



Board of Directors

Mr. Sohail Inam Ellahi	Chairman
Air Marshal (R) Syed Masood Hatif	Vice Chairman
Mr. Shoaib Salim Malik	Director
Mr. Pervez Inam	Director
Mr. Shaheed H. Gaylani	Director
Mr. Shaikh Aftab Ahmed	Director
Brig. Naveed Nasar Khan (R)	Director
Mr. Rizwan Humayun	Director

Company Secretary

Mian Muhammad Shoaib

Audit Committee

Mr. Rizwan Humayun	Chairman
Air Marshal (R) Syed Masood Hatif	Vice Chairman
Mr. Pervez Inam	Member
Mr. Shaheed H. Gaylani	Member
Ms. Farah Farooq	Secretary

Human Resource & Remuneration Committee

Air Marshal (R) Syed Masood Hatif	Chairman
Brig. Naveed Nasar Khan (R)	Member
Mr. Pervez Inam	Member / Secretary
Mr. Sohail Inam Ellahi	Member

Senior Management

Mr. Sohail Inam Ellahi	Chief Executive Officer
Mr. Khalil Anwer Hassan	Chief Manager
Saleem Ahmed Zafar	Chief Operating Officer
Mian Muhammad Shoaib	Chief Financial Officer
Ms. Farah Farooq	Internal Auditor
Major (R) Arifullah Lodhi	Manager Administration

Credit Rating Agency

JCR-VIS Credit Rating Co. Ltd.

Entity Rating

- BBB+ for medium to long term
- A-3 for short term
- Outlook Stable

Auditors

M/s. KPMG Taseer Hadi & Co.
Chartered Accountants
Shaikh Sultan Trust Building,
Beaumont Road,
Karachi - 74000

Legal Advisors

M/s. Mohsin Tayebaly & Company
2nd Floor, Dime Centre,
BC-4, Block # 9, Kehkashan, Clifton,
Karachi.
Tel # : 3538077, 3571653, 35872690
Fax # : 35870240, 35870468

Bankers

Soneri Bank Limited
Bank Al-Falah Ltd.
Albarak Islamic Bank
National Bank of Pakistan.
NIB Bank Ltd.
Standard Chartered Bank

Registered Office

Pak-Gulf Leasing Company Limited
THE FORUM:
Room # 125-127, First Floor,
G-20, Block # 9,
Main Khayaban-e-Jami,
Clifton, P.O.Box # 12215,
Karachi-75600.
Tel #: 35820301, 35820956-7
35824401, 35375986-7
Fax #: 35820302, 35375985
E-mail: pgl@cyber.net.pk
Website: www.pakgulfleasing.com

Share Registrar / Transfer Office

THK Associates (Pvt.) Limited
Ground Floor, State Life Building - 3,
Dr. Ziauddin Ahmed Road, Karachi.
Tel # : 92 (21) 111-000-322
Fax # : 92 (21) 35655595

Mission Statement

The Company will:

- Aim to gain the confidence of all its stakeholders by earning a credible reputation for being an innovative enterprise that is prepared to change in the best interests of its stakeholders.
- Continually monitor structural changes in the various sectors of the economy, and accordingly alter the Company's business strategy to benefit from the emerging opportunities.
- Focus on changing customer needs and strive to improve tangible and intangible returns to its customers by providing service and satisfaction at par with the best in the industry, which would be reflected in prompt risk evaluation and facility disbursement procedures and practices.
- Consciously share, and remain part of all initiatives by the leasing industry to play a positive role in the evolution of small and medium size enterprises to expand the country's industrial base and support economic growth, higher employment and a better future for all.

Dear Shareholders,

The Directors of your Company are pleased to present the financial statements of the Company for the half year ended December 31, 2012. We are glad to inform you that despite the daunting economic conditions prevailing in the country, the overall performance of your Company has remained highly satisfactory. Notwithstanding the tough competition offered by commercial banks and NBFIs sponsored by such banks having access to cheaper funds and a sharply increased cost of doing business, your Company has been able to maintain its profitability. Efforts for improving the Net Interest Margin, together with initiatives to keep a check on other expenses, are being constantly undertaken to achieve a higher profit margin in the days to come.

As at the end of the 2nd Quarter of the Financial Year on 31 December 2012, the Balance Sheet footing of Pak-Gulf Leasing Company Limited increased to Rs.857 million, as compared to Rs.850 million as on June 30, 2012. Total Revenue of the Company at Rs. 37.30 million, for the half year ended December 31, 2012, slightly decreased (by 5.74%) in comparison with the Total Revenue figure of Rs. 39.57 million for the corresponding period in FY2011-12. However, this decline was adequately compensated by an increase in the Company's Profit before Taxation of Rs.25.65 million, when compared with the Profit before Taxation of Rs.20.69 million attained for the corresponding period in the previous year, depicting a periodical increase of around 24%. This improvement is mainly attributable to positive results achieved through the special and consistent initiatives undertaken by the Management for arriving at compromised settlements with some of the key delinquent lessees of the Company. As a consequence, the Net profit after Tax marginally improved to Rs.12.14 million for the six months ended December 31, 2012 as compared to Rs.12.06 million for the corresponding period of last year. Shareholders' Equity of the Company has now risen from Rs. 428 million as at June 30, 2012 to Rs. 441 million as at December 31, 2012. Earnings per Share have been once again maintained at Rs.0.48: at the same level as for the corresponding period, in the previous year.

The up-graded ratings assigned to your Company, in August 2012, by JCR-VIS, have so far remained unchanged at an Entity Rating of BBB+ for medium to long-term and at A-3, for the short term, with the Outlook of the Company staying as Stable.

The Board would like to place on record its appreciation for the entire Management Team of the Company, including each and every member of its staff, for their hard work and dedicated efforts in enabling your Company to maintain its performance standards, under the contemporary testing times. We, the Members of the Board, as representatives of the Company's Shareholders, take this opportunity to assure the management and staff of the Company of our continued support in their efforts for strengthening the Company, in terms of its financial standing and performance record in the market. At the same time we would expect them to continue to serve the customers of the Company with greater zeal and efficiency..

The Board also acknowledges the cooperation and guidance extended to the Company by the Securities and Exchange Commission of Pakistan (SECP), State Bank of Pakistan and other regulatory authorities. Their role is critical to the development and preservation of the financial services sector in Pakistan and we hope that they would continue to carry out their good work towards the betterment of this sector, in the future as well.

In the end, we would like to thank our valued Shareholders, Customers, Bankers and other stakeholders for their valuable support and look forward to reinforcing and building further the most cordial and excellent relationship already existing with them, in the years to come.

February 28, 2013
Karachi

Chairman/Chief Executive

Director

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pak-Gulf Leasing Company Limited** ("the Company") as at 31 December, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to accounts for the six months period then ended (here-in-after-referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six month period ended 31 December, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.2 to the interim financial information which discusses the matter relating to the minimum equity requirements as required by the Non Banking Finance Companies and Notified Entities Regulations, 2008. Our conclusion is not qualified in this respect.

Other matters

The figures for the quarter ended 31 December 2012 in the interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Date: February 28, 2013
Karachi

**CONDENSED INTERIM
BALANCE SHEET
AS AT DECEMBER 31, 2012**

Note	(Un-audited) December 31, 2012	(Audited) June 30, 2012
----- Rupees -----		
ASSETS		
Current Assets		
	Cash and bank balances	42,903,724
6	68,275,906	1,643,118
	Short term investment	9,110,962
7	8,215,773	98,863
	Other receivables - net	115,314
	Advances	360,873
	Accrued mark-up / return on investment	270,367,062
	Prepayments	1,422,687
8	252,049,297	326,022,603
	Current portion of net investment in lease finance	
	Taxation - net	
	2,006,522	
	Total current assets	
	333,107,040	
Non-current Assets		
	Net investment in lease finance	449,234,894
8	449,658,476	2,949,751
	Long term investment	206,500
	Long term deposits	71,665,105
9	70,639,642	524,056,250
	Operating fixed assets	
	523,464,661	
	Total non-current assets	
	856,571,701	
	Total Assets	850,078,853
LIABILITIES		
Current Liabilities		
	Trade and other payables	5,451,338
	Accrued profit / mark-up	3,698,067
10	1,886,745	32,005,613
	Certificates of investment - unsecured	25,000,000
	Current portion of long term financing - secured	51,011,568
	Current portion of long term deposits	117,166,586
	50,804,401	
	Total current liabilities	
	97,705,730	
Non-current Liabilities		
	Long term deposits	217,146,718
	Deferred taxation - net	87,351,725
	100,859,413	
	Total non-current liabilities	
	318,152,346	
	Total Liabilities	421,665,029
	NET ASSETS	440,713,625
FINANCED BY		
SHARE CAPITAL AND RESERVES		
	Authorised capital	500,000,000
	50,000,000 (30 June 2012: 50,000,000) ordinary shares of Rs. 10 each	
	500,000,000	
	Issued, subscribed and paid up capital	253,698,000
	Reserves	135,670,642
	149,115,902	
	Surplus on revaluation of available-for-sale investment	389,368,642
	608,017	
	Total equity	389,817,560
	Surplus on revaluation of fixed asset - net of tax	38,596,264
	37,291,706	
	440,713,625	
11		428,413,824
COMMITMENTS		

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chairman/Chief Executive

Director

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT
(UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD
ENDED DECEMBER 31, 2012**

Note	Six months period ended December 31		Three months period ended December 31	
	2012	2011	2012	2011
----- Rupees -----				
INCOME				
	Income from leasing operations	36,829,662	15,199,582	16,930,060
12	33,555,444			
OTHER OPERATING INCOME				
	Profit on bank accounts / return on investments	2,481,211	1,526,367	1,383,869
	Other income	258,860	286,850	204,245
	3,052,232			
	694,500			
	37,302,176			
	39,569,733		17,012,799	18,518,174
OPERATING EXPENSES				
	Administrative and operating expenses	13,419,619	7,429,797	6,449,721
13	14,101,414			
	Finance cost	6,218,942	1,383,624	2,729,210
14	3,309,423			
	17,410,837			
	19,638,561		8,813,421	9,178,931
	Operating profit before provisions	19,931,172	8,199,378	9,339,243
	(Provision) / reversal for potential lease losses	(466,687)	9,843,388	44,342
	Reversal against terminated leases	1,227,622	9,729,717	1,227,622
	9,729,717			
	Profit before taxation	25,648,390	27,772,483	10,611,207
	20,692,107			
	Taxation - current	(1,543,790)	370,097	(67,944)
	- deferred	(7,088,973)	(16,904,977)	(3,934,973)
	(13,507,688)			
	Profit after taxation	12,140,702	11,237,603	5,999,290
	12,059,344			
----- Rupees -----				
	Earning per share - basic and diluted	0.48	0.44	0.24
	0.48			

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chairman/Chief Executive

Director

**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD
ENDED DECEMBER 31, 2012**

	Six months period ended		Three months period ended	
	31 December		31 December	
	2012	2011	2012	2011
	Rupees			
Profit for the period	12,140,702	12,059,344	11,237,603	5,999,290
Other Comprehensive Income				
Item that may be reclassified subsequently to profit and loss				
Unrealized (loss) / gain on reevaluation of available for sale investment	159,099	(338,832)	147,696	(105,342)
Total Comprehensive income for the period	12,299,801	11,720,512	11,385,299	5,893,948

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chairman/Chief Executive

Director

**CONDENSED INTERIM
CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE SIX MONTHS PERIOD
ENDED DECEMBER 31, 2012**

	Six months period ended	
	31 December	
	2012	2011
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	25,648,390	20,692,107
Adjustment for:		
- Depreciation	2,565,913	2,329,279
- Amortisation income	(10,292)	(9,132)
- Finance cost	3,309,423	6,218,942
- Gain on disposal of fixed assets	(299,400)	-
- Provision for potential lease losses	3,972,666	466,687
- Reversal against terminated leases	(9,729,717)	(1,227,622)
	(191,407)	7,778,154
Operating profit before working capital changes	25,456,983	28,470,261
Working capital changes		
Decrease / (increase) in operating assets		
- Accrued mark-up / return on investments	943	1,920
- Other receivables	7,552,138	7,972,906
- Advances	2,279	128,834
- Prepayments	(185,497)	(105,880)
	7,369,863	7,997,780
Decrease / (increase) in operating liabilities		
- Trade and other payables	(123,180)	(4,434,669)
Cash generated from operations	32,703,666	32,033,372
Finance cost paid	(5,120,745)	(4,199,203)
Tax paid	(583,835)	(2,031,993)
Deposits received from lessees	(60,952)	5,963,069
Decrease in net investment in lease finance	16,994,285	32,357,595
	11,228,753	32,089,468
Net cash generated from operating activities	43,932,419	64,122,840
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(1,631,046)	(1,706,157)
Sale proceeds from disposal of fixed assets	390,000	-
Net cash used in investing activities	(1,241,046)	(1,706,157)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of certificates	2,797,809	2,498,475
Payments made upon maturity of certificates of investment	(7,617,000)	-
Long term financing	(12,500,000)	(18,769,952)
Net cash used in financing activities	(17,319,191)	(16,271,477)
Net increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period	25,372,182	46,145,206
	42,903,724	2,236,955
Cash and cash equivalents at the end of the period	68,275,906	48,382,161

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chairman/Chief Executive

Director



**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD
ENDED DECEMBER 31, 2012**

	Issued, subscribed and paid up Capital	Reserves		Unappropri- ated profit	Sub total	Surplus / (Deficit) on revaluation of Available for Sale Investments	Total equity
		Capital Statutory reserve	Revenue Reserve for issue of bonus shares				
Balance as at 30 June 2011	253,698,000	35,745,045	4,402,000	70,409,838	110,556,833	551,002	364,805,885
<i>Total comprehensive income for the period ended 31 Dec. 2011</i>							
Profit after taxation	-	-	-	12,059,344	12,059,344	-	12,059,344
Other comprehensive income							
Deficit on revaluation of available for sale investments	-	-	-	12,059,344	12,059,344	(338,832)	(338,832)
Transfer from surplus on revaluation of operating fixed assets to unappropriated profit	-	-	-	1,304,558	1,304,558	-	1,304,558
Transfer to statutory reserve	-	2,411,869	-	(2,411,869)	-	-	-
Balance as at 31 December 2011	253,698,000	38,156,914	4,402,000	81,361,871	123,920,785	212,170	377,830,955
<i>Total comprehensive income for the period ended 30 June 2012</i>							
Profit after taxation	-	-	-	10,445,299	10,445,299	-	10,445,299
Other comprehensive income							
Deficit on revaluation of available for sale investments	-	-	-	-	-	236,748	236,748
Transfer from surplus on revaluation of operating fixed assets to unappro- priated profit	-	-	-	1,304,558	1,304,558	-	1,304,558
Transfer to statutory reserve	-	2,089,060	-	(2,089,060)	-	-	-
Balance as at 30 June 2012 as	253,698,000	40,245,974	4,402,000	91,022,668	135,670,642	448,918	389,817,560
<i>Total comprehensive income for the period ended 31 December</i>							
Profit after taxation	-	-	-	12,140,702	12,140,702	-	12,140,702
Other comprehensive income							
Deficit on revaluation of available for sale investments	-	-	-	12,140,702	12,140,702	159,099	12,299,801
Transfer from surplus on revaluation of operating fixed assets to unappro- priated profit	-	-	-	1,304,558	1,304,558	-	-
Transfer to statutory reserve	-	2,428,140	-	(2,428,140)	-	-	-
Balance as at 31 December 2012	253,698,000	42,674,114	4,402,000	102,039,788	149,115,902	608,017	402,117,361

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Chairman/Chief Executive

Director



**NOTES TO CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE SIX MONTHS
AND THREE MONTHS PERIOD
ENDED DECEMBER 31, 2012**

1. STATUS AND NATURE OF BUSINESS

1.1 Pak-Gulf Leasing Company ("the Company") was incorporated in Pakistan on 27 December 1994 and commenced its operations on 16 September 1996. The Company is principally engaged in the business of leasing and is listed on all three Stock Exchanges of Pakistan. The registered office of the Company is situated at the Forum, Rooms 125-127, First Floor, Main Khayaban-e-Jami, Clifton, Karachi.

1.2 Regulation 4 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008) requires a leasing company to maintain, at all times, minimum equity of Rs. 500 million by 30 June 2012 and Rs. 700 million by 30 June 2013. The equity of the Company as at 31 December is Rs. 403.4 million which is Rs. 96.6 million short of the minimum capital requirement. In this regard Securities and Exchange Commission of Pakistan on the recommendation of NBF Sector Reform Committee is currently reviewing the overall regulatory regime of NBF sector which includes considering various options relating to minimum equity requirements of leasing companies as most leasing companies are facing problems in complying with this requirement. Further, the management is also making efforts to generate additional equity to attain the minimum equity requirement.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial information of the Company for the six months period ended 31 December 2012 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case where requirements differ, the provision or directives issued under the Companies Ordinance, 1984, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

2.2 The requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement", relating to the assessment of impairment loss on leasing portfolio have not been followed in the preparation of this condensed interim financial information based on a clarification received from the SECP specifying that the requirements of IAS 39 should only be followed by leasing companies so far as it relates to investments made by them.

2.3 The comparative balance sheet presented in this condensed interim financial information as at 31 December 2012 has been extracted from the audited financial statements of the Company for the year ended 30 June 2012, whereas the comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been extracted from the condensed interim financial information for the period ended 31 December 2011. Further, the figures in the condensed interim financial information for the three months period ended 31 December 2011 and 31 December 2012 have not been reviewed by the auditors.

2.4 These condensed interim financial information has been presented in Pakistani Rupees, which is the functional currency of the Company. The figures are rounded off to the nearest rupee.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in preparation of the financial statements of the Company as at and for the year ended 30 June 2012.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of the Company for the year ended 30 June 2012.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended 30 June 2012.

6. CASH AND BANK BALANCES

(Unaudited)	(Audited)
31 December	30 June
2012	2012
(Rupees)	

Cash in hand	20,000	1,286
Balances with banks:		
- in current accounts	1,672,133	8,266,232
- in saving accounts	66,583,773	34,636,206
	<u>68,275,906</u>	<u>42,903,724</u>

6.1 Return on these savings accounts is earned at rates ranging from 2.98% to 8.55% (30 June 2012: 3.82% to 10%) per annum.

7. OTHER RECEIVABLES-NET

Lease receivables held under litigation	7.1	32,737,961	40,155,461
Insurance premium receivable	7.2	3,178,760	3,297,308
Others	7.3	2,181,499	2,197,589
		<u>38,098,220</u>	<u>45,650,358</u>
Less: Provision against terminated leases		<u>(25,545,078)</u>	<u>(32,202,027)</u>
Mark-up held in suspense		<u>(4,337,369)</u>	<u>(4,337,369)</u>
		<u>8,215,773</u>	<u>9,110,962</u>

7.1 This represents net investment in finance lease for cases terminated by the Company and where litigation has commenced.

7.2 This represents insurance premium receivable from lessees for leased assets insured on their behalf by the Company. These amounts will be recovered either during the lease period or on termination / maturity of the lease contract.

7.3 This includes amount receivable from an associated undertaking amounting to Rs. 234,500 (30 June 2012: 227,000)

	(Unaudited)	(Audited)
	31 December	30 June
	2012	2012
(Rupees)		
8. NET INVESTMENT IN LEASE FINANCE		
Net investment in lease finance	701,707,773	719,601,956
Current portion shown under current assets	<u>(252,049,297)</u>	<u>(270,367,062)</u>
	<u>449,658,476</u>	<u>449,234,894</u>

	(Unaudited)			(Audited)		
	December 31, 2012			June 30, 2012		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
	----- Rupees -----					
Minimum lease payments	261,874,112	263,043,213	524,917,325	284,584,095	269,997,841	554,581,936
Add: Residual value of leased assets	50,804,401	217,292,933	268,097,334	51,011,568	217,146,718	268,158,286
Gross investment in finance leases	312,678,513	480,336,146	793,014,659	335,595,663	487,144,559	822,740,222
Unearned lease income	(58,244,072)	(30,677,670)	(88,921,742)	(62,455,503)	(36,687,682)	(99,143,185)
Mark-up held in suspense	(263,263)	-	(263,263)	(2,773,098)	-	(2,773,098)
	<u>(58,507,335)</u>	<u>(30,677,670)</u>	<u>(89,185,005)</u>	<u>(65,228,601)</u>	<u>(36,687,682)</u>	<u>(101,916,283)</u>
	254,171,178	449,658,476	703,829,654	270,367,062	450,456,877	720,823,939
Provision for lease potential lease losses	(2,121,881)	-	(2,121,881)	-	(1,221,983)	(1,221,983)
Net investment in finance leases	<u>252,049,297</u>	<u>449,658,476</u>	<u>701,707,773</u>	<u>270,367,062</u>	<u>449,234,894</u>	<u>719,601,956</u>

In certain leases, the Company has security, in addition to leased assets, in the form of mortgages / corporate / personal guarantees of associated companies / directors.

During the period, Securities and Exchange Commission of Pakistan revised the provisioning criteria of non-performing loans for leasing companies. The revised provisioning criteria is applicable from 1 July 2012, and requires a non-performing lease to be classified as Substandard, Doubtful, and Loss after expiry of 180 days, 1 year and 2 years respectively, as compared to the previous requirement where non-performing lease were required to be classified as Other Assets Especially Mentioned (OAEM), Substandard, Doubtful, and Loss after expiry of 90 days, 1 year, 2 years and 3 years respectively. Further the percentage of provisioning required for a substandard lease has also been increased from 20% to 25%. The Company has applied the provisioning criteria in line with the revised criteria. Had this change not been made the net provision against the non performing leases for the period would have been lower by Rs 0.47 million, deferred tax asset would have been lower by Rs. 0.165 million and profit for the period would have been higher by Rs. 0.305 million.

		For the six months period ended 31 December (Un-audited)	
		2012	2011
		Rupees	
9.	OPERATING FIXED ASSETS		
	Leasehold premises	65,208,000	67,267,204
	Vehicles	3,913,104	2,720,081
	Furnitures and fittings	166,357	179,515
	Office and computer equipments	603,171	749,295
	Capital work-in-progress	749,010	749,010
		<u>70,639,642</u>	<u>71,665,105</u>
	Additions		
	Vehicles	1,534,295	1,391,865
	Office and computer equipments	89,755	314,292
	Furnitures and fittings	7,000	-
		<u>1,631,050</u>	<u>1,706,157</u>
	Disposals		
	Vehicles	453,000	-
		<u>453,000</u>	<u>-</u>
10.	CERTIFICATES OF INVESTMENT - unsecured	(Unaudited) 31 December 2012	(Audited) 30 June 2012
		Rupees	
	Opening balance	32,005,613	29,230,138
	Certificates issued during the year	16,337,755	26,505,613
	Interest / principal rolled over in the current year	(13,539,942)	(20,205,138)
	Payments made during the year	(7,617,000)	(3,525,000)
	Closing balance	<u>27,186,426</u>	<u>32,005,613</u>
	These represent certificates of investment issued by the Company with the permission of Securities and Exchange Commission of Pakistan. The term of these certificates is one year (30 June 2012: one year) and carry mark-up at the of rate of 13% (30 June 2012: 14%) per annum.		
11.	COMMITMENTS		
	Leasing contracts committed but not executed at the balance sheet date amounted to Rs. 6,630,000 (30 June 2012: Rs. 500,000).		
12.	INCOME FROM LEASE OPERATIONS	Six months period ended 31 December	Three months period ended 31 December
		2012	2011
		Rupees	
	Income on lease contracts	36,480,353	37,557,986
	loss on lease termination	(7,607,386)	(1,594,103)
	Other income	4,682,477	865,779
		<u>33,555,444</u>	<u>36,829,662</u>
		<u>18,272,954</u>	<u>17,555,336</u>
		<u>(7,633,238)</u>	<u>(943,013)</u>
		<u>4,559,866</u>	<u>317,737</u>
		<u>15,199,582</u>	<u>16,930,060</u>

		Six months period ended 31 December		Three months period ended 31 December	
		2012	2011	2012	2011
		Rupees			
13.	ADMINISTRATIVE AND OPERATING EXPENSES				
	Directors' fee	140,000	26,000	140,000	26,000
	Salaries, allowances and benefits	7,357,769	6,863,024	3,756,761	3,448,004
	Depreciation	2,565,913	2,329,279	1,340,183	752,465
	Office rent and utilities	660,777	655,449	334,605	286,507
	Legal and professional	916,073	977,204	677,465	449,721
	Auditors' remuneration	254,598	237,498	118,749	118,749
	Postage, subscription, printing and stationary	472,427	782,390	325,205	605,868
	Vehicle running and maintenance	673,219	492,504	287,572	203,592
	Office repair and general maintenance	400,351	295,176	72,516	36,376
	Insurance	116,698	141,019	68,930	90,062
	Advertisement	27,290	26,400	27,290	26,400
	Travelling and conveyance	171,148	93,958	143,878	93,569
	General	345,151	499,718	136,643	312,408
		<u>14,101,414</u>	<u>13,419,619</u>	<u>7,429,797</u>	<u>6,449,721</u>
14.	FINANCE COST				
	Mark-up on:				
	- Long term financing	1,465,557	3,979,052	453,468	1,610,393
	- Certificates of investment - unsecured	1,808,184	2,166,881	894,474	1,095,808
	Bank charges	15,427	32,523	15,427	13,495
	CIB reports charges	20,255	40,486	20,255	9,514
		<u>3,309,423</u>	<u>6,218,942</u>	<u>1,383,624</u>	<u>2,729,210</u>
15.	TRANSACTIONS WITH RELATED PARTIES				
	The Company has related party relationships with its associated companies, directors, senior executives and employee provident fund plan.				
	Transactions with related parties comprise of the following:				

	Six months period ended	
	31 December (Un-audited)	
	2012	2011
	----- Rupees -----	
Profit on Certificates of Investment	<u>1,319,178</u>	<u>1,751,838</u>
Encashment of Certificates of Investments issued to director on maturity (with profit)	<u>6,270,000</u>	<u>-</u>
Contribution to Provident Fund	<u>177,640</u>	<u>110,991</u>
Directors' fee	<u>140,000</u>	<u>26,000</u>
Salary and allowance	<u>1,200,000</u>	<u>1,200,000</u>
	(Unaudited)	(Audited)
	31 December	30 June
	2012	2012
	----- Rupees -----	
Balances outstanding at the period / year end		
Certificates of Investments issued to director	<u>-</u>	<u>5,500,000</u>
Certificates of Investments issued to close relatives of directors and chairman	<u>20,534,426</u>	<u>18,236,613</u>
Accrued mark-up on certificate of investment issued to close relatives of directors	<u>1,289,755</u>	<u>2,532,141</u>

16. GENERAL

This condensed interim financial information was authorised for issue by the board of Directors of the Company on 28 February, 2013

Chairman/Chief Executive

Director