Redeemed during the year	20.2	**-**	-
Number of the shares at end of the year		**7,502,775**	7,502,775

20.2 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	**From**	**To**
	Period to exercise put option	
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

20.3 Due to huge losses for the last 4 years, the Company has not been able to redeem the remaining portion of the Preference shares – Class A. In this regard, the Company offered certain proposals to the major preference shareholders to devise a practical mechanism for redemption of shares in accordance with the terms of the issue of Preference Shares.

20.4 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. 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.

In order to streamline the regulatory regime of the companies in NBFC Sector, SECP had constituted an NBF Sector Reform Committee comprising of prominent market participants and representatives of SECP. The Committee has given its recommendation/report to SECP for consideration, which includes review of minimum equity requirements for NBFCs (including leasing companies/investment banks) and introduction of concept of deposit taking and non-deposit taking NBFCs etc. Currently, the Commission is deliberating on the recommendations of the Committee. The tentative deadline for introduction of revised NBF Sector model is December 2012.

Upon the introduction of these revised regulations, the following minimum equity requirements would be revised/changed accordingly.

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	2012 Rupees	2011 Rupees (Restated)
The Company's capital consist of:			
Issued, subscribed and paid-up share capital		438,027,750	438,027,750
Reserves		(59,932,929)	(176,145,080)
		378,094,821	261,882,670
Unrealized loss on available for sale investments		-	(170,000)
		378,094,821	261,712,670
21 RESERVES			
Capital reserve			
Statutory reserves	21.1	181,867,005	159,867,005
Revenue reserve			
(Accumulated loss)/Unappropriated profit		(241,799,934)	(336,012,086)
		(59,932,929)	(176,145,080)
21.1 Balance at beginning of the year		159,867,005	118,867,005
Transferred during the year		22,000,000	41,000,000
Balance at end of the year		181,867,005	159,867,005

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

22 Deposit against issuance of shares

Earlier in April 2010, the Company in its efforts for the revival of financial stability negotiated with AMZ Plus Fund for conversion of its placement under Certificate of Investment of Rs. 25 million into Cumulative, Convertible, Redeemable Preference Shares of the Company through a Memorandum of Understanding. However, in view of the delays in approvals and other matters on account of ownership changes of the Fund, the Company negotiated with KASB Funds - the present Management Company of the fund for settlement of the outstanding amount in equal monthly installments. In this regard, an agreement is signed off between the two entities on August 3, 2012. Therefore, the amount is reclassified as long term borrowing in these financial statements.

		Note	2012 Rupees	2011 Rupees (Restated)
23	**SURPLUS ON REVALUATION OF FIXED ASSETS**			
	Surplus on revaluation of fixed assets	23.1	**68,752,141**	75,187,808
	Deferred tax (liability) recognized	23.2	**(24,559,280)**	(26,811,763)
			44,192,861	48,376,045
23.1	**Reconciliation of surplus on revaluation of fixed assets**			
	At the beginning of the year		**75,187,808**	32,798,578
	Surplus during the year		**-**	45,415,377
	Surplus realized on account of incremental depreciation		**(6,435,667)**	(3,026,147)
	At the end of the year		**68,752,141**	75,187,808
23.2	**Deferred tax liability**			
	At the beginning of the year		**26,811,763**	11,479,502
	Deferred tax liability arise/(adjusted) during the year		**-**	15,895,382
	Deferred tax liability realized on account of incremental depreciation		**(2,252,483)**	(563,121)
	At the end of the year		**24,559,280**	26,811,763
24	**CONTINGENCIES AND COMMITMENTS**			
24.1	**Commitments for lease disbursements**		**13,284,300**	3,973,270

24.2 Contingencies

The company had been issued with a notice of demand under section 14 of the Federal Excise Act, 2005 for the payment of Federal Excise Duty (FED) for the periods 2007-11 amounting to Rs.111,434,828/- on account of leasing related income.

In response to the demand raised by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayer Unit Karachi, the Company filed an appeal with Commissioner Inland Revenue Appeals against the order and notice of demand. The appeal is still pending adjudication before the Commissioner Appeals' Offices.

In June 2012, the Deputy Commissioner Inland Revenue taking unilateral action and issued instructions to all the banks of the Company to attach the banking accounts for the recovery of the disputed amount. Therefore, the company filed a Constitutional Petition with the Honorable High Court of Sindh, Karachi (H.C) seeking stay on such coercive actions as well as against the recovery notice issued by the DCIR, LTU, Karachi. The Honorable High Court of Sindh granted stay against all proceedings initiated by the tax department against the company and asked the Company to pay the amount that is liable to pay as federal excise duty. The Company paid a sum of Rs. 681,587/- as per the directions of the honorable High Court.

However, based on the facts and legal aspects of the case, we anticipate a favorable outcome and hence no further provision is required in this regard.

		Note	2012 Rupees	2011 Rupees
25	**INCOME FROM FINANCE LEASE**			
	Income from finance lease contracts		**62,544,975**	100,876,185
	Front end fee and additional lease rentals		**-**	-
			62,544,975	100,876,185
26	**OTHER OPERATING INCOME**			
	Income from financial assets	26.1	**11,701,401**	15,418,092
	Other than financial assets	26.2	**2,575,447**	944,620
			14,276,848	16,362,712

		Note	2012 Rupees	2011 Rupees (Restated)
26.1	**Income from financial assets**			
	Loans and receivables			
	Profit from bank under cash management scheme		309,706	317,177
	Profit on term finance certificates		22,691	102,159
	Profit-up on musharika		10,760,835	23,795,669
	Mark-up on house finance to staff		73,857	116,508
	Profit on murabaha		424,683	998,376
	Profit on placements- net of income suspended		109,629	701,946
			11,701,401	26,031,835
	Available for sale investment			
	Mark-up on government securities		-	6,533,542
	Loss on disposal of available for sale investments		-	(17,202,745)
	Dividend income		-	55,460
			-	(10,613,743)
			11,701,401	15,418,092
26.2	**Other than financial assets**			
	Fees, commissions and other charges		(27,500)	644,786
	Gain/(Loss) on disposal of property and equipment		810,822	77,084
	Rental Income		1,792,125	222,750
			2,575,447	944,620
27	**DISCONTINUED OPERATIONS**			
	Operating leases Revenue		1,071,550	17,669,541
	Direct Cost of Operating Lease			
	Maintenance contracts		93,083	6,187,532
	Depreciation		-	7,809,647
	Insurance		91,167	1,484,220
			184,250	15,481,399
	(Loss)/Gain on disposal		(1,657,004)	(946,131)
	Profit/(Loss) before taxation		(769,704)	1,242,011
	Taxation		(10,716)	(176,695)
	Loss after tax		(780,420)	1,065,316
	Cash flows			
	Net cash from operating activities		-	73,000
	Net cash from investing activities		15,099,594	24,085,000
	Net cash inflows from discontinued operation for the year		15,099,594	24,158,000
28	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Salaries, allowances and benefits	28.2 & 28.3	43,630,879	44,425,293
	Gratuity		-	-
	Directors' fee	28.1	252,000	256,000
	Staff training and development		50,275	41,800
	Telephone and fax		1,452,939	1,516,483
	Postage and courier		61,763	81,350
	Electricity		1,056,454	1,414,106
	Office maintenance		1,695,490	1,665,900
	Software maintenance		162,023	180,933
	Security guards charges		-	324,000
	Insurance		559,868	548,342
	Business promotion expenses		1,775,114	1,731,960
	Canteen expenses		671,840	559,660
	Vehicle running expenses		7,601,725	8,446,338
	Vehicle insurance		987,284	933,374
	Traveling and conveyance		348,202	260,949
	Advertisement expenses		85,325	105,598
	Printing and stationery		704,618	801,442
	Central depository charges		205,524	218,049
	Subscriptions and listing fees		813,119	759,007
	Legal and professional charges		2,155,250	2,225,876
	Auditors' remunerations	28.4	623,410	507,700
	Statutory filing fees		27,097	40,400
	Depreciation		17,701,732	17,014,076
	Rent, rates and taxes		727,384	1,984,931
	Miscellaneous		29,400	68,350
			83,378,715	86,111,917

28.1 Directors' fee

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

28.2 Remuneration of chief executive and executives

	2012		2011 (Restated)	
	Chief executive	**Executives**	Chief executive	Executives
Managerial remuneration	**7,800,000**	**7,512,000**	7,800,000	7,062,900
Housing and utilities	**3,960,000**	**3,859,350**	3,960,000	3,585,780
Medical and other perquisites	**632,248**	**733,500**	759,089	543,300
	12,392,248	**12,104,850**	12,519,089	11,191,980
Number of persons	1	7	1	7

28.2.1 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.

28.3 Salaries, allowances and benefits include provident fund contribution of Rs. 568,770 (2011: Rs. 1,179,810).

	Note	2012 Rupees	2011 Rupees (Restated)
28.4 Auditors' remuneration			
Annual audit		**325,000**	250,000
Half yearly review		**125,000**	100,000
Other certifications		**100,000**	100,000
Out-of-pocket expenses		**73,410**	57,700
		623,410	507,700
29 FINANCE COSTS			
Markup on :			
Long and short term finance		**-**	22,825,793
Running finance		**-**	9,562,889
Term finance certificates & Sukuks		**64,713**	13,419,253
		64,713	45,807,935
30 DIRECT COST OF FINANCE LEASES			
Court fee, stamp duty and others		**3,389,842**	1,947,710
31 PROVISION FOR POTENTIAL LEASES AND OTHER LOSSES			
Provision on leases	11.4	**13,638,327**	8,056,494
Provision on other financing	13	**27,000,000**	16,200,000
		40,638,327	24,256,494

32 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 2011. 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.

32.1 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.

33 (LOSS)/EARNINGS PER SHARE - basic and diluted

	Note	2012 Rupees	2011 Rupees (Restated)
Loss for the year from continuing operations		112,809,388	204,780,150
Profit for the year from discontinuing operations		(780,420)	1,065,316
Loss attributable to ordinary shareholders-Rupees		112,028,969	205,845,466
Number of ordinary shares issued and subscribed		36,300,000	36,300,000
Loss per share from continuing business		3.11	5.64
Earnings per share from discontinue business		(0.02)	0.03
Loss per share		3.09	5.67

(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, 2012.

34 CASH AND CASH EQUIVALENTS

	Note	2012 Rupees	2011 Rupees
Balances with banks	5	4,840,042	7,081,414
		4,840,042	7,081,414

35 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, 2012					
	Finance lease	Capital market	Musharika	Others	Operating Lease Discontinued Operations	Total
	Rupees					
Segment revenues	62,544,975	-	10,760,835	3,516,013	1,071,550	77,893,373
Segment result	1,885,927	-	8,410,934	(24,012,552)	(829,341)	(14,545,032)
Unallocated cost						
Finance cost						(248,528)
Administrative and selling exp						(36,680,917)
Unwinding of financial liability						(111,538,616)
Gain on de-recognition of financial liability						278,137,063
Profit before income tax						115,123,970
Income tax expense						(3,095,001)
Profit for the year						112,028,968
Other information						
Segment assets	899,107,872	-	48,745,158	10,964,278	583,358	959,400,666
Unallocated assets						479,926,275
Total assets						1,439,326,941
Segment liabilities	827,318,557	-	22,254,154	5,005,640	266,327	854,844,677
Unallocated liabilities						162,194,582
Total liabilities						1,017,039,259
Net assets						422,287,683
Capital expenditure				11,298,312	-	11,298,312

	June 30, 2011 (Restated)					
	Finance lease	Capital market	Musharika	Others	Operating Lease Discontinued Operations	Total
	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	8,222,019	1,065,316	12,216,474
Unallocated cost						
Finance cost						(14,609,784)
Gain on de-recognition of financial liability						298,038,926
Unwinding of financial liability						(39,797,811)
Administrative and selling expenses						(38,051,533)
Profit before income tax						217,796,272
Income tax expense						(11,950,806)
Profit for the year						205,845,466
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						507,059,976
Total assets						1,934,086,803
Segment liabilities	1,458,557,546	6,842,989	78,839,906	32,492,896	12,786,329	1,589,519,666
Unallocated liabilities						9,478,424
Total liabilities						1,598,998,090
Net assets						335,088,715
Capital expenditure				7,730,950	680,000	8,410,950

36 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:

36.1 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	2012 Rupees	2011 Rupees
Classes of financial assets - carrying value			(Restated)
Cash and cash equivalent			
Balances with banks	5	**4,840,042**	7,081,414
Loans and receivables			
Short-term finances	7	**10,000,000**	22,000,000
Advance to financial institution	8	**-**	17,250,000
Accrued return on investments		**729,451**	1,532,214
Long-term deposits	12	**3,004,500**	4,059,500
Long-term finances		**49,709,435**	128,982,027
Lease receivables			
Net investment in finance leases	11	**898,560,373**	1,249,424,844
Operating lease receivables	8	**-**	73,000
Available for sale financial assets			
Short term investments	6	**-**	9,110,000
		966,843,801	1,439,512,997

36.1.1 The credit risk to cash and cash equivalent is negligible, since the counter parties are reputable banks with high quality external credit rating.

36.1.2 Loans and receivables of the Company are secured by collaterals that are disclosed in their relevant notes.

36.1.3 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	**2012**		2011	
	Rupees	**%**	**Rupees**	**%**
Textile	**195,718,216**	**20.64**	255,398,454	18.41
Construction	**47,112,334**	**4.97**	88,525,728	6.38
Transport and communication	**160,398,432**	**16.91**	199,347,602	14.37
Oil and gas	**100,530,885**	**10.60**	155,543,792	11.21
Food and beverages	**37,691,334**	**3.97**	57,303,107	4.13
Engineering	**47,186,499**	**4.98**	62,415,175	4.50
Plastic	**11,454,836**	**1.21**	27,601,131	1.99
Consumer leases	**36,777,703**	**3.88**	52,686,814	3.80
Health care	**13,282,012**	**1.40**	29,703,183	2.14
Travel and tourism	**23,806,570**	**2.51**	29,991,639	2.16
Pharmaceutical	**33,086,860**	**3.49**	40,176,802	2.90
Advertisement	**1,234,550**	**0.13**	2,922,650	0.21
Cement	**39,438,185**	**4.16**	40,890,968	2.95
Auto and allied	**44,222,179**	**4.66**	45,470,493	3.28
Publications	**13,640,973**	**1.44**	15,800,587	1.14
Sugar	**70,156,662**	**7.40**	96,176,850	6.93
Glass and ceramics	**12,761,322**	**1.35**	8,981,504	0.65
Others	**59,770,255**	**6.30**	178,653,392	12.88
Total	**948,269,807**	**100**	1,387,589,871	100

36.1.4 Analysis of financial assets that are past due:

	Total	Loans and receivables	Net investment in finance lease	Operating lease receivables
	................................**Rupees**................................			
Gross carrying amount				
Not past due	597,160,595	31,906,998	561,551,444	3,702,153
Past due by more than 30 days but not more than 180 days	12,790,827	1,536,388	11,254,439	-
Past due by more than 180 days but not more than 360 days	2,689,818	-	2,689,818	-
Past due by more than 360	561,413,252	84,000,000	477,413,252	-
	1,174,054,492	**117,443,386**	**1,052,908,953**	**3,702,153**
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	212,050,733	54,000,000	154,348,580	3,702,153
Total impairment loss	**212,050,733**	**54,000,000**	**154,348,580**	**3,702,153**
Net carrying amount	**962,003,759**	**63,443,386**	**898,560,373**	**-**

36.1.5 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.

36.2 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:

Financial liabilities	2 0 1 2				
	Within 6 month	6 month to 1 year	One to five years	Over five years	Total
	----Rupees----				
Financial Assets					
Cash and cash equivalent	4,840,042	-	-	-	4,840,042
Loans and receivables	51,283,102	5,276,110	6,884,174	-	63,443,386
Lease receivables	162,410,756	618,015,543	118,134,074	-	898,560,373
Available for sale financial assets	-	-	-	-	-
	218,533,900	**623,291,653**	**125,018,248**	**-**	**966,843,801**
Financial liabilities					
Accrued and other liabilities	81,935,794	-	-	-	81,935,794
Long -term finances	27,058,124	17,313,675	473,616,472	-	517,988,271
Long-term deposits	72,824,969	227,560,468	116,729,757	-	417,115,194
	181,818,887	**244,874,143**	**590,346,229**	**-**	**1,017,039,259**
	36,715,013	**378,417,510**	**(465,327,981)**	**-**	**(50,195,458)**

	2 0 11 (Restated)				
	Within 6 month	6 month to 1 year	One to five years	Over five years	Total
	----Rupees----				
Financial Assets					
Cash and cash equivalent	7,081,414	-	-	-	7,081,414
Loans and receivables	66,282,578	123,096,215	21,710,883	-	211,089,676
Lease receivables	399,797,258	978,813,977	494,911,937	-	1,873,523,172
Available for sale financial assets	-	13,948,126	-	-	13,948,126
	473,161,250	1,115,858,318	516,622,820	-	2,105,642,388
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
	(273,249,571)	626,234,245	(916,279,258)	-	(563,294,584)

36.3 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.

36.3.1 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.

37 FAIR VALUE OF FINANCIAL ASSETS

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

38 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:

			2012	
Name of related party	**Nature of relationship**	**Description of transaction**	**Total value of transaction**	**Closing balance**
			...........Rupees..........	
Provident fund	Other related party	Contribution paid	1,398,660	-
Disposal to employees	Employees	Sale proceeds from vehicles transferred	2,695,050	-

			2011 (Restated)	
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
Disposal to employees	Employees	Sale proceeds from vehicles transferred	2,568,949	-

39 RECLASSIFICATION

Following reclassification has been made in these financial statements for better comparison and presentation.

Reclassification from	Reclassification to	2012 (Rupees)
Deposit against issuance of shares	Long-term finances	25,000,000

40 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 2nd, 2012 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, 2012, at 7:00 pm 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:

Name: ______________________________

CNIC: ______________________________

Signature: ______________________________

Address: ______________________________

____

Witness:

Name: ______________________________

CNIC: ______________________________

Signature: ______________________________

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.