



## Annual Report

June 30, 2012

Standard Chartered Leasing Limited



# Vision

**To be the preferred provider  
of Leasing Products  
in the market.**

# Mission

**To create exceptional value  
for our clients, investors and  
staff; through market leadership  
in providing innovative  
Leasing Products & Solutions,  
and by adopting and living our  
core values.**

# Our Values

## ***Courageous***

Stand up for what we believe to be right. We accept accountability and take calculated risks.

## ***International***

We value our diversity. We share standards and best practice. We work together, as one team across the organization for the benefit of our customers.

## ***Trustworthy***

We do what is best for the organization and our customers. We deliver on our promises and work to high standards. We are reliable, open and honest.

## ***Responsive***

We listen to our customers and colleagues and build strong relationships based on mutual respect. We work quickly, thoughtfully and effectively to deliver the best solution.

## ***Creative***

We are innovative and imaginative in working with opportunities and challenges. We continuously improve the way we work, making it simpler, better and faster.

# Corporate Information

## Board of Directors

|                          |                   |                                      |
|--------------------------|-------------------|--------------------------------------|
| Mr. Mohsin Ali Nathani   | - Chairman        | - Non-Executive Director             |
| Mr. Arjumand Ahmed Minai | - Chief Executive | - Executive Director                 |
| Mr. Najam I. Chaudhri    |                   | - Independent Non-Executive Director |
| Mr. Najam Siddiqi        |                   | - Non-Executive Director             |
| Mr. Shahid Zaki          |                   | - Independent Non-Executive Director |
| Mr. Khurram Shahzad Khan |                   | - Non-Executive Director             |
| Syed Naseer ul Hasan     |                   | - Non-Executive Director             |

## Company Secretary

Mr. Rehan Anjum

## Audit & Risk Committee

|                          |            |
|--------------------------|------------|
| Mr. Najam I. Chaudhri    | - Chairman |
| Mr. Najam Siddiqi        | - Member   |
| Mr. Shahid Zaki          | - Member   |
| Mr. Khurram Shahzad Khan | - Member   |

## Human Resources & Remuneration Committee

|                          |            |
|--------------------------|------------|
| Syed Naseer ul Hasan     | - Chairman |
| Mr. Najam Siddiqi        | - Member   |
| Mr. Khurram Shahzad Khan | - Member   |
| Mr. Arjumand Ahmed Minai | - Member   |

## Banker/Financial Institution

Standard Chartered Bank (Pakistan) Limited

## Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road,  
Karachi-75530

## Legal Advisor

Mansoor Ahmad Khan & Company  
F/2-3, Block 8, Kehkashan, K.D.A. Scheme 5  
Clifton, Karachi 75600

## Registrar and Share Transfer Office

Hameed Majeed Associates (Pvt) Limited  
H.M. House, 7 Bank Square  
Lahore  
Tel : (042) 37235081, 37235082  
Fax : (042) 37358817

## Registered Office/Principal Office Karachi Branch

Ground Floor, Al-Rahim Towers,  
I.I. Chundrigar Road, Karachi-74000  
Tel: (021) 32427727 Fax: (021) 32438211

## Lahore Branch

1st Floor, SCB Building, 27 Ali Block,  
New Garden Town, Lahore-54000  
Tel : (042) 35908680  
Fax : (042) 32715082

## Islamabad Branch

2nd Floor, Union Arcade  
6A, F/7 Markaz, Islamabad  
Tel : (051) 2651711  
Fax : (051) 2653909

## Faisalabad Branch

P-69, Kotwali Road  
Faisalabad  
Tel : (041) 2620686  
Fax : (041) 2610446

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## Notice of Annual General Meeting

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the shareholders of **Standard Chartered Leasing Limited (“Company”)** will be held on Thursday, October 18, 2012 at 11:00 a.m. at Moosa D. Desai Auditorium, The Institute Of Chartered Accountants Of Pakistan, Chartered Accountants Avenue Clifton, Karachi, to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2012, along with the Directors’ and Auditors’ Reports thereon.
2. To consider the appointment of external auditors namely KPMG Taseer Hadi & Co., Chartered Accountants and to authorize the Chief Executive Officer and Chief Financial Officer to fix their remuneration. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible have offered themselves for re-appointment.
3. To consider and approve cash dividend @ Rs 0.80 per share of Rs. 10 each (i.e 8%) for the year ended June 30, 2012 as recommended by Board of Directors.
4. Any other business with the permission of the Chair.

By Order of the Board



**Rehan Anjum**  
Company Secretary

Karachi: September 18, 2012

### NOTES:

- a) The Share Transfer Books of the Company shall remain closed from October 12, 2012 to October 18, 2012 (both days inclusive).
- b) A member is eligible to attend and cast vote at this meeting or may appoint another member as his/her proxy to attend and vote instead of him /her. Proxies in order to be effective must be received at the Share Registrar’s Office not less than 48 hours before the time for holding the meeting.
- c) CDC account holders will have to follow the under mentioned guidelines as laid down in Circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting.
- i) **In case of individuals**, the account holder or sub account holder and / or the person whose securities are in group account; and their registration details are uploaded as per the regulation, shall authenticate his / her identity by showing his/ her Computerized Original National Identity Card (CNIC) or original Passport at time of attending the meeting. The shareholders registered on CDC are also requested to bring their Participants’ I.D. no and account no. in CDS.
- ii) **In case of corporate entity**, the Board of Directors’ resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
- d) Shareholders are requested to notify the change of their addresses, if any, to Share Registrar, **M/s Hameed Majeed Associates (Pvt.) Limited, H. M. House, 7-Bank Square, Lahore. Tele No. 042-37235081-2**

# Directors' Report and Chairman's Review

On behalf of the Board of Directors, I am pleased to present the Nineteenth Annual Report of Standard Chartered Leasing Limited (SCLL) along with audited financial statements for the year ended June 30, 2012.

## Economy

According to the latest Economic Survey, GDP growth has accelerated to 3.7% in FY12 from 3% in FY11. The main growth drivers are record government spending and an accommodative monetary policy. Government deficit increased to 7.4% of GDP in FY12 against a budgetary target of 4.7%, due to higher subsidies and lower than targeted tax collection. Similarly, household consumption growth has risen sharply by 11.6% y/y on higher rural incomes, record-high remittances and increased bank lending to the private sector. In FY13 the government targets 4.3% GDP growth.

However, risks remain to the macroeconomic outlook due to sharp drop in investment spending and the ongoing energy crisis. The Pakistan Rupee (PKR) has come under significant pressure, down 5.4% YTD to 94.4 by end June 2012, due to widening C/A deficit and large debt repayments. The State Bank of Pakistan's FX reserves declined to USD 10.8 billion by end-June 2012, from peak levels of USD 14.8 billion in June 2011.

Financing the widening deficit and meeting large external debt payments will be a challenge. Pakistan is scheduled to make USD 4.6 billion of debt repayments in FY13, including USD 3 billion to the IMF. Pakistan is likely to get some reprieve from decline in oil prices and improved relations with the US. Following the re-opening of transit trade route for NATO forces in Afghanistan, the US administration has released USD 1.1 billion to the government for military assistance. This will help strengthen the FX reserve position and lower the government deficits.

## Operating Results and Business Overview

|                                    | June 30, 2012<br>(PKR millions) | June 30, 2011<br>(PKR millions) |
|------------------------------------|---------------------------------|---------------------------------|
| <b>Balance Sheet</b>               |                                 |                                 |
| Paid- up capital                   | 978.35                          | 978.35                          |
| Total equity                       | 899.73                          | 851.12                          |
| Certificate of Investment          | 2,708.41                        | 1,684.62                        |
| Net investment in Finance lease    | 4,215.62                        | 2,938.45                        |
|                                    | June 30, 2012<br>(PKR millions) | June 30, 2011<br>(PKR millions) |
| <b>Profit and Loss</b>             |                                 |                                 |
| Net Revenue                        | 215.37                          | 187.33                          |
| Administrative Expenses            | (81.26)                         | (81.69)                         |
| Profit before provision            | 134.11                          | 105.64                          |
| Net Reversal against finance lease | 43.75                           | 11.70                           |
| Profit before tax                  | 177.86                          | 117.34                          |
| Profit after tax                   | 97.86                           | 76.27                           |
| Earnings per share – basic         | 1.00                            | 0.78                            |

## Review of Business and Operations

The financial results for 2012 show a remarkable performance considering the difficult economy, uncertain political and security conditions that we operate in. It was through sound policies, dynamic strategy, continuous improvement in productivity and dedicated effort by the employees that we maintained the growth momentum and balance sheet strength. Profit before tax grew from 117.34 million to 177.86 million in 2012 with earnings per share at Rs. 1.00 from Rs. 0.78 in 2011, an increase of around 28%.

Net Revenue of the Company grew by 15% from Rs. 187.33 million in 2011 to Rs. 215.37 million in 2012. Fresh leases booked during the period amounted to Rs. 2,438 million, compared to Rs 1,705 million in 2011.

Liquidity of approximately Rs 2.88 billion was generated through mobilization of cost effective Certificates of Investment (COI). The COI base as at June 30, 2012 was Rs. 2.71 billion compared to Rs. 1.68 billion at June 30, 2011. The focus on effective management of rental recovery and collection effort during the period yielded Rs. 1,427 Million, achieving recovery / collection

## Directors' Report and Chairman's Review

level of over 98.5% for the entire portfolio, compared to 95% for 2011. The robust business performance was achieved by focusing on operational efficiency, selective business growth, implementation of prudent risk management policies, effective fund management, cost control and a relentless collection and recovery drive.

### Dividend

Final cash dividend of 8%(PKR 0.8 per share) has been recommended by the Board of Directors for approval at the Nineteenth Annual General Meeting of the Shareholders.

### Outlook

Recent reduction of 150 bps in discount rate will provide opportunity to Corporate and SME sectors to expand the business. Despite the challenging external environment we believe good opportunities exist and intend to follow a prudent growth strategy driven by the balance sheet strength and efficient human resource. We will continue to strive to achieve excellence in customer service through our focused approach and understanding of customers' evolving needs.

### Credit Rating

The Pakistan Credit Rating Agency (PACRA) has upgraded credit ratings of Standard Chartered Leasing Limited for long-term from 'AA-' (Double A Minus) to 'AA' (Double A), and for short-term 'A1+' (A One Plus) being the highest rating. These ratings denote very low expectation of credit risk emanating from very strong capacity for timely payments of financial commitments.

### Board of Directors

During the year under review Mr. Tufail J. Ahmad and Mr. Aalishaan Zaidi submitted their resignations from the Board as Directors of the Company. The Board would like to place on record its appreciation for their valuable contribution in improving the governance and performance of the Company. The Board has appointed Mr. Khurram Shahzad Khan and Syed Naseer ul Hasan as Directors of Standard Chartered Leasing Limited under section 180 (2) of the Companies Ordinance, 1984.

### Corporate Governance

Your Company strives continuously to raise the level of Corporate Governance. The Board of SCLL consists of two Independent Directors, four Non-Executive Directors and an Executive Director. Both Independent Directors are members of the Audit & Risk Committee and one of them is the Chairman of the Committee.

### Directors' Statement in Compliance to the Code of Corporate Governance

This part of the Directors' report to shareholders is given as required under section 236 of the Companies Ordinance 1984:

1. The financial statements prepared by the management of Standard Chartered Leasing Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of Standard Chartered Leasing Limited have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
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 ability of Standard Chartered Leasing Limited to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. The value of the funded provident fund of Standard Chartered Leasing Limited as on June 30, 2012 was Rs. 11.46 million (2011 : Rs. 10.90 Million) The provident fund has been audited up to June 30, 2011.
9. The value of the funded gratuity fund of Standard Chartered Leasing Limited as on June 30, 2012 was Rs. 6.28 million (2011 : Rs. 3.9 Million) The gratuity fund has been audited up to June 30, 2011.
10. No trading in shares was carried out by the Directors, Chief Executive, Chief Financial Officer/Company Secretary and their spouses and minor children during the year.
11. During the year SCLL has appointed the Head of internal Audit who shall functionally report to the Audit Committee and administratively to the CEO in accordance with the revised Code of Corporate Governance.
12. The Board has formed HR & Remuneration Committee as per the revised Code of Corporate Governance.



# Directors' Report and Chairman's Review

## Directors' Meetings

Four (4) meetings of the Board of Directors of SCLL were held during the year. Attendance by each director was as follows:

| S. No | Names of Director  | No. of meeting(s) held during the Tenor in the year | Total no. of meeting(s) attended * |
|-------|--|---|------------------------------------|
| 1     | Mr. Mohsin Ali Nathani, Chairman                             | 4   | 4                                  |
| 2     | Mr. Arjumand A. Minai, Chief Executive Officer               | 4   | 4                                  |
| 3     | Mr. Tufail J. Ahmad, Director (Resigned July 14, 2011)       | 4   | 0                                  |
| 4     | Mr. Najam Siddiqi, Director                                  | 4   | 2                                  |
| 5     | Syed Naseer ul Hasan, Director (Appointed November 30, 2011) | 4   | 1                                  |
| 6     | Mr. Shahid Zaki, Director                                    | 4   | 4                                  |
| 7     | Mr. Najam I. Chaudhri, Director                              | 4   | 2                                  |
| 8     | Mr. Aalishaan Zaidi, Director (Resigned November 30, 2011)   | 4   | 1                                  |
| 9     | Mr. Khurram Shahzad Khan, Director (Appointed July 14, 2011) | 4   | 3                                  |

## Audit & Risk Committee's Meetings

Four (4) meetings of the Audit & Risk Committee of SCLL were held during the year. Attendance by each director was as follows:

| S. No | Names of Director                | No. of meeting(s) held during the Tenor in the year | Total no. of meeting(s) attended * |
|-------|----------------------------------|---|------------------------------------|
| 1     | Mr. Najam I. Chaudhri, Chairman  | 4   | 2                                  |
| 2     | Mr. Shahid Zaki, Member          | 4   | 3                                  |
| 3     | Mr. Khurram Shahzad Khan, Member | 4   | 3                                  |
| 4     | Mr. Najam Siddiqi, Member        | 4   | 2                                  |

\*Leave of absence was granted to the Directors who could not attend some of the meetings.

## Pattern of Shareholding

The pattern of Shareholding as on June 30, 2012 is annexed to the Annual Report.

## Key Operating and Financial Data

Key operating and financial data of Last six years is annexed to the Annual Report.

## Director's Training

As per the requirement of the revised Code of Corporate Governance, it is mandatory for listed companies to arrange orientation courses for their directors. Mr. Arjumand Minai CEO/Director has successfully completed the course with Pakistan Institute of Corporate Governance (PICG).

## External Auditors

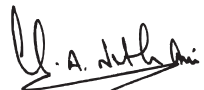
The Audit Committee has recommended the name of KPMG Taseer Hadi & Co., Chartered Accountants as external auditors of the company for the next term. The Board of Directors, on the recommendation of the Audit Committee has proposed the name of retiring auditors KPMG Taseer Hadi & Co., Chartered Accountants as external auditors for the next term. The retiring auditors, being eligible, offer themselves for re-appointment in the forthcoming Annual General Meeting.

## Appreciation and Acknowledgment

The Board takes this opportunity to thank its valued shareholders and customers for their confidence and patronage. It would like to place on record its appreciation for the help and guidance provided by the Securities & Exchange Commission of Pakistan and the State Bank of Pakistan.

The Board also wishes to place on record its appreciation for the hard work and dedication shown by the staff.

On behalf of the Board



Mohsin Ali Nathani  
Chairman  
September 18, 2012

# Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2012

The Board of Directors of Standard Chartered Leasing Limited (“the Company”) has always supported and reconfirms its commitments to continue support and implementation of the highest standards of Corporate Governance at all times.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi, Lahore and Islamabad 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:

| Categories                | Names   |
|---------------------------|---|
| - Independent Directors   | Mr. Najam I. Chaudhri<br>Mr. Shahid Zaki  |
| - Executive Director      | Mr. Arjumand A. Minai   |
| - Non-Executive Directors | Mr. Mohsin Ali Nathani<br>Mr. Najam Siddiqi<br>Mr. Khurram Shahzad Khan<br>Syed Naseer ul Hasan |

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The casual vacancies occurring on the board on July 14, 2011 and November 30, 2011 were filled up by the directors within fourteen days.
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. The Company has also uploaded its ‘Code of Conduct’ on the Company’s website.
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 and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman 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.

# Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2012

9. The Board has arranged training program from Pakistan Institute of Corporate Governance for its CEO. Director's hand book containing relevant documents were also distributed to the newly appointed directors.
10. No new appointments of CFO and Company Secretary have been made during the year. The Board has approved the appointment of Head of Internal Audit, including the remuneration and terms and conditions of employment.
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 four members, of whom all are non-executive directors and the chairman of the committee is an independent director.
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 four members, of whom three are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function which is 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 exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.



**ARJUMAND A. MINAI**  
Chief Executive Officer

September 18, 2012



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
First Floor  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi 75530 Pakistan

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
Internet [www.kpmg.com.pk](http://www.kpmg.com.pk)

## Review Report To The Members on Statement of Compliance with 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 prepared by the Board of Directors of Standard Chartered Leasing Limited (“the Company”) to comply with Listing Regulations of the Karachi, Lahore and Islamabad 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 sub-regulation (x) of Listing Regulations No. 35 (previously Regulation No. 37) notified by the Karachi Stock Exchange Limited (formerly Karachi Stock Exchange (Guarantee) Limited) vide circular no. KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

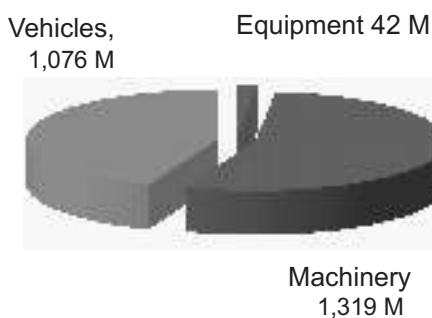
Date: September 18, 2012  
Karachi.

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

## Financial Highlights

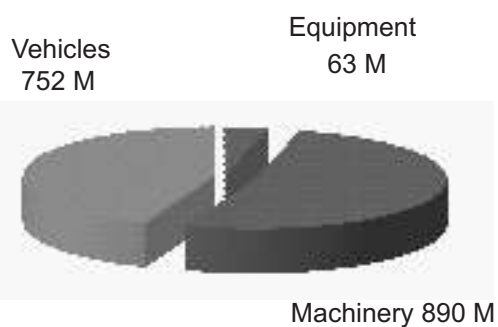
|                                    | 2012             | 2011     | 2010     | 2009     | 2008     | 2007     |
|------------------------------------|------------------|----------|----------|----------|----------|----------|
|                                    | (Rs. in million) |          |          |          |          |          |
| <b>Operational Results</b>         |                  |          |          |          |          |          |
| Gross Revenues                     | 490.97           | 344.26   | 241.56   | 179.89   | 181.24   | 304.79   |
| Financial Charges                  | 275.60           | 156.93   | 108.55   | 91.16    | 137.59   | 256.39   |
| Gross Margin                       | 215.37           | 187.33   | 133.01   | 88.72    | 43.65    | 48.40    |
| Profit/(Loss) Before Taxation      | 177.86           | 117.34   | 65.55    | (56.55)  | (56.74)  | (349.65) |
| Profit/(Loss) After Taxation       | 97.86            | 76.25    | 42.61    | (59.97)  | (63.26)  | (234.61) |
| <b>Balance Sheet</b>               |                  |          |          |          |          |          |
| Net Investment in Lease            | 4,215.62         | 2,938.45 | 1,978.69 | 1,684.68 | 1,440.41 | 2,120.42 |
| Shareholders' Equity               | 899.73           | 851.12   | 774.85   | 732.25   | 208.24   | 277.42   |
| Total Assets                       | 4,713.12         | 3,263.88 | 2,355.26 | 2,001.53 | 1,751.96 | 2,795.86 |
| Total Liabilities                  | 3,813.38         | 2,412.76 | 1,580.41 | 1,269.28 | 1,543.72 | 2,518.43 |
| <b>Financial Ratios</b>            |                  |          |          |          |          |          |
| Earning Per Share (Rs.)            | 1.00             | 0.78     | 0.44     | (0.84)   | (2.48)   | (9.21)   |
| Proposed Dividend                  | 8%               | 5%       | -        | -        | -        | -        |
| Book Value (Rs.)                   | 9.20             | 8.70     | 7.92     | 7.48     | 5.32     | 7.09     |
| Market Value (Rs.)                 | 4.77             | 2.50     | 2.13     | 2.01     | 6.10     | 11.10    |
| Return on Assets                   | 2.08%            | 2.34%    | 1.81%    | (3.00%)  | (3.61%)  | (8.39%)  |
| Return on Equity                   | 10.88%           | 8.96%    | 5.50%    | (8.19%)  | (30.38%) | (84.57%) |
| Current Ratio                      | 0.60 : 1         | 0.61 : 1 | 0.74 : 1 | 1.09 : 1 | 4.16 : 1 | 8.83 : 1 |
| Gearing Ratio (Total Debts/Equity) | 3.01 : 1         | 1.98 : 1 | 1.44 : 1 | 0.96 : 1 | 4.19 : 1 | 6.50 : 1 |

### Category-wise Disbursements Rs. 2,437 Million



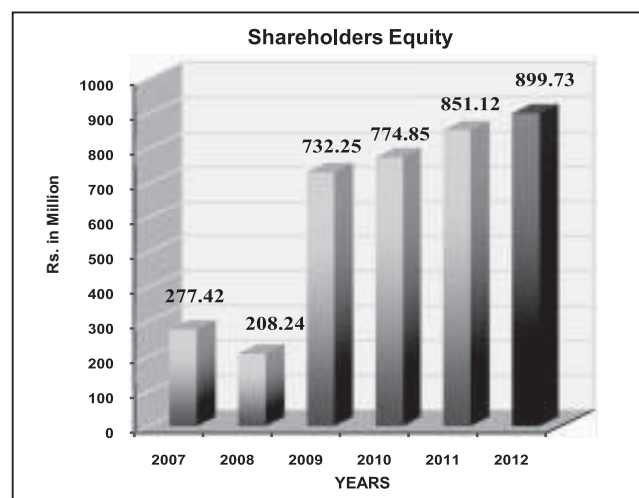
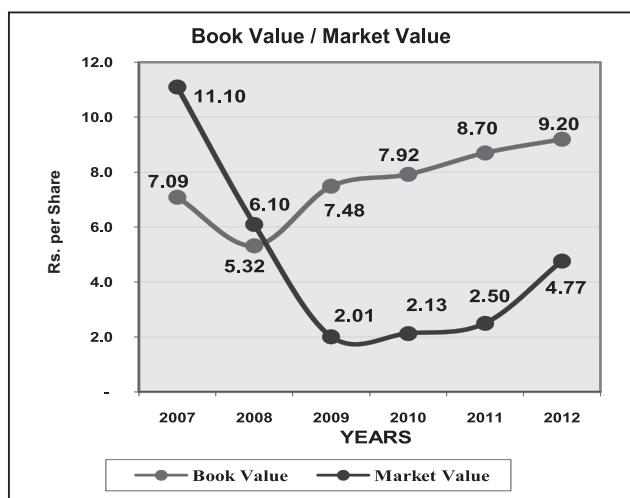
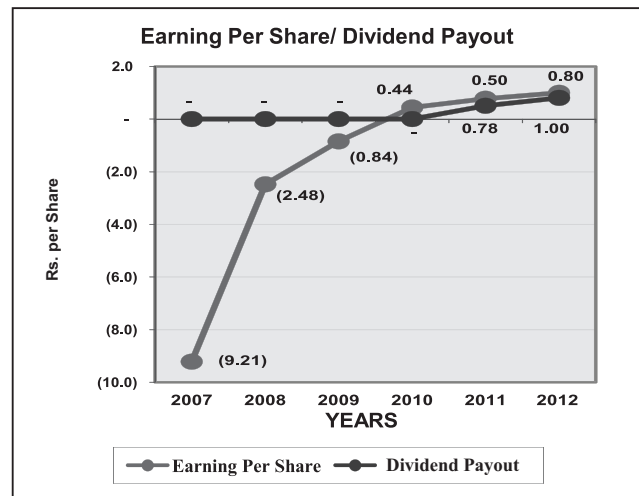
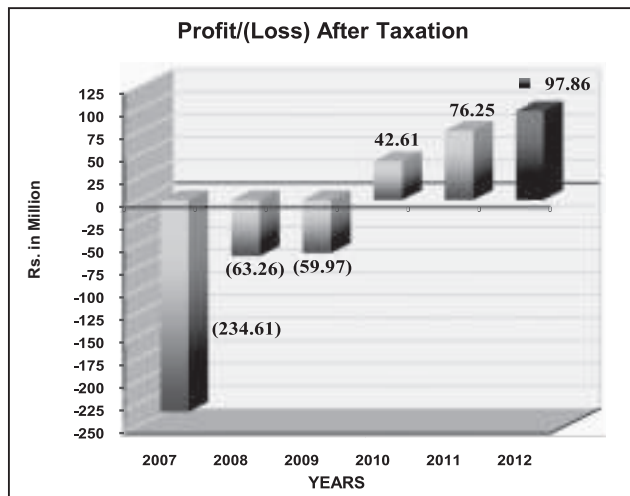
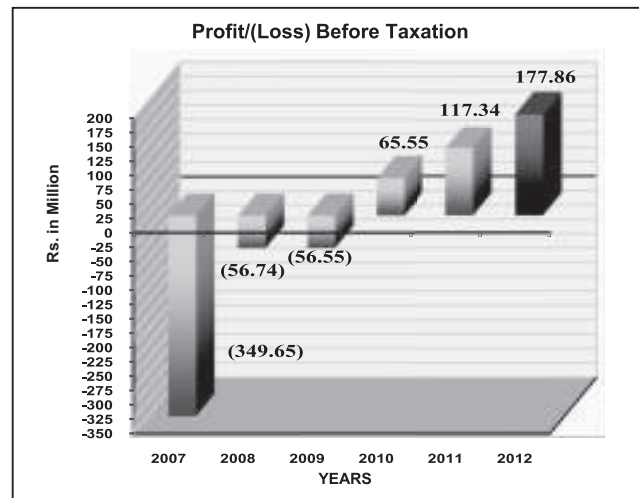
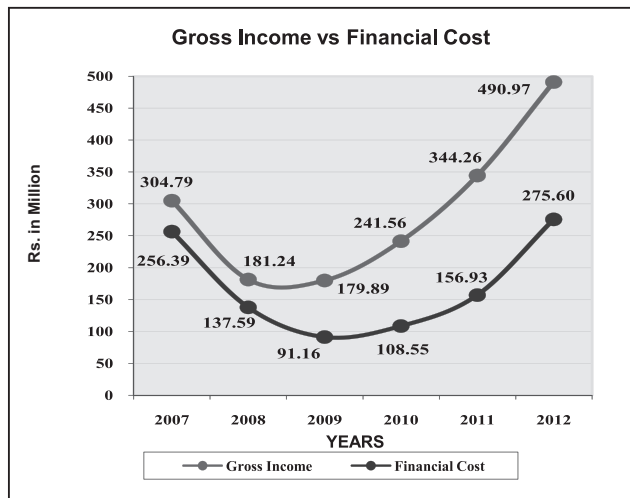
**YEAR 2011 - 12**

### Category-wise Disbursements Rs. 1,705 Million

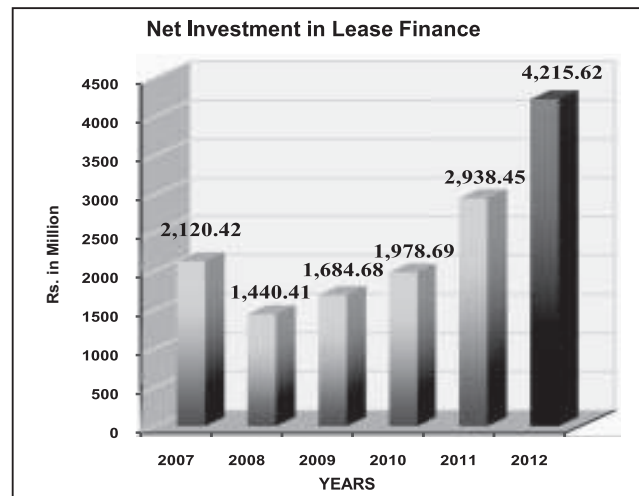
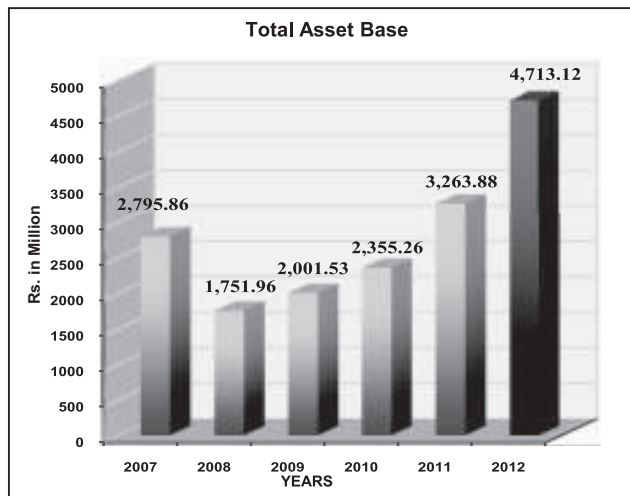
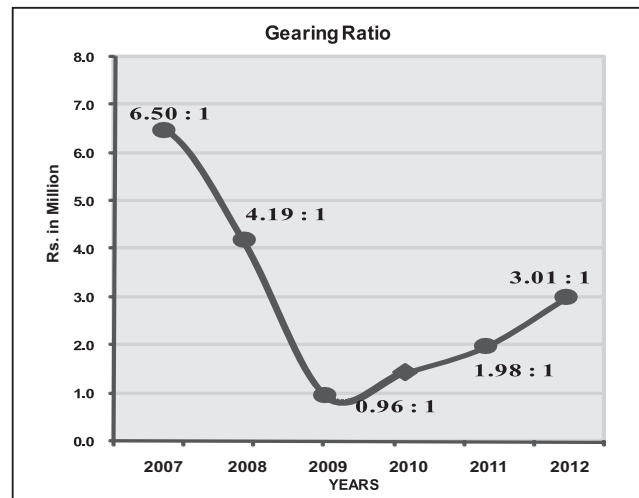
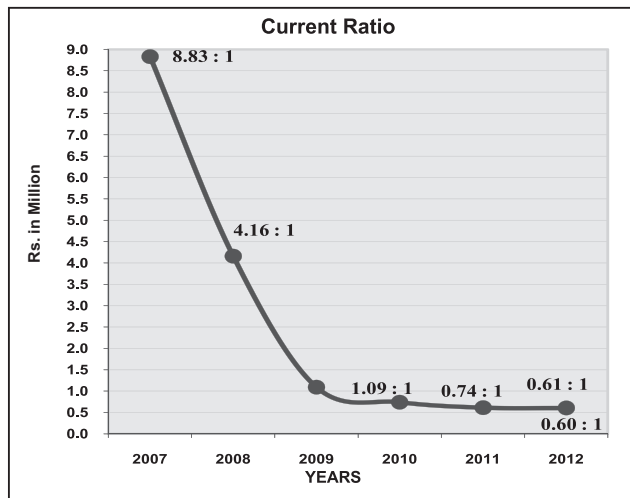


**YEAR 2010 - 11**

# Financial Highlights



# Financial Highlights





**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
First Floor  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi 75530 Pakistan

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
Internet www.kpmg.com.pk

## Auditors' Report to the Members

We have audited the annexed balance sheet of **Standard Chartered Leasing Limited** ( "the Company" ) as at 30 June 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. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 include 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 accounts 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 accounts and are further in accordance with accounting polices 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 confirm 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 30th June 2012 and of the Profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the central Zakat Fund established under section 7 of that ordinance.

Date: September 18, 2012  
Karachi

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Muhammad Taufiq

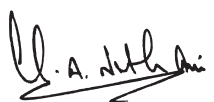


**BALANCE SHEET**

AS AT JUNE 30, 2012

| <b>ASSETS</b>                                     | Note | 2012                 | 2011                 |
|---|------|----------------------|----------------------|
|   |      | ------(Rupees)-----  |                      |
| Cash and bank balances                            | 4    | 73,423               | 6,620                |
| Accrued mark-up / return on long term investments |      | 6,138,011            | 6,785,802            |
| Advances, prepayments and other receivables       | 5    | 13,850,764           | 3,123,024            |
| Short term investments                            | 6    | 188,539,760          | 19,399,547           |
| Factoring finance                                 | 7    | 8,462,925            | -                    |
| Current portion of non-current assets             | 8    | 1,573,503,629        | 1,026,023,029        |
| Taxation recoverable - net                        |      | 29,038,907           | 25,985,915           |
| Assets classified as held for sale                | 9    | 2,350,000            | -                    |
| <b>Total current assets</b>                       |      | <b>1,821,957,419</b> | <b>1,081,323,937</b> |
| Long term investments                             | 10   | 110,209,795          | 205,522,561          |
| Net investment in finance leases                  | 11   | 2,748,159,128        | 1,944,577,645        |
| Long term loans                                   | 12   | 29,592,377           | 21,209,839           |
| Long term security deposits                       |      | 328,500              | 328,500              |
| Deferred tax asset                                | 13   | -                    | 9,906,953            |
| Fixed assets                                      | 14   | 1,647,660            | 1,015,561            |
| Intangible assets                                 | 15   | 1,224,369            | -                    |
| <b>Total non-current assets</b>                   |      | <b>2,891,161,829</b> | <b>2,182,561,059</b> |
| <b>Total Assets</b>                               |      | <b>4,713,119,248</b> | <b>3,263,884,996</b> |
| <b>LIABILITIES</b>                                |      |                      |                      |
| Accrued mark-up / return                          | 16   | 79,862,754           | 46,281,869           |
| Accrued and other liabilities                     | 17   | 60,706,390           | 51,469,603           |
| Short term borrowings                             | 18   | 34,223,258           | 4,710,462            |
| Certificates of investment                        | 19   | 2,708,413,708        | 1,684,619,216        |
| Current portion of long term security deposits    |      | 144,441,373          | 143,371,982          |
| <b>Total current liabilities</b>                  |      | <b>3,027,647,483</b> | <b>1,930,453,132</b> |
| Long term security deposits                       | 20   | 715,819,004          | 482,310,534          |
| Deferred tax liability                            | 13   | 69,920,061           | -                    |
| <b>Total non-current liabilities</b>              |      | <b>785,739,065</b>   | <b>482,310,534</b>   |
| <b>Total Liabilities</b>                          |      | <b>3,813,386,548</b> | <b>2,412,763,666</b> |
| <b>NET ASSETS</b>                                 |      | <b>899,732,700</b>   | <b>851,121,330</b>   |
| <b>FINANCED BY</b>                                |      |                      |                      |
| Share capital                                     | 21   | 978,354,800          | 978,354,800          |
| Reserves  | 22   | (78,622,100)         | (127,233,470)        |
|   |      | <b>899,732,700</b>   | <b>851,121,330</b>   |
| <b>COMMITMENTS</b>                                | 23   |                      |                      |

The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman



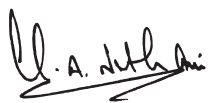
Chief Executive

**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED JUNE 30, 2012

| <b>INCOME</b>  | Note | 2012                | 2011         |
|--|------|---------------------|--------------|
|  |      | ------(Rupees)----- |              |
| Income from finance leases                                     | 24   | 449,593,317         | 306,876,467  |
| Interest / mark-up / return earned                             | 25   | 41,135,643          | 37,119,190   |
| Gain on sale of fixed assets                                   |      | 325,055             | 237,611      |
| (Loss) / gain on sale of investments                           |      | (84,489)            | 25,731       |
|  |      | 41,376,209          | 37,382,532   |
|  |      | 490,969,526         | 344,258,999  |
| <b>EXPENSES</b>  |      |                     |              |
| Finance cost   | 26   | 275,597,772         | 156,933,999  |
| Administrative and operating expenses                          | 27   | 81,255,396          | 81,690,760   |
| Reversal of provision against net investment in finance leases |      | (44,549,180)        | (11,754,233) |
| Provision against other receivables                            |      | 672,447             | 20,748       |
| Impairment of available for sale securities                    |      | -                   | 22,793       |
| Impairment of assets classified as held for sale               |      | 133,594             | -            |
|  |      | 313,110,029         | 226,914,067  |
| <b>Profit before taxation</b>                                  |      | 177,859,497         | 117,344,932  |
| Taxation   | 28   | (80,003,194)        | (41,070,726) |
| <b>Profit after taxation</b>                                   |      | 97,856,303          | 76,274,206   |
| Earnings per share - basic and diluted                         | 29   | 1.00                | 0.78         |

The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman



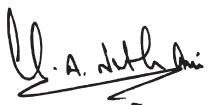
Chief Executive

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

|   | 2012                | 2011              |
|---|---------------------|-------------------|
|   | ------(Rupees)----- |                   |
| <b>Profit after tax</b>   | <b>97,856,303</b>   | 76,274,206        |
| Deficit on revaluation of 'Available for Sale' Investments      | (509,846)           | (6,473)           |
| Deferred tax on revaluation of 'Available for Sale' Investments | 178,446             | 2,266             |
| Realised on disposal  | 4,207               | -                 |
|   | <b>(327,193)</b>    | (4,207)           |
| <b>Total comprehensive income for the year</b>                  | <b>97,529,110</b>   | <b>76,269,999</b> |

The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman



Chief Executive

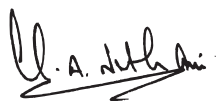
**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2012

| Note  | 2012                   | 2011                 |
|---|------------------------|----------------------|
|   | ------(Rupees)-----    |                      |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                |                        |                      |
| Profit before taxation                                    | 177,859,497            | 117,344,932          |
| Adjustment for:   |                        |                      |
| - Depreciation  | 422,409                | 1,457,756            |
| - Amortization  | 123,323                | -                    |
| - Provision for gratuity                                  | -                      | 800,000              |
| - Gain on disposal of fixed assets                        | (325,055)              | (237,611)            |
| - Loss / (gain) on sale of available for sale investments | 84,489                 | (25,731)             |
| - Amortization of short term investments                  | (13,550,757)           | -                    |
| - Finance cost  | 275,597,772            | 156,933,999          |
| - Reversal against net investment in finance leases       | (44,549,180)           | (11,754,233)         |
| - Provision against other receivables                     | 672,447                | 20,748               |
| - Impairment of available for sale securities             | -                      | 22,793               |
| - Impairment of assets classified as held for sale        | 133,594                | -                    |
|   | <b>218,609,042</b>     | <b>147,217,721</b>   |
| <b>Operating profit before working capital changes</b>    | <b>396,468,539</b>     | <b>264,562,653</b>   |
| <b>Movement in working capital</b>                        |                        |                      |
| <i>(Increase) / decrease in operating assets</i>          |                        |                      |
| - Advances, prepayments and other receivables             | (11,400,187)           | (227,504)            |
| - Accrued mark-up / return                                | 647,791                | 512,380              |
| - Investment in finance leases                            | (1,235,107,968)        | (948,003,786)        |
| - Factoring finance                                       | (8,462,925)            | -                    |
| - Long term loans   | (14,976,463)           | (2,971,139)          |
| <i>Increase / (decrease) in operating liabilities</i>     |                        |                      |
| - Accrued and other liabilities                           | 8,408,438              | 18,592,335           |
| - Long term deposits (lease key money)                    | 234,577,861            | 227,446,120          |
| - Funds transfer to gratuity fund / gratuity paid         | -                      | (2,526,350)          |
|   | <b>(1,026,313,453)</b> | <b>(707,177,944)</b> |
| <b>Cash generated from operations</b>                     | <b>(629,844,914)</b>   | <b>(442,615,291)</b> |
| Taxes paid  | (3,052,992)            | (2,300,341)          |
| Interest / mark-up paid                                   | (242,016,887)          | (139,879,140)        |
| Net cash flow from operating activities                   | <b>(874,914,793)</b>   | <b>(584,794,772)</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                |                        |                      |
| Capital expenditure                                       | (2,836,129)            | (96,907)             |
| Sale proceeds on disposal of fixed assets                 | 758,984                | 1,559,995            |
| Long term investments - net                               | 28,018,162             | 22,178,432           |
| Proceeds from short term investments                      | 173,482,405            | 1,028,358            |
| Purchase of short term investments                        | (349,065,743)          | -                    |
| Net cash flow from investing activities                   | <b>(149,642,321)</b>   | <b>24,669,878</b>    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                |                        |                      |
| Proceeds from issue of certificates of investment         | 1,023,794,492          | 566,277,520          |
| Dividend paid   | (48,089,391)           | -                    |
| Net cash flow from financing activities                   | <b>975,705,101</b>     | <b>566,277,520</b>   |
| Net (decrease) / increase in cash and cash equivalents    | <b>(48,852,013)</b>    | <b>6,152,626</b>     |
| Cash and cash equivalents at beginning of the period      | <b>14,702,178</b>      | <b>8,549,552</b>     |
| Cash and cash equivalents at end of the period            | <b>(34,149,835)</b>    | <b>14,702,178</b>    |

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The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman



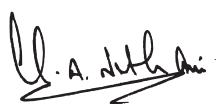
Chief Executive

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED JUNE 30, 2012

|  | Share capital      | Reserves           |                      |  | Total               | Share holders' equity |
|--|--------------------|--------------------|----------------------|--|---------------------|-----------------------|
|  |                    | Statutory reserve  | Accumulated loss     | (Deficit) / surplus on revaluation of available for Sale Investments |                     |                       |
| ----- (Rupees) -----   |                    |                    |                      |  |                     |                       |
| <b>Balance as at 30 June 2010</b>  | 978,354,800        | 102,928,690        | (306,432,159)        | -  | (203,503,469)       | 774,851,331           |
| Total comprehensive income for the year:                                       |                    |                    |                      |  |                     |                       |
| Profit for the year ended 30 June 2011   | -                  | -                  | 76,274,206           | -  | 76,274,206          | 76,274,206            |
| Other comprehensive income:  |                    |                    |                      |  |                     |                       |
| Deficit on revaluation of available for sale investments - net of deferred tax | -                  | -                  | -                    | (4,207)  | (4,207)             | (4,207)               |
|  | -                  | -                  | 76,274,206           | (4,207)  | 76,269,999          | 76,269,999            |
| Transfer to statutory reserve  | -                  | 15,254,841         | (15,254,841)         | -  | -                   | -                     |
| <b>Balance as at 30 June 2011</b>  | 978,354,800        | 118,183,531        | (245,412,794)        | (4,207)  | (127,233,470)       | 851,121,330           |
| Total comprehensive income for the year:                                       |                    |                    |                      |  |                     |                       |
| Profit for the year ended 30 June 2012   | -                  | -                  | 97,856,303           | -  | 97,856,303          | 97,856,303            |
| Other comprehensive income:  |                    |                    |                      |  |                     |                       |
| Deficit on revaluation of available for sale investments - net of deferred tax | -                  | -                  | -                    | (331,400)  | (331,400)           | (331,400)             |
| Realised on disposal   | -                  | -                  | -                    | 4,207  | 4,207               | 4,207                 |
|  | -                  | -                  | 97,856,303           | (327,193)  | 97,529,110          | 97,529,110            |
| Transactions with owners, recorded directly in equity                          |                    |                    |                      |  |                     |                       |
| Final dividend for the year ended 30 June 2011 - Rs. 0.5 per share             | -                  | -                  | (48,917,740)         | -  | (48,917,740)        | (48,917,740)          |
| Transfer to statutory reserve  | -                  | 19,571,261         | (19,571,261)         | -  | -                   | -                     |
| <b>Balance as at 30 June 2012</b>  | <b>978,354,800</b> | <b>137,754,792</b> | <b>(216,045,492)</b> | <b>(331,400)</b>   | <b>(78,622,100)</b> | <b>899,732,700</b>    |

The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman



Chief Executive

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

## 1. STATUS AND NATURE OF BUSINESS

Standard Chartered Leasing Limited ('the Company') was incorporated in Pakistan on 2 October 1993 under the Companies Ordinance, 1984. The Company is a subsidiary of Standard Chartered Bank (Pakistan) Limited. The Company is principally engaged in business of leasing and is listed on all the three stock exchanges in Pakistan. The registered office and principal office of the Company is situated at Al Rahim Tower Ground Floor I.I. Chundrigar Road, Karachi. The Company also has branch offices located at Lahore, Faisalabad and Islamabad.

During the year the Company has commenced factoring business. Approval has been taken from the members in the annual general meeting held on 27 October 2010 and the memorandum of association of the Company has been amended accordingly. The same has also been approved by the Securities and Exchange Commission of Pakistan vide letter K-0031270 dated 4 February 2011.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except available- for sale investments have been measured at fair value.

### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are discussed in the following notes:

- i) Provision for taxation and deferred taxation (notes 13 and 28)
- ii) Provision for potential lease losses (note 11.1)
- iii) Estimation of useful lives and residual values of fixed and intangible assets (notes 14 and 15)

### 2.5 Standards, interpretations and amendments to published 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 01 July 2012:

- 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.
- 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 recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise 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 recognised 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.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

- 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 applicable 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.
- 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.
- 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.
- 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.
- 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.
- 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. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
- 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.

The amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents carried in the balance sheet include cash in hand and balances with banks in current and saving accounts, short term borrowings and short term fund placements having maturity of three months or less from the date of acquisition.

#### 3.2 Investments

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 initial recognition.

All purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date, which is the date the Company commits to purchase or sell the investment.

The existing portfolio of the Company has been categorized as "held-to-maturity" and "available-for- sale".

##### 3.2.1 Held-to-maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has a positive intent and ability to hold to maturity. These are initially recognised at their fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

### 3.2.2 Available-for-sale

Available-for-sale investments are financial assets that are not (a) loans and receivables originated by the Company (b) held-to-maturity investments, or (c) financial assets at fair value through profit and loss. These are initially recognized at their fair value plus transaction costs that are directly attributable to the acquisition. Subsequent to initial measurement, these are remeasured at fair value. The difference in fair value and cost is taken to equity. Impairment in value of investments are routed through profit and loss account. Any cumulative loss recognised previously in equity is transferred to profit or loss account.

### 3.3 Fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets. Gains and losses on disposal of an asset are determined by comparing the proceeds from disposal with the carrying amount of an asset and are recognised in the profit or loss account. Subsequent costs are included in assets' carrying amount or are recognised as a separate asset, as appropriate, if it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Maintenance and repairs are charged to profit or loss account during the financial period in which they are incurred. Renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets, if any, are included in profit and loss account currently.

Depreciation is charged to profit or loss account applying the straight line method using the rates mentioned in note 14, over the estimated useful lives of the assets. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on all fixed assets is charged from the day the asset is available for use till the day before its disposal.

### 3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the straight line method reflecting the pattern in which the economic benefits of the asset are consumed by the Company.

### 3.5 Net investment in finance leases

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

Provision for non-performing leases are made on the basis of the requirements set out in the Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by the Securities and Exchange Commission of Pakistan.

**3.6** Assets classified as held for sale Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition within one year of the date of its classification as assets held for sale. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Gain / loss on sale of assets classified as held for sale is recognised in profit and loss account.

### 3.7 Impairment of non financial assets

The carrying amount of assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated. Where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to profit and loss account.

### 3.8 Employee benefits

#### 3.8.1 Defined contribution plans

The Company operates:

- i) a recognised provident fund for all eligible employees; and
- ii) an approved funded defined contribution gratuity scheme for all permanent employees. Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme. Contributions to the provident fund and gratuity fund are made at the rate of 10% and 8.33% respectively, of the basic salary of employees.

Obligation for contribution to defined contribution plans are recognised as an employee benefit expense in the profit and loss account when they are due.

### 3.9 Revenue recognition

The Company follows the effective interest method in accounting for the recognition of lease income. Under this method, the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased assets is deferred



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

and taken to income over the term of the lease, so as to produce a systematic return on the net investment in lease. Unrealised lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

- Processing, front end fee, commitment fee, penal charges and commission are recognised as income when realised.
- Return on loans and securities are recognised on time proportion basis taking into account effective yield on instrument.
- Capital gain or losses arising on sale of investments are taken to income in the period in which they arise.
- Dividend income is recognised when the Company's right to receive dividend is established.

### 3.9.1 Factoring income

Factoring income is recognised on an accrual basis for the number of days outstanding on invoices factored.

### 3.10 Taxation

Tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss account except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

#### 3.10.1 Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### 3.10.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account except deferred tax, if any, on revaluation of investments which is recognised in other comprehensive income.

### 3.11 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

### 3.12 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to profit and loss account.

### 3.13 Dividend distribution

Dividend distribution (including stock dividend) to the Company's shareholders is accounted for in the period in which the dividends are declared.

### 3.14 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements, only when the Company has a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses from such assets and liabilities are also accordingly off-set.

## 4. CASH AND BANK BALANCES

|                                     | 2012                | 2011         |
|-------------------------------------|---------------------|--------------|
|                                     | ------(Rupees)----- |              |
| Cash in hand                        | 15,225              | 1,379        |
| Balances with banks:                |                     |              |
| - in State Bank of Pakistan account | 58,198              | 5,241        |
|                                     | <u>73,423</u>       | <u>6,620</u> |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

| 5. <b>ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>      | Note  | 2012<br>----- (Rupees) ----- | 2011<br>-----        |
|--|---|------------------------------|----------------------|
| Prepayments  |   | 11,858,279                   | 1,910,388            |
| Mark-up receivable on factoring finance                    |   | 250,077                      | -                    |
| Other receivables  |   |                              |                      |
| - Considered good  |   | 1,742,408                    | 1,212,636            |
| - Considered doubtful                                      |   | 1,531,090                    | 8,324,539            |
| Less: Provision for doubtful receivables                   | 5.1   | 1,531,090                    | 8,324,539            |
|  |   | -                            | -                    |
|  |   | 1,742,408                    | 1,212,636            |
|  |   | <u>13,850,764</u>            | <u>3,123,024</u>     |
| <br>   |   |                              |                      |
| <b>5.1</b>   | Movement in provision for doubtful receivables is as follows:   |                              |                      |
|  |   |                              |                      |
| Balance at beginning of the year                           |   | 8,324,539                    | 9,792,267            |
| Charged during the year                                    |   | 672,447                      | 20,748               |
| Amounts written off  |   | (7,465,896)                  | (1,488,476)          |
| Balance at end of the year                                 |   | <u>1,531,090</u>             | <u>8,324,539</u>     |
| <br>   |   |                              |                      |
| <b>6. SHORT TERM INVESTMENTS - Available-for-sale</b>      |   |                              |                      |
| <b>Government Treasury Bills</b>                           |   |                              |                      |
| Investment at amortized cost                               |   | 189,049,606                  | 19,406,020           |
| Deficit on revaluation of investments                      |   | (509,846)                    | (6,473)              |
| Market value   |   | <u>188,539,760</u>           | <u>19,399,547</u>    |
| <br>   |   |                              |                      |
| <b>6.1</b>   | This represents an investment in Government Treasury Bills which are due for maturity between August 2012 and May 2013. Profit on these investments is receivable at the rate of 11.60 percent to 11.90 percent per annum.  |                              |                      |
| <br>   |   |                              |                      |
| <b>7. FACTORING FINANCE</b>                                |   |                              |                      |
| Factoring finance  | 7.1   | <u>8,462,925</u>             | <u>-</u>             |
| <br>   |   |                              |                      |
| <b>7.1</b>   | This represents short term finance facilities, provided to customers against factored invoices on mark-up basis, in the normal course of business. These finances are repayable within a period of 3 months and secured against personal guarantees of directors and right of recourse. |                              |                      |
| <br>   |   |                              |                      |
| <b>8. CURRENT PORTION OF NON CURRENT ASSETS</b>            |   |                              |                      |
| Long term investments                                      | 10  | 95,548,544                   | 28,253,940           |
| Net investment in finance leases including overdue amounts | 11  | 1,467,462,934                | 993,870,863          |
| Long term loans  | 12  | 10,492,151                   | 3,898,226            |
|  |   | <u>1,573,503,629</u>         | <u>1,026,023,029</u> |
| <br>   |   |                              |                      |
| <b>9. ASSETS CLASSIFIED AS HELD FOR SALE</b>               |   |                              |                      |
| Repossessed assets   | 9.1   | <u>2,350,000</u>             | <u>-</u>             |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

**9.1** This represents repossessed leased assets consisting of vehicles previously leased out to customers. The Company intends to dispose off these assets to recover the balance amount outstanding against such leases.

**10. LONG TERM INVESTMENTS - Held to Maturity**

Note **2012** 2011  
----- (Rupees) -----

**10.1 Government Securities**

|  |      |                     |                    |
|--|------|---------------------|--------------------|
| Pakistan Investment Bonds                      | 10.2 | <b>205,758,339</b>  | 233,776,501        |
| Less: Current portion of long term investments |      | <b>(95,548,544)</b> | (28,253,940)       |
|  |      | <b>110,209,795</b>  | <b>205,522,561</b> |

The market value of investments at 30 June 2012 amounted to Rs. 203,948,604 (30 June 2011: Rs. 223,563,235). The market value was determined by applying the average rates for the respective maturity quoted on the Reuter (Level 2).

**10.2** These investments have been made to comply with the requirements of rule 14(4)(i) of the Non Banking Finance Companies and Notified Entities Regulations, 2008 to maintain liquidity against certain certificates of investment. These investments are due for maturity between August 2012 and September 2019. Profit on these investments is receivable at rates ranging from 8 percent to 12 percent (2011: 8 percent to 14 percent) per annum.

**11. NET INVESTMENT IN FINANCE LEASES**

**2012** 2011  
----- (Rupees) -----

|  |                        |                      |
|--|------------------------|----------------------|
| Net investment in finance leases                 | <b>4,215,622,062</b>   | 2,938,448,508        |
| Less: Current portion shown under current assets | <b>(1,467,462,934)</b> | (993,870,863)        |
|  | <b>2,748,159,128</b>   | <b>1,944,577,645</b> |

|  | 2012                    |  |                       |                      | 2011                    |  |                       |                      |
|--|-------------------------|--|-----------------------|----------------------|-------------------------|--|-----------------------|----------------------|
|  | Not later than one year | Later than one year and less than five years | Later than five years | Total                | Not later than one year | Later than one year and less than five years | Later than five years | Total                |
|  | ----- (Rupees) -----    |  |                       |                      |                         |  |                       |                      |
| Minimum lease payments   | 1,809,421,538           | 2,422,724,440                                | 464,312               | 4,232,610,290        | 1,620,357,721           | 1,788,226,917                                | -                     | 3,408,584,638        |
| Add: Residual value of leased assets                                 | 145,449,793             | 716,377,756                                  | 439,000               | 862,266,549          | 144,663,705             | 483,308,353                                  | -                     | 627,972,058          |
| Gross investment in leases   | <b>1,954,871,331</b>    | <b>3,139,102,196</b>                         | <b>903,312</b>        | <b>5,094,876,839</b> | <b>1,765,021,426</b>    | <b>2,271,535,270</b>                         | <b>-</b>              | <b>4,036,556,696</b> |
| Less: Unearned lease income  | <b>(403,406,429)</b>    | <b>(379,157,520)</b>                         | <b>(33,156)</b>       | <b>(782,597,105)</b> | <b>(323,760,627)</b>    | <b>(316,805,820)</b>                         | <b>-</b>              | <b>(640,566,447)</b> |
| Less: Mark-up held in suspense (note 11.2)                           | <b>(22,359,297)</b>     | <b>-</b>                                     | <b>-</b>              | <b>(22,359,297)</b>  | <b>(111,292,227)</b>    | <b>-</b>                                     | <b>-</b>              | <b>(111,292,227)</b> |
|  | <b>(425,765,726)</b>    | <b>(379,157,520)</b>                         | <b>(33,156)</b>       | <b>(804,956,402)</b> | <b>(435,052,854)</b>    | <b>(316,805,820)</b>                         | <b>-</b>              | <b>(751,858,674)</b> |
|  | <b>1,529,105,605</b>    | <b>2,759,944,676</b>                         | <b>870,156</b>        | <b>4,289,920,437</b> | <b>1,329,968,572</b>    | <b>1,954,729,450</b>                         | <b>-</b>              | <b>3,284,698,022</b> |
| Less: Provision against net investment in finance leases (note 11.1) | <b>(61,642,671)</b>     | <b>(12,655,704)</b>                          | <b>-</b>              | <b>(74,298,375)</b>  | <b>(336,097,709)</b>    | <b>(10,151,805)</b>                          | <b>-</b>              | <b>(346,249,514)</b> |
| Net investment in finance leases                                     | <b>1,467,462,934</b>    | <b>2,747,288,972</b>                         | <b>870,156</b>        | <b>4,215,622,062</b> | <b>993,870,863</b>      | <b>1,944,577,645</b>                         | <b>-</b>              | <b>2,938,448,508</b> |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

| <b>11.1 Provision against net investment in finance lease</b> | <i>Note</i> | <b>2012</b>              | <b>2011</b>        |
|---|-------------|--------------------------|--------------------|
|   |             | ----- (Rupees) -----     |                    |
| Balance at beginning of the year                              |             | <b>346,249,514</b>       | 367,575,162        |
| Net reversal for the year                                     |             | <b>(44,549,180)</b>      | (11,754,233)       |
| Written off during the year                                   | 11.3        | <b>(227,401,959)</b>     | (9,571,415)        |
| Balance at end of the year                                    |             | <b><u>74,298,375</u></b> | <u>346,249,514</u> |

| <b>11.2 Mark-up held in suspense</b> |      | <b>2012</b>              | <b>2011</b>        |
|--------------------------------------|------|--------------------------|--------------------|
| Balance at beginning of the year     |      | <b>111,292,227</b>       | 129,676,017        |
| Income suspended during the year     |      | <b>27,169,632</b>        | 14,328,018         |
|                                      |      | <b>138,461,859</b>       | 144,004,035        |
| Suspended income:                    |      |                          |                    |
| - realised during the year           |      | <b>(24,943,344)</b>      | (19,344,322)       |
| - written off during the year        | 11.3 | <b>(91,159,218)</b>      | (13,367,486)       |
|                                      |      | <b>(116,102,562)</b>     | (32,711,808)       |
|                                      |      | <b><u>22,359,297</u></b> | <u>111,292,227</u> |

**11.3** This represent write off against old delinquent finance leases portfolio.

**12. LONG TERM LOANS**

Loans to employees - considered good

|  | <i>Note</i> | <b>2012</b>              | <b>2011</b>       |
|--|-------------|--------------------------|-------------------|
| Executives                                       | 12.1        | <b>31,242,120</b>        | 12,560,723        |
| Non executive employees                          |             | <b>8,842,408</b>         | 12,547,342        |
|  |             | <b>40,084,528</b>        | 25,108,065        |
| Less: Current portion shown under current assets |             | <b>10,492,151</b>        | 3,898,226         |
|  |             | <b><u>29,592,377</u></b> | <u>21,209,839</u> |

**12.1 Loans to executives**

|                                     | <b>Chief Executive</b>  |                  | <b>Executives</b>        |                  |
|-------------------------------------|-------------------------|------------------|--------------------------|------------------|
|                                     | <b>2012</b>             | <b>2011</b>      | <b>2012</b>              | <b>2011</b>      |
|                                     | ----- (Rupees) -----    |                  | ----- (Rupees) -----     |                  |
| Balance at beginning of the year    | <b>3,916,671</b>        | 8,296,467        | <b>8,644,052</b>         | 6,548,651        |
| Disbursements made during the year  | -                       | -                | <b>24,179,906</b>        | 3,335,000        |
| Repayments received during the year | <b>(999,996)</b>        | (4,379,796)      | <b>(4,498,513)</b>       | (1,239,599)      |
| Balance at end of the year          | <b><u>2,916,675</u></b> | <u>3,916,671</u> | <b><u>28,325,445</u></b> | <u>8,644,052</u> |

These represent house loans, car loans and personal loans provided by the Company to its executives and other staff as per service rules. House loans are repayable in a maximum of 300 monthly installments and carry mark-up at the rate of 3 percent (2011: 3 percent) per annum. Car loans and personal loans are repayable in 84 and 36 monthly installments respectively and both carry mark-up at the rate of 3 percent and 2 percent (2011: Car Loans 3 percent, Personal loans 2 percent) per annum. House loans are secured by way of equitable mortgage on property and car loans are secured by registration of vehicles in the name of the Company. Personal loans are three basic salaries or Rs. 500,000 whichever is less. Loans above equivalent to 85 basic salaries with a maximum of Rs. 20,000,000 are secured by hypothecation over household assets of the employees.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

### 13. DEFERRED TAX (LIABILITY) / ASSET

2012  
----- (Rupees) -----  
2011

The deferred tax comprises of the following components:

|  |               |               |
|--|---------------|---------------|
| Accelerated tax depreciation                               | (397,244,567) | (210,300,633) |
| Allowance against net investment in finance leases         | 38,386,800    | 94,116,217    |
| Provision for gratuity and others                          | 2,105,091     | 4,869,857     |
| Carry forward losses                                       | 286,654,169   | 147,559,393   |
| Deficit on revaluation of 'Available for Sale' investments | 178,446       | 2,266         |
|  | (69,920,061)  | 36,247,100    |
| Deferred tax asset not recognised                          | -             | (26,340,147)  |
|  | (69,920,061)  | 9,906,953     |

Based on the projections of taxable profit, the management considers that it would have sufficient taxable profits against which the deductible temporary differences can be utilised.

### 14. FIXED ASSETS

|   | 2012                 |                         |             |                          |                   |   |                    |                                   |                               |              |
|---|----------------------|-------------------------|-------------|--------------------------|-------------------|---|--------------------|-----------------------------------|-------------------------------|--------------|
|   | COST                 |                         |             | ACCUMULATED DEPRECIATION |                   |   | As at 30 June 2012 | Net book value as at 30 June 2012 | Depreciation rate % per annum |              |
|   | As at 1 July 2011    | Additions / (deletions) | Written Off | As at 30 June 2012       | As at 1 July 2011 | Charge for the year / (accumulated depreciation on deletions) |                    |                                   |                               | Written Off  |
| <b>Owned</b>                                      | ----- (Rupees) ----- |                         |             |                          |                   |   |                    |                                   |                               |              |
| Furniture and fittings                            | 721,404              | 137,123                 | (32,844)    | 825,683                  | 484,554           | 72,511  | (32,844)           | 524,221                           | 301,462                       | 10           |
| Office equipment, appliances and computer systems | 2,834,469            | 1,351,314               | (25,538)    | 4,160,245                | 2,586,607         | 252,978   | (25,538)           | 2,814,047                         | 1,346,198                     | 20 and 33.33 |
| Motor vehicles                                    | 1,720,080            | -                       | -           | -                        | 1,189,231         | 96,920  | -                  | -                                 | -                             | 20           |
|   |                      | (1,720,080)             |             |                          |                   | (1,286,151)   |                    |                                   |                               |              |
|   | 5,275,953            | 1,488,437               | (58,382)    | 4,985,928                | 4,260,392         | 422,409   | (58,382)           | 3,338,268                         | 1,647,660                     |              |
|   |                      | (1,720,080)             |             |                          |                   | (1,286,151)   |                    |                                   |                               |              |

|   | 2011                 |                        |             |                          |                   |  |                    |                                   |                               |              |
|---|----------------------|------------------------|-------------|--------------------------|-------------------|--|--------------------|-----------------------------------|-------------------------------|--------------|
|   | COST                 |                        |             | ACCUMULATED DEPRECIATION |                   |  | As at 30 June 2011 | Net book value as at 30 June 2011 | Depreciation rate % per annum |              |
|   | As at 1 July 2010    | Additions/ (deletions) | Written Off | As at 30 June 2011       | As at 1 July 2010 | Charge for the year/ (accumulated depreciation on deletions) |                    |                                   |                               | Written Off  |
| <b>Owned</b>                                      | ----- (Rupees) ----- |                        |             |                          |                   |  |                    |                                   |                               |              |
| Furniture and fittings                            | 752,404              | -                      | (31,000)    | 721,404                  | 441,185           | 74,369   | (31,000)           | 484,554                           | 236,850                       | 10           |
| Office equipment, appliances and computer systems | 2,789,062            | 96,907                 | (51,500)    | 2,834,469                | 1,773,475         | 864,632  | (51,500)           | 2,586,607                         | 247,862                       | 20 and 33.33 |
| Motor vehicles                                    | 4,424,756            | -                      | -           | 1,720,080                | 2,052,768         | 518,755  | -                  | 1,189,231                         | 530,849                       | 20           |
|   |                      | (2,704,676)            |             |                          |                   | (1,382,292)  |                    |                                   |                               |              |
|   | 7,966,222            | 96,907                 | (82,500)    | 5,275,953                | 4,267,428         | 1,457,756  | (82,500)           | 4,260,392                         | 1,015,561                     |              |
|   |                      | (2,704,676)            |             |                          |                   | (1,382,292)  |                    |                                   |                               |              |

#### 14.1 Particulars of disposal of fixed assets

| Particulars | Cost                 | WDV     | Sale proceeds | Gain on disposal | Mode of disposal    | Particulars of buyers   |
|-------------|----------------------|---------|---------------|------------------|---------------------|-------------------------|
|             | ----- (Rupees) ----- |         |               |                  |                     |                         |
| Vehicle     | 593,750              | 110,019 | 242,046       | 132,027          | As per service rule | Syed Muhammad Nasrullah |
| Vehicle     | 1,126,330            | 323,910 | 513,438       | 189,528          | As per service rule | Muhammad Salman Dogar   |
| Equipment   | -                    | -       | 3,500         | 3,500            | Scrapped            |                         |
|             | 1,720,080            | 433,929 | 758,984       | 325,055          |                     |                         |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

**15. INTANGIBLE ASSETS**

|                   | -----2012-----       |                         |             |                          |                   |   |             |                    | Net book value as at 30 June 2012 | Amortization rate % per annum |
|-------------------|----------------------|-------------------------|-------------|--------------------------|-------------------|---|-------------|--------------------|-----------------------------------|-------------------------------|
|                   | COST                 |                         |             | ACCUMULATED AMORTIZATION |                   |   |             |                    |                                   |                               |
|                   | As at 1 July 2011    | Additions / (deletions) | Written Off | As at 30 June 2012       | As at 1 July 2011 | Charge for the year / (accumulated amortization on deletions) | Written Off | As at 30 June 2012 |                                   |                               |
| <b>Owned</b>      | ----- (Rupees) ----- |                         |             |                          |                   |   |             |                    |                                   |                               |
| Computer Software | -                    | 1,347,692               | -           | 1,347,692                | -                 | 123,323   | -           | 123,323            | 1,224,369                         | 20                            |
|                   | -                    | 1,347,692               | -           | 1,347,692                | -                 | 123,323   | -           | 123,323            | 1,224,369                         |                               |
| 2011              | -                    | -                       | -           | -                        | -                 | -   | -           | -                  | -                                 |                               |

**16. ACCRUED MARK-UP / RETURN**

|                              | Note | 2012                 | 2011              |
|------------------------------|------|----------------------|-------------------|
|                              |      | ----- (Rupees) ----- |                   |
| Mark-up / return accrued on: |      |                      |                   |
| Short term finances          | 16.1 | 1,778,947            | 39,850            |
| Certificates of investment   |      | 78,083,807           | 46,242,019        |
|                              |      | <u>79,862,754</u>    | <u>46,281,869</u> |

16.1 This represents an amount payable to Standard Chartered Bank (Pakistan) Limited.

**17. ACCRUED AND OTHER LIABILITIES**

|                            |      |                   |                   |
|----------------------------|------|-------------------|-------------------|
| <b>Accrued expenses</b>    | 17.1 | 21,499,103        | 22,233,475        |
| <b>Other liabilities</b>   |      |                   |                   |
| Advances from customers    |      | 20,557,098        | 14,831,034        |
| Customer insurance payable |      | 11,720,707        | 8,394,482         |
| Unclaimed dividend         |      | 4,652,958         | 3,824,609         |
| Others                     |      | 2,276,524         | 2,186,003         |
|                            |      | <u>39,207,287</u> | <u>29,236,128</u> |
|                            |      | <u>60,706,390</u> | <u>51,469,603</u> |

17.1 This includes an amount of Rs. 900,986 (2011: Rs. 1,993,103) payable to Standard Chartered Bank (Pakistan) Limited.

**18. SHORT TERM BORROWINGS**

|                       |      |                   |                  |
|-----------------------|------|-------------------|------------------|
| Short term borrowings | 18.1 | <u>34,223,258</u> | <u>4,710,462</u> |
|-----------------------|------|-------------------|------------------|

18.1 The Company holds a running finance facility amounting to Rs. 495 million from Standard Chartered Bank (Pakistan) Limited, the Holding Company. The facility carries mark-up at the rate of 3-months KIBOR plus 0.75 (2011: 3-months KIBOR plus 1.30) percent per annum. The facility is secured by way of a hypothecation charge on specific leased assets and lease rentals receivable to the extent of Rs. 1,084 million.

**19. CERTIFICATES OF INVESTMENT - unsecured**

|                            |      | 2012                 | 2011                 |
|----------------------------|------|----------------------|----------------------|
|                            |      | ----- (Rupees) ----- |                      |
| Certificates of investment | 19.1 | <u>2,708,413,708</u> | <u>1,684,619,216</u> |

19.1 These certificates have been issued for periods ranging from three months to two years. Rates of return on these certificates range from 8.50 percent to 16 percent (2011: 9 percent to 16 percent) per annum.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

| <b>20. LONG TERM SECURITY DEPOSITS</b>  | <i>Note</i> | <b>2012</b>  | 2011               |
|---|-------------|--|--------------------|
|   |             | ----- (Rupees) -----   |                    |
| Long term security deposits   | 20.1        | <b>860,260,377</b>   | 625,682,516        |
| Less: Current portion shown under current liabilities   |             | <b>144,441,373</b>   | 143,371,982        |
|   |             | <b>715,819,004</b>   | 482,310,534        |
| <b>20.1</b> These represent interest free security deposits received against lease contracts and are adjustable repayable on expiry / termination of the respective leases.   |             |  |                    |
| <b>21. SHARE CAPITAL</b>  |             | <b>2012</b>  | 2011               |
|   |             | ----- (Rupees) -----   |                    |
| <b>Authorised capital</b>   |             |  |                    |
|   |             | <b>2012</b>  | <b>2011</b>        |
|   |             | (Number of shares)   |                    |
|   |             | <b>100,000,000</b>   | 100,000,000        |
|   |             | Ordinary shares of Rs. 10 each                                   | 1,000,000,000      |
|   |             | <b>1,000,000,000</b>   | 1,000,000,000      |
| <b>Issued, subscribed and paid-up share capital</b>   |             |  |                    |
|   |             | <b>84,051,288</b>  | 84,051,288         |
|   |             | Ordinary shares of Rs. 10 each fully paid in cash                | <b>840,512,880</b> |
|   |             | <b>13,784,192</b>  | 13,784,192         |
|   |             | Ordinary shares of Rs. 10 each issued as fully paid bonus shares | <b>137,841,920</b> |
|   |             | <b>97,835,480</b>  | 97,835,480         |
|   |             | <b>978,354,800</b>   | 978,354,800        |
| <b>21.1</b> Standard Chartered Bank (Pakistan) Limited, the Holding Company, owns 84,579,276 ordinary shares which constitutes 86.45 percent of the total issued, subscribed and paid-up share capital.   |             |  |                    |
| <b>22. RESERVES</b>   |             | <b>2012</b>  | 2011               |
|   |             | ----- (Rupees) -----   |                    |
| Statutory reserve   | 22.1        | <b>137,754,792</b>   | 118,183,531        |
| Accumulated loss  |             | <b>(216,045,492)</b>   | (245,412,794)      |
| Deficit on revaluation of available for sale investments  |             | <b>(331,400)</b>   | (4,207)            |
|   |             | <b>(78,622,100)</b>  | (127,233,470)      |
| <b>22.1</b> Statutory reserve represents 20% of profits after tax set aside to comply with the requirements of Prudential Regulations for Non-Banking Finance Companies issued by the Securities and Exchange Commission of Pakistan.   |             |  |                    |
| <b>22.2</b> The Board of Directors in its meeting held on 18 September 2012 has recommended for approval at Annual General Meeting of the shareholders, a final cash dividend of 8% (Rs. 0.80 per share) in respect of the year ended 30 June 2012 (2011: Rs. 0.5 per share). The financial statements for the year ended 30 June 2012 do not include the effect of the appropriation which will be accounted for subsequent to the year end. |             |  |                    |
| <b>23. COMMITMENTS</b>  |             | <b>2012</b>  | 2011               |
|   |             | ----- (Rupees) -----   |                    |
| Commitments for finance leases  |             | <b>586,849,000</b>   | 394,462,914        |
| <b>24. INCOME FROM FINANCE LEASES</b>   |             | <b>2012</b>  | 2011               |
|   |             | ----- (Rupees) -----   |                    |
| Finance income  |             | <b>438,937,877</b>   | 292,120,363        |
| Documentation fee   |             | <b>3,664,287</b>   | 2,279,962          |
| Penal charges   |             | <b>4,257,043</b>   | 6,229,307          |
| Termination charges   |             | <b>723,830</b>   | 1,935,998          |
| Miscellaneous income  | 24.1        | <b>2,010,280</b>   | 4,310,837          |
|   |             | <b>449,593,317</b>   | 306,876,467        |
| <b>24.1</b> Rs. 2.6 million has been reclassified from other income to income from finance leases.  |             |  |                    |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

| <b>25. INTEREST / MARK-UP / RETURN EARNED</b>    | <i>Note</i> | <b>2012</b>          | <b>2011</b> |
|--|-------------|----------------------|-------------|
|  |             | ----- (Rupees) ----- |             |
| <b>On investments</b>                            |             |                      |             |
| - Government securities                          |             | 36,360,262           | 26,554,818  |
| - Certificate of Musharka                        |             | -                    | 6,396       |
|  |             | <b>36,360,262</b>    | 26,561,214  |
| <b>On loans</b>                                  |             |                      |             |
| - Long term loans                                |             | 686,157              | 584,960     |
| - Short term loans and fund placements           |             | 3,568,009            | 9,973,016   |
|  |             | <b>4,254,166</b>     | 10,557,976  |
| <b>On factoring finance</b>                      |             | 521,215              | -           |
|  |             | <b>41,135,643</b>    | 37,119,190  |
| <b>26. FINANCE COST</b>                          |             |                      |             |
| <b>Related parties</b>                           |             |                      |             |
| Mark-up on short term finances                   |             | 3,239,070            | 603,571     |
| Commission on COI's                              |             | 26,256,932           | 8,885,120   |
| Bank charges                                     |             | 258,990              | 175,547     |
|  |             | <b>29,754,992</b>    | 9,664,238   |
| <b>Other:</b>                                    |             |                      |             |
| Return on certificates of investment             |             | 245,842,780          | 147,269,761 |
|  |             | <b>275,597,772</b>   | 156,933,999 |
| <b>27. ADMINISTRATIVE AND OPERATING EXPENSES</b> |             |                      |             |
| Staff salaries and benefits                      | 27.1        | 53,806,552           | 54,699,104  |
| Printing and stationery                          |             | 1,243,871            | 964,981     |
| Communication                                    |             | 581,487              | 794,267     |
| Rent, rates and taxes                            |             | 8,895,408            | 9,661,809   |
| Travelling and conveyance                        |             | 1,741,262            | 670,787     |
| Vehicles' running expenses                       |             | 155,300              | 54,750      |
| Insurance  |             | 1,141,083            | 924,490     |
| Auditors' remuneration                           | 27.2        | 730,000              | 729,998     |
| Repair and maintenance                           |             | 357,640              | 503,687     |
| Fee and subscription                             |             | 1,461,746            | 1,220,601   |
| Advertisement                                    |             | 153,675              | 247,609     |
| Office supplies                                  |             | 485,594              | 204,894     |
| Newspapers and periodicals                       |             | 23,717               | 49,320      |
| Depreciation                                     | 14          | 422,409              | 1,457,756   |
| Amortization                                     | 15          | 123,323              | -           |
| Legal and professional charges                   |             | 3,847,426            | 4,742,580   |
| Workers welfare fund                             |             | 3,517,190            | 2,394,795   |
| Information technology                           |             | 1,916,424            | 1,705,655   |
| General expenses                                 |             | 651,289              | 663,677     |
|  |             | <b>81,255,396</b>    | 81,690,760  |



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

- 27.1** Salaries and benefits include Rs. 2,320,725 (2011: Rs. 2,251,486) and Rs. 1,923,830 (2011: Rs. 2,531,968), in respect of Company's contribution to provident fund and gratuity fund respectively.

|                                    | 2012                 | 2011           |
|------------------------------------|----------------------|----------------|
|                                    | ----- (Rupees) ----- |                |
| <b>27.2 Auditors' remuneration</b> |                      |                |
| Annual audit fee                   | 440,000              | 440,000        |
| Half yearly review                 | 140,000              | 140,000        |
| Other certifications               | 100,000              | 99,998         |
| Out of pocket expenses             | 50,000               | 50,000         |
|                                    | <u>730,000</u>       | <u>729,998</u> |

**28. TAXATION**

|          |                   |                   |
|----------|-------------------|-------------------|
| Current  | -                 | -                 |
| Deferred | 80,003,194        | 41,070,726        |
|          | <u>80,003,194</u> | <u>41,070,726</u> |

**28.1 Relationship between tax expense and accounting profit**

|   |                    |                    |
|---|--------------------|--------------------|
| Accounting profit for the current year        | <u>177,859,497</u> | <u>117,344,932</u> |
| Tax on income @ 35%                           | 62,250,824         | 41,070,726         |
| Amortization of restricted cost of vehicles   | 8,512,625          | -                  |
| Net effect on termination of lease and others | 9,239,745          | -                  |
| Tax expense                                   | <u>80,003,194</u>  | <u>41,070,726</u>  |

**28.2 Current status of tax assessments**

The Company's assessments raised for the assessment years 1998-99 to 2002-03 whereby lease key money amounting to Rs. 227 million have been added to the Company's income. In the Company's appeals with the income Tax Appellate Tribunal, the addition was held. The company filed rectification application before ITAT that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ITAT vide appellate order dated 27 February 2008 has recalled its original appellate order for all years to the extent through which the said addition of lease key money was confirmed and referred to the Chairman ITAT to constitute larger bench for rehearing / decision of the case. No provision has been made in this respect as the management is of the view that the same will be allowed.

The Company has filed the income tax return for tax years 2003 to 2011 which are deemed to be assessed in terms of section 120 of the Income Tax Ordinance, 2001 (the Ordinance) except for the tax year 2009, which was revised on 31 December 2010 and is deemed assessed in terms of section 122(3) of the Ordinance.

Moreover, the Assistant Commissioner Inland Revenue Monitoring and Audit Cell-08 Zone II, Regional Tax Office Lahore has passed an order under section 161/205 for the tax year 2009 dated 19 March 2012 creating demand of Rs. 2,750,079. The Company has filed an appeal against the said order before the Commissioner Inland Revenue (Appeals) which is pending for adjudication.

**29. EARNINGS PER SHARE - BASIC AND DILUTED**

|  | 2012                 | 2011              |
|--|----------------------|-------------------|
|  | ----- (Rupees) ----- |                   |
| Profit after taxation                                  | <u>97,856,303</u>    | <u>76,274,206</u> |
|  | (Number of shares)   |                   |
| Weighted average number of outstanding ordinary shares | <u>97,835,480</u>    | <u>97,835,480</u> |
|  | ----- (Rupees) ----- |                   |
| Earnings per share (Basic and diluted)                 | <u>1.00</u>          | <u>0.78</u>       |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

### 30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

|                        | Note | 2012                 | 2011              |
|------------------------|------|----------------------|-------------------|
|                        |      | ----- (Rupees) ----- |                   |
| Cash and bank balances | 4    | 73,423               | 6,620             |
| Short term investments |      | -                    | 19,406,020        |
| Short term borrowings  | 18   | (34,223,258)         | (4,710,462)       |
|                        |      | <u>(34,149,835)</u>  | <u>14,702,178</u> |

### 31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

|   | Chief Executive      |                   | Directors      |                | Executives        |                   |
|---|----------------------|-------------------|----------------|----------------|-------------------|-------------------|
|   | 2012                 | 2011              | 2012           | 2011           | 2012              | 2011              |
|   | ----- (Rupees) ----- |                   |                |                |                   |                   |
| Director's remuneration / fees          | -                    | -                 | 235,000        | 305,000        | -                 | -                 |
| Managerial remuneration including bonus | 8,879,996            | 5,680,008         | -              | -              | 15,980,971        | 11,579,184        |
| Housing, utilities and others           | 4,675,848            | 4,751,750         | -              | -              | 8,258,332         | 6,597,933         |
| Retirement benefits                     | 567,996              | 567,996           | -              | -              | 1,235,201         | 910,973           |
|   | <u>14,123,840</u>    | <u>10,999,754</u> | <u>235,000</u> | <u>305,000</u> | <u>25,474,504</u> | <u>19,088,090</u> |
| Number of persons                       | <u>1</u>             | <u>1</u>          | <u>2</u>       | <u>2</u>       | <u>15</u>         | <u>9</u>          |

31.1 The director's remuneration / fees represents remuneration paid to the Company's 2 non-executive directors (2011: 2) for attending Board and Sub-Committee meetings.

### 32. TRANSACTIONS WITH RELATED PARTIES

The Company has a related party relationship with its Parent Company, fellow subsidiary, staff retirement funds and key management personnel. The transactions with related parties are conducted under normal course of business at agreed rates. The Company also provides loans to employees at reduced rates in accordance with their terms of employment. The details of significant related party transactions and balances as at 30 June 2012 are as follows:

| TRANSACTIONS   | 2012                 | 2011       |
|--|----------------------|------------|
| Parent Company   | ----- (Rupees) ----- |            |
| Mark-up paid on running finance                        | 1,499,974            | 2,842,295  |
| COI commission   | 36,497,086           | 13,285,179 |
| Profit on bank deposits                                | 745,936              | 536,407    |
| Profit on short term placements                        | 2,822,073            | 2,713,918  |
| <b>Expenses incurred under Service Level Agreement</b> |                      |            |
| Rent   | 8,895,408            | 9,646,809  |
| Information technology                                 | 1,916,424            | 1,705,644  |
| <b>Other Related Party</b>                             |                      |            |
| Markup received on Musharka                            | -                    | 6,396      |
| Settlement of Musharka                                 | -                    | 100,000    |
| Managerial remuneration & bonus                        | 1,620,645            | 2,961,478  |
| <b>Staff retirement benefits funds</b>                 |                      |            |
| Contribution to the staff provident fund               | 2,320,725            | 2,261,495  |
| Contribution to the staff gratuity fund                | 3,428,203            | 2,471,901  |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

|   | 2012                 | 2011       |
|---|----------------------|------------|
|   | ----- (Rupees) ----- |            |
| <b>Key management personnel</b>                     |                      |            |
| Profit on long-term loans                           | 406,784              | 313,291    |
| Loans advanced to employees                         | 24,179,906           | 3,335,000  |
| Loans recovered from employees                      | 5,498,509            | 5,619,395  |
| Managerial remuneration & bonus                     | 24,860,967           | 17,259,192 |
| House rent  | 7,288,463            | 6,120,303  |
| Medical   | 1,822,101            | 1,511,422  |
| Retirement benefits                                 | 1,803,197            | 1,478,969  |
| Gratuity paid                                       | 526,429              | 282,044    |
| Other allowances                                    | 3,823,616            | 3,717,958  |
| Sale of vehicles                                    | 755,484              | 1,555,495  |
| Remuneration / fees paid to non-executive directors | 235,000              | 305,000    |
| <b>BALANCES</b>                                     |                      |            |
| <b>Parent Company</b>                               |                      |            |
| Short term loans / running finance                  | 34,223,258           | 4,710,462  |
| Accrued mark-up on running finance                  | 1,778,947            | 39,850     |
| Prepayments   | 11,244,475           | 5,200,408  |
| Service level agreement                             | 900,986              | 1,993,103  |
| <b>Staff retirement benefits fund</b>               |                      |            |
| Payable to the staff gratuity fund                  | -                    | 1,504,373  |
| <b>Key management personnel</b>                     |                      |            |
| Long term loans to key employees                    | 31,242,120           | 12,560,723 |

**33. FINANCIAL INSTRUMENTS**

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

**33.1 Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The risk is generally limited to principal amounts and accrued interest thereon, if any. The company's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the NBFC rules and regulations. The carrying amount of financial assets represents the maximum credit exposure at the reporting date.

|  | 2012                 | 2011                 |
|--|----------------------|----------------------|
|  | ----- (Rupees) ----- |                      |
| Bank balances  | 58,198               | 5,241                |
| Accrued mark-up / return   | 6,138,011            | 6,785,802            |
| Other receivables  | 1,992,485            | 1,212,636            |
| Factoring finance  | 8,462,925            | -                    |
| Net investment in finance leases (net of security deposits held) | 3,355,361,685        | 2,312,765,992        |
| Long term security deposits                                      | 328,500              | 328,500              |
| Term loans   | 40,084,528           | 25,108,065           |
|  | <b>3,412,426,332</b> | <b>2,346,206,236</b> |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

### 33.1.1 Description of collateral held

The Company's leases are secured against assets leased out.

### 33.1.2 Lease contracts restructured

The carrying value of lease contracts re-structured during the year, which would otherwise be past due or impaired as at year end is Nil (2011: Rs. 40.4 million).

### 33.1.3 Aging Analysis of Net Investment in Finance Lease (net of security deposits held)

| <u>Past due</u>   | 2012                 |  |                                       |                       |
|-------------------|----------------------|--|---------------------------------------|-----------------------|
|                   | Carrying Amount      | Amount on which no impairment recognised | Amount on which impairment recognised | Impairment recognised |
|                   | ------(Rupees)-----  |  |                                       |                       |
| 0 days            | 2,839,291,050        | 2,839,291,051                            | -                                     | -                     |
| 1-89 days         | 438,595,191          | 434,514,932                              | 4,080,259                             | 432,021               |
| 90 days-1 year    | 63,181,002           | 2,789,287                                | 60,391,715                            | 8,674,011             |
| 1 year- 2 years   | 3,147,907            | -  | 3,147,907                             | 2,806,906             |
| 2 years- 3 years  | 14,606,610           | -  | 14,606,610                            | 6,454,496             |
| More than 3 years | 70,838,300           | -  | 70,838,300                            | 55,930,941            |
| <b>Total</b>      | <b>3,429,660,060</b> | <b>3,276,595,270</b>                     | <b>153,064,791</b>                    | <b>74,298,375</b>     |

| <u>Past due</u>   | 2011                 |  |                                       |                       |
|-------------------|----------------------|--|---------------------------------------|-----------------------|
|                   | Carrying Amount      | Amount on which no impairment recognised | Amount on which impairment recognised | Impairment recognised |
|                   | ------(Rupees)-----  |  |                                       |                       |
| 0 days            | 1,957,614,483        | 1,957,541,741                            | 72,742                                | 72,742                |
| 1-89 days         | 270,146,917          | 270,072,527                              | 74,390                                | 74,390                |
| 90 days-1 year    | 33,058,870           | 32,185                                   | 33,026,685                            | 16,913,960            |
| 1 year- 2 years   | 17,580,436           | -  | 17,580,436                            | 14,549,992            |
| 2 years- 3 years  | 24,104,267           | -  | 24,104,267                            | 23,604,127            |
| More than 3 years | 356,510,533          | -  | 356,510,533                           | 291,034,303           |
| <b>Total</b>      | <b>2,659,015,506</b> | <b>2,227,646,453</b>                     | <b>431,369,053</b>                    | <b>346,249,514</b>    |

Impairment is recognised by the Company in accordance with Schedule X of NBFC Regulations, 2008 and subjective evaluation of investment portfolio carried out on an ongoing basis.

### 33.1.4 Concentration of credit risk

The Company manages credit risk and its concentration exposure through diversification of activities to avoid undue concentration of risks. For this purpose, the Company has established exposure limits for individuals and industrial sectors.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

Details of the industrial sector analysis of lease portfolio (net of security deposits held) are as follows:

| Sectors                            | 2012                 |               | 2011                 |               |
|------------------------------------|----------------------|---------------|----------------------|---------------|
|                                    | (Rupees)             | %             | (Rupees)             | %             |
| Chemicals and allied               | 46,643,377           | 1.36          | -                    | -             |
| Construction and building products | 8,917,116            | 0.26          | 10,636,062           | 0.40          |
| Dairy and beverages                | 189,317,235          | 5.52          | 173,899,614          | 6.54          |
| Electric and electric goods        | 43,899,649           | 1.28          | 35,896,709           | 1.35          |
| Printing and publication           | 102,203,870          | 2.98          | -                    | -             |
| Engineering and metals             | 22,978,722           | 0.67          | 10,104,259           | 0.38          |
| Plastic                            | 396,125,737          | 11.55         | 319,081,861          | 12.00         |
| Food and confectionery             | 299,752,289          | 8.74          | 132,418,972          | 4.98          |
| Glass and ceramics                 | 33,267,703           | 0.97          | 7,445,243            | 0.28          |
| Health care                        | 2,400,762            | 0.07          | -                    | -             |
| Hotels                             | 10,288,980           | 0.30          | -                    | -             |
| Individuals                        | 13,375,674           | 0.39          | 303,925,472          | 11.43         |
| Information technology             | 5,830,422            | 0.17          | 10,901,964           | 0.41          |
| Media and advertising              | 1,714,830            | 0.05          | -                    | -             |
| Miscellaneous manufacturing        | 185,544,609          | 5.41          | 83,758,988           | 3.15          |
| Miscellaneous services             | 29,495,077           | 0.86          | 117,262,584          | 4.41          |
| Natural or industrial gas and LPG  | 30,866,941           | 0.90          | 1,595,409            | 0.06          |
| Paper and board                    | 1,028,898            | 0.03          | 797,705              | 0.03          |
| Petroleum and oilfield             | 114,207,680          | 3.33          | 123,910,123          | 4.66          |
| Pharmaceuticals                    | 194,804,691          | 5.68          | 182,142,562          | 6.85          |
| Sugar and allied                   | 275,058,737          | 8.02          | 471,709,351          | 17.74         |
| Travel and tourism                 | 90,200,060           | 2.63          | -                    | -             |
| Textile                            | 299,409,323          | 8.73          | 140,927,822          | 5.30          |
| Transport                          | 23,321,688           | 0.68          | 57,966,538           | 2.18          |
| Financial institutions             | 436,938,692          | 12.74         | 192,512,723          | 7.24          |
| Fertilizer                         | 216,411,550          | 6.31          | 160,870,438          | 6.05          |
| Others                             | 355,655,748          | 10.37         | 121,251,107          | 4.56          |
|                                    | <b>3,429,660,060</b> | <b>100.00</b> | <b>2,659,015,506</b> | <b>100.00</b> |

|                                 | 2012                 | 2011                 |
|---------------------------------|----------------------|----------------------|
|                                 | ----- (Rupees) ----- |                      |
| Net investment in finance lease | 4,289,920,437        | 3,284,698,022        |
| Less: Security deposits held    | (860,260,377)        | (625,682,516)        |
|                                 | <b>3,429,660,060</b> | <b>2,659,015,506</b> |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

### 33.2 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 difficulty 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 they become 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:

|  | 2012                 |                        |                      |                          |                         |                        |                  |
|--|----------------------|------------------------|----------------------|--------------------------|-------------------------|------------------------|------------------|
|  | Carrying Amount      | Contractual cash flows | Up to 1 month        | Over 1 month to 3 months | Over 3 months to 1 year | Over 1 year to 5 years | Over 5 years     |
| <b>Financial liabilities</b>                           | ------(Rupees)-----  |                        |                      |                          |                         |                        |                  |
| Accrued and other liabilities                          | 40,149,292           | (40,149,292)           | (40,149,292)         | -                        | -                       | -                      | -                |
| Long term deposits                                     | 860,260,377          | (860,260,377)          | (42,735,659)         | (12,119,400)             | (89,586,314)            | (715,380,004)          | (439,000)        |
| Certificates of investment and mark-up payable thereon | 2,786,497,515        | (3,069,827,124)        | (198,821,064)        | (508,847,848)            | (2,155,249,512)         | (206,908,700)          | -                |
| Short-term borrowings and mark up payable              | 36,002,205           | (36,002,205)           | (36,002,205)         | -                        | -                       | -                      | -                |
|  | <u>3,722,909,389</u> | <u>(4,006,238,998)</u> | <u>(317,708,220)</u> | <u>(520,967,248)</u>     | <u>(2,244,835,826)</u>  | <u>(922,288,704)</u>   | <u>(439,000)</u> |

|  | 2011                 |                        |                      |                          |                         |                        |              |
|--|----------------------|------------------------|----------------------|--------------------------|-------------------------|------------------------|--------------|
|  | Carrying Amount      | Contractual cash flows | Up to 1 month        | Over 1 month to 3 months | Over 3 months to 1 year | Over 1 year to 5 years | Over 5 years |
| <b>Financial liabilities</b>                           | ------(Rupees)-----  |                        |                      |                          |                         |                        |              |
| Accrued and other liabilities                          | 36,638,569           | (36,638,569)           | (36,638,569)         | -                        | -                       | -                      | -            |
| Long term deposits                                     | 625,682,516          | (625,682,516)          | (109,294,007)        | (3,729,950)              | (30,348,025)            | (482,310,534)          | -            |
| Certificates of investment and mark-up payable thereon | 1,730,861,235        | (1,850,371,841)        | (214,874,843)        | (387,332,358)            | (1,027,253,146)         | (220,911,494)          | -            |
| Short-term borrowings and mark up payable              | 4,750,312            | (4,750,312)            | (4,750,312)          | -                        | -                       | -                      | -            |
|  | <u>2,397,932,632</u> | <u>(2,517,443,238)</u> | <u>(365,557,731)</u> | <u>(391,062,308)</u>     | <u>(1,057,601,171)</u>  | <u>(703,222,028)</u>   | <u>-</u>     |

**33.2.1** The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at year end (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in notes 18 and 19 to these financial statements.

### 33.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

#### 33.3.1 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. The Company has adopted appropriate policies to minimise its exposure to this risk. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments and the periods in which they mature is as follows:

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2012

|                                   | Carrying Amount        |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | 2012                   | 2011                   |
|                                   | ----- (Rupees) -----   |                        |
| <b>Fixed Rate Instruments:</b>    |                        |                        |
| Financial Assets                  | <b>472,833,518</b>     | 628,956,459            |
| Financial Liabilities             | <b>(2,708,413,708)</b> | (1,684,619,216)        |
|                                   | <b>(2,235,580,190)</b> | <b>(1,055,662,757)</b> |
| <b>Variable Rate Instruments:</b> |                        |                        |
| Financial Assets                  | <b>4,179,009,009</b>   | 2,582,716,472          |
| Financial Liabilities             | <b>(34,223,258)</b>    | (4,710,462)            |
|                                   | <b>4,144,785,751</b>   | <b>2,578,006,010</b>   |

|   | Effective yield | Carrying Amount      | 2012                          |                         |                        |                                   | Not exposed to interest rate risk |
|---|-----------------|----------------------|-------------------------------|-------------------------|------------------------|-----------------------------------|-----------------------------------|
|   |                 |                      | Exposed to interest rate risk |                         |                        |                                   |                                   |
|   |                 |                      | Upto 3 months                 | Over 3 months to 1 year | Over 1 year to 5 years | Over 5 years                      |                                   |
| ----- (Rupees) -----                              |                 |                      |                               |                         |                        |                                   |                                   |
| <b>Financial assets</b>                           |                 |                      |                               |                         |                        |                                   |                                   |
| Bank balances                                     | -               | 58,198               | -                             | -                       | -                      | 58,198                            |                                   |
| Accrued mark-up / return on long term investments | -               | 6,138,011            | -                             | -                       | -                      | 6,138,011                         |                                   |
| Advances and other receivables                    | -               | 1,992,485            | -                             | -                       | -                      | 1,992,485                         |                                   |
| Short term investments                            | 11.60%-11.90%   | 188,539,760          | 39,359,154                    | 149,180,606             | -                      | -                                 |                                   |
| Factoring Finance                                 | 14.5%-14.77%    | 8,462,925            | 8,462,925                     | -                       | -                      | -                                 |                                   |
| Long term investments                             | 8%-12%          | 205,758,339          | 35,145,805                    | 60,402,739              | 52,182,781             | 58,027,014                        |                                   |
| Net investment in finance leases                  | 10%-19.64%      | 4,215,622,062        | 408,893,239                   | 1,056,939,202           | 2,748,919,465          | 870,156                           |                                   |
| Long term loans                                   | 2%-3%           | 40,084,528           | 5,351,202                     | 2,506,090               | 10,590,141             | 15,012,008                        |                                   |
|   |                 | <b>4,666,656,308</b> | <b>497,212,325</b>            | <b>1,269,028,637</b>    | <b>2,811,692,387</b>   | <b>73,909,178</b>                 |                                   |
| <b>Financial liabilities</b>                      |                 |                      |                               |                         |                        |                                   |                                   |
| Accrued mark-up / return                          | -               | 79,862,754           | -                             | -                       | -                      | 79,862,754                        |                                   |
| Accrued and other liabilities                     | -               | 40,149,292           | -                             | -                       | -                      | 40,149,292                        |                                   |
| Short term borrowings                             | 12.66%-14.84%   | 34,223,258           | 34,223,258                    | -                       | -                      | -                                 |                                   |
| Long term deposits                                | -               | 860,260,377          | -                             | -                       | -                      | 860,260,377                       |                                   |
| Certificates of investments                       | 8.5%-16%        | 2,708,413,708        | 639,363,811                   | 1,918,159,847           | 150,890,050            | -                                 |                                   |
|   |                 | <b>3,722,909,389</b> | <b>673,587,069</b>            | <b>1,918,159,847</b>    | <b>150,890,050</b>     | <b>980,272,423</b>                |                                   |
| <b>On balance sheet gap - 2012</b>                |                 | <b>943,746,919</b>   | <b>(176,374,744)</b>          | <b>(649,131,210)</b>    | <b>2,660,802,337</b>   | <b>73,909,178</b>                 |                                   |
|   |                 | <b>(965,458,642)</b> |                               |                         |                        |                                   |                                   |
| ----- (Rupees) -----                              |                 |                      |                               |                         |                        |                                   |                                   |
| 2011  |                 |                      |                               |                         |                        |                                   |                                   |
|   | Effective yield | Carrying Amount      | Exposed to interest rate risk |                         |                        | Not exposed to interest rate risk |                                   |
|   |                 |                      | Upto 3 months                 | Over 3 months to 1 year | Over 1 year to 5 years |                                   |                                   |
| ----- (Rupees) -----                              |                 |                      |                               |                         |                        |                                   |                                   |
| <b>Financial assets</b>                           |                 |                      |                               |                         |                        |                                   |                                   |
| Bank balances                                     | -               | 5,241                | -                             | -                       | -                      | 5,241                             |                                   |
| Accrued mark-up / return on long term investments | -               | 6,785,802            | -                             | -                       | -                      | 6,785,802                         |                                   |
| Advances and other receivables                    | -               | 1,212,636            | -                             | -                       | -                      | 1,212,636                         |                                   |
| Short term investments                            | 13.30%          | 19,399,547           | -                             | 19,399,547              | -                      | -                                 |                                   |
| Factoring Finance                                 | -               | -                    | -                             | -                       | -                      | -                                 |                                   |
| Long term investments                             | 8%-14%          | 233,776,501          | 36,086,772                    | 28,253,651              | 111,579,180            | 57,856,898                        |                                   |
| Net investment in finance leases                  | 9%-25%          | 2,938,448,508        | 239,169,070                   | 754,701,793             | 1,944,577,645          | -                                 |                                   |
| Long term loans                                   | 2%-4%           | 25,108,065           | 687,420                       | 2,080,130               | 8,908,783              | 4,504,669                         |                                   |
|   |                 | <b>3,224,736,300</b> | <b>275,943,262</b>            | <b>804,435,121</b>      | <b>2,065,065,608</b>   | <b>66,783,961</b>                 |                                   |
| <b>Financial liabilities</b>                      |                 |                      |                               |                         |                        |                                   |                                   |
| Accrued mark-up / return                          | -               | 46,281,869           | -                             | -                       | -                      | 46,281,869                        |                                   |
| Accrued and other liabilities                     | -               | 36,638,569           | -                             | -                       | -                      | 36,638,569                        |                                   |
| Short term borrowings                             | 14.03%-14.82%   | 4,710,462            | 4,710,462                     | -                       | -                      | -                                 |                                   |
| Long term deposits                                | -               | 625,682,516          | -                             | -                       | -                      | 625,682,516                       |                                   |
| Certificates of investments                       | 9%-16%          | 1,684,619,216        | 547,499,659                   | 953,539,557             | 183,580,000            | -                                 |                                   |
|   |                 | <b>2,397,932,632</b> | <b>552,210,121</b>            | <b>953,539,557</b>      | <b>183,580,000</b>     | <b>708,602,954</b>                |                                   |
| <b>On balance sheet gap - 2011</b>                |                 | <b>826,803,668</b>   | <b>(276,266,859)</b>          | <b>(149,104,436)</b>    | <b>1,881,485,608</b>   | <b>66,783,961</b>                 |                                   |
|   |                 |                      |                               |                         |                        | <b>(696,094,606)</b>              |                                   |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

### Fair Value sensitivity for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

|  | Profit and loss 100 bp |                     |
|--|------------------------|---------------------|
|  | Increase               | Decrease            |
|  | ----- (Rupees) -----   |                     |
| As at 30 June 2012                                       |                        |                     |
| <b>Cash flow sensitivity - Variable rate instruments</b> | <u>41,447,858</u>      | <u>(41,447,858)</u> |
| As at 30 June 2011                                       |                        |                     |
| <b>Cash flow sensitivity - Variable rate instruments</b> | <u>25,780,060</u>      | <u>(25,780,060)</u> |

### 33.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of the financial assets and financial liabilities approximate their fair values except for long term loans to employees, investments held to-maturity, leases at fixed rate of return and long term COIs. The fair values of long term loans to employees, leases at fixed rate of return and long term COIs cannot be reasonably estimated due to absence of market for such loans. The fair value of held-to-maturity investments is disclosed in the Note 10.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

|                        | Level 1              | Level 2            | Level 3 | Total              |
|------------------------|----------------------|--------------------|---------|--------------------|
|                        | ----- (Rupees) ----- |                    |         |                    |
| <b>Debt securities</b> | -                    | <b>392,488,364</b> | -       | <b>392,488,364</b> |
|                        | -                    | 392,488,364        | -       | 392,488,364        |

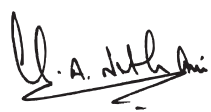
### 33.5 Operational Risks

Operational risk is the risk of direct or indirect loss being incurred due to an event or action arising from the failure of technology, processes, infrastructure, personnel and other risks having an operational risk impact. The Country Operational Risk Committee ("CORC") has been established to ensure that an appropriate risk management framework is in place at a grass root level, and to report, monitor and manage operational, social, ethical and environmental risk. The CORC is chaired by the CEO and Head of Compliance is an active member of this forum.

All business units within the Company monitor their operational risks using set standards and indicators. Significant issues and exceptions are reported to CORC. Disaster recovery procedures, business contingency planning, self-compliance audits and internal audits also form an integral part of the operational risk management process.

### 34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on 18 September 2012.

  
Chairman

  
Chief Executive



## Pattern of Shareholding

AS ON 30-06-2012

| Number of Shareholders | Shareholding                   |          | Number of Share Held | % of Capital  |
|------------------------|--------------------------------|----------|----------------------|---------------|
|                        | From                           | To       |                      |               |
| 510                    | 1                              | 100      | 24,371               | 0.02          |
| 1167                   | 101                            | 500      | 306,306              | 0.31          |
| 612                    | 501                            | 1000     | 474,333              | 0.48          |
| 668                    | 1001                           | 5000     | 1,340,550            | 1.37          |
| 88                     | 5001                           | 10000    | 647,185              | 0.66          |
| 26                     | 10001                          | 15000    | 318,071              | 0.33          |
| 21                     | 15001                          | 20000    | 389,051              | 0.40          |
| 11                     | 20001                          | 25000    | 258,773              | 0.26          |
| 9                      | 25001                          | 30000    | 249,200              | 0.25          |
| 3                      | 30001                          | 35000    | 94,710               | 0.10          |
| 4                      | 35001                          | 40000    | 146,319              | 0.15          |
| 4                      | 40001                          | 45000    | 171,307              | 0.18          |
| 4                      | 45001                          | 50000    | 191,648              | 0.20          |
| 3                      | 50001                          | 55000    | 157,670              | 0.16          |
| 1                      | 55001                          | 60000    | 56,000               | 0.06          |
| 1                      | 60001                          | 65000    | 62,592               | 0.06          |
| 1                      | 65001                          | 70000    | 70,000               | 0.07          |
| 3                      | 70001                          | 75000    | 221,691              | 0.23          |
| 2                      | 75001                          | 80000    | 159,500              | 0.16          |
| 4                      | 95001                          | 100000   | 392,207              | 0.40          |
| 1                      | 115001                         | 120000   | 120,000              | 0.12          |
| 1                      | 125001                         | 130000   | 125,397              | 0.13          |
| 1                      | 135001                         | 140000   | 138,869              | 0.14          |
| 1                      | 215001                         | 220000   | 217,077              | 0.22          |
| 1                      | 310001                         | 315000   | 313,000              | 0.32          |
| 1                      | 355001                         | 360000   | 356,882              | 0.36          |
| 1                      | 380001                         | 385000   | 384,495              | 0.39          |
| 1                      | 420001                         | 425000   | 421,208              | 0.43          |
| 1                      | 440001                         | 445000   | 442,345              | 0.45          |
| 1                      | 445001                         | 450000   | 447,500              | 0.46          |
| 1                      | 495001                         | 500000   | 500,000              | 0.51          |
| 1                      | 520001                         | 525000   | 520,641              | 0.53          |
| 1                      | 620001                         | 625000   | 621,382              | 0.64          |
| 1                      | 680001                         | 685000   | 682,000              | 0.70          |
| 1                      | 770001                         | 775000   | 773,924              | 0.79          |
| 1                      | 1455001                        | 1460000  | 1,460,000            | 1.49          |
| 1                      | 84575001                       | 84580000 | 84,579,276           | 86.45         |
| <b>3,159</b>           | <b>&lt;-----TOTAL-----&gt;</b> |          | <b>97,835,480</b>    | <b>100.00</b> |

## Categories of Shareholders

AS ON JUNE 30, 2012

| Sr | Shareholder's Category  | Number of Shareholders | Number of Shares Held | Percentage    |
|----|---|------------------------|-----------------------|---------------|
| A) | Associated Companies, Undertakings and related parties<br>Standard Chartered Bank Pakistan Ltd.   | 1                      | 84,579,276            | 86.45         |
| B) | Mutual Funds  | 3                      | 780,643               | 0.80          |
| C) | Directors/Chief Executive Officer and their Spouse and minor children.  | 7                      | 16,590                | 0.02          |
| D) | Executives  | -                      | -                     | 0.00          |
| E) | Public Sector Companies & Corporations  | -                      | -                     | 0.00          |
| F) | Banks, Development Financial Institutions, Non-Banking Finance Companies, Insurance Companies, Insurance Companies, Takaful, Madarabas and Pension Funds, | 12                     | 320,499               | 0.33          |
| G) | Shareholding 5% or More (including in above category)<br>Standard Chartered Bank Pakistan Ltd.  | 1*                     | 84,579,276*           | 86.45*        |
| H) | Others  | 42                     | 1,942,363             | 1.99          |
| I) | General Public  | 3,094                  | 10,196,109            | 10.42         |
|    | <b>TOTAL</b>  | <b>3,159</b>           | <b>97,835,480</b>     | <b>100.00</b> |

| DETAIL CATEGORIES OF SHAREHOLDERS |  | Number of Shares Held | Percentage |
|-----------------------------------|--|-----------------------|------------|
|-----------------------------------|--|-----------------------|------------|

A) **Associated Companies, Undertakings and related parties**

|   |  |                   |              |
|---|--|-------------------|--------------|
| 1 | STANDARD CHARTERED BANK (PAKISTAN) LIMITED | 84,579,276        | 86.45        |
|   | <b>TOTAL</b>                               | <b>84,579,276</b> | <b>86.45</b> |

B) **Mutual Funds**

|   |   |                |             |
|---|---|----------------|-------------|
| 1 | NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U) T FUND | 773,924        | 0.79        |
| 2 | TRI. STAR MUTUAL FUND LTD.                                | 6,545          | 0.01        |
| 3 | GROWTH MUTUAL FUND LIMITED                                | 174            | 0.00        |
|   | <b>TOTAL</b>  | <b>780,643</b> | <b>0.80</b> |

C) **Directors/Chief Executive Officer and their spouse and minor Children**

|   |                          |               |             |
|---|--------------------------|---------------|-------------|
| 1 | MR. ARJUMAND AHMED MINAI | 2,370         | 0.00        |
| 2 | MR. KHURRAM SHAHZAD KHAN | 2,370         | 0.00        |
| 3 | MR. MOHSIN ALI NATHANI   | 2,370         | 0.00        |
| 4 | MR. NAJAM I. CHAUDHRI    | 2,370         | 0.00        |
| 5 | MR. NAJAM SIDDIQI        | 2,370         | 0.00        |
| 6 | MR. SHAHID ZAKI          | 2,370         | 0.00        |
| 7 | SYED NASEER UL HASAN     | 2,370         | 0.00        |
|   | <b>TOTAL</b>             | <b>16,590</b> | <b>0.02</b> |

D) **Executives**

|  |   |   |             |
|--|---|---|-------------|
|  | - | - | <b>0.00</b> |
|--|---|---|-------------|

E) **Public Sectors Companies & Corporations**

|  |   |   |             |
|--|---|---|-------------|
|  | - | - | <b>0.00</b> |
|--|---|---|-------------|

F) **Banks, Development Finance Institutions & Non-Banking Finance Companies, Insurance Companies, Takaful, Madarabas and Pension Funds,**

|    |  |                |             |
|----|--|----------------|-------------|
| 1  | IDBP (ICP UNIT)                                | 407            | 0.00        |
| 2  | NATIONAL BANK OF PAKISTAN                      | 73,673         | 0.08        |
| 3  | NATIONAL BANK OF PAKISTAN                      | 193            | 0.00        |
| 4  | NATIONAL INVESTMENT TRUST LIMITED              | 19,930         | 0.02        |
| 5  | STATE LIFE INSURANCE CORP. OF PAKISTAN         | 217,077        | 0.22        |
| 6  | THE PAKISTAN GENERAL INSURANCE COMPANY LIMITED | 500            | 0.00        |
| 7  | AL-FAYSAL INVESTMENT BANK LTD.                 | 1,325          | 0.00        |
| 8  | ATLAS INVESTMENT BANK LTD.                     | 200            | 0.00        |
| 9  | FIDELITY INVESTMENT BANK LTD.                  | 1,265          | 0.00        |
| 10 | ISLAMIC INVESTMENT BANK LTD.                   | 929            | 0.00        |
| 11 | IDBP (ICP UNIT)                                | 2,500          | 0.00        |
| 12 | NATIONAL DEVELOPMENT FINANCE CORPORATION       | 2,500          | 0.00        |
|    | <b>TOTAL</b>                                   | <b>320,499</b> | <b>0.33</b> |

G) **\*Shareholding 5% or more**

|   |  |                    |               |
|---|--|--------------------|---------------|
| 1 | STANDARD CHARTERED BANK (PAKISTAN) LIMITED | 84,579,276         | 86.45         |
|   | <b>TOTAL</b>                               | <b>*84,579,276</b> | <b>*86.45</b> |

H) **Others**

|  |   |                  |             |
|--|---|------------------|-------------|
|  | - | <b>1,942,363</b> | <b>1.99</b> |
|--|---|------------------|-------------|

I) **General Public**

|  |   |                   |              |
|--|---|-------------------|--------------|
|  | - | <b>10,196,109</b> | <b>10.42</b> |
|--|---|-------------------|--------------|

|                     |  |                   |               |
|---------------------|--|-------------------|---------------|
| <b>Grand Total:</b> |  | <b>97,835,480</b> | <b>100.00</b> |
|---------------------|--|-------------------|---------------|

\* Shareholders having 5% or above shares exist in other categories therefore not included in total.

# Form of Proxy

I/We \_\_\_\_\_

of \_\_\_\_\_

being member(s) of Standard Chartered Leasing Limited holding \_\_\_\_\_

ordinary shares hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ who is/are also member(s) of Standard Chartered Leasing Limited

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 19<sup>th</sup> Annual General Meeting of the

company to be held on October 18, 2012, at the Institute of Chartered Accountants of Pakistan, Karachi.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

in the presence of \_\_\_\_\_

Folio No.

Signature  
on Rs. 5/-  
Revenue Stamp

**WITNESSES:**

1. Signature:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No: \_\_\_\_\_

Passport No: \_\_\_\_\_

2. Signature:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No: \_\_\_\_\_

Passport No: \_\_\_\_\_

**Note:**

1. The Proxy Form should be deposited in the registered office of the Company, as soon as possible but not later than 48 hours before the time of holding the meeting, failing which; Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he/she is a member of the Company.



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3

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