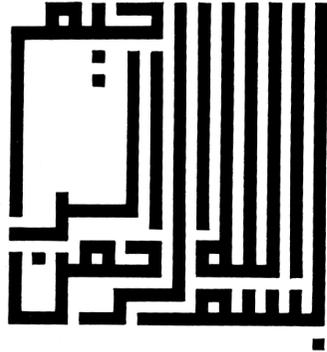




**Condensed Interim  
Financial Information  
(Un-audited)  
For the six months period  
ended December 31, 2013**



**Pak-Gulf Leasing Company Limited**



**Board of Directors**

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

**Company Secretary**

Mr. Abdul Wahid

**Audit Committee**

Mr. Rizwan Humayun	Chairman
Air Marshal (R) Syed Masood Hatif	Vice Chairman
Brig.(R) Naveed Nasar Khan	Member
Mr. Shaheed H. Gaylani	Member

**Human Resource & Remuneration Committee**

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

**Senior Management**

Mr. Mahfuz-ur-Rahman Pasha	Chief Executive Officer
Mr. Khalil Anwer Hassan	Chief Manager
Lt. Col (R) Saleem Ahmed Zafar	Chief Operating Officer
Mr. Abdul Wahid	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 positive

**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

**Shariah Advisor**

Mufti Ibrahim Essa

**Bankers**

Soneri Bank Limited  
Bank Al-Falah Ltd.  
Albaraka Islamic Bank  
National Bank of Pakistan  
NIB Bank Ltd.  
Silk Bank Ltd.

**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.pakgulfeasing.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 Pak-Gulf Leasing Company Limited (PGL) for the half year ended December 31, 2013. We are glad to inform you that despite the challenging economic conditions prevailing in the country, the overall performance of your Company has remained highly satisfactory. There is always a room for improving upon our achievements and your directors are conscious of their responsibility to ensure that better results are obtained in successive quarters.

As at the end of the 2nd Quarter of the Financial Year on 31 December 2013, the Balance Sheet footing of Pak-Gulf Leasing Company Limited increased to Rs. 961.3 million, as compared to Rs. 910.2 million as on June 30, 2013. Total Revenue of the Company at Rs. 45.7 million, for the half year ended December 31, 2013, has increased by 22.60% in comparison with the Total Revenue figure of Rs. 37.3 million for the corresponding period in FY2012-13. However, this increase was slightly curtailed by an inflation-based increase in operating expenses, in addition to a marginal rise in Finance Cost, as compared to the corresponding figures for the half year ended 31 December 2012. As a result, the Company's Profit before Taxation of Rs. 23.8 million, when compared with the Profit before Taxation of Rs. 25.65 million, attained for the corresponding period in the previous year, depicts a nominal decrease of 7.3%. Given the fact that the major reason for a posting a higher Profit before Tax for the previous half year in FY2012-13 had arisen from a phenomenal reversal (Rs. 9.73 million), against leases terminated through compromised settlements with key delinquent lessees, in real terms your Company's performance has remained exceedingly stable. Net profit after Tax has improved to Rs. 14.76 million for the six months ended December 31, 2013 as compared to Rs.12.14 million for the corresponding period during the preceding year. Shareholders' Equity of the Company has now risen from Rs. 420.2 million, as at June 30, 2013, to Rs. 436.5 million as at December 31, 2013. Earnings per Share have shown an improvement by rising to Rs. 0.58, as compared to Rs. 0.48 for the corresponding period in FY2012-13.

JCR-VIS has maintained for PGL, an Entity Rating at BBB+ for medium to long-term and at A-3, for the short term, with the Outlook of the Company staying as "Stable". A review of these ratings is intended to be undertaken in due course of time.

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, other regulatory authorities and the NBF & Modaraba Association of Pakistan. 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 27, 2014  
Karachi

**Chairman**

**Chief Executive Officer**

**Auditor's Report**  
First Half 2013-14

**Auditors' Report to the Members on Review of Condensed 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 2013 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 "condensed 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 months period then ended 31 December 2013 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 three months period ended 31 December 2013 and 31 December 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mazhar Saleem

Date: February 27, 2014  
Karachi

Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
----- Rupees -----		
<b>ASSETS</b>		
<b>Current Assets</b>		
	82,523,146	17,908,585
6	2,700,339	2,302,863
	4,295,726	4,960,196
7	195,680	140,924
	516,995	115,790
	1,131,668	1,006,355
8	321,265,611	300,775,024
	4,657,447	3,314,836
	<b>417,286,612</b>	<b>330,524,573</b>
<b>Non-current assets</b>		
	450,646,767	492,150,412
8	10,799,632	2,970,706
9	209,500	209,500
	81,828,026	83,755,693
10	524,307	599,208
	<b>544,008,232</b>	<b>579,685,519</b>
	<b>961,294,844</b>	<b>910,210,092</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
	7,437,146	6,970,713
	3,711,864	2,770,071
11	70,236,953	59,834,426
12	50,000,000	37,132,211
	60,340,879	51,391,309
	<b>191,726,842</b>	<b>158,098,730</b>
<b>Non-current liabilities</b>		
	170,084,663	176,344,956
	119,496,907	110,933,965
	<b>289,581,570</b>	<b>287,278,921</b>
	<b>481,308,412</b>	<b>445,377,651</b>
	<b>479,986,432</b>	<b>464,832,441</b>
<b>FINANCED BY</b>		
	253,698,000	253,698,000
	181,358,968	165,471,459
	<b>435,056,968</b>	<b>419,169,459</b>
	1,506,139	1,108,663
	436,563,107	420,278,122
	43,423,325	44,554,319
	<b>479,986,432</b>	<b>464,832,441</b>
<b>Contingencies &amp; Commitments</b>	13	

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT  
(UN-AUDITED)  
FOR THE SIX MONTHS AND THREE MONTHS PERIOD  
ENDED DECEMBER 31, 2013**

	Note	Six months period ended		Three months period ended	
		December 31		December 31	
		2013	2012	2013	2012
<b>INCOME</b>					
Income from leasing operations	14	43,760,154	33,555,444	21,372,376	15,199,582
<b>OTHER OPERATING INCOME</b>					
Profit on bank accounts / return on investments		1,935,036	3,052,232	1,571,525	1,526,367
Other income		37,297	694,500	(189,703)	286,850
		<u>1,972,333</u>	<u>3,746,732</u>	<u>1,381,822</u>	<u>1,813,217</u>
		45,732,487	37,302,176	22,754,198	17,012,799
<b>OPERATING EXPENSES</b>					
Administrative and operating expenses	15	18,390,116	14,101,414	9,559,164	7,429,797
Finance cost	16	3,877,075	3,309,423	2,021,727	1,383,624
		<u>22,267,191</u>	<u>17,410,837</u>	<u>11,580,891</u>	<u>8,813,421</u>
Operating profit before provision		23,465,296	19,891,339	11,173,307	8,199,378
Reversal / (provision) for potential lease losses		329,813	(3,972,666)	224,366	9,843,388
Reversal against terminated leases		-	9,729,717	-	9,729,717
<b>Profit before taxation</b>		<b>23,795,109</b>	<b>25,648,390</b>	<b>11,397,673</b>	<b>27,772,483</b>
Taxation - current		(475,652)	-	(245,869)	370,097
- deferred		(8,562,942)	(13,507,688)	(7,060,078)	(16,904,977)
		<u>(9,038,594)</u>	<u>(13,507,688)</u>	<u>(7,305,947)</u>	<u>(16,534,880)</u>
<b>Profit after taxation</b>		<b>14,756,515</b>	<b>12,140,702</b>	<b>4,091,726</b>	<b>11,237,603</b>
<b>Earning per share - basic and diluted</b>					
		<u>0.58</u>	<u>0.48</u>	<u>0.16</u>	<u>0.44</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE  
INCOME (UN-AUDITED)  
FOR THE SIX MONTHS AND THREE MONTHS PERIOD  
ENDED DECEMBER 31, 2013**

	Six months period ended		Three months period ended	
	31 December		31 December	
	2013	2012	2013	2012
Profit after taxation	14,756,515	12,140,702	4,091,726	11,237,603
<b>Other Comprehensive Income</b>				
Item that is or may be reclassified subsequently to profit and loss account				
Unrealised gain on revaluation of available for sale investment	397,476	159,099	501,189	147,696
<b>Total Comprehensive income for the period</b>	<b>15,153,991</b>	<b>12,299,801</b>	<b>4,592,915</b>	<b>11,385,299</b>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

**CONDENSED INTERIM  
CASH FLOW STATEMENT  
(UN-AUDITED)  
FOR THE SIX MONTHS PERIOD  
ENDED DECEMBER 31, 2013**

Note	Six months period ended 31 December	
	2013	2012
	----- Rupees -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	23,795,109	25,648,390
Adjustments for :		
- Depreciation	3,831,497	2,565,913
- Amortisation of long term investments	6,358	(10,292)
- Amortisation of intangible asset	74,901	
- Financial charges	3,877,075	3,309,423
- Gain on disposal of fixed assets	(2,450)	(299,400)
- (Reversal) / provision against potential lease losses	(329,813)	3,972,666
- Reversal against terminated lease	-	(9,729,717)
	<u>7,457,568</u>	<u>(191,407)</u>
<b>Operating profit before working capital charges</b>	<u>31,252,677</u>	25,456,983
<b>Movements in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
- Other receivables - net	664,470	7,552,138
- Advances to employees	(54,756)	2,279
- Accrued mark-up / return on investments	(401,205)	943
- Prepayments	(125,313)	(185,497)
	<u>83,196</u>	<u>7,369,863</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	466,433	(123,180)
<b>CASH GENERATED FROM OPERATIONS</b>	<u>31,802,306</u>	32,703,666
Financial cost paid	(2,935,282)	(5,120,745)
Taxes paid	(1,818,263)	(583,835)
Deposits received from / (paid) to lessees	2,689,277	(60,952)
Decrease in net investment in lease finance	21,342,871	16,994,285
	<u>19,278,603</u>	<u>11,228,753</u>
Net cash flow generated from operating activities	51,080,909	43,932,419
<b>Cash flow from investing activities</b>		
Capital expenditure	(1,940,530)	(1,631,046)
Proceeds from disposal of fixed assets	39,150	390,000
Long term investment - net	(7,835,284)	-
Net cash flow used in investing activities	(9,736,664)	(1,241,046)
<b>Cash flow from financing activities</b>		
Proceeds from issue of certificate of investments - net	10,402,527	(4,819,191)
Repayment of long term financing	-	(12,500,000)
Net cash flow used in financing activities	<u>10,402,527</u>	<u>(17,319,191)</u>
Net increase in cash and cash equivalents	51,746,772	25,372,182
Cash and cash equivalents at beginning of the period	17 (19,223,626)	42,903,724
Cash and cash equivalents at the end of the period	17 <u>32,523,146</u>	<u>68,275,906</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**CONDENSED INTERIM STATEMENT  
OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD  
ENDED DECEMBER 31, 2013**

Note	Reserves			Sub Total	Surplus / (Deficit) on revaluation of available for sale investments	Total equity
	Issued, subscribed and paid up Capital	Capital Statutory reserve	Revenue Reserve for issue of bonus shares Unappro- priated profit			
	----- Rupees -----					
<b>Balance as at 1 July 2012</b>	253,698,000	40,245,974	4,402,000	91,022,668	135,670,642	448,918
<b>Total comprehensive income for the period ended 31 Dec. 2012</b>						
Profit after taxation	-	-	-	12,140,702	12,140,702	-
Other comprehensive income	-	-	-	-	-	-
Surplus on revaluation of available for sale investment	-	-	-	12,140,702	-	159,099
Transfer from surplus on revaluation of operating fixed assets to unappropriated profit - net of deferred tax	-	-	-	1,304,558	1,304,558	-
Transfer to statutory reserve	-	2,428,140	-	(2,428,140)	-	-
<b>Balance as at 31 Dec. 2012</b>	<u>253,698,000</u>	<u>42,674,114</u>	<u>4,402,000</u>	<u>102,039,788</u>	<u>149,115,902</u>	<u>608,017</u>
<b>Balance as at 1 July 2013</b>	253,698,000	45,701,974	4,402,000	115,367,485	165,471,459	1,108,663
Profit after taxation	-	-	-	14,756,515	14,756,515	-
Other comprehensive income	-	-	-	-	-	-
Surplus on revaluation of available for sale investment	-	-	-	-	-	397,476
Transfer from surplus on revaluation of operating fixed assets to unappro- priated profit - net of deferred tax	-	-	-	14,756,515	14,756,515	397,476
Transfer to statutory reserve	-	2,951,303	-	(2,951,303)	-	-
<b>Balance as at 31 Dec. 2013</b>	<u>253,698,000</u>	<u>48,653,277</u>	<u>4,402,000</u>	<u>128,303,691</u>	<u>181,358,968</u>	<u>1,506,139</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**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. 700 million by 30 June 2013. The equity of the Company as at 31 December 2013 is Rs. 436.54 million which is Rs. 263.46 million short of the minimum capital requirement. Securities and Exchange Commission of Pakistan is reviewing the overall regulatory regime including the minimum equity requirement. For this purpose Securities and Exchange Commission of Pakistan has issued NBF-Reform Committee Report for comments of the stakeholders which includes among other measures, extension in time for minimum equity requirements whereby a leasing company is required to meet minimum equity requirements of Rs. 700 million by 30 June 2018.

**2. BASIS OF PREPARATION**
**2.1 Statement of compliance**

This condensed interim financial information of the Company for the six months period ended 31 December 2013 has 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 of 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 2013 has been extracted from the audited financial statements of the Company for the year ended 30 June 2013, 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 2012. Further, the figures in the condensed interim financial information for the three months period ended 31 December 2012 and 31 December 2013 have not been reviewed by the auditors.

**2.4** This 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 this 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 2013.

**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 2013.

**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 2013.

**6. CASH AND BANK BALANCES**

	Note	(Unaudited) 31 December 2013	(Audited) 30 June 2013
(Rupees)			
Cash in hand		20,000	15,734
Balances with banks:			
- in current accounts		3,507,152	13,369,464
- in saving accounts	6.1	78,995,994	4,523,387
		<u>82,523,146</u>	<u>17,908,585</u>
<b>6.1</b>			
Return on these savings accounts is earned at rates ranging from 6.5% to 8.75% (30 June 2013: 6% to 8.50%) per annum.			
<b>7. OTHER RECEIVABLES-NET</b>			
Lease receivables held under litigation	7.1	28,511,189	28,511,189
Insurance premium receivable and other receivable	7.2 & 7.3	3,289,827	3,954,297
		<u>31,801,016</u>	<u>32,465,486</u>
Provision against leases held under litigation		(24,776,443)	(24,776,443)
Mark-up held in suspense		(2,728,847)	(2,728,847)
		<u>4,295,726</u>	<u>4,960,196</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 Rs. 239,100 (30 June 2013: Rs. 234,500) receivable from an associated company in respect of expenses incurred on its behalf.

**8. NET INVESTMENT IN LEASE FINANCE**

(Unaudited) (Audited)  
31 December 30 June  
2013 2013  
(Rupees)

Net investment in lease finance	771,912,378	792,925,436
Current portion shown under current assets	<u>(321,265,611)</u>	<u>(300,775,024)</u>
	<u>450,646,767</u>	<u>492,150,412</u>

	(Unaudited)			(Audited)		
	December 31, 2013			June 30, 2013		
	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	326,937,568	314,666,218	641,603,786	322,834,189	356,094,410	678,928,599
Add: Residual value of leased assets (8.1)	60,340,879	170,084,663	230,425,542	51,391,309	176,344,956	227,736,265
Gross investment in finance leases	387,278,447	484,750,881	872,029,328	374,225,498	532,439,366	906,664,864
Unearned lease income	<u>(64,463,151)</u>	<u>(34,104,114)</u>	<u>(98,567,265)</u>	<u>(71,531,143)</u>	<u>(40,195,746)</u>	<u>(111,726,889)</u>
Mark-up held in suspense	<u>(115,232)</u>	<u>-</u>	<u>(115,232)</u>	<u>(248,273)</u>	<u>-</u>	<u>(248,273)</u>
	<u>(64,578,383)</u>	<u>(34,104,114)</u>	<u>(98,682,497)</u>	<u>(71,779,416)</u>	<u>(40,195,746)</u>	<u>(111,975,162)</u>
	<u>322,700,064</u>	<u>450,646,767</u>	<u>773,346,831</u>	<u>302,446,082</u>	<u>492,243,620</u>	<u>794,689,702</u>
Provision for potential lease losses	<u>(1,434,453)</u>	<u>-</u>	<u>(1,434,453)</u>	<u>(1,671,058)</u>	<u>(93,208)</u>	<u>(1,764,266)</u>
Net investment in finance leases	<u>321,265,611</u>	<u>450,646,767</u>	<u>771,912,378</u>	<u>300,775,024</u>	<u>492,150,412</u>	<u>792,925,436</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.

- 8.1 These represent interest free security deposits received against lease contracts and are refundable/adjustable at the expiry / termination of the respective leases. The amount is net of security deposit held against matured leases amounting to Rs. 50.27 million.

**9. LONG TERM INVESTMENTS**

Note (Unaudited) (Audited)  
31 December 30 June  
2013 2013  
(Rupees)

<b>Government Securities</b>			
Pakistan Investment Bonds		<u>10,799,632</u>	<u>2,970,706</u>

These Pakistan Investment Bonds have a cost of Rs.10.749 million (30 June 2013: Rs. 2.914 million) and are maturing up till 18 July 2018.

**10. OPERATING FIXED ASSETS**

Operating fixed assets - own use	10.1	79,763,560	80,411,501
Operating fixed assets - Ijarah finance	10.2	<u>2,064,466</u>	<u>3,344,192</u>
		<u>81,828,026</u>	<u>83,755,693</u>

**10.1 OPERATING FIXED ASSETS - Own Use**

Opening written down value	80,411,501	70,916,095
----------------------------	------------	------------

**Additions during the period / year - at cost**

Vehicles	1,709,100	1,534,295
Office equipments	186,190	63,255
Computer equipment	-	26,500
Furnitures and fittings	-	22,900
	<u>1,895,290</u>	<u>1,646,950</u>

Surplus on revaluation	-	13,044,417
------------------------	---	------------

Depreciation for the period / year	<u>(2,543,231)</u>	<u>(5,105,361)</u>
------------------------------------	--------------------	--------------------

Written down value of disposals during the period / year	-	(90,600)
--	---	----------

Closing written down value	<u>79,763,560</u>	<u>80,411,501</u>
----------------------------	-------------------	-------------------

**10.2 OPERATING FIXED ASSETS - Ijarah Finance**

Opening written down value	3,344,192	-
----------------------------	-----------	---

**Additions during the period / year - at cost**

Vehicles	45,240	2,131,541
Machinery	-	1,430,000
	<u>45,240</u>	<u>3,561,541</u>

Written down value of disposals during the period / year	<u>(36,700)</u>	<u>-</u>
--	-----------------	----------

Depreciation for the period / year	<u>(1,288,266)</u>	<u>(217,349)</u>
	<u>(1,324,966)</u>	<u>(217,349)</u>

Closing written down value	<u>2,064,466</u>	<u>3,344,192</u>
----------------------------	------------------	------------------

	Note	(Unaudited) 31 December 2013	(Audited) 30 June 2013
<b>11. CERTIFICATES OF INVESTMENT - UNSECURED</b>			
		(Rupees)	
Opening balance		59,834,426	32,005,613
Certificates issued during the period / year	11.1	32,036,952	59,834,426
Rolled over in the period / year		(20,534,425)	(20,534,426)
Payments made during the period / year		(1,100,000)	(11,471,187)
Closing balance		<u>70,236,953</u>	<u>59,834,426</u>

11.1 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 12 months (30 June 2013: 12 months) and carry mark-up at the rate of 10% to 11% (30 June 2013: 11% to 13%) per annum.

**12. SHORT TERM BORROWING - secured**

The Company has arranged short-term running finance facility from a commercial bank amounting to Rs. 50 million (30 June 2013: Rs. 50 million) @ 3 months KIBOR plus 2.5% per annum. Facility will expire on 6 April 2015 and is secured by hypothecation charge over specified leased assets and assigned rentals.

**13. CONTINGENCIES & COMMITMENTS**

The Company was issued a notice by Federal Board of Revenue (FBR) under section 14 of Federal Excise Act, 2005, alleging that the Company has not paid Federal Excise Duty (FED) amounting to Rs. 19.612 million for the periods from July 2007 to June 2010. The Deputy Commissioner of Inland Revenue Audit passed the order in 8 October 2010. The Company filed an appeal before Commissioner Inland Revenue (Appeals) "CIR (A)" against the said order who vide appellate order no. 92 of 2012 dated 30 April 2012 constituted that the duty so charged is constitutionally valid under FED Act, 2005. The Company challenged the decision of CIR (A) before Appellate Tribunal Inland Revenue (ATIR). The ATIR in due course issued an order dated 12 September 2013 wherein the appeal matter was decided in favour of the Company.

There were no contingencies and commitments as at 31 December 2013.

14. INCOME FROM LEASING OPERATIONS	Six months period ended 31 December (Un-audited)		Three months period ended 31 December (Un-audited)	
	2013	2012	2013	2012
	Rupees			
Income on lease contracts	41,570,429	36,480,353	20,080,726	18,272,954
Gain / (loss) on lease termination	14,052	(7,607,386)	(171,687)	(7,633,238)
Income from Ijarah operations	1,391,934	-	679,598	-
Other income	783,739	4,682,477	783,739	4,559,866
	<u>43,760,154</u>	<u>33,555,444</u>	<u>21,372,376</u>	<u>15,199,582</u>

15. ADMINISTRATIVE AND OPERATING EXPENSES	Six months period ended 31 December (Un-audited)		Three months period ended 31 December (Un-audited)	
	2013	2012	2013	2012
	Rupees			
Directors' fee	100,000	140,000	100,000	140,000
Salaries, allowances and benefits	9,765,397	7,357,769	4,906,739	3,756,761
Depreciation	3,831,497	2,565,913	1,689,668	1,340,183
Amortisation	74,901	-	37,450	-
Office rent and utilities	558,986	660,777	335,710	334,605
Legal and professional	1,094,874	916,073	707,712	677,465
Auditor's remuneration	275,000	254,598	148,484	118,749
Postage, subscription, printing and stationary	451,312	472,427	225,116	325,205
Vehicle running and maintenance	409,852	673,219	(10,050)	287,572
Office repair and general maintenance	546,539	400,351	305,869	72,516
Workers' Welfare Fund	465,728	-	465,728	-
Insurance	464,600	116,698	441,945	68,930
Advertisement	49,506	27,290	36,400	27,290
Travelling and conveyance	81,567	171,148	19,440	143,878
General	220,357	345,151	148,953	136,643
	<u>18,390,116</u>	<u>14,101,414</u>	<u>9,559,164</u>	<u>7,429,797</u>

**16. FINANCE COST**

Mark-up on:				
- Long term financing	-	1,465,557	-	453,468
- Running finance	160,097	-	32,685	-
- Certificates of investment - unsecured	3,658,543	1,808,184	1,933,606	894,474
Bank charges	14,900	15,427	11,901	15,427
CIB reports charges	43,535	20,255	43,535	20,255
	<u>3,877,075</u>	<u>3,309,423</u>	<u>2,021,727</u>	<u>1,383,624</u>

17. CASH AND CASH EQUIVALENTS	Note	(Unaudited)	(Audited)
		31 December 2013	30 June 2013
		(Rupees)	
Cash and bank balances	6	82,523,146	17,908,585
Short term borrowings	12	50,000,000	37,132,211
		<u>32,523,146</u>	<u>(19,223,626)</u>

**18. 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:

	<b>Six months period ended</b>	
	<b>31 December (Un-audited)</b>	
	2013	2012
	----- Rupees -----	
Profit on Certificates of Investment	<u>3,213,927</u>	<u>1,319,178</u>
Certificate of Investment issued during the period to Director	<u>-</u>	<u>6,270,000</u>
Certificate of Investment rolled over during the period to Close relative of Director	<u>22,936,952</u>	<u>-</u>
Finance lease disbursed during the period to an associated undertaking	<u>2,459,000</u>	<u>-</u>
Rental received during the period against finance leases disbursed to associated undertaking	<u>540,054</u>	<u>-</u>
Contribution during the period to Provident Fund	<u>188,508</u>	<u>177,640</u>
Directors' fee	<u>100,000</u>	<u>140,000</u>
Salary and allowance	<u>1,200,000</u>	<u>1,200,000</u>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>31 December</b>	<b>30 June</b>
	<b>2013</b>	<b>2013</b>
	----- Rupees -----	
<b>Balances outstanding at the period / year end</b>		
Certificates of Investments issued to director(s)	<u>25,000,000</u>	<u>25,000,000</u>
Certificates of Investments issued to close relatives of directors	<u>32,936,952</u>	<u>30,534,426</u>
Accrued mark-up on certificate of investment issued to director	<u>1,408,904</u>	<u>22,603</u>
Accrued mark-up on certificate of investment issued to close relatives of director(s)	<u>1,932,259</u>	<u>2,795,094</u>
Closing balance of rentals receivable from an associated undertaking related to finance leases	<u>4,812,986</u>	<u>2,802,500</u>

**19. GENERAL**

This condensed interim financial information was authorised for issue on 27 February, 2014 by the Board of Directors of the Company.

Chief Executive Officer

Director