

## **Our Vision**

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We shall carve a place for ourselves at the highest level of leasing industry by providing quality service and ensuring customer satisfaction. We will go an extra mile to ensure greater profitability and value for our shareholders.

## **Our Dynamics**

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Professional Management will be the hallmark of our organization. We will operate with state of the art technology to achieve optimum results and develop an efficient and motivated work force with corporate pride in their company.

## **Our Resolve**

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We will provide our customers modern and technology based leasing services while we ensure our shareholders security and a high rate of return on their investments.

## **Our Commitment**

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We will maintain financial discipline and adhere to professional and moral codes. In the operation of the company, we will comply with all rules and regulations set down by the supervisory authorities.



## Company Information

BOARD OF DIRECTORS	Mr. Asif Ali Rashid	Chairman & Chief Executive Officer
	Mr. Muhammad Nasim Khan	Director
	Mr. Aamir Ali Rashid	Director
	Mr. Shahzad Ali Rashid	Director
	Mr. Iskander Sultan Khwaja	Director
	Mr. Ruhail Mohammed	Director
	Mr. Arshad A. Kazmi	Director
	Mr. Shujat Ali Baig	Director
Mr. Arshadullah Khan	Director	
Mr. Shoaib Jawed Savul	Director	
COMPANY SECRETARY & CHIEF FINANCIAL OFFICER	Mr. Arfan Ali Rashid	
CHIEF OPERATING OFFICER	Mr. Muhammad Ahmad	
AUDITORS	M/s KPMG Taseer Hadi & Co. Chartered Accountants	
LEGAL ADVISOR	Mohsin Tayebaly & Co.	
AUDIT COMMITTEE	Mr. Aamir Ali Rashid	Chairman
	Mr. Asif Ali Rashid	Member
	Mr. Ruhail Mohammed	Member
EXECUTIVE COMMITTEE	Mr. Asif Ali Rashid	Chairman
	Mr. Mohammed Ahmad	Member
	Mr. Arfan Ali Rashid	Member
	Mr. Badar Jamil Farooqi	Member
BANKERS	Allied Bank Limited	KASB Bank Limited
	Askari Bank Limited	National Bank of Pakistan
	Bank Alfalah Limited	Silk Bank Ltd.
	Faysal Bank Limited	Soneri Bank Ltd.
	Habib Metropolitan Bank Limited	United Bank Ltd.
REGISTERED OFFICE & HEAD OFFICE	SIGMA HOUSE 8-C, Block-6, PECHS, Off : Shahrah-e-Faisal, Karachi-75400. Pakistan	
	Tel. : (021) 34557233-4, 34544850-1	
	Fax : (021) 34544439	
	Email : info@sigma-leasing.com	
	Website : www.sigma-leasing.com	
LIAISON OFFICES	Lahore : 433- F, Main Bouleyard, Opposite Main Plaza, Johar Town, Lahore. Tel. : (042) 35316171-73 Fax : (042) 36365343	
	Faisalabad : Plot # 63/1-C, Model Town-B, Jail Road. Tel. : (041) 2636830-31 Fax : (041) 2644961	
	Sialkot : Uggoki Road, Near Zohra Hospital Chowk, Shabpura. Tel. : (0432) 3552919, 3554429 Fax : (0432) 3552919	
CREDIT RATING	By JCR VIS Credit Rating Company Limited (effective December 24, 2010)	
	Long Term Entity Rating	"A-" (Single A minus)
	Short Term Entity Rating	"A2"
	Outlook	Stable
SHARE DEPARTMENT	Noble Computer Services (Pvt.) Limited Mezzanine Floor, House of Habib Building (Siddiqsons Tower) 3 Jinnah Co-operative Housing Society, Main Shahra-e-Faisal, Karachi. Tel: (92-21) 34325482-7, Fax: (92-21) 34325442	

## Directors' Report

On behalf of the Directors of Sigma Leasing Corporation Limited, I am pleased to present the half yearly report for the period ended December 31, 2010.

During the period Sigma earned a pre tax profit of Rs.12.70 million compared to Rs.0.81 million in corresponding period. The Company is focused on reducing its costs and maximizing its profit for which expenses are closely monitored and controlled.

We are hopeful that the economic wheel will gain momentum and business will move faster towards the growth which will help all sectors to grow and prosper thereby the business and profit earning trend will improve.

The credit rating of Sigma is once again reaffirmed effective December 24, 2010 as 'A-'(single A minus) for long term and A-2 for short term with stable outlook because of the stringent credit policies, close monitoring, high level recoveries and positive cash flow.


We expect that we will be able to improve our profitability in near future.

Mr. Muhammad Nasim Khan resigned as Chief Executive Officer with effect from January 1, 2011. We appreciate his sincere services to the company for the last fourteen years

The Board recognizes and appreciates the support of the lending institutions, regulatory authorities, investors, our internal and external auditors and the dedicated services rendered by the management and other staff members of the Company to promote its steady growth on sound lines.

For and behalf of the Board of Directors

Dated: February 10, 2011  
Karachi

  
Asif Ali Rashid  
Chairman / CEO



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

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Internet www.kpmg.com.pk

### **Auditor's Report on review of Condensed Interim Financial Information to the Members**

#### ***Introduction***

We have reviewed the accompanying condensed interim balance sheet of **Sigma Leasing Corporation Limited** ("the Company") as at 31 December 2010 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 the 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 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 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 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended 31 December 2010 in the condensed interim profit and loss account and statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

**Date: 10 February 2011**

**Karachi**

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

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2010**

	Notes	Dec 31, 2010 Unaudited	Jun 30, 2010 Audited
<b>ASSETS</b>			
----- Rupees -----			
<b>Current Assets</b>			
Cash and bank balances		70,805,145	48,419,016
Current portion of net investment in finance Lease	7	122,319,184	215,249,574
Investments	6	131,503,959	60,117,667
Prepayments and other receivables		7,835,770	3,049,151
Taxation - net		-	2,929,796
<b>Total Current Assets</b>		<b>332,464,058</b>	<b>329,765,204</b>
<b>Non Current Assets</b>			
Net investment in finance lease	7	67,088,670	119,243,449
Long term deposits		282,103	598,500
Intangible assets		171,151	231,579
Property and equipment		78,877,165	81,653,939
<b>Total Non Current Assets</b>		<b>146,419,089</b>	<b>201,727,467</b>
<b>TOTAL ASSETS</b>		<b>478,883,147</b>	<b>531,492,671</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current portion of lease key money deposits		35,851,222	88,205,126
Current portion of Liabilities against assets subject to finance lease		158,897	677,108
Accrued markup on loans & other payables		-	9,229
Accrued expenses and other liabilities		5,541,843	3,811,575
Provision for taxation - net		13,277,414	-
<b>Total Current Liabilities</b>		<b>54,829,376</b>	<b>92,703,038</b>
<b>Non Current Liabilities</b>			
Lease key money deposits		29,376,100	39,048,221
Liabilities against assets subject to finance lease		-	396,716
Deferred tax liability - net	8	13,160,335	31,070,462
<b>Total Non Current Liabilities</b>		<b>42,536,435</b>	<b>70,515,399</b>
<b>Total Liabilities</b>		<b>97,365,811</b>	<b>163,218,437</b>
<b>Net Assets</b>		<b>381,517,336</b>	<b>368,274,234</b>
<b>Represented By</b>			
Share Capital		300,000,000	300,000,000
Reserves		27,067,068	13,320,510
(Deficit) / Surplus on revaluation of investments		(427,907)	12,369
		<u>326,639,161</u>	<u>313,332,879</u>
Surplus on Revaluation of property and equipment		54,878,175	54,941,355
		<u>381,517,336</u>	<u>368,274,234</u>
<b>Contingencies</b>	<b>10</b>		

The annexed notes from 1 to 16 form an integral part of these financial statements

Asif Ali Rashid  
Chairman / CEO

Amir Ali Rashid  
Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	Notes	Half Year Ended		Quarter Ended	
		December 31 2010	December 31 2009	December 31 2010	December 31 2009
----- Rupees -----					
<b>INCOME</b>					
Lease income	11	13,972,945	27,612,302	5,619,606	11,771,948
Mark-up on deposits / placements		2,153,954	1,987,872	979,514	890,925
Other operating income	12	8,163,798	12,520,519	5,102,785	5,185,056
		<u>24,290,697</u>	<u>42,120,693</u>	<u>11,701,905</u>	<u>17,847,929</u>
<b>EXPENSES</b>					
Administrative and operating expenses		11,918,519	12,402,098	6,134,038	6,695,939
Financial charges		36,791	16,752,217	7,373	6,487,874
		<u>11,955,310</u>	<u>29,154,315</u>	<u>6,141,411</u>	<u>13,183,813</u>
<b>Operating income</b>		<u>12,335,387</u>	<u>12,966,378</u>	<u>5,560,494</u>	<u>4,664,116</u>
Provision for diminution in AFS investments		-	2,753,617	-	2,204,188
Unrealized (gain) / loss on remeasurement of HFT investments		(421,408)	(1,771,496)	(2,227,074)	3,739,025
Bad debts written off		57,028	11,175,619	57,028	11,175,619
Provision for potential lease losses		-	-	-	-
		<u>(364,380)</u>	<u>12,157,740</u>	<u>(2,170,046)</u>	<u>17,118,832</u>
<b>Profit / (loss) before taxation</b>		<u>12,699,767</u>	<u>808,638</u>	<u>7,730,540</u>	<u>(12,454,716)</u>
<b>Provision for taxation</b>					
- Current		19,760,171	915,408	6,218,431	490,214
- Prior		(2,833,655)	-	(2,833,655)	-
- Deferred		(17,910,127)	-	(4,506,739)	-
		<u>(983,611)</u>	<u>915,408</u>	<u>(1,121,963)</u>	<u>490,214</u>
<b>Profit / (loss) for the period</b>		<u>13,683,378</u>	<u>(106,770)</u>	<u>8,852,503</u>	<u>(12,944,930)</u>
<b>Earnings / (loss) per share - basic and diluted</b>		<u>0.46</u>	<u>(0.004)</u>	<u>0.30</u>	<u>(0.431)</u>

The annexed notes from 1 to 16 form an integral part of these financial statements



Asif Ali Rashid  
Chairman / CEO



Aamir Ali Rashid  
Director



**Condensed Interim Statement of Comprehensive Income (unaudited)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	Notes	Half Year Ended		Quarter Ended	
		December 31		December 31	
		2010	2009	2010	2009
		----- Rupees -----			
Profit / (loss) for the period		13,683,378	(106,770)	8,852,503	(12,944,930)
<b>Other comprehensive income</b>					
(Deficit) / surplus on revaluation of investments - net		(440,276)	12,840,246	30,781	(470,473)
<b>Total comprehensive income / (loss) for the period</b>		<u>13,243,102</u>	<u>12,733,476</u>	<u>8,883,284</u>	<u>(13,415,403)</u>

The annexed notes from 1 to 16 form an integral part of these financial statements

Asif Ali Rashid  
Chairman / CEO

Aamir Ali Rashid  
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	Notes	December 31
	2010	2009
	----- Rupees -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	12,699,767	808,638
<b>Adjustments for:</b>		
Depreciation	1,103,814	1,424,385
Amortization	60,425	60,425
Financial charges	36,791	16,752,217
Loss / (gain) on sale of fixed assets	485,360	(394,822)
Unrealized gain on remeasurement of HFT investments	(421,408)	(1,771,496)
Provision for diminution in value of investments	-	2,753,617
Bad debts written off	57,028	11,175,619
Net (gain) on sale of securities	(1,659,370)	(6,820,927)
Dividend income	(780,259)	(1,716,962)
	<u>11,582,148</u>	<u>22,270,694</u>
<b>Changes in Operating Assets / Liabilities</b>		
Net investment in finance lease	145,028,141	181,643,886
Lease key money deposits	(62,026,025)	(52,440,173)
Prepayments and other receivables	(4,786,620)	(26,976,948)
Accrued expenses and other liabilities	1,730,268	(3,864,296)
	<u>79,945,764</u>	<u>98,362,469</u>
<b>Cash (used in) / Generated from Operations</b>	<u>91,527,912</u>	<u>120,633,163</u>
Financial charges paid	(46,020)	(21,451,549)
Taxes paid	(719,306)	(1,605,432)
	<u>(765,326)</u>	<u>(23,056,981)</u>
<b>Net Cash Flows from Operating Activities</b>	<u>90,762,586</u>	<u>97,576,182</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(2,462,900)
Purchase of Investments	(253,751,059)	(196,195,370)
Proceeds on disposal of investments	184,005,273	255,812,863
Proceeds on disposal of property and equipment	1,187,600	500,000
Dividend income	780,259	1,716,962
Deposits	316,397	(2,200)
<b>Net Cash Flows from Investing Activities</b>	<u>(67,461,530)</u>	<u>59,369,355</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Term Loans	-	(141,666,668)
Certificates of investments	-	(26,610,088)
Dividend paid	-	-
Liabilities against assets subject to finance lease	(914,927)	(321,811)
<b>Net Cash Flows from Financing Activities</b>	<u>(914,927)</u>	<u>(168,598,567)</u>
<b>Increase / (decrease) in cash and bank balances</b>	<u>22,386,129</u>	<u>(11,653,030)</u>
<b>Cash and bank balances at beginning of the period</b>	<u>48,419,016</u>	<u>29,884,826</u>
<b>Cash and bank balances at end of the period</b>	<u>70,805,145</u>	<u>18,231,796</u>

The annexed notes from 1 to 16 form an integral part of these financial statements

Asif Ali Rashid  
Chairman / CEO

Aamir Ali Rashid  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	Share capital	Reserve Fund	Unappropriated Profit	Unrealized loss on re-measurement of available for sale investments to fair value	Total
	(Rupees)				
<b>Balance as at June 30, 2009</b>	<b>300,000,000</b>	<b>61,861,508</b>	<b>(55,403,641)</b>	<b>(14,745,845)</b>	<b>291,712,022</b>
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	(106,770)	-	(106,770)
Transferred to statutory reserve during the period	-	-	-	-	-
<b>Other comprehensive income / (loss)</b>					
Surplus on revaluation of investments - net	-	-	-	12,840,246	12,840,246
<b>Balance as at December 31, 2009</b>	<b>300,000,000</b>	<b>61,861,508</b>	<b>(55,510,411)</b>	<b>(1,905,599)</b>	<b>304,445,498</b>
Transfer from surplus on revaluation of property and equipment - net of tax	-	-	63,180	-	63,180
<b>Balance as at December 31, 2009</b>	<b>300,000,000</b>	<b>61,861,508</b>	<b>(55,447,231)</b>	<b>(1,905,599)</b>	<b>304,508,678</b>
<b>Balance as at June 30, 2010</b>	<b>300,000,000</b>	<b>63,208,765</b>	<b>(49,888,255)</b>	<b>12,369</b>	<b>313,332,879</b>
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	13,683,378	-	13,683,378
Transferred to statutory reserve during the period	-	-	-	-	-
<b>Other comprehensive income / (loss)</b>					
Surplus on revaluation of investments - net	-	-	-	(440,276)	(440,276)
<b>Balance as at December 31, 2010</b>	<b>300,000,000</b>	<b>63,208,765</b>	<b>(36,204,877)</b>	<b>(427,907)</b>	<b>326,575,981</b>
Transfer from surplus on revaluation of property and equipment - net of tax	-	-	63,180	-	63,180
<b>Balance as at December 31, 2010</b>	<b>300,000,000</b>	<b>63,208,765</b>	<b>(36,141,697)</b>	<b>(427,907)</b>	<b>326,639,161</b>

The annexed notes from 1 to 16 form an integral part of these financial statements



Asif Ali Rashid  
Chairman / CEO



Aamir Ali Rashid  
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

**1 LEGAL STATUS AND OPERATIONS**

The Company was incorporated in Pakistan on April 11, 1996 as a public limited company and received certificate of commencement of business on January 27, 1997. The Company is principally engaged in the business of leasing and is listed on the Karachi Stock Exchange since 1997.

**2 BASIS OF PREPARATION**

This condensed interim financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2010.

**3 ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these interim condensed financial statements are the same as those applied in preparation of financial statements for the preceding year ended June 30, 2010.

**4 ESTIMATES / FINANCIAL RISK MANAGEMENT**

4.1 The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the applications of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by the management in applying Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company for the year ended June 30, 2010.

4.2 Risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2010.

**5 SEGMENT REPORTING**

Segment analysis for the period ended December 31, 2010

	Lease	Investments and Others	Total
Segment revenues	<u>13,972,945</u>	<u>10,317,752</u>	<u>24,290,697</u>
Segment results	<u>13,915,917</u>	<u>10,218,393</u>	<u>24,134,310</u>
Unallocated expenses			(11,397,752)
Results from operating activities			12,736,558
Finance costs			(36,791)
Provision for taxation			983,611
<b>Profit / (loss) for the period</b>			<u>13,683,378</u>
<b>Other Information</b>			
Segment assets	<u>189,407,854</u>	<u>289,475,293</u>	<u>478,883,147</u>
<b>Total assets</b>	<u>189,407,854</u>	<u>289,475,293</u>	<u>478,883,147</u>
Segment Liabilities	<u>65,227,322</u>	<u>32,138,489</u>	<u>97,365,811</u>
<b>Total liabilities</b>	<u>65,227,322</u>	<u>32,138,489</u>	<u>97,365,811</u>

**Segment analysis for the period ended December 31, 2009**

	Lease	Investments and Others	Total
Segment revenues	27,612,302	14,508,391	42,120,693
Segment results	16,436,683	13,223,404	29,660,087
Unallocated expenses			(12,099,232)
Results from operating activities			17,560,855
Finance costs			(16,752,217)
Provision for taxation			(915,408)
<b>Profit / (loss) for the period</b>			<b>(106,770)</b>
<b>Other Information</b>			
Segment assets	495,543,849	199,316,803	694,860,652
<b>Total assets</b>	<b>495,543,849</b>	<b>199,316,803</b>	<b>694,860,652</b>
Segment Liabilities	164,117,131	171,230,307	335,347,438
<b>Total liabilities</b>	<b>164,117,131</b>	<b>171,230,307</b>	<b>335,347,438</b>

December 31,    June 30,  
2010  
Unaudited    Audited  
----- Rupees -----

**6 INVESTMENTS**

At fair value through profit or loss	6.1	18,260,162	18,272,570
Available-for-sale	6.2	113,243,797	41,845,097
		<b>131,503,959</b>	<b>60,117,667</b>

**6.1 At fair value through profit or loss**

Number of Shares / Certificates		Name of Company	December 31, 2010		June 30, 2010	
			Unaudited	Audited	Unaudited	Audited
December 31, 2010	June 30, 2010		Cost	Market Value	Cost	Market Value
<b>Held for trading</b>						
<small>These are fully paid ordinary shares of Rs.10/-each unless stated otherwise.</small>						
150,000	150,000	Azgard Nine Limited	3,840,880	1,449,000	4,008,090	1,674,000
100,000	200,000	Bank Al Falah Limited	902,435	1,121,000	2,269,689	1,892,000
-	10,000	Bank Al-Habib Limited	-	-	306,100	315,000
30,000	10,000	Engro Corporation Limited	5,639,983	5,814,300	1,960,000	1,735,800
-	100,000	HubPower Company Limited	-	-	3,318,612	3,196,000
-	150,000	Jahangir Siddiqui & Co. Limited	-	-	5,925,000	1,896,000
-	200,000	Lafarge Pakistan Cement Limited	-	-	635,855	548,000
-	10,000	Lotte Pakistan PTA Limited	-	-	99,000	80,600
150,000	100,000	Netsole Technologies	2,752,899	2,869,500	2,841,351	2,501,000
2,375,038	1,483,000	NIB Bank Limited	10,070,004	7,006,362	8,431,832	4,434,170
			23,206,201	18,260,162	29,795,529	18,272,570
		Unrealized loss on remeasurement of held-for-trading investments	(4,946,039)	-	(11,522,959)	-
			<b>18,260,162</b>	<b>18,260,162</b>	<b>18,272,570</b>	<b>18,272,570</b>

Number of Shares / Certificates	Name of Company	December 31, 2010 Unaudited		June 30, 2010 Audited	
		Cost	Market Value	Cost	Market Value

## 6.2 Available for Sale

### Listed Shares

These are fully paid ordinary shares of Rs.10/-each unless stated otherwise.

December 31, 2010	June 30, 2010	Name of Company	Cost	Market Value	Cost	Market Value
261,000	261,000	First Habib Modaraba	2,125,707	1,748,700	2,125,707	1,748,700
1,552,500	1,552,500	NIB Bank Limited	7,465,134	4,579,875	7,465,134	4,641,975
56,549	56,560	Standard Chartered Leasing Company Ltd.	501,475	160,599	501,573	120,473
			<u>10,092,316</u>	<u>6,489,174</u>	<u>10,092,414</u>	<u>6,511,148</u>

### Listed - Term Finance Certificates (TFCs)

December 31, 2010	June 30, 2010	Name of Company	Cost	Market Value	Cost	Market Value
4,292	4,292	Standard Chartered Bank Ltd - 2nd issue (Rs. 5,000 each)	5,365,000	5,365,000	10,730,000	10,730,000
			<u>15,457,316</u>	<u>11,854,174</u>	<u>20,822,414</u>	<u>17,241,148</u>
		Provision for diminution in value of available-for-sale investments	(3,808,262)	-	(3,808,336)	-
		Unrealized gain on revaluation of available-for-sale investments	205,120	-	227,070	-
			<u>11,854,174</u>	<u>11,854,174</u>	<u>17,241,148</u>	<u>17,241,148</u>

### Government Securities

Defence Saving Certificate  
Pakistan Investment Bond  
Treasury Bills

Unrealized loss on revaluation of available-for-sale investments

December 31, 2010	June 30, 2010	Cost	Market Value	Cost	Market Value
-	-	500,000	500,000	-	-
24,318,650	23,685,623	24,318,650	24,103,949	-	-
77,704,000	77,704,000	-	-	-	-
<u>102,022,650</u>	<u>101,389,623</u>	<u>24,818,650</u>	<u>24,603,949</u>		
	(633,027)	(214,701)			
<u>101,389,623</u>	<u>101,389,623</u>	<u>24,603,949</u>	<u>24,603,949</u>		
<u>113,243,797</u>	<u>113,243,797</u>	<u>41,845,097</u>	<u>41,845,097</u>		

## 7 NET INVESTMENT IN FINANCE LEASE

	Dec 31, 2010 Unaudited			June 30, 2010 Audited		
	Not later than one year	Later than one year & less than five years	Total	Not later than one year	Later than one year & less than five years	Total

The Company has entered into various lease agreements for periods ranging from 3 to 5 years, carrying implicit rate of return ranging from 13.95 to 23.01 percent per annum ( June 30, 2010: 13.50 to 23.01 percent per annum ).

In the current period bad debts amounting to Rs. 4.6 million was adjusted against provision for lease losses recognized as at June 30, 2010.

As per NBFC Regulations a leasing company undertaking the business of lease only, shall invest at least 70% of its assets in the business of leasing. As at December 31, 2010 the Company's investment in lease assets is 47% of the total assets (less allowable deductions).

### 8 DEFERRED TAX LIABILITY - Net

During the current period the Company changed its practice of not recognizing deferred tax in interim financial statements and recognized deferred tax for the period. The deferred tax for the year ended June 30, 2010 was duly recognized in the financial statements for the period ended December 31, 2009.

	Dec 31, 2010	Jun 30, 2010
	Unaudited	Audited
	----- Rupees -----	
The deferred tax liability is comprised of followings:		
<b>Credits arising due to:</b>		
- difference between investment in lease and tax book value of assets given on lease	7,876,368	25,452,798
- difference between accounting book value of fixed assets and tax base	5,229,116	5,255,334
- difference between accounting book value of assets taken on lease and related lease liability	54,851	362,330
	<u>13,160,335</u>	<u>31,070,462</u>

### 9 PROPERTY AND EQUIPMENT

Following are the additions and disposals of fixed assets during the period:

	December 31, 2010		June 30, 2010	
	Unaudited		Audited	
	Additions	Disposals	Additions	Disposals
	----- Rupees -----			
<b>Owned</b>				
Vehicles	1,238,000	1,238,000	1,359,000	-
Computer and Office Equipment	-	-	2,169,998	2,248,805
Furniture and Fixtures	-	-	26,000	69,128
<b>Leased</b>				
Vehicles	-	2,614,000	-	-
<b>Assets on Operating Lease</b>				
Vehicles	-	-	-	2,799,000
Equipment	-	-	-	1,083,100
	<u>1,238,000</u>	<u>3,852,000</u>	<u>3,554,998</u>	<u>6,200,033</u>

## 10 CONTINGENCIES

In 2008, an appeal has been filed with Income Tax Appellant Tribunal against the assessment order of tax year 2004. In this assessment order, the tax officer has raised various matters which include; disallowance of initial allowance, taxability of early terminated leases and taxability of capital gain. The management and their tax consultants are confident that the decision in the aforementioned matters will be received in their favour.

	Half Year Ended		Quarter Ended	
	Dec 31, 2010	Dec 31, 2009	Dec 31, 2010	Dec 31, 2009
	Unaudited	Unaudited	Unaudited	Unaudited
	----- Rupees -----		----- Rupees -----	
<b>11 LEASE INCOME</b>				
Income from Finance Lease	13,678,168	26,588,559	5,437,080	11,217,944
Income from Operating Lease	-	184,117	-	28,048
Return on Advance against Lease	263,580	800,015	152,139	504,430
Cancellation Charges of Lease Contracts	31,197	39,611	30,387	21,526
	<u>13,972,945</u>	<u>27,612,302</u>	<u>5,619,606</u>	<u>11,771,948</u>
<b>12 OTHER OPERATING INCOME</b>				
Net Gain on Sale of Securities	1,659,370	6,820,927	1,226,165	1,256,081
Mark-up on:				
- Term Finance Certificates	320,753	833,986	144,185	403,254
- Pakistan Investment Bonds	1,525,675	1,528,548	758,509	770,040
- Treasury Bills	3,833,480	-	2,877,479	-
- Insurance Arrangements	10,368	73,240	10,368	24,083
Dividend Income	780,259	1,716,962	283,949	1,192,462
Net (Loss) / Gain on sale of Fixed Assets	(485,360)	394,822	(485,360)	394,822
Others	519,253	1,152,034	287,490	1,144,314
	<u>8,163,798</u>	<u>12,520,519</u>	<u>5,102,785</u>	<u>5,185,056</u>
<b>13 CAPITAL MANAGEMENT</b>				
<p>Capital management requirements applicable to the Company are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirements by assessing its capital structure against the required capital level on regular basis. SECP extended the minimum equity requirement as per NBFC regulations 2008 vide SRO 764 (I) / 2009 where in the Company is required to meet the minimum equity requirement of Rs 350 million, Rs 500 million and Rs 700 million by June 30, 2011, June 30, 2012 and June 30, 2013 respectively.</p> <p>The Company manages the capital structure and made adjustments to it in the light of changes in economic conditions, risk of the lease assets, and the regulatory requirements. In order to maintain the capital structure, the Company may adjust the amount of dividend or issue new shares.</p>				
<b>14 TRANSACTIONS WITH RELATED PARTIES</b>				
<p>The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management employees, close relatives as defined in rule 2 (xi) of NBFC Rules 2003 and employees fund. The Company has a policy whereby all transactions with related parties, are entered into at commercial terms, other than remuneration to executives which are under the terms of employment.</p>				

	Dec 31, 2010 Unaudited	Jun 30, 2010 Audited
	----- Rupees -----	
<b>DIRECTORS</b>		
<b>Fund Received / Renewed under Certificate of Deposits</b>		
Beginning of the period	-	40,636,500
Receipts during the period	-	350,000
Repayments during the period	-	(40,986,500)
Balance at the period end	<u>-</u>	<u>-</u>
<b>Investments</b>		
Opening balance	1,960,000	19,485,514
Additions	34,505,489	64,893,349
Disposals	(30,825,506)	(82,418,863)
Closing balance	<u>5,639,983</u>	<u>1,960,000</u>
Dividend received	<u>60,600</u>	<u>166,000</u>
<b>OTHER RELATED PARTIES</b>		
<b>Investment in finance lease</b>		
Beginning of the period	25,632,546	15,765,348
Disbursement during the period	-	19,300,000
Maturities during the period	(20,888,199)	(9,432,802)
Balance at the period end	<u>4,744,347</u>	<u>25,632,546</u>
<b>Lease key money deposits</b>		
Beginning of the period	4,968,750	8,778,950
Disbursement during the period	-	1,930,000
Maturities during the period	(1,930,000)	(5,740,200)
Balance at the period end	<u>3,038,750</u>	<u>4,968,750</u>
Financial Charges paid on Certificate of Investments to Directors	<u>-</u>	<u>2,688,370</u>
Meeting Fee paid / payable to Directors	<u>45,000</u>	<u>15,000</u>
Contribution to Provident Fund of Directors	<u>62,226</u>	<u>107,226</u>
Remuneration of key management personnel	<u>2,923,288</u>	<u>4,036,170</u>
<b>OTHER RELATED PARTY</b>		
Capital gain	<u>614,011</u>	<u>1,609,398</u>
Lease Income	<u>424,088</u>	<u>492,341</u>
Contribution to Provident Fund - Employees	<u>148,814</u>	<u>174,271</u>

## 15 DATE OF AUTHORIZATION

These interim condensed financial statements were authorized for issue in the Board of Directors meeting held on February 10, 2010.

## 16 GENERAL

- 16.1 The quarterly figures of the Profit and Loss Account of the current and corresponding periods have not been subject to the limited scope review by the external auditor.
- 16.2 Last year figures of related party transaction and balances have been rearranged for better presentation.
- 16.3 Figures have been rounded off to the nearest rupee.



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Asif Ali Rashid  
Chairman / CEO



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Aamir Ali Rashid  
Director