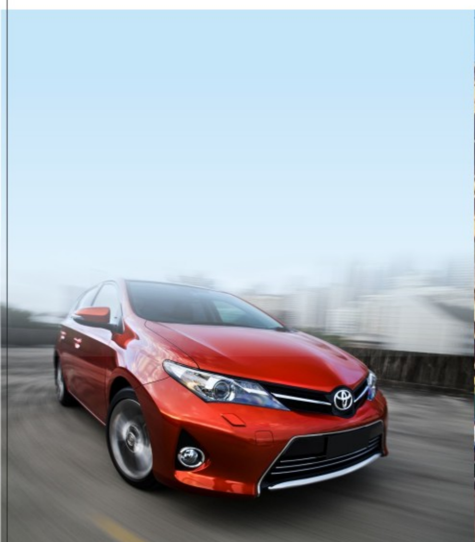
Standard Chartered

Annual Report

June 30, 2013

Standard Chartered Leasing Limited



Vision

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

Mission

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

Our Values

Courageous

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

Responsive

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

International

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

Creative

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

Trustworthy

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

Corporate Information

Board of Directors

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

Company Secretary
Mr. Mahmood Ghafoor

Audit Committee

Mr. Najam I. Chaudhri	- Chairman
Mr. Najam Siddiqi	- Member
Mr. Moin Mohajir	- Member
Mr. Khurram Shahzad Khan	- Member

Human Resources & Remuneration Committee

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

Banker/Financial Institution
Standard Chartered Bank (Pakistan) Limited
Allied Bank Limited

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

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

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

Registered Office/Principal Office
Karachi Branch
1st Floor, Plot No. SC-7, Street-17,
Sector-15, Korangi Industrial Area,
Korangi, Karachi.
Tel: (021) 38183333 Fax: (021) 35114210

Lahore Branch
1st Floor, SCB Building, 27 Ali Block,
New Garden Town, Lahore-54000
Tel : (042) 35908680, 0311-5328680

Islamabad Branch
2nd Floor, Union Arcade
6A, F/7 Markaz, Islamabad
Tel : (051) 8432331
Fax : (051) 8375071

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

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Notice of Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of the shareholders of **Standard Chartered Leasing Limited ("Company")** will be held on Monday, October 14, 2013 at 10:00 a.m. at The Institute Of Chartered Accountants Of Pakistan, Chartered Accountants Avenue Clifton, Karachi, to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2013, along with the Directors' and Auditors' Reports thereon.

2. To consider the appointment of external auditors namely KPMG Taseer Hadi & Co., Chartered Accountants and to authorize the Chief Executive Officer and Chief Financial Officer to fix their remuneration. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible have offered themselves for re-appointment.

3. To consider and approve cash dividend @ Rs 0.80 per share of Rs. 10 each (i.e 8%) for the year ended June 30, 2013 as recommended by Board of Directors.

4. Any other business with the permission of the Chair.

By Order of the Board

Mahmood

Mahmood Ghafoor
Company Secretary

Karachi: September 13, 2013

NOTES:

a) The Share Transfer Books of the Company shall remain closed from October 08, 2013 to October 14, 2013 (both days inclusive).

b) A member is eligible to attend and cast vote at this meeting or may appoint another member as his/her proxy to attend and vote instead of him /her. Proxies in order to be effective must be received at the Share Registrar's Office not less then 48 hours before the time for holding the meeting.

c) CDC account holders will have to follow the under mentioned guidelines as laid down in Circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting.

i) **In case of individuals,** the account holder or sub account holder and / or the person whose securities are in group account; and their registration details are uploaded as per the regulation, shall authenticate his / her identity by showing his/ her Computerized Original National Identity Card (CNIC) or original Passport at time of attending the meeting. The shareholders registered on CDC are also requested to bring their Participants' I.D. no and account no. in CDS.

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

d) Shareholders are requested to notify the change of their addresses, if any, to Share Registrar, **M/s Hameed Majeed Associates (Pvt.) Limited, H. M. House, 7-Bank Square, Lahore. Tele No. 042-37235081-2**

Directors' Report and Chairman's Review

On behalf of the Board of Directors, I am pleased to present the Twentieth Annual Report of Standard Chartered Leasing Limited (SCLL) along with audited financial statements for the year ended June 30, 2013.

Economy

Pakistan's economy continued to face challenges impeding investment and growth in the country. The Pakistan Rupee (PKR) has been under pressure, depreciating by almost 5% year to date, due to widening C/A deficit and large debt repayments. The State Bank of Pakistan's FX reserves declined to USD 6bn by June 2013, from peak levels of USD 14.8bn in June 2011. CPI inflation softened to 5.1% in May 2013, the lowest in 8 years, but increased again to 8.3% in July 2013.

The smooth transition from one democratically elected government to another has been a remarkable result. In order to support the country's foreign exchange reserves and balance of payments, discussions have commenced for a standby arrangement with IMF for around USD 5.3bn. There has also been record growth in remittances, which touched USD13.9 bn. in FY13 while the Stock market KSE 100 index has increased by 24%.

The banking industry remains profitable, well capitalized and highly liquid. With single digit discount rate and decreasing non-performing loans, it is expected that lending to private sector will increase. This is likely to have a positive impact on leasing industry, which is currently facing challenge of liquidity and high cost of funds.

Operating Results and Business Overview

	June 30, 2013	June 30, 2012
Balance Sheet	**(PKR millions)**	(PKR millions)
Paid- up capital	**978.35**	978.35
Total equity	**928.00**	899.73
Certificate of Investment	**2,663.65**	2,708.41
Net investment in Finance lease	**4,903.67**	4,215.62

Profit and Loss	**June 30, 2013 (PKR millions)**	June 30, 2012 (PKR millions)
Net Revenue	**250.07**	215.37
Administrative Expenses	**(101.19)**	(81.26)
Profit before provision	**148.88**	134.11
Net Reversal against finance lease	**8.93**	43.74
Profit before tax	**157.82**	177.86
Profit after tax	**106.21**	97.86
Earnings per share– basic	**1.09**	1.00

Review of Business and Operations

The financial results for 2013 show stable performance despite uncertain political and security conditions that adversely impacted overall economy. As a result of consistent policies, dynamic strategy and dedicated effort by the employees we maintained the growth momentum and balance sheet strength.

Net Revenue of the Company grew by 16% from Rs. 215.37 million in 2012 to Rs. 250.07 million in 2013. Fresh leases booked during the period amounted to Rs. 2,512 million, compared to Rs 2,438 million in 2012. Earnings per share grew from Rs.1.00 to Rs. 1.09 in 2013, an increase of 9%.

Liquidity of approximately Rs 2.78 billion was generated through mobilization of deposits (COI). The COI base as at June 30, 2013 was Rs. 2.66 billion compared to Rs. 2.71 billion at June 30, 2012.

The focus on effective management of rental recovery and collection effort during the period yielded Rs. 1,928 Million, achieving recovery / collection level of around 99.0% for the entire portfolio, compared to 98.5% for 2012.

The robust business performance was achieved by focusing on operational efficiency, selective business growth, implementation of prudent risk management policies, effective fund management, cost control and a relentless collection and recovery drive.

Dividend

Final cash dividend of 8% i.e. PKR 0.80 per share has been recommended by the Board of Directors for approval at the Twentieth Annual General Meeting of the Shareholders. In 2012 dividend was 8% i.e. PKR 0.80 per share.

Outlook

Reduction of 300 bps in discount rate (150 bps in August 2012 and 50 bps each in October 2012, December 2012 and June 2013) is although showing declining customer revenues of the commercial lending companies i.e. FIs and NBFCs, however it will also provide an opportunity to businesses to expand. Despite the challenging external environment, including the law and order issue, we believe good opportunities exist that can be capitalised by deepening relationship with our valued customers. Continuous focus on achieving excellence in customer service will be the focal point.

Credit Rating

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

Board of Directors

During the year, election of directors was held and one of the directors, Mr. Shahid Zaki did not participate. Thus, in his place Mr. Moin Mohajir was elected as member of the Board. All the other directors contested and were elected as Board members.

Corporate Governance

Consistent and high level of Corporate Governance was maintained this year as well. The Board of SCLL consists of two Independent Directors, four Non-Executive Directors and an Executive Director. Both Independent Directors are members of the Audit Committee and one of them is the Chairman of the Committee.

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

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

1. The financial statements prepared by the management of Standard Chartered Leasing Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of Standard Chartered Leasing Limited have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the ability of Standard Chartered Leasing Limited to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. The value of the funded provident fund of Standard Chartered Leasing Limited as on June 30, 2013 was Rs.11.10 million (2012: Rs. 13.49 Million) The provident fund has been audited up to June 30, 2012.
9. The value of the funded gratuity fund of Standard Chartered Leasing Limited as on June 30, 2013 was Rs. 6.46 million (2012: Rs. 6.23 Million) The gratuity fund has been audited up to June 30, 2012.
10. No trading in shares was carried out by the Directors, Chief Executive, Chief Financial Officer/Company Secretary and their spouses and minor children during the year.

Directors' Meetings

Five (5) meetings of the Board of Directors of SCLL were held during the year. Attendance by each director was as follows:

S. No.	Names of Director	No. of meeting(s) held during the Tenor in the year	Total no. of meeting(s) attended *
1	Mr. Mohsin Ali Nathani, Chairman	5	5
2	Mr. Arjumand A. Minai, Chief Executive Officer	5	5
3	Mr. Najam Siddiqi, Director	5	5
4	Syed Naseer ul Hasan, Director	5	3
5	Mr. Shahid Zaki, Director	5	4
6	Mr. Najam I. Chaudhri, Director	5	5
7	Mr. Khurram Shahzad Khan, Director	5	5
8	Mr. Moin Mohajir (Appointed on May 24, 2013)	0	0

Directors' Report and Chairman's Review

Audit Committee's Meetings

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

S. No.	Names of Director	No. of meeting(s) held during the Tenor in the year	Total no. of meeting(s) attended *
1	Mr. Najam I. Chaudhri, Chairman	4	4
2	Mr. Shahid Zaki, Member	4	4
3	Mr. Khurram Shahzad Khan, Member	4	4
4	Mr. Najam Siddiqi, Member	4	4
5	Mr. Moin Mohajir (Appointed on July 19, 2013)	0	0

Human Resources & Remuneration Committee's Meetings

Two (02) meetings of the Human Resources & Remuneration Committee of SCLL were held during the year. Attendance by each director was as follows:

S. No.	Names of Director	No. of meeting(s) held during the Tenor in the year	Total no. of meeting(s) attended *
1	Syed Naseer ul Hasan, Chairman	2	2
2	Mr. Najam Siddiqi, Member	2	2
3	Mr. Khurram Shahzad Khan, Member	2	1
4	Mr. Arjumand A. Minai, Member	2	2

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

Pattern of Shareholding

The pattern of Shareholding as on June 30, 2013 is annexed to the Annual Report.

Key Operating and Financial Data

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

Director's Training

As per the requirement of the revised Code of Corporate Governance, it is mandatory for listed companies to arrange orientation courses for their directors. Mr. Najam Siddiqi, Director has successfully completed the course with Institute of Chartered Accountants of Pakistan.

External Auditors

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

Appreciation and Acknowledgement

The Board takes this opportunity to thank its valued shareholders and customers for their confidence and patronage. Board also appreciates the guidance and support provided by the regulators i.e. Securities & Exchange Commission of Pakistan and the State Bank of Pakistan.

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

On behalf of the Board

Mohsin Ali Nathani
Chairman
September 13, 2013

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2013

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

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

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

Categories	Names
- Independent Directors	- Mr. Najam I. Chaudhri
	- Mr. Moin Mohajir
- Executive Director	- Mr. Arjumand A. Minai
- Non-Executive Directors	- Mr. Mohsin Ali Nathani
	- Mr. Najam Siddiqi
	- Mr. Khurram Shahzad Khan
	- Syed Naseer ul Hasan

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancies occurred during the year. The election of Directors was held in May 2013.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2013

9. The Board has arranged training program from Institute of Chartered Accountants of Pakistan for one of its directors Mr. Najam Siddiqi. Director's hand book containing relevant documents were also distributed to the newly appointed director.

10. New appointment of CFO and Company Secretary has been made during the year. The Board has approved the appointment of CFO and Company Secretary, including the remuneration and terms and conditions of employment.

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

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

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

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

15. The Board has formed an Audit Committee. It comprises of four members, of whom two are non-executive directors, two are Independent directors and the chairman of the committee is an independent director.

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

17. HR and Remuneration Committee comprises of four members, of whom one is executive director, three are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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

ARJUMAND A. MINAI
Chief Executive Officer
September 13, 2013

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

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

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Standard Chartered Leasing Limited ("the Company") to comply with Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further sub-regulation (x) of Listing Regulations No. 35 notified by the Karachi Stock Exchange Limited vide circular no. KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

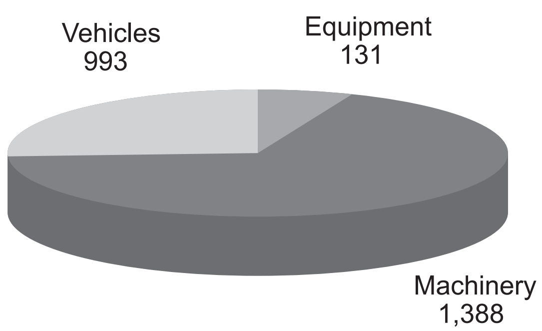
Date: September 13, 2013
Karachi.

KPMG Taseer Hadi & Co.
Chartered Accountants

Financial Highlights

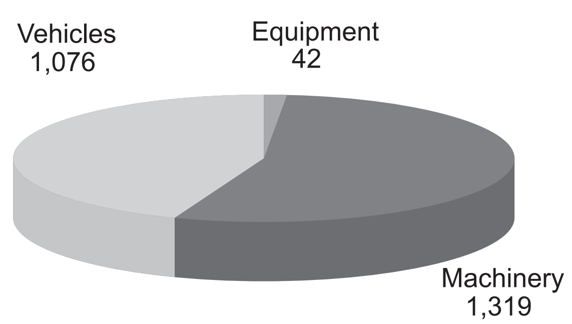
	2008	2009	2010	2011	2012	2013
			(Rs. in million)			
Operational Results						
Gross Revenue	181.24	179.89	241.56	344.26	490.97	**563.78**
Financial Charges	137.59	91.16	108.55	156.93	275.60	**313.71**
Gross Margin	43.65	88.72	133.01	187.33	215.37	**250.07**
Profit/(Loss) Before Taxation	(56.74)	(56.55)	65.55	117.34	177.86	**157.82**
Profit/(Loss) After Taxation	(63.26)	(59.97)	42.61	76.25	97.86	**106.21**
Balance Sheet						
Net Investment in Finance Leases	1,440.41	1,684.68	1,978.69	2,938.45	4,215.62	**4,903.67**
Shareholders' Equity	208.24	732.25	774.85	851.12	899.73	**928.00**
Total Liabilities	1,543.72	1,269.28	1,580.41	2,412.76	3,813.38	**4,517.65**
Total Assets	1,751.96	2,001.53	2,355.26	3,263.88	4,713.12	**5,445.65**
Financial Ratios						
Earning Per Share (Rs.)	(2.48)	(0.84)	0.44	0.78	1.00	**1.09**
Proposed Dividend	-	-	-	5%	8%	**8%**
Book Value (Rs.)	5.32	7.48	7.92	8.70	9.20	**9.49**
Market Value (Rs.)	6.10	2.01	2.13	2.50	4.77	**5.39**
Return on Assets	(3.61%)	(3.00%)	1.81%	2.34%	2.08%	**1.95%**
Return on Equity	(30.38%)	(8.19%)	5.50%	8.96%	10.88%	**11.45%**
Current Ratio	4.16 : 1	1.09 : 1	0.74 : 1	0.61 : 1	0.60 : 1	**0.66 : 1**
Gearing Ratio (Total Debts/Equity)	4.19 : 1	0.96 : 1	1.44 : 1	1.98 : 1	3.01 : 1	**3.44 : 1**

Category-wise Disbursements
Rs. 2,512 Million



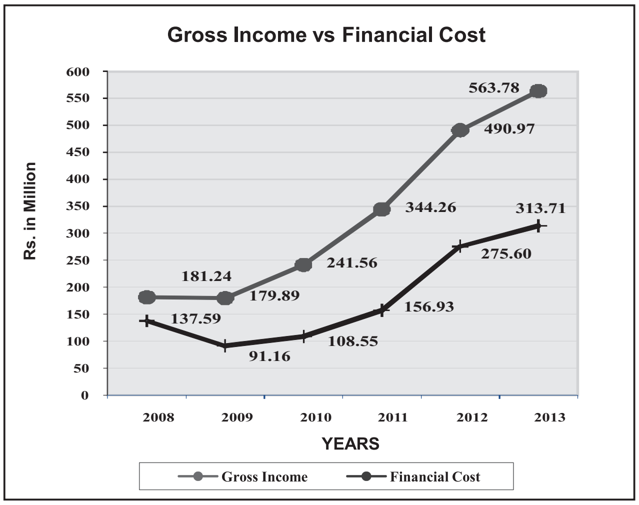
YEAR 2012-13

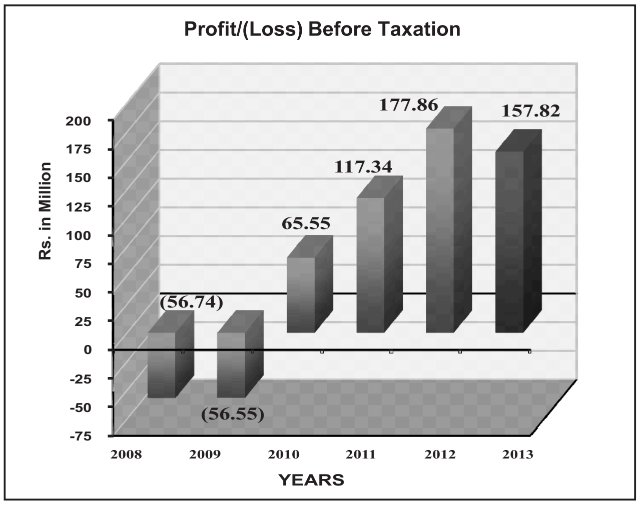
Category-wise Disbursements
Rs. 2,437 Million

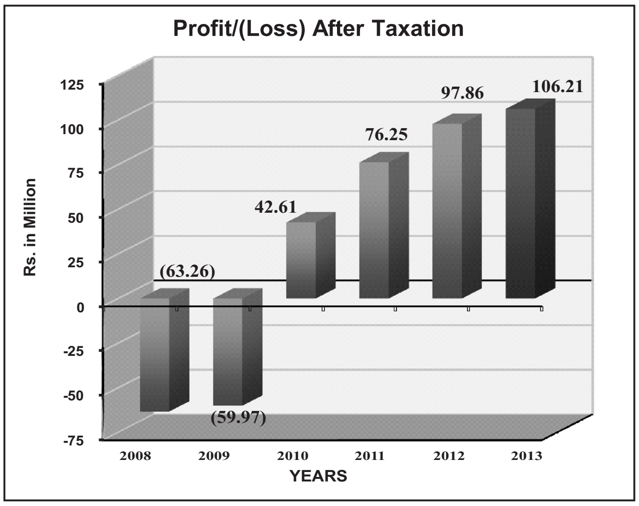


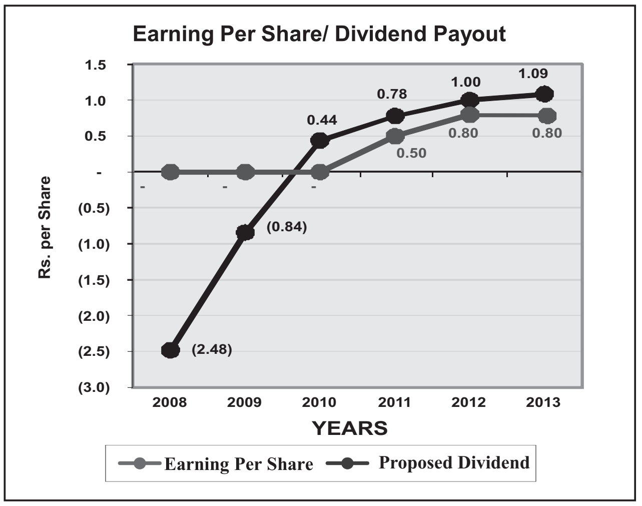
YEAR 2011-12

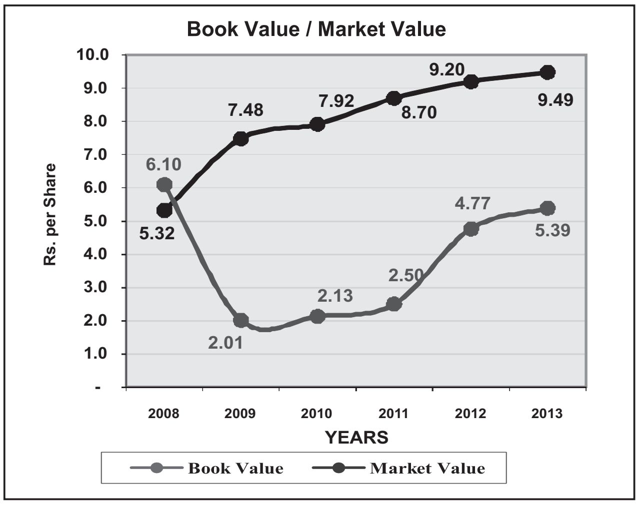
Financial Highlights

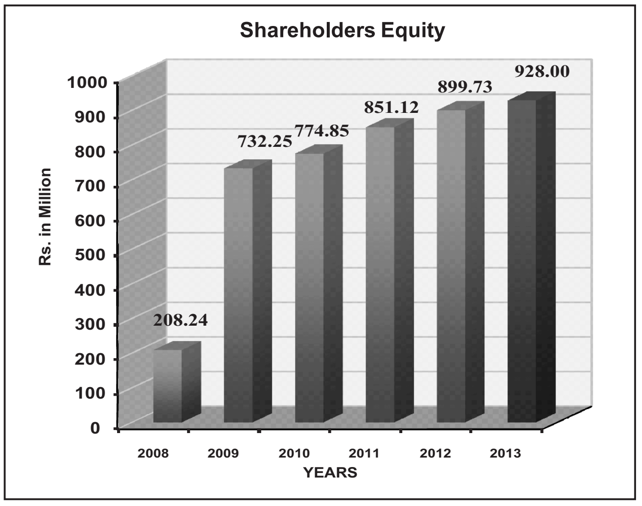




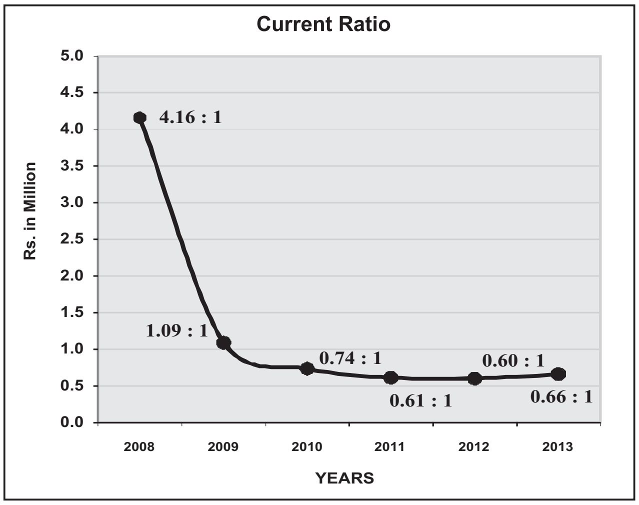


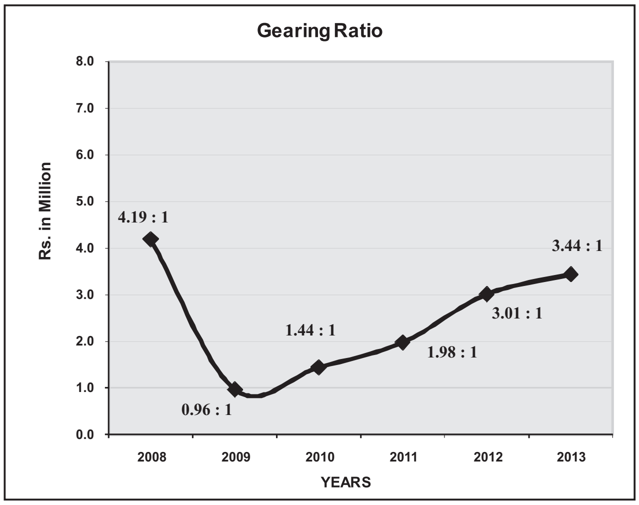


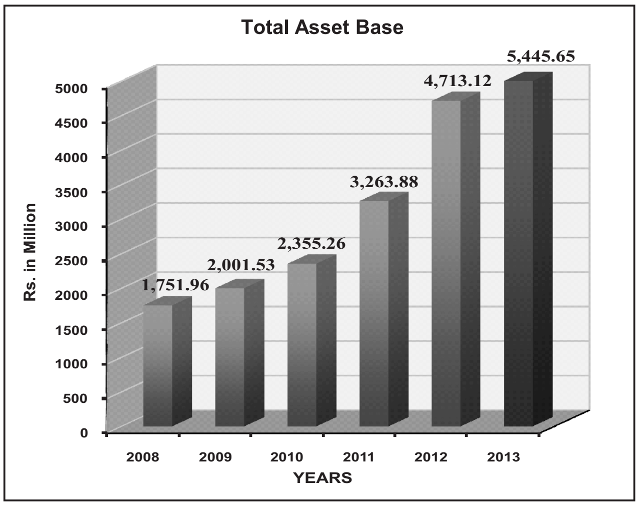


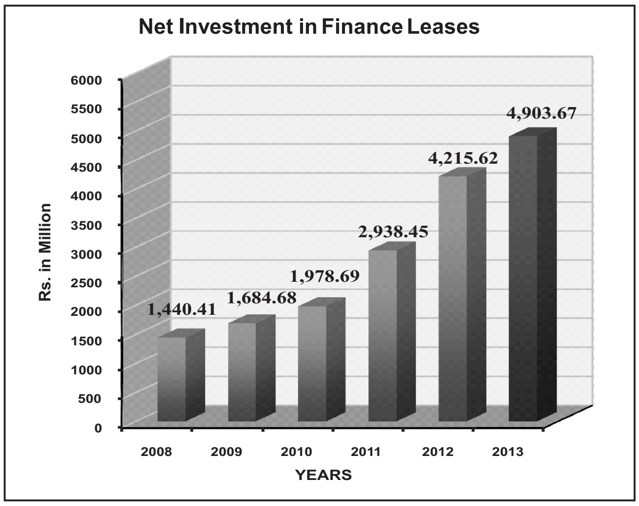


Financial Highlights









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Auditors' Report to the Members

We have audited the annexed balance sheet of Standard Chartered Leasing Limited ("the Company") as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

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

b) in our opinion:

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: September 13, 2013
Karachi.

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

BALANCE SHEET
AS AT JUNE 30, 2013

ASSETS	Note	2013	2012
		(Rupees)	
Current assets			
Cash and bank balances	4	76,338	73,423
Accrued mark-up / return on long term investments		3,403,409	6,138,011
Prepayments and other receivables	5	11,855,012	13,850,764
Short term investments	6	301,347,062	188,539,760
Factoring finance	7	7,426,875	8,462,925
Current maturity of non-current assets	8	1,922,324,774	1,573,503,629
Taxation recoverable - net		28,718,456	29,038,907
Non-current assets classified as held for sale	9	2,350,000	2,350,000
Total current assets		2,277,501,926	1,821,957,419
Non-current assets			
Long term investments	10	58,206,053	110,209,795
Net investment in finance leases	11	3,050,491,558	2,748,159,128
Long term loans	12	56,612,888	29,592,377
Long term security deposits		112,500	328,500
Plant and equipments	14	1,773,746	1,647,660
Intangible assets	15	955,569	1,224,369
Total non-current assets		3,168,152,314	2,891,161,829
Total Assets		5,445,654,240	4,713,119,248
LIABILITIES			
Current liabilities			
Accrued mark-up	16	71,028,700	79,862,754
Accrued and other liabilities	17	59,656,871	60,706,390
Borrowing from financial institution	18	279,961,723	34,223,258
Certificates of investment	19	2,663,650,582	2,708,413,708
Current maturity of long term liabilities	20	390,247,202	144,441,373
Total current liabilities		3,464,545,078	3,027,647,483
Non-current liabilities			
Long term security deposits against leases	21	808,944,144	715,819,004
Long term finance	22	125,000,000	-
Deferred tax liability- net	13	119,160,844	69,920,061
Total non-current liabilities		1,053,104,988	785,739,065
Total Liabilities		4,517,650,066	3,813,386,548
NET ASSETS		928,004,174	899,732,700
FINANCED BY			
Share capital	23	978,354,800	978,354,800
Reserves	24	(50,350,626)	(78,622,100)
		928,004,174	899,732,700
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman **Chief Executive**

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2013

INCOME	Note	2013	2012
		(Rupees)	
Income from finance leases	26	507,623,357	449,333,993
Other operating income	27	56,158,327	41,635,533
		563,781,684	490,969,526
EXPENSES			
Finance cost	28	313,706,152	275,597,772
Administrative and operating expenses	29	101,186,738	81,255,396
		414,892,890	356,853,168
Operating profit before provisions		148,888,794	134,116,358
Reversal of provision against net investment in finance leases	11.1	(11,146,149)	(44,549,180)
Provision against other receivables	5.1	2,219,767	672,447
Impairment of non-current assets classified as held for sale		-	133,594
		(8,926,382)	(43,743,139)
Profit before taxation		157,815,176	177,859,497
Taxation	30	(51,602,584)	(80,003,194)
Profit after taxation		106,212,592	97,856,303
Earnings per share - basic and diluted	31	1.09	1.00

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman

Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	-----------(Rupees)-------------	
Profit after taxation	**106,212,592**	97,856,303
Other comprehensive income		
Deficit on revaluation of 'available for sale' investments	**(6,264)**	(509,846)
Deferred tax on revaluation of 'available for sale' investments	**2,130**	178,446
Realised on disposal	**331,400**	4,207
	327,266	(327,193)
Total comprehensive income for the year	**106,539,858**	97,529,110

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman

Chief Executive

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		----(Rupees)----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**157,815,176**	177,859,497
Adjustment for:			
- Depreciation		**857,654**	422,409
- Amortization		**268,800**	123,323
- Gain on sale of plant and equipments		**-**	(325,055)
- (Gain) / loss on sale of available for sale investments		**(340,311)**	84,489
- Amortisation of short term investments		**(28,801,317)**	(13,550,757)
- Finance cost		**313,706,152**	275,597,772
- Reversal against net investment in finance leases		**(11,146,149)**	(44,549,180)
- Provision against other receivables		**2,219,767**	672,447
- Impairment of non-current assets classified as held for sale		**-**	133,594
		276,764,596	218,609,042
Operating profit before working capital changes		**434,579,772**	396,468,539
Movement in working capital			
(Increase) / decrease in operating assets			
- Prepayments and other receivables		**(8,015)**	(11,400,187)
- Accrued mark-up / return on long term investments		**2,734,602**	647,791
- Investment in finance leases		**(676,905,716)**	(1,235,107,968)
- Factoring finance		**1,036,050**	(8,462,925)
- Long term loans		**(31,299,943)**	(14,976,463)
Increase / (decrease) in operating liabilities			
- Accrued and other liabilities		**(2,584,625)**	8,408,438
- Long term deposits (lease key money)		**213,930,969**	234,577,861
		(493,096,678)	(1,026,313,453)
Cash (utilised) / generated from operations		**(58,516,906)**	(629,844,914)
Taxes paid		**(2,217,667)**	(3,052,992)
Interest / mark-up paid		**(322,540,206)**	(242,016,887)
Net cash utilised from operating activities		**(383,274,779)**	(874,914,793)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of plant and equipments		**(983,740)**	(2,836,129)
Proceeds from sale of plant and equipments		**-**	758,984
Long term investments - net		**93,181,464**	28,018,162
Proceeds from sale of short term investments		**493,622,068**	173,482,405
Purchase of short term investments		**(576,784,160)**	(349,065,743)
Net cash generated / (utilised) from investing activities		**9,035,632**	(149,642,321)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of certificates of investment-net		**(44,763,125)**	1,023,794,492
Long term finances		**250,000,000**	-
Dividend paid		**(76,733,278)**	(48,089,391)
Net cash generated from financing activities		**128,503,597**	975,705,101
Net decrease in cash and cash equivalents		**(245,735,550)**	(48,852,013)
Cash and cash equivalents at beginning of the year		**(34,149,835)**	14,702,178
Cash and cash equivalents at end of the year	*32*	**(279,885,385)**	(34,149,835)

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman **Chief Executive**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2013

	Share capital	Reserves				Share holders' equity
		Statutory reserve	Accumulated loss	(Deficit) / surplus on revaluation of available for sale investments	Total	
	(Rupees)					
Balance as at 30 June 2011	978,354,800	118,183,531	(245,412,794)	(4,207)	(127,233,470)	851,121,330
Changes in equity 2012						
Total comprehensive income for the year:						
Profit for the year ended 30 June 2012	-	-	97,856,303	-	97,856,303	97,856,303
Other comprehensive income:						
Deficit on revaluation of available for sale investments - net of deferred tax	-	-	-	(331,400)	(331,400)	(331,400)
Realised on disposal	-	-	-	4,207	4,207	4,207
	-	-	97,856,303	(327,193)	97,529,110	97,529,110
Transactions with owners, recorded directly in equity:						
Final dividend for the year ended 30 June 2011 - Rs. 0.5 per share	-	-	(48,917,740)	-	(48,917,740)	(48,917,740)
Transfer to statutory reserve	-	19,571,261	(19,571,261)	-	-	-
Balance as at 30 June 2012	978,354,800	137,754,792	(216,045,492)	(331,400)	(78,622,100)	899,732,700
Changes in equity 2013						
Total comprehensive income for the year:						
Profit for the year ended 30 June 2013	-	-	106,212,592	-	106,212,592	106,212,592
Other comprehensive income:						
Deficit on revaluation of available for sale investments - net of deferred tax	-	-	-	(4,134)	(4,134)	(4,134)
Realised on disposal	-	-	-	331,400	331,400	331,400
	-	-	106,212,592	327,266	106,539,858	106,539,858
Transactions with owners, recorded directly in equity:						
Final dividend for the year ended 30 June 2012 - Rs. 0.8 per share	-	-	(78,268,384)	-	(78,268,384)	(78,268,384)
Transfer to statutory reserve	-	21,242,518	(21,242,518)	-	-	-
Balance as at 30 June 2013	**978,354,800**	**158,997,310**	**(209,343,802)**	**(4,134)**	**(50,350,626)**	**928,004,174**

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman **Chief Executive**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

Standard Chartered Leasing Limited ('the Company') was incorporated in Pakistan on 02 October 1993 under the Companies Ordinance, 1984. The Company is a subsidiary of Standard Chartered Bank (Pakistan) Limited ('the Bank'). The Company is principally engaged in business of leasing. The Company is listed on all the three stock exchanges in Pakistan. The Holding Company, Standard Chartered Bank (Pakistan) Limited ('the Bank'), owns 84,579,276 ordinary shares which constitutes 86.45 percent of the total issued, subscribed and paid-up capital. The registered and the principal office of the Company has changed on December 10, 2012 from Al Rahim Tower Ground Floor I.I. Chundrigar Road, Karachi to First Floor, Plot # SC-7, Street-17, Sector -15, Korangi Industrial Area, Korangi, Karachi. The Company also has branch offices located at Lahore, Faisalabad and Islamabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are discussed in the following notes:

i) Provision for taxation (note 30)

ii) Provision for net investment in finance leases (note 11.1)

iii) Estimation of useful lives and residual values of plant and equipments and intangible assets (notes 14 and 15)

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

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

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

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

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow- scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

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

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

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

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

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

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

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Amendment to IAS 36 Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been applied consistently to all years presented.

3.1 Cash and cash equivalents

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

3.2 Investments

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standard 39; Financial Instruments: Recognition and Measurement (IAS 39) at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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

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

3.2.1 Held-to-maturity

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

3.2.2 Available-for-sale

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

3.3 Plant and Equipments

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

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

Surplus on revaluation of plant and equipment is credited to the surplus on revaluation account. Deficit arising on subsequent revaluation of plant and equipments is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

Depreciation is charged to profit or loss account applying the straight line method using the rates mentioned in note 14, over the estimated useful lives of the assets. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date. Depreciation on all plant and equipments is charged from the day the asset is available for use till the day before its disposal.

3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the straight line method reflecting the pattern in which the economic benefits of the asset are consumed by the Company as mentioned in note 15.

3.5 Net investment in finance leases

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

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

3.6 Non-Current Assets classified as held for sale

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

3.7 Impairment of non financial assets

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

3.8 Impairment of financial assets

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for any impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available for sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3.9 Staff retirement benefits

3.9.1 Defined contribution plans

The Company operates:

i) a recognised provident fund for all eligible employees; and

ii) a recognised gratuity fund for all eligible employees. Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme.

Contributions to the provident fund and gratuity fund are made at the rate of 10% and 8.33% respectively, of the basic salary of employees.

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

3.10 Revenue recognition

Finance lease income

The Company follows the effective interest method in accounting for the recognition of lease income. Under this method, the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased assets is deferred and taken to income over the term of the lease, so as to produce a systematic return on the net investment in lease. Unrealised lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Processing, front end and commitment fees and commission are recognized as income when such services are provided.

Late payment charges are recognized as income when realised.

Income on non-performing loan receivables

Income on non-performing loan receivables is recognized on receipt basis in accordance with the requirements of the relevant Regulations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

Mark-up / return on investments

Mark-up income on debt securities is recognized on time proportion basis using the effective yield on instruments.

Dividend income

Dividend income from investment is recognised when the Company`s right to receive dividend is established.

Gain or losses on sale of investments

Capital gain or losses arising on sale of investments are taken to income in the period in which they arise.

Interest income

Interest income on bank deposits and debt securities is recognised on time proportion basis using the effective interest method.

Factoring income

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

3.11 Taxation

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

3.11.1 Current

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

3.11.2 Deferred

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

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

3.12 Provisions

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

3.13 Financial instruments

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

3.14 Dividend distribution

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

3.15 Off-setting of financial assets and liabilities

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

3.16 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

3.17 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange differences if any, are recognised in profit and loss.

4. CASH AND BANK BALANCES

	Note	2013	2012
		----------------(Rupees)------------	
Cash in hand		**35,007**	15,225
Balances with banks			
- in State Bank of Pakistan account-local currency		**41,331**	58,198
		76,338	73,423

5. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2013	2012
Prepayments		**11,739,524**	11,858,279
Mark-up receivable on factoring finance		**-**	250,077
Other receivables			
- Considered good		**12,967**	1,742,408
- Considered doubtful		**3,450,380**	1,531,090
Less: Provision for doubtful receivables	5.1	**(3,347,859)**	(1,531,090)
		102,521	-
		115,488	1,742,408
		11,855,012	13,850,764

5.1 Movement in provision for doubtful receivables is as follows:

	2013	2012
Balance at beginning of the year	**1,531,090**	8,324,539
Charged during the year	**2,219,767**	672,447
Amounts written off	**(402,998)**	(7,465,896)
Balance at end of the year	**3,347,859**	1,531,090

6. SHORT TERM INVESTMENTS

Available-for-sale

Government Treasury Bills	2013	2012
Investment at amortized cost	**301,353,326**	189,049,606
Deficit on revaluation of investments	**(6,264)**	(509,846)
Market value	**301,347,062**	188,539,760

6.1 This represents an investment in Government Treasury Bills which are due for maturity between July 2013 and Oct 2013. Profit on these investments is receivable at the effective rate of 9.15 percent to 11.35 percent per annum.

7. FACTORING FINANCE

	Note	2013	2012
Factoring finance	7.1	**7,426,875**	8,462,925

7.1 This represents short term finance facilities, provided to customers against factored invoices on mark-up basis, in the normal course of business. These finances are repayable within a period of 3 months and secured against personal guarantees of directors and right of recourse.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

8. CURRENT MATURITY OF NON CURRENT ASSETS

	Note	**2013**	2012
		(Rupees)	
Long term investments	10	**54,370,822**	95,548,544
Net investment in finance leases including overdue amounts	11	**1,853,182,369**	1,467,462,934
Long term loans	12	**14,771,583**	10,492,151
		1,922,324,774	1,573,503,629

9. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Note	**2013**	2012
Repossessed assets	9.1	**2,350,000**	2,350,000

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

10. LONG TERM INVESTMENTS - Held to Maturity

10.1 Government Securities

	Note	**2013**	2012
		(Rupees)	
Pakistan Investment Bonds	10.2	**112,576,875**	205,758,339
Less: Current portion of long term investments		**(54,370,822)**	(95,548,544)
		58,206,053	110,209,795

The market value of investments at 30 June 2013 amounted to Rs. 119,407,140 (30 June 2012: Rs. 203,948,604). The market value was determined by applying the average rates for the respective maturity quoted on the Reuter (Level 2).

10.2 These investments have been made to comply with the requirements of rule 14(4)(i) of the Non Banking Finance Companies and Notified Entities Regulations, 2008 to maintain liquidity against certain certificates of investment. These investments are due for maturity between October 2013 and September 2019. Profit on these investments is receivable at rates ranging from 8 percent to 12 percent (2012: 8 percent to 12 percent) per annum.

11. NET INVESTMENT IN FINANCE LEASES

	2013	2012
	(Rupees)	
Net investment in finance leases	**4,903,673,927**	4,215,622,062
Current portion shown under current assets	**(1,853,182,369)**	(1,467,462,934)
	3,050,491,558	2,748,159,128

	2013				2012			
	Not later than one year	**Later than one year and less than five years**	**Later than five years**	**Total**	Not later than one year	Later than one year and less than five years	Later than five years	Total
				(Rupees)				
Minimum lease payments	**2,040,811,127**	**2,575,700,155**	**-**	**4,616,511,282**	1,809,421,538	2,422,724,440	464,312	4,232,610,290
Add: Residual value of leased assets	**267,005,622**	**809,191,944**	**-**	**1,076,197,566**	145,449,793	716,377,756	439,000	862,266,549
Gross investment in leases	**2,307,816,749**	**3,384,892,099**	**-**	**5,692,708,848**	1,954,871,331	3,139,102,196	903,312	5,094,876,839
Less: Unearned lease income	**(377,434,377)**	**(331,336,423)**	**-**	**(708,770,800)**	(403,406,429)	(379,157,520)	(33,156)	(782,597,105)
Less: Mark-up held in suspense (note 11.2)	**(21,249,581)**	**-**	**-**	**(21,249,581)**	(22,359,297)	-	-	(22,359,297)
	(398,683,958)	**(331,336,423)**	**-**	**(730,020,381)**	(425,765,726)	(379,157,520)	(33,156)	(804,956,402)
	1,909,132,791	**3,053,555,676**	**-**	**4,962,688,467**	1,529,105,605	2,759,944,676	870,156	4,289,920,437
Less: Provision against net investment in finance leases (note 11.1)	**(55,950,422)**	**(3,064,118)**	**-**	**(59,014,540)**	(61,642,671)	(12,655,704)	-	(74,298,375)
Net investment in finance leases	**1,853,182,369**	**3,050,491,558**	**-**	**4,903,673,927**	1,467,462,934	2,747,288,972	870,156	4,215,622,062

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

11.1 Provision against net investment in finance lease

		2013	2012
		(Rupees)	
Balance at beginning of the year		**74,298,375**	346,249,514
Net reversal for the year		**(11,146,149)**	(44,549,180)
Written off during the year	*11.3*	**(4,137,686)**	(227,401,959)
Balance at end of the year		**59,014,540**	74,298,375

11.2 Mark-up held in suspense

		2013	2012
Balance at beginning of the year		**22,359,297**	111,292,227
Income suspended during the year		**3,471,528**	27,169,632
		25,830,825	138,461,859
Suspended income:			
- realised during the year		**(1,016,570)**	(24,943,344)
- written off during the year	*11.3*	**(3,564,674)**	(91,159,218)
		(4,581,244)	(116,102,562)
		21,249,581	22,359,297

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

11.4 The above provision for non-performing lease losses is net of the forced sales values (FSVs) of leased assets / collaterals of Rs. 29.7 million (2012: Rs. 67.8 million) considered by the Company for the purpose of determination of provision requirements. Had this benefit of FSVs not been taken by the Company, specific provision against non-performing lease portfolio would have been higher by Rs. 28.7 million (2012: Rs. 20 million) and Company's accumulated losses (before tax, if any) would also have been higher by the same amount.

12. LONG TERM LOANS

		2013	2012
		(Rupees)	
Loans to employees - considered good			
Executives	*12.1*	**57,893,141**	31,242,120
Non executive employees		**13,491,330**	8,842,408
		71,384,471	40,084,528
Less: Current portion shown under current assets		**(14,771,583)**	(10,492,151)
		56,612,888	29,592,377

12.1 Loans to executives

	Chief Executive		Executives	
	2013	2012	2013	2012
	(Rupees)		(Rupees)	
Balance at beginning of the year	**2,916,675**	3,916,671	**28,325,445**	8,644,052
Disbursements made during the year	**-**	-	**39,371,751**	24,179,906
Repayments received during the year	**(2,916,675)**	(999,996)	**(9,804,055)**	(4,498,513)
Balance at end of the year	**-**	2,916,675	**57,893,141**	28,325,445

These represent house loans, car loans and personal loans provided by the Company to its executives and other staff as per service rules. House loans are repayable in a maximum of 300 monthly instalments and carry mark-up at the rate of 15.37 percent (2012: 3 percent) per annum. Car loans and personal loans are repayable in 84 and 36 monthly instalments respectively and both carry mark-up at the rate of 15.37 percent (2012: Car Loans 3 percent, Personal loans 2 percent) per annum. House loans are secured by way of equitable mortgage on property and car loans are secured by registration of vehicles in the name of the Company. Personal loans are three basic salaries or Rs. 500,000 whichever is less. Loans above equivalent to 85 basic salaries with a maximum of Rs. 20,000,000 are secured by hypothecation over household assets of the employees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

13. DEFERRED TAX LIABILITY - NET

	2013	2012
	----------- (Rupees) -------------	
The deferred tax comprises of the following components:		
Accelerated tax depreciation	**(439,836,551)**	(397,244,567)
Allowance against net investment in finance leases	**30,572,151**	38,386,800
Provision for WWF	**3,118,089**	2,105,091
Carry forward losses	**286,983,337**	286,654,169
Deficit on revaluation of 'Available for Sale' investments	**2,130**	178,446
	(119,160,844)	(69,920,061)

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

14. PLANT AND EQUIPMENTS

2013

	COST				**ACCUMULATED DEPRECIATION**				**Net book value as at 30 June 2013**	**Depreciation rate % per annum**
	As at 1 July 2012	**Additions / (deletions)**	**Written off**	**As at 30 June 2013**	**As at 1 July 2012**	**Charge for the year / (accumulated depreciation on deletions)**	**Written off**	**As at 30 June 2013**		
	(Rupees)									
Furniture and fittings	825,683	-	-	825,683	524,221	82,836	-	607,057	218,626	10
Office equipment, appliances and computer systems	4,160,245	983,740 -	-	5,143,985	2,814,047	774,818 -	-	3,588,865	1,555,120	20 and 33.33
	4,985,928	**983,740**	**-**	**5,969,668**	**3,338,268**	**857,654**	**-**	**4,195,922**	**1,773,746**	

2012

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

15. INTANGIBLE ASSETS

	2013									
	COST				**ACCUMULATED AMORTIZATION**				**Written down value as at 30 June 2013**	**Amortization rate % per annum**
	As at 1 July 2012	**Additions / (deletions)**	**Written off**	**As at 31 June 2013**	**As at 1 July 2012**	**Charge for the year / (accumulated amortization on deletions)**	**Written off**	**As at 30 June 2013**		
	(Rupees)									
Computer software	1,347,692	-	-	1,347,692	123,323	268,800	-	392,123	955,569	20
	1,347,692	**-**	**-**	**1,347,692**	**123,323**	**268,800**	**-**	**392,123**	**955,569**	

	2012									
	COST				ACCUMULATED AMORTIZATION				Written down value as at 30 June 2012	Amortization rate % per annum
	As at 1 July 2011	Additions / (deletions)	Written off	As at 30 June 2012	As at 1 July 2011	Charge for the year / (accumulated amortization on deletions)	Written off	As at 30 June 2012		
	(Rupees)									
Computer software	-	1,347,692	-	1,347,692	-	123,323	-	123,323	1,224,369	20
		-								
	-	1,347,692	-	1,347,692	-	123,323	-	123,323	1,224,369	
		-		-		-				

16. ACCRUED MARK-UP

		2013	2012
		(Rupees)	
Mark-up / return accrued on:			
Short term borrowing from financial institution	*16.1*	**5,363,855**	1,778,947
Long term finances	*16.2*	**2,127,534**	-
Certificates of investment		**63,537,311**	78,083,807
		71,028,700	79,862,754

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

16.2 This represents an amount payable to Allied Bank Limited.

17. ACCRUED AND OTHER LIABILITIES

Accrued expenses	*17.1*	**22,909,210**	21,499,103
Other liabilities			
Advances from customers		**9,807,369**	20,557,098
Customer insurance payable		**18,408,585**	11,720,707
Unclaimed dividend		**6,188,064**	4,652,958
Others		**2,343,643**	2,276,524
		36,747,661	39,207,287
		59,656,871	60,706,390

17.1 This includes an amount of Rs. 2,979,811 (2012: Rs. 900,986) payable to Holding Company in respect of Service Level Agreement (SLA).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

18. BORROWING FROM FINANCIAL INSTITUTION

	Note	2013	2012
		----------- (Rupees) -------------	
Short term borrowing -Secured	18.1	**279,961,723**	34,223,258

18.1 The Company holds a running finance facility amounting to Rs. 473 million from Standard Chartered Bank (Pakistan) Limited, the Holding Company. The facility carries mark-up at the rate of 3-months KIBOR plus 0.75 (2012: 3-months KIBOR plus 0.75) percent per annum. The facility is secured by way of a hypothecation charge on specific leased assets and lease rentals receivable to the extent of Rs.921 million. The Company also has un-availed facilities of bond and guarantees, term loan and over draft having limit of Rs. 15.34 million, Rs. 200 million and Rs. 99.7 million respectively.

19. CERTIFICATES OF INVESTMENT

	Note	2013	2012
		----------- (Rupees) -------------	
Certificates of investment - unsecured	19.1	**2,663,650,582**	2,708,413,708

19.1 These certificates have been issued for periods ranging from three months to two years. Rates of return on these certificates range from 6.25 percent to 13.60 percent (2012: 8.50 percent to 16 percent) per annum.

20. CURRENT MATURITY OF NON CURRENT LIABILITIES

	Note	2013	2012
		----------- (Rupees) -------------	
Long term finances	22	**125,000,000**	-
Long term security deposits against leases	21	**265,247,202**	144,441,373
		390,247,202	144,441,373

21. LONG TERM SECURITY DEPOSITS AGAINST LEASES

	Note	2013	2012
Long term security deposits against leases	21.1	**1,074,191,346**	860,260,377
Less: Current portion shown under current liabilities		**(265,247,202)**	(144,441,373)
		808,944,144	715,819,004

21.1 These represent interest free security deposits received against lease contracts and are adjustable / repayable on expiry / termination of the respective leases.

22. LONG TERM FINANCE

	2013	2012
Long Term Finance -secured	**250,000,000**	-
Less: Current maturity shown under current liabilities	**(125,000,000)**	-
	125,000,000	-

The Company has obtained a long term loan facility amounting to Rs 500 million from Allied Bank Limited (ABL) .The facility carries mark-up at the rate of 6 month KIBOR plus 0.4 % per annum. The facility is secured by way of hypothecation charge on specific leased assets and lease rentals receivable of the Company with 25% margin amounting to Rs. 667 million.

23. SHARE CAPITAL

Authorised capital

2013	2012		2013	2012
(Number of shares)			----------- (Rupees) -------------	
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	**1,000,000,000**	1,000,000,000

Issued, subscribed and paid-up share capital

84,051,288	84,051,288	Ordinary shares of Rs. 10 each fully paid in cash	**840,512,880**	840,512,880
13,784,192	13,784,192	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**137,841,920**	137,841,920
97,835,480	97,835,480		**978,354,800**	978,354,800

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

23.1 Standard Chartered Bank (Pakistan) Limited, the Holding Company, owns 84,579,276 ordinary shares which constitutes 86.45 percent of the total issued, subscribed and paid-up share capital.

24. RESERVES

	Note	2013	2012
		(Rupees)	
Statutory reserve	*24.1*	**158,997,310**	137,754,792
Accumulated loss		**(209,343,802)**	(216,045,492)
Deficit on revaluation of available for sale investments		**(4,134)**	(331,400)
		(50,350,626)	(78,622,100)

24.1 Statutory reserve represents 20% of profits after tax set aside to comply with the requirements of Prudential Regulations for Non-Banking Finance Companies issued by the Securities and Exchange Commission of Pakistan.

24.2 The Board of Directors in its meeting held on 13 September 2013 has recommended for approval at Annual General Meeting of the shareholders, a final cash dividend of 8% (Rs. 0.8 per share) in respect of the year ended 30 June 2013 (2012: Rs. 0.8 per share). The financial statements for the year ended 30 June 2013 do not include the effect of the appropriation which will be accounted for subsequent to the year end.

25. CONTINGENCIES AND COMMITMENTS

	2013	2012
	(Rupees)	
Commitments for finance leases	**528,480,000**	586,849,000

26. INCOME FROM FINANCE LEASES

	2013	2012
Finance income	**489,446,418**	438,937,877
Documentation fee	**5,570,202**	3,664,287
Penal charges	**6,579,742**	4,257,043
Termination charges	**1,553,841**	723,830
Miscellaneous income	**4,473,154**	1,750,956
	507,623,357	449,333,993

27. OTHER OPERATING INCOME

	2013	2012
Income from Financial Assets		
On investments		
- Government securities	**45,040,111**	36,360,262
On loans		
- Long term loans	**6,215,017**	686,157
- Short term loans and fund placements	**321,812**	3,568,009
	6,536,829	4,254,166
On factoring finance	**432,723**	521,215
On capital gain / (loss) on sale of investment	**340,312**	(84,489)
On recovery of amounts written off against lease receivables	**3,808,352**	259,324
Income from Non-Financial Assets		
On gain on sale of plant and equipments	**-**	325,055
	56,158,327	41,635,533

28. FINANCE COST

	2013	2012
Related parties		
Mark-up on short term finances	**15,542,867**	3,239,070
Commission on COI's	**31,011,960**	26,256,932
Bank charges	**360,731**	258,990
	46,915,558	29,754,992
Other		
Mark-up on long term finances	**2,127,534**	-
Return on certificates of investment	**264,663,060**	245,842,780
	266,790,594	245,842,780
	313,706,152	275,597,772

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

29. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2013	2012
		----------- (Rupees) -------------	
Salaries, allowances and benefits	*29.1*	**69,104,232**	53,806,552
Printing and stationery		**885,820**	1,243,871
Communication		**479,165**	581,487
Rent		**12,219,388**	8,895,408
Travelling and conveyance		**1,531,775**	1,741,262
Vehicles' running expenses		**41,700**	155,300
Insurance		**1,574,562**	1,141,083
Auditors' remuneration	*29.2*	**752,000**	730,000
Repair and maintenance		**370,513**	357,640
Fee and subscription		**1,541,444**	1,461,746
Advertisement		**482,662**	153,675
Office supplies		**598,804**	485,594
Newspapers and periodicals		**24,306**	23,717
Depreciation of owned assets	*14*	**857,654**	422,409
Amortization	*15*	**268,800**	123,323
Legal and professional charges		**3,685,359**	3,847,426
Workers welfare fund		**3,156,304**	3,517,190
Information technology		**3,000,058**	1,916,424
Miscellaneous expense		**612,192**	651,289
		101,186,738	81,255,396

29.1 Salaries and benefits include Rs.2,322,051 (2012: Rs.2,320,725) and Rs. 422,169 (2012: Rs. 1,923,830), in respect of Company's contribution to provident fund and gratuity fund respectively.

29.2 Auditors' remuneration

	2013	2012
Annual audit fee	**440,000**	440,000
Half yearly review	**140,000**	140,000
Other certifications	**100,000**	100,000
Out of pocket expenses	**72,000**	50,000
	752,000	730,000

30. TAXATION

	2013	2012
Current	**2,538,117**	-
Deferred	**49,064,467**	80,003,194
	51,602,584	80,003,194

30.1 Relationship between tax expense and accounting profit

	2013	2012
Accounting profit for the current year	**157,815,176**	177,859,497
Tax on income @ 35%	**55,235,312**	62,250,824
Charge in respect of restricted cost of vehicles	**22,889,145**	8,512,625
Net effect on termination of lease and others	**(23,017,142)**	9,239,745
Effect of lower tax rate in future years	**(3,504,731)**	-
Tax expense	**51,602,584**	80,003,194

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

30.2 Current status of tax assessments

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

The Company has filed the income tax return for tax years 2003 to 2012 which are deemed to be assessed in terms of section 120 of the Income Tax Ordinance, 2001 (the Ordinance) except for the tax year 2009, which was revised on 31 December 2010 and is deemed assessed in terms of section 122(3) of the Ordinance.

Moreover, the Assistant Commissioner Inland Revenue Monitoring and Audit Cell-08 Zone II, Regional Tax Office Lahore has passed an order under section 161/205 for the tax year 2009 dated 19 March 2012 creating demand of Rs. 2,750,079. The Company has filed an appeal against the said order before the Commissioner Inland Revenue (Appeals) and tax demand of Rs. 853,473 has been deleted vide order No. 03 dated 05 September 2012.

The ACIR has issued an appeal effect order under section 124 of the Ordinance and created demand of Rs. 1,128,842 which has been adjusted against the assessed refund of available for assessment year 2002-2003. The Company has filed an appeal before the Appellate Tribunal Inland Revenue, Lahore (ATIR) against the order issued by the Commissioner Appeals for the tax year 2009 which is pending for adjudication.

31. EARNINGS PER SHARE - BASIC AND DILUTED

	2013	2012
	----------- **(Rupees)** -------------	
Profit after taxation	**106,212,592**	97,856,303
	(Number of shares)	
Weighted average number of outstanding ordinary shares	**97,835,480**	97,835,480
	----------- **(Rupees)** -------------	
Earnings per share (Basic and diluted)	**1.09**	1.00

32. CASH AND CASH EQUIVALENTS

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

		2013	2012
Cash and bank balances	*4*	**76,338**	73,423
Short term borrowing from financial institution	*18*	**(279,961,723)**	(34,223,258)
		(279,885,385)	(34,149,835)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		**Directors**		**Executives**	
	2013	2012	**2013**	2012	**2013**	2012
	---------- **(Rupees)** ----------					
Director's remuneration / fees	**-**	-	**335,000**	235,000	**-**	-
Managerial remuneration including bonus	**10,490,317**	8,879,996	**-**	-	**19,026,457**	15,980,971
Housing, utilities and others	**4,214,967**	4,675,848	**-**	-	**15,860,041**	8,258,332
Retirement benefits	**1,889,352**	567,996	**-**	-	**1,871,790**	1,235,201
	16,594,636	14,123,840	**335,000**	235,000	**36,758,288**	25,474,504
Number of persons	**1**	1	**2**	2	**15**	15

33.1 The director's remuneration / fees represents remuneration paid to the Company's 2 non-executive directors (2012: 2) for attending Board and Sub-Committee meetings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

34. TRANSACTIONS WITH RELATED PARTIES

The Company has a related party relationship with its Parent Company, fellow subsidiary, directors, staff retirement funds and key management personnel. The transactions with related parties are conducted under normal course of business at agreed rates. The Company also provides loans to employees at reduced rates in accordance with their terms of employment. The details of significant related party transactions and balances as at 30 June 2013 are as follows:

OUTSTANDING BALANCES	2013	2012
	----------- (Rupees)	-------------
Parent Company		
Short term borrowing	**279,961,723**	34,223,258
Accrued mark-up on short term borrowing	**5,363,855**	1,778,947
Prepayments against COI commission	**9,417,823**	11,244,475
Service level agreement against rent and IT	**2,979,811**	900,986
Key management personnel		
Long term loans outstanding as at year end	**57,893,141**	31,242,120
PROFIT AND LOSS		
Parent Company		
Mark-up on short term borrowing	**15,542,867**	3,239,070
COI commission	**31,011,960**	26,256,932
Profit on bank deposits	**284,319**	745,936
Profit on short term placements	**37,493**	2,822,073
Bank Charges	**360,731**	258,990
Expenses incurred under Service Level Agreement		
Rent	**12,219,388**	8,895,408
Information technology	**3,000,058**	1,916,424
Other Related Party		
Managerial remuneration & Bonus	**500,000**	1,620,645
Staff retirement benefits funds		
Contribution to the staff provident fund	**2,322,051**	2,320,725
Contribution to the staff gratuity fund	**422,169**	1,923,830
Key management personnel		
Mark-up / income earned	**4,848,322**	406,784
Loans disbursed to employees during the period	**39,371,751**	24,179,906
Loans recovered from employees during the period	**12,720,730**	5,498,509
Salaries and benefits	**51,091,782**	37,795,147
Post retirement benefits paid	**2,261,142**	2,329,626
Sale of vehicles	**-**	755,484
Remuneration to non-executive directors	**335,000**	235,000

35. FINANCIAL INSTRUMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

35.1 Credit risk

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

	2013	2012
	----------- (Rupees) ------------	
Financial Assets		
Bank balances (unsecured)	**41,331**	58,198
Accrued mark-up / return (unsecured)	**3,403,409**	6,138,011
Other receivables (unsecured)	**115,488**	1,992,485
Factoring finance (unsecured)	**7,426,875**	8,462,925
Net investment in finance leases (net of security		
deposits held) (secured)	**3,829,482,581**	3,355,361,685
Long term security deposits (unsecured)	**112,500**	328,500
Term loans (secured)	**71,384,471**	40,084,528
	3,911,966,655	3,412,426,332

35.1.1 Description of collateral held

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

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

Past due	**2013**			
	Carrying amount	**Amount on which no impairment recognised**	**Amount on which impairment recognised**	**Impairment recognised**
	------------(Rupees)------------			
0 days	3,556,108,946	3,556,108,946	-	-
1-89 days	239,106,075	239,106,075	-	-
90 days-1 year	5,083,327	-	5,083,327	1,746,661
1 year- 2 years	41,404,572	1,128,507	40,276,065	10,473,678
2 years- 3 years	2,733,886	-	2,733,886	2,733,886
More than 3 years	44,060,315	-	44,060,315	44,060,315
Total	**3,888,497,121**	**3,796,343,528**	**92,153,593**	**59,014,540**

Past due	2012			
	Carrying amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
	------------(Rupees)------------			
0 days	2,839,291,050	2,839,291,050	-	-
1-89 days	438,595,191	434,514,932	4,080,259	432,021
90 days-1 year	63,181,002	2,789,287	60,391,715	8,674,011
1 year- 2 years	3,147,907	-	3,147,907	2,806,906
2 years- 3 years	14,606,610	-	14,606,610	6,454,496
More than 3 years	70,838,300	-	70,838,300	55,930,941
Total	3,429,660,060	3,276,595,269	153,064,791	74,298,375

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

The FSV benefit of collaterals has been considered in calculating the provision against non performing exposure.

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating	2013	2012
	Short term	Long term	Agency	------------------- (Rupees)	-------------------
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**279,961,723**	34,223,258
Allied Bank Limited	A1+	AA+	PACRA	**250,000,000**	-

35.1.3 Concentration of credit risk

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

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

	2013		2012	
Sectors	**(Rupees)**	**%**	(Rupees)	%
Chemicals and allied	**25,503,225**	**0.66**	46,643,377	1.36
Construction and building products	**23,315,155**	**0.60**	8,917,116	0.26
Dairy and beverages	**207,188,138**	**5.33**	189,317,235	5.52
Electric and electric goods	**218,583,840**	**5.62**	43,899,649	1.28
Printing and publication	**60,545,569**	**1.56**	102,203,870	2.98
Engineering and metals	**-**	**-**	22,978,722	0.67
Plastic	**437,054,392**	**11.24**	396,125,737	11.55
Food and confectionery	**402,262,606**	**10.34**	299,752,289	8.74
Glass and ceramics	**73,540,820**	**1.89**	33,267,703	0.97
Health care	**-**	**-**	2,400,762	0.07
Hotels	**-**	**-**	10,288,980	0.30
Individuals	**-**	**-**	13,375,674	0.39
Information technology	**-**	**-**	5,830,422	0.17
Media and advertising	**-**	**-**	1,714,830	0.05
Miscellaneous manufacturing	**38,884,971**	**1.00**	185,544,609	5.41
Miscellaneous services	**77,769,942**	**2.00**	29,495,077	0.86
Natural or industrial gas and LPG	**-**	**-**	30,866,941	0.90
Paper and board	**-**	**-**	1,028,898	0.03
Petroleum and oilfield	**60,792,830**	**1.56**	114,207,680	3.33
Pharmaceuticals	**174,911,060**	**4.50**	194,804,691	5.68
Sugar and allied	**268,202,558**	**6.90**	275,058,737	8.02
Travel and tourism	**85,457,648**	**2.20**	90,200,060	2.63
Textile	**382,155,469**	**9.83**	299,409,323	8.73
Financial institutions	**552,166,591**	**14.19**	436,938,692	12.74
Fertilizer	**236,833,888**	**6.09**	216,411,550	6.31
Others	**563,328,419**	**14.49**	378,977,436	11.05
	3,888,497,121	**100.00**	3,429,660,060	100.00

	2013	2012
	---------- (Rupees)	------------
Net investment in finance lease	**4,962,688,467**	4,289,920,437
Less: Security deposits held	**(1,074,191,346)**	(860,260,377)
	3,888,497,121	3,429,660,060

35.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

	2013						
	Carrying Amount	**Contractual cash flows**	**Up to 1 month**	**Over 1 month to 3 months**	**Over 3 months to 1 year**	**Over 1 year to 5 years**	**Over 5 years**
Financial liabilities	----------(Rupees)----------						
Accrued and other liabilities	49,849,502	49,849,502	49,849,502	-	-	-	-
Long term deposits	1,074,191,346	1,074,191,346	37,455,770	19,152,638	208,434,964	809,147,974	-
Certificates of investment and		-	-	-	-	-	-
mark-up payable thereon	2,727,187,893	2,841,119,319	100,921,654	710,185,343	2,014,058,056	15,954,266	-
Short-term borrowings		-	-	-	-	-	-
and mark up payable	285,325,578	285,325,578	285,325,578	-	-	-	-
		-	-	-	-	-	-
Long -term borrowings		-	-	-	-	-	-
and mark up payable	252,127,534	281,346,815	-	-	146,944,486	134,402,329	-
	4,388,681,853	**4,531,832,560**	**473,552,504**	**729,337,981**	**2,369,437,506**	**959,504,569**	**-**

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

35.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at year end (and includes both principal and interest payable thereon). The rates of mark-up have been disclosed in notes 18, 19 and 22 to these financial statements.

35.3 Market risk

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

35.3.1 Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS
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	Carrying Amount 2013	Carrying Amount 2012
	----------- (Rupees) -------------	
Fixed Rate Instruments		
Financial assets	**521,204,121**	472,833,518
Financial liabilities	**(2,663,650,582)**	(2,708,413,708)
	(2,142,446,461)	(2,235,580,190)
Variable Rate Instruments		
Financial assets	**4,871,205,031**	4,179,009,009
Financial liabilities	**(529,961,723)**	(34,223,258)
	4,341,243,308	4,144,785,751

2013

	Effective yield	Carrying Amount	Exposed to interest rate risk: Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Not exposed to interest rate risk
		---(Rupees)---					
Financial assets							
Bank balances	-	41,331	-	-	-	-	41,331
Accrued mark-up / return on long term investments	-	3,403,409	-	-	-	-	3,403,409
Advances and other receivables	-	115,488	-	-	-	-	115,488
Short term investments	9.15%-11.35%	301,347,062	65,483,761	235,863,301	-	-	-
Factoring finance	12.34%-12.57%	7,426,875	7,426,875	-	-	-	-
Long term investments	8%-12%	112,576,875	-	54,370,822	-	58,206,053	-
Net investment in finance leases	10%-19.64%	4,903,673,927	500,677,046	1,352,505,323	3,050,491,558	-	-
Long term loans	11.97%-15.37%	71,384,471	877,335	2,798,739	14,442,181	49,266,158	4,000,058
		5,399,969,438	**574,465,017**	**1,645,538,185**	**3,064,933,739**	**107,472,211**	**7,560,286**
Financial liabilities							
Accrued mark-up / return	-	71,028,700	-	-	-	-	71,028,700
Accrued and other liabilities	-	49,849,502	-	-	-	-	49,849,502
Short term borrowings	9.91%-12.72%	279,961,723	279,961,723	-	-	-	-
Long term deposits	-	1,074,191,346	-	-	-	-	1,074,191,346
Certificates of investments	6.25%-13.60%	2,663,650,582	753,113,645	1,897,336,937	13,200,000	-	-
Long -term borrowings	10.20%	250,000,000	-	125,000,000	125,000,000		
		4,388,681,853	**1,033,075,368**	**2,022,336,937**	**138,200,000**	**-**	**1,195,069,548**
On balance sheet gap - 2013		**1,011,287,585**	**(458,610,351)**	**(376,798,752)**	**2,926,733,739**	**107,472,211**	**(1,187,509,262)**

2012

	Effective yield	Carrying Amount	Exposed to interest rate risk: Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Not exposed to interest rate risk
		---(Rupees)---					
Financial assets							
Bank balances	-	58,198	-	-	-	-	58,198
Accrued mark-up / return on long term investments	-	6,138,011	-	-	-	-	6,138,011
Advances and other receivables	-	1,992,485	-	-	-	-	1,992,485
Short term investments	11.60%-11.90%	188,539,760	39,359,154	149,180,606	-	-	-
Factoring finance	14.5%-14.77%	8,462,925	8,462,925	-	-	-	-
Long term investments	8%-12%	205,758,339	35,145,805	60,402,739	52,182,781	58,027,014	-
Net investment in finance leases	10%-19.64%	4,215,622,062	408,893,239	1,056,939,202	2,748,919,465	870,156	-
Long term loans	2%-3%	40,084,528	5,351,202	2,506,090	10,590,141	15,012,008	6,625,087
		4,666,656,308	497,212,325	1,269,028,637	2,811,692,387	73,909,178	14,813,781
Financial liabilities							
Accrued mark-up / return	-	79,862,754	-	-	-	-	79,862,754
Accrued and other liabilities	-	40,149,292	-	-	-	-	40,149,292
Short term borrowings	12.66%-14.84%	34,223,258	34,223,258	-	-	-	-
Long term deposits	-	860,260,377	-	-	-	-	860,260,377
Certificates of investments	8.5%-16%	2,708,413,708	639,363,811	1,918,159,847	150,890,050	-	-
		3,722,909,389	673,587,069	1,918,159,847	150,890,050	-	980,272,423
On balance sheet gap - 2012		943,746,919	(176,374,744)	(649,131,210)	2,660,802,337	73,909,178	(965,458,642)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Fair Value sensitivity for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Profit and loss 100 bp	
	Increase	**Decrease**
	----------- (Rupees) -------------	
As at 30 June 2013		
Cash flow sensitivity - Variable rate instruments	**43,412,433**	**(43,412,433)**
As at 30 June 2012		
Cash flow sensitivity - Variable rate instruments	41,447,858	(41,447,858)

35.4 Fair value of financial instruments

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	------------------------- (Rupees) -------------------------			
Debt securities	-	505,295,666	-	505,295,666
	-	**505,295,666**	**-**	**505,295,666**

35.5 Operational Risks

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

All business units within the Company monitor their operational risks using set standards and indicators. Significant issues and exceptions are reported to CORC.

Disaster recovery procedures, business contingency planning, self-compliance audits and internal audits also form an integral part of the operational risk management process.

35.6 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to its shareholders or issue new shares. The company is in compliance with the capital requirements of NBFC Regulations, 2008.

36. NUMBER OF EMPLOYEES

The total number of employees as at year end were 42 and average number of employees were 39.

37. DEFINED CONTRIBUTION PLAN

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2013 was Rs. 2.32 million (2012: Rs. 2.32 million). The audit of the provident fund for the year ended 30 June 2013 is in progress. The net assets based on audited financial statements of Provident Fund as at 30 June 2012 was Rs. 12.13 million out of which 99% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. Currently all assets of the fund are valued at amortized cost. The cost and fair value of investments amounts to Rs. 13.58 million. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 13 September 2013.

Chairman

Chief Executive

Pattern of Shareholding

AS ON 30-06-2013

Number of Shareholders	Shareholding From	Shareholding To	Number of Share Held	% of Capital
517	1	100	23,476	0.02
1155	101	500	302,279	0.31
601	501	1000	466,660	0.48
644	1001	5000	1,279,607	1.31
86	5001	10000	633,175	0.65
30	10001	15000	369,022	0.38
20	15001	20000	366,933	0.38
16	20001	25000	372,098	0.38
12	25001	30000	327,390	0.33
2	30001	35000	64,500	0.07
7	35001	40000	267,637	0.27
4	40001	45000	169,871	0.17
3	45001	50000	145,086	0.15
3	50001	55000	157,095	0.16
1	55001	60000	58,500	0.06
1	65001	70000	70,000	0.07
2	70001	75000	143,773	0.15
2	75001	80000	159,500	0.16
3	95001	100000	292,207	0.30
2	105001	110000	215,556	0.22
1	115001	120000	120,000	0.12
2	135001	140000	278,869	0.29
1	200001	205000	205,000	0.21
1	215001	220000	217,077	0.22
1	235001	240000	238,317	0.24
1	240001	245000	244,623	0.25
1	310001	315000	313,000	0.32
1	365001	370000	367,882	0.38
1	370001	375000	371,000	0.38
1	390001	395000	394,495	0.40
1	430001	435000	434,208	0.44
1	445001	450000	447,500	0.46
1	455001	460000	455,845	0.47
1	520001	525000	520,641	0.53
1	620001	625000	621,382	0.64
1	680001	685000	682,000	0.70
1	1455001	1460000	1,460,000	1.49
1	84575001	84580000	84,579,276	86.45
3,130	**<-----TOTAL----->**		**97,835,480**	**100.00**

Categories of Shareholders

AS ON JUNE 30, 2013

Sr	Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
A)	Associated Companies, Undertakings and related parties			
	Standard Chartered Bank Pakistan Ltd.	1	84,579,276	86.45
B)	Mutual Funds	2	6,719	0.01
C)	Directors/Chief Executive Officer and their Spouse and minor children	7	16,590	0.02
D)	Executives	-	-	0.00
E)	Public Sector Companies & Corporations	-	-	0.00
F)	Banks, Development Financial Institutions, Non-Banking Finance Companies, Insurance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	11	227,331	0.23
	Shareholding 5% or More(including in above category)			
G)	Standard Chartered Bank Pakistan Ltd.	1*	84,579,276*	86.45*
H)	Others	39	1,530,600	1.56
I)	General Public	3,070	11,474,964	11.73
	TOTAL : -	**3,130**	**97,835,480**	**100.00**

	DETAIL CATEGORIES OF SHAREHOLDERS		Number of Shares Held	Percentage
A)	**Associated Companies, Undertakings and related parties**			
	1	STANDARD CHARTERED BANK (PAKISTAN) LIMITED	84,579,276	86.45
		TOTAL	**84,579,276**	**86.45**
B)	**Mutual Funds**			
	1	TRI. STAR MUTUAL FUND LTD.	6,545	0.01
	2	GROWTH MUTUAL FUND LIMITED	174	0.00
		TOTAL	**6,719**	**0.01**
C)	**Directors/Chief Executive Officer and their spouse and minor Children**			
	1	SYED NASEER UL HASAN	2,370	0.00
	2	MR. MOHSIN ALI NATHANI	2,370	0.00
	3	MR. NAJAM I. CHAUDHRI	2,370	0.00
	4	MR. NAJAM SIDDIQI	2,370	0.00
	5	MR. ARJUMAND AHMED MINAI	2,370	0.00
	6	MR. KHURRAM SHAHZAD KHAN	2,370	0.00
	7	MR. MOIN MOHAJIR	2,370	0.00
		TOTAL	**16,590**	**0.02**
D)	**Executives**		-	**0.00**
E)	**Public Sectors Companies & Corporations**		-	**0.00**
F)	**Banks, Development Finance Institutions & Non-Banking Finance Companies, Insurance Companies, Takaful, Madarabas and Pension Funds**			
	1	IDBP (ICP UNIT)	2,500	0.00
	2	AL-FAYSAL INVESTMENT BANK LTD.	1,325	0.00
	3	FIDELITY INVESTMENT BANK LTD.	1,265	0.00
	4	ATLAS INVESTMENT BANK LTD.	200	0.00
	5	ISLAMIC INVESTMENT BANK LTD.	929	0.00
	6	NATIONAL DEVELOPMENT FINANCE CORPORATION	2,500	0.00
	7	NATIONAL BANK OF PAKISTAN	193	0.00
	8	IDBL (ICP UNIT)	407	0.00
	9	NATIONAL BANK OF PAKISTAN	435	0.00
	10	STATE LIFE INSURANCE CORP. OF PAKISTAN	217,077	0.22
	11	THE PAKISTAN GENERAL INSURANCE COMPANY LIMITED	500	0.00
		TOATL	**227,331**	**0.23**
G)	***Shareholding 5% or more**			
	1	STANDARD CHARTERED BANK (PAKISTAN) LIMITED	84,579,276	86.45
		TOTAL	***84,579,276**	***86.45**
H)	**Others**		**1,530,600**	**1.56**
I)	**General Public**		**11,474,964**	**11.73**
	Grand Total:		**97,835,480**	**100.00**

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

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Form of Proxy

I/We ____

of ____

being member(s) of Standard Chartered Leasing Limited holding ______________________________

ordinary shares hereby appoint ____

of ______________________________ or failing him/her ______________________________

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

as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the

company to be held on October 14, 2013, at the Institute of Chartered Accountants of Pakistan, Karachi.

Signed this______________________ day of ______________________2013

in the presence of ____

Folio No.

Signature
on Rs. 5/-
Revenue Stamp

WITNESSES:

1. Signature:

   Name: ______________________________

   Address: ______________________________

   CNIC No: ______________________________

   Passport No: ______________________________

2. Signature:

   Name: ______________________________

   Address: ______________________________

   CNIC No: ______________________________

   Passport No: ______________________________

Note:

1. The Proxy Form should be deposited in the registered office of the Company, as soon as possible but not latter than 48 hours before the time of holding the meeting, failing which; Proxy Form will not be treated as valid.

2. No person shall act as proxy unless he/she is a member of the Company.

Her friends dream about becoming artists. She dreams about being able to see colours.

This Ramadan, you can help give someone a better life. Make a donation to Standard Chartered's 'Seeing is Believing' programme and we will match your contribution with a donation of our own*. Join LRBT and us as we set out to eliminate preventable blindness from Pakistan.

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1 **Through Reward Points**
Donate your Credit Card Rewards Points today by calling **111-002-002**

2 **Through Credit Cards**
You can donate through your Standard Chartered Credit Cards by calling our Phone Banking **111-002-002**

3 **Deposit in LRBT Account No. 01-2095467-01** in any of the Standard Chartered Bank branches**

standardchartered.com.pk

*The Bank will match any amount that you contribute up to 30 million.
**Standard Chartered Bank will not be collecting any funds. All donations will go directly to LRBT account.

manhattan

Seeing is Believing 10th anniversary 150 years in Pakistan

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