



Our Our Vision

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

Our Dynamics

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





Our Resolve

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

Our Commitments

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





Information
Company

Company Information

Board of directors	Mr. Asif Ali Rashid	Chairman
	Mr. Muhammad Nasim Khan	Chief Executive & Managing Director
	Mr. Aamir Ali Rashid	Director
	Mr. Iskander Sultan Khawaja	Director
	Mr. Ruhail Mohammad	Director
	Mr. Sirajuddin Cassim	Director
	Mr. S. Arshad A. Kazmi	Director
	Mr. Shujat Ali Baig	Director
	Mr. Ziad Bashir	Director
	Mr. Arshadullah Khan	Director
Company secretary & Chief financial officer	Mr. Arfan Ali Rashid	
Auditors	M/s Ford Rhodes Sidat Hyder & Co. Chartered Accountants	
Legal advisor	Mohsin Tayebaly & Co.	
Audit committee	Mr. Aamir Ali Rashid	Chairman
	Mr. Asif Ali Rashid	Member
	Mr. Ruhail Mohammad	Member
Bankers	Allied Bank Ltd.	Mybank Ltd.
	Askari Bank Ltd.	National Bank of Pakistan
	Bank Alfalah Ltd.	NIB Bank Ltd.
	Faysal Bank Ltd.	Saudi Pak Commercial Bank Ltd.
	Habib Metropolitan Bank Ltd.	Sonari Bank Ltd.
	KASB Bank Ltd.	United Bank Ltd.
Registered office and Head office	Sigma House 8-C, Block 6, PECHS, Off: Shahrah-e-Faisal, Karachi - 75400, Pakistan. Tel : (021) 4557233-4, 4544850-1 Fax : (021) 4544439 Email : info@sigma-leasing.com Website : www.sigma-leasing.com	
Liaison offices	Lahore	: Rex Market, 6 – Allama Iqbal Road. Tel : (042) 6306798, 6365975, Fax : (042) 6365343
	Faisalabad	: Plot # 63/1-C, Model Town-B, Jail Road. Tel : (041) 2636830-31, Fax : (041) 2644961
	Sialkot	: Uggoki Road, Near Zohra Hospital Chowk, Shabpura., Tel : (0432) 3552919, 3554429, Fax : (0432) 3552919
Share department	Noble Computer Services (Private) Limited Sohni Center, BS 5/6, Block -4, F. B. Area, Main Karimabad, Karachi. Tel: (92-21) 6801880-82 Fax: (92-21) 6801129	

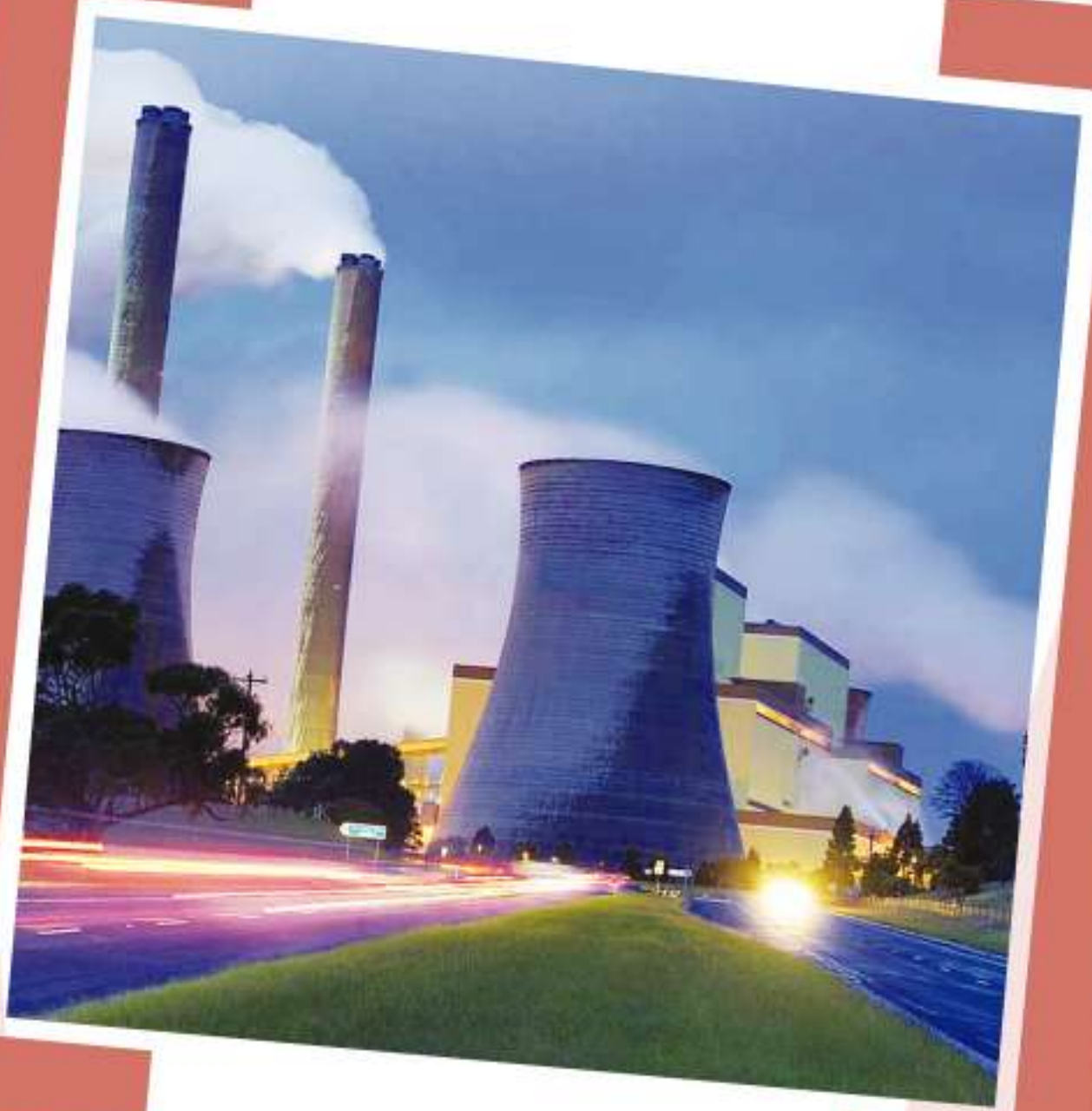


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Sigma Leasing
Corporation Limited

Sigma introduces itself as a professional and progressive leasing company operating in Pakistan now for more than eleven years. It was incorporated in 1996 under Companies Ordinance 1984 and commenced its business on January 27, 1997.

The basic objective of Sigma Leasing Corporation Limited is to provide full payout financial leases against plant and machinery, office equipment and vehicles. However, along with providing this facility, Sigma also intends to embark on other services, which include operating lease, consumer lease finance and micro leasing. Sigma Leasing Corporation Limited is committed to develop a strong industrial base through its lease products and has concentrated in capital-intensive industries and endeavored to cater to needs ranging across the cross section of the economy. Another objective would be a deviation from the usual market segment of large corporate clients and exploration of new markets in the small and medium sectors comprising of industrial and commercial enterprises. However, only sound and credit worthy customers would be offered leasing facilities.

Our broader objective is to make Sigma a known professional leasing company providing assistance to the industrial and commercial sectors of Pakistan. Efforts are being made to establish Sigma as one of the top ranking companies in the leasing sector. Sigma will participate in facilitating the lessee by providing cash flow benefits, an alternate source of funding, time efficiency, and above all tax efficiency.

Sigma actively seeks to play a positive and constructive role in expanding the capital and funds markets in Pakistan and actively invites funding both from private sources and multinational agencies with the objective of expanding the fund base available for Pakistan's industrial and economic growth. It will particularly assist the private sector in Pakistan to meet its medium term capital needs for expansion and balancing, modernizing, and replacement (BMR).





Our Sponsors

Our company has been sponsored by a well known business group of the country, whose flagship company, Almurtaza Machinery Company (Private) Limited, has the leadership with a command over major share of the apparel machinery market of Pakistan. They have equipped the garment industry with the latest machinery, equipment, and accessories, imported from leading manufacturers all over the world.

Almurtaza

- Represents more than 44 leading apparel machinery manufacturers from all over the world.
- Maintained an excellent track record of marketing some of the most modern and technologically advanced apparel machinery in the country.
- Is led by the team of professionals who have extended and are committed to continue extending crucial support to those intending to start a new apparel production unit or planning to update an existing factory.

Consistent planning, professionalism, and proactive approach have led Almurtaza to unprecedented growth & impressive results.



Almurtaza represents the best names in business, including:

APPAREL DIVISION		EMBROIDERY DIVISION	
DTG		MASTER	
EASTMAN		SEIT	
GRAND		TAJIMA	
HASHIMA			
INDERLE		SPARE PARTS & ACCESSORIES	
IDROSMACK			
JUKI		DJW	
KANSAI SPECIAL		KOBAN	
KM CUTTING MACHINES		ORGAN	
NAOMOTO		RACING	
NGAI SHING		TSP	
NARA SEWING MACHINES			
NAGEL & HERMANN		HOME TEXTILE DIVISION	
PINE			
PEGASUS		AKAB JENSEN	
PERFECTA SCHMID		EISENKOLB	
SEIT		HAUSER	
SMART MRT		MECA	
STEFANELLI MACHINES		RIMAC	
TSP		SVEGEA	
TITAN BARATTO CORNELY		TITAN BARATTO CORNELY	
TEXTILE DIVISION			
CALATOR			
CINTEX			
CONTI COMPLETT			
FUKUHARA			
LECTRA			
MEI			
MENTASTI			
PANNON			
SHIMA SEIKI			

Other venture and affiliated company of the group in Pakistan is Alrashid Microcomputers (Private) Limited, a company, established in 1981. It has been for the last two decades, leading the microcomputer market in Pakistan with reputation of introducing new products with full backup and support.

Board of Directors



Chairman

Mr. Asif Ali Rashid (FCA) is fellow member of the Institute of Chartered Accountants of Pakistan, a former member of the Karachi Stock Exchange, & a prominent businessman of Karachi. His experience of auditing of leading commercial banks of Pakistan during his association with M/s A. F. Ferguson & Company - Chartered Accountants has endowed Mr. Asif with an astute & detailed knowledge of the financial sector. His special acumen on financial products & commands of financial management & his entrepreneurial skills are additional qualifications which have been instrumental in the business success of the group. He is also an executive committee member of Pak - Japan Business Forum.



CEO & MD

Mr. Muhammad Nasim Khan is a banker by profession. He did his Masters in Economics in 1959. He has over thirty six years of banking experience with a number of Pakistani and multinational banks, both in Pakistan and abroad. Starting his banking career as an officer in 1962, he has worked as Manager, Zonal Chief, Head of Operations, Country Manager, Director General Adjoint and Member Board during the course of his banking career. In 1995 he left a local bank, where he was one of the founder members of the bank and was working as Regional General Manager with the rank of Senior Executive Vice President, to join Sigma as its Managing Director and Chief Executive Officer.



Director

Mr. Aamir Ali Rashid is an MBA in Finance and Marketing from the Institute of Business Administration, Karachi; where he acclaimed gold medal in Finance, gold medal in Treasury Funds Management with 97%, 2nd position in MBA and 1st prize for highest profit in Stock Exchange Learning Fund (SELF). Served in American Express Bank, Karachi for two years as Assistant Manger, Corporate Banking and Money Market Dealer. In January 2000 he established his own IT business for E-Business solution as Chief Executive Officer of Emmaculate Solutions. Since August 2002, he is also the Director of Almurtaza Machinery Company (Private) Limited.



Director

Mr. Iskander Sultan Khwaja belongs to well established business family of Peshawar. He started his career with family business in Pakistan and moved to UAE in 1980. Since then he has established a firm business base with its head office located in Sharjah, United Arab Emirates. He is presently Managing Director of Al-Borj Garments Machinery Trading Company Ltd, UAE, with branches in Jordan and Kenya, Al-Zarooni Al-Khwaja Company Ltd, UAE, Rigid Metals Ltd, UAE, Global Metals, Bahrain and KMI Trading Inc., Canada.



Director

Mr. Ruhail Mohammad holds an MBA degree in Finance from the Institute of Business Administration, Karachi and is also a qualified Chartered Financial Analyst (CFA). He has worked for eighteen years in various senior positions in Pakistan, the UAE and Europe. He has also been a visiting faculty member for Finance at the Institute of Business Administration, Karachi. He served as Chief Financial Officer in Engro Asahi Polymer and Chemicals Limited and currently the Chief Financial Officer and the Director of Engro Chemicals Pakistan Limited. He is also the Director of Engro Management Services (Pvt.) Limited, Engro Innovative Automation (Pvt.) Limited and Engro Foods (Pvt.) Limited.



Mr. Sirajuddin Cassim (FCA) is a fellow member of the Institute of Chartered Accountants of Pakistan. He carries with him eighteen years experience as a partner in accounting firm, twenty years in financial, investment advisory & corporate consultancy services. Member of Karachi Stock Exchange since 1957. Served on Board of Directors (KSE) as Director, Vice President & President in 1990, 1993 & 1995 respectively. Chairman CDC in 1995, Vice President of FICSM from 1997 to 2000. Executive Director of Standard Chartered Mercantile Leasing from 1989 to 1998.



Mr. S. Arshad A. Kazmi is a Senior Corporate Executive of a multinational chemical company in Pakistan carrying an experience of thirty four years at his credit, having worked in different management positions and currently serving as Country Representative of Bayer Chemicals / Lanxess. He is an associate member of Pakistan Institute of Management and member in number of clubs and has also served as President of Rotary Club.



Mr. Shujat Ali Baig is a banker by profession and is serving as Executive Vice President in Habib Bank Limited. He has vast experience of banking and public relations. He started his career with Habib Bank Limited and has served on different executive and senior executive positions. In addition he has contributed his several years with sports, cultural and public relations societies and associations. He had been member of various sports associations and public relation societies. He is also the pioneer of Kids University in Pakistan.



Mr. Ziad Bashir is a graduate in Entrepreneurial Studies from Babson College, USA. He belongs to the well known Gul Ahmed Group of Pakistan. He has approximately 10 years of management experience in different companies. He is the Director of Gul Ahmed Textile Mills Limited and Safe Mix Products (Pvt.) Limited. He is also heading IDEAS (Home Stores), Swisstex Chemicals (Pvt.) Limited and Arwen Tech (Pvt.) Limited. He is also the Chairman of Landhi Association of Trade and Industry and Environmental Stakeholders Action Committee.



Mr. Arshadullah Khan is a senior banker and has over 30 years of banking experience. Commencing his career with United Bank Limited in 1974 at officer level, he passed through different management levels in local and multinational banks in Pakistan. He has extensive experience and knowledge of planning, budgeting, credits and lease finance. He was also the Chairman and Secretary of the credit and management committees. Lastly he left Askari Commercial Bank Limited as Chief Manager with the designation of Executive Vice President in 2006 before joining Sigma as Deputy Managing Director.



From the
Chairman

Message from the Chairman

"We will endure in providing our customers with quality services and ensure endowing them with optimum potential advantages."

Sigma Leasing Corporation Limited has successfully completed twelve years of its operations and has grown gradually with positive results as can be noted from the financial statements.

I am once again delighted to note that our Company's strategy of sustained growth, through a very well conceived and efficiently implemented business plan, is right on track. The Company's current business plan owes its success to:

- A realistic, honest, and correct assessment of the affairs of the Company.
- A perfectly defined mission, vision, and statement of broad policy objectives, based on value creation for shareholders.
- A renewed focus on high quality environment, good corporate governance, and high professional efficiency.
- An operational policy geared towards enhanced profitability through a broad spectrum of services.

The right demarcation of the roles of the Board and the Executive Management has also in my opinion, played a decisive role in making the business plan a resounding success. I am pleased to note that the Company has managed to generate high levels of value creation and payouts.

From the best suited infrastructure, constantly re-engineered work processes to high professional efficiency, consistent policies, technological advancement and customer focus – each one is a contributor to success.

The team that comes up with the perfect blend – The Recipe to Success!

It is my firm belief that, in the final analysis, a company is only as good as the people who run it through the well defined and closely monitored policies of the Board of Directors and sincere and dedicated management to steer the company and draw results in letter and spirit. It is on this very account that Sigma stands tall as a Model NBFC.

Asif Ali Rashid.

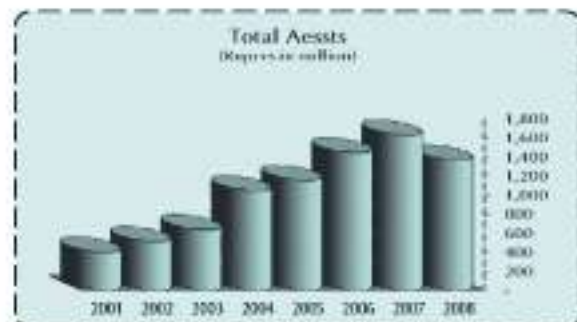
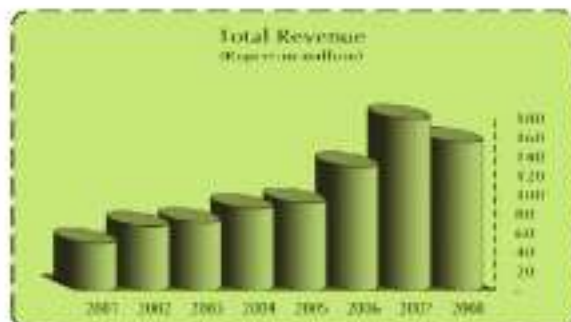


Path to Success

On it's

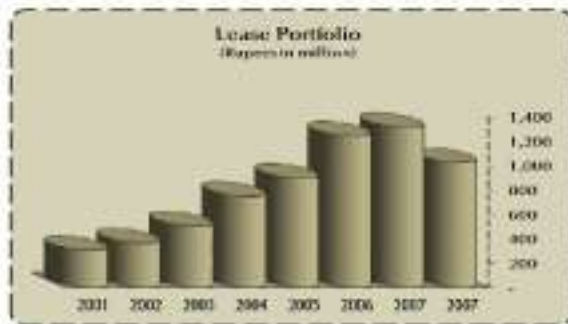
Performance Analysis

By the grace of Almighty Allah we have completed twelve years of our operations. Alhamdulillah, Sigma has been proactive on adopting measures to monitor and mitigate risks associated with the leasing business. We are managing our operations efficiently and are rigorously following the best practices as observed in the industry. We are committed to increase our profitability, expand our market share, enhance our customer base, improve quality of our assets and instigate excellence in quality of our services through technological advancement and by enhancing the human resource asset quality.



We have been maintaining considerable growth in size of our balance sheet along with maintaining high quality of assets, establishment of comprehensive funding strategy and development of reliable funding straits, a sound capital base and high profitability. This year total Asset Base has decreased to Rs. 1.37 billion as compared to last year's Rs.1.63 billion mark registering 16% decline in the balance sheet size from the last year. This decrease was due to cut down in the lease portfolio which has now fell down to Rs.1.025 billion from Rs.1.311 billion. The Company religiously complied with its policy of maintaining the lease portfolio clean and strong and for that it has to compromise on its size but no compromises were made on the quality of the leases / assets at the approval stage or subsequent monitoring. The economic conditions of the country do not permit to be adventurous in financing, new avenues were minimum, and the interest rates were on a higher trend. All these factors prevented us from investing in the risk areas, hence resulting in the decrease of balance sheet size. Risk evaluation procedures were enriched and made more stringent to ensure only qualifying cases are approved to keep the credit risk at minimal. In highly competitive financial markets of today it is very difficult to maintain a well diversified portfolio, but we take the pride for managing our risk levels to minimal through adequate diversified exposures.

Timely access to competitively priced funding is a key to success for any company in leasing business as any discomforting squeeze on the spread between the lease pricing and the cost of borrowing may effect cost-efficiency of disbursement. We have, over the period, charted out a funding strategy, which is successfully coping up to resolve our funding issues and has led us to better sources of funds. We are accepting deposits in our Certificate of Deposits under the title "Tahaffuz" and offering competitive rates to our investors.



We are maintaining a substantial capital base when compared with the size of our leasing exposure. During the year SECP introduced new minimum equity clause for leasing companies which requires the equity at Rs. 350 million for the year ending June 30, 2008. We have a shortfall of Rs. 18 million in the minimum equity requirement for the year ending June 30, 2008 for which we have applied for an extension till December 31, 2008. We further intend to enhance our capital base and seek permission from regulatory authorities and conduct additional business activities such as investment finance services, venture capital services, investment advisory and asset management services. Substantial additional capital induction plans are under consideration.

We believe that success of Sigma is, to a great extent, due to our talented and hard working employees. Our employees with their dedication, knowledge and skills are responsible for realizing the vision of the Company. During the period, we have further expanded our human asset base by inducting new professionals in our team. Their multidisciplinary expertise is expected to support us in our expansion plans and in exploring new profitable avenues.

We are consistent performers and we believe in steady growth. We are amongst the very few companies who have successfully managed their profitability. We believe that profitability is the expression of firm's franchise strength and has a direct impact on company's ability to acquire funds and attract capital.

Sigma is not only consistent in making profits but we also believe in rewarding our shareholders by way of dividends.

Assets we may Lease at Sigma

Sigma will lease all the assets falling within the definition of Fixed Assets (with the exception of land & building) and admissible for depreciation under tax laws and insurable by the prime insurance companies in Pakistan.

Leasing arrangements offered by us are very flexible and can be designed for a three to five years period. Lease rentals can also be structured in accordance with the cash flow requirements of our customers.

Eligibility of the Proposed Lessee

The proposed lessee should be one of the following:

- A quoted / unquoted public company
- A private limited company
- A partnership firm
- Association of persons

- Clubs
- A proprietorship concern
- A trust
- A government organization
- An autonomous body
- An individual

Criteria

- The proposed lessee should have been in the business for at least last three years.
- The proposed lessee should have at least three years financial accounts.
- The accounts must depict the true state of affairs and show a regular profit.
- The proposed lessee is willing to provide guarantees and / or securities.
- Credit Information Bureau (CIB) report of the proposed lessee must not show any over dues or defaults.

The management in special cases may relax any of the above identified requirements.

Credit Evaluation and Approval Process at Sigma

Once the proposed lessee fulfills our eligibility criteria, it has to provide the following documents for evaluation. Application for lease, three years audited financial statements, company's profile, Memorandum and Articles of Association, directors / sponsors background / net worth, details of assets proposed for lease, its contribution, if any, in generation of additional profits / cash flows. The lessee should also provide other information that would give support to the evaluation process. The complete approval / disapproval process normally takes 2-3 working days after receiving all the required information / documents from the proposed client.

Disbursement

There are two types of leases offered, one is direct lease and the other is sale and lease back. Once the proposal meets the approval; lessee is provided a set of documents to be signed. After the documents are signed by the lessee, checked by our operation department, found perfect and supported by the original insurance policy along with the premium payment receipt, the amount of lease is disbursed to the client in the case of sale and lease back and to the vendor / supplier in the case of direct lease. Tenure of lease is normally three to five years under monthly or quarterly rentals, which are due in advance.

Transfer of Assets on maturity of the lease

On the successful completion of the lease tenure, the assets may be transferred in the name of the lessee at residual value.





Report to the Shareholders

Director's Report to the Shareholders

On behalf of the Directors of Sigma Leasing Corporation Limited, I am pleased to present the 12th Annual Report together with the Company's audited Financial Statements for the year ended June 30, 2008.

Financial Highlights

	2008	2007
	Rupees	
Profit before Taxation	58,147,491	68,423,983
Provision for taxation		
Current year	2,890,369	3,084,539
Prior year	41,561	-
Deferred	636,193	4,655,760
	3,568,123	7,740,299
Net Profit after Taxation	54,579,368	60,683,684
Un-appropriated Profit brought forward	19,540,576	18,867,269
	74,119,944	79,550,953
Transfer from Surplus on Revaluation of Fixed Assets	126,360	126,360
	74,246,304	79,677,313
Appropriations		
Transfer to Statutory Reserve	10,915,874	12,136,737
Final Dividend - 2007 (@ 6%)	18,000,000	18,000,000
Interim Dividend - 2008 (@ 11%)	33,000,000	30,000,000
	61,915,874	60,136,737
Un-appropriated Profit Carried forward	12,330,430	19,540,576
Earning Per Share - Basic & Diluted	1.82	2.02

The six years financial highlights of the Company are appended herewith.

Dividend

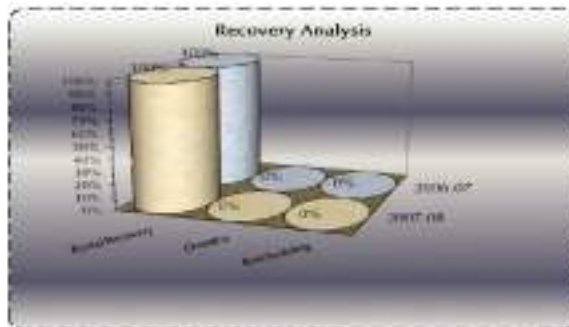
Interim dividends of Re.0.60 and Re. 0.50 per share i.e. 6% and 5% respectively had already been paid to our share holders and hence, our cumulative dividend payout for the year is 11%.

Operations Review

During the year under review Sigma reduced its tempo of growth which resulted in relative decrease in the net profit for the year which is reflected in the financial highlights. The management of the Company further stringent the criterions for new disbursement in order to reduce the repayment risks. Almost all the sectors in the economy underperformed, hence, leasing sector was to face more tough competition within themselves and with banks too. Despite all the hurdles, the Company maintained its history of good portfolio. Like all previous years, this year again, we do not have any provisions for non-performing assets.

The political and economic instability in the country has affected all the activities. The security situation forced local and foreign investors to withdraw their investments from the market, hence, resulting in the increase of interest rates and collapse of the stock market later in the year.

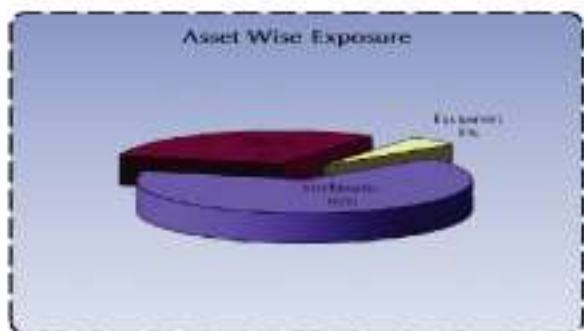
We have been watching the situation very closely and have altered our investment policy in order to avoid any loss. We curtailed our lease disbursement to Rs.306 million as compared to Rs.609 million last year. We have avoided high risk areas, and have taken strong securities in the form of collateral and high security deposits to ensure the timely repayment of lease financing.



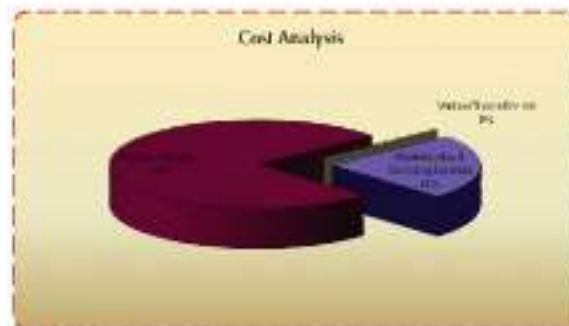
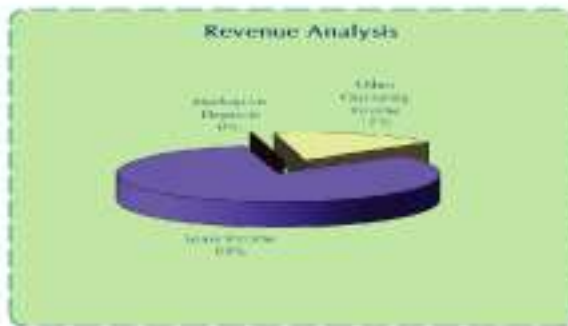
The total revenue is reduced by Rs.22.918 million and total expenditure is reduced by Rs.12.642 million resulting in net profit of Rs.54.579 million which is 10% less than previous year's net profit. Considering the facts regarding the uncertain business, economic and political environment in the country, the reduction in the net profit is justified. However, our objective is to increase our profitability and reduce the risk associated with our business.

Economic Scenario

All major economic indicators, Foreign Direct Investment (FDI), exports, Large Scale Manufacturing (LSM), saving and investment and tax collections witnessed negative growth in the outgoing fiscal year 2007-08. Poor performance of agriculture and industry impacted the GDP growth negatively, however, the services sector rescued it to some extent. According to the State Bank of Pakistan, the net foreign private investment during 2007-08 has declined by 46.3% over the corresponding period last year.



The balance of payment position during 2007-08 remained under pressure as reflected in the worsening of the trade deficit. The main cause for the rise in the trade deficit is higher imports mainly due to sharp increases in prices of oil and food commodities and low growth of traditional manufactured exports resulting in worsening current account position. Impact of the widening current account deficit on the overall balance was compounded by decline in certain flows in capital accounts especially Foreign Private Investment. Depletion in the foreign exchange reserves essentially reflects the sharp increase in current account deficit.



Future Outlook

The SECP has raised the minimum capital requirement for NBFCs. Now the leasing companies are required Rs.700 million equity by June 2010. This will result in acquisitions and mergers as the current financial market is already saturated. The hike in interest rates has also worsened the conditions.

The tough competition with banks and other financial institutions has pressurized the margin and it has become steeper, hence, the survival is in the volumes. Due to the poor economic and political conditions, the business activities are on a declining trend, which is resulting in lesser business and firm competition for financial institutions.

Future Strategy

The current economic and political conditions seem to continue until strong steps are taken to combat it. Under these circumstances, the Company will continue its strategy to be firm and stringent in financing. Simultaneously, we will continue to place emphasis on service quality with focus on quality clients. The strategy of business plan of the Company is focused on 'better profitability' through professional efficiency and best business practices.

We have been meeting the challenges of highly competitive market in the past and expects to maintain the profitability by developing and implementing strategies to meet the needs of changing market place.

Capital

We increased our authorized capital to Rs.1.00 billion during the year. We may issue share capital in order to meet the minimum equity requirement by SECP for the year ending June 2009.

Moreover, in order to enhance our equity and asset base and extend our high quality clientele, we are in the process of strategic affiliation with financial institutions. We anticipate that such affiliation will substantially improve our operational fields, technical support and credit rating. This will also result in reduced borrowing cost.

Deposits

Sigma is regarded as a safe, secure, and reliable entity providing reasonable profits on the investor's deposits (CODs) under very efficient and personalized service. The deposit portfolio was Rs.201.764 million.

Credit Rating

Based on our continued performance and consistent sound financial position and strong recoveries, JCR-VIS Credit Rating Company Limited has maintained the rating of the Company as A- (Single A minus) for medium to long term while short term rating has been maintained at A-2 with stable outlook. The rating indicates a low expectation of credit risk emanating from strong capacity for timely payment of financial commitments.

Related Party Transactions

The Company had adopted comparable uncontrolled price method for accounting treatment of transfer pricing.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2008 is annexed to this report.

Retirement Schemes / Provident Fund

The value of investments of provident fund based on its audited accounts for the year ending June 30, 2008 is Rs.2,124,836/-.

Information Technology

Computerized environment and efficient utilization of information technology has been the hallmark of your company's policy. To keep our system current and compatible to the future requirement, your Company has dedicated its resources for continuous up-gradation of computer hardware and software. Our present Lease Management System (the software) is operating on 'Oracle' to give a better mileage to cover the entire requirements of the system's operation and MIS. Software and hardware maintenance have been outsourced to reputable companies for quality services assurance.

Attendance of Board Meetings

Five board meetings were held during the year. Attendance by each director is appended below:

Names of Directors	No. of Meetings	
	Held	Attended
Mr. Asif Ali Rashid	5	5
Mr. Muhammad Nasim Khan	5	5
Mr. Aamir Ali Rashid	5	5
Mr. Iskander Sultan Khwaja	5	-
Mr. Ruhail Mohammad	5	3
Mr. Sirajuddin Cassim	5	-
Mr. S. Arshad A. Kazmi	5	1
Mr. Shujat Ali Baig	5	3
Mr. Ziad Bashir	5	3
Mr. Arshadullah Khan	5	5

Corporate Governance

The board of directors has reviewed the code of corporate governance and confirms that:

- Financial Statements present fairly its state of affairs, the results of its operations, cash flows, and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS), as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Company's ability to continue as a going concern.
- There has been no material departure from best practices of corporate governance applicable at June 30, 2008.
- There has been no trading during the year in the shares of the Company carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.

Auditors

The auditors Messer Ford Rhodes Sidat Hyder & Co. Chartered Accountants retired and being eligible offer themselves for reappointment for the year ending June 30, 2009.

Acknowledgement

The directors are pleased to put on record their appreciation of devoted efforts by the staff for successful operations of the Company and gratitude to the clients, regulators, credit rating agency, internal and external auditors, bankers, investors in Certificates of Deposits and shareholders for their faith and trust in the Company. The success of the Company is owed to them all.



Asif Ali Ra shid
Chairman
Karachi: August 30, 2008

Summary of Assets and Liabilities

As at June 30	2008	2007	2006	2005	2004	2003
Reporting Period (months)	12	12	12	12	12	12
SHARE CAPITAL						
Authorized Capital	1,000,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
EQUITY						
Paid up Capital	300,000,000	300,000,000	300,000,000	250,000,000	200,000,000	200,000,000
Reserve Fund	61,861,508	50,945,634	38,808,897	30,373,463	24,130,783	23,889,756
General Reserve	-	-	-	-	6,395,317	-
Un-appropriated Profit	12,330,430	19,540,576	18,867,269	12,595,450	7,199,329	632,827
Unrealized Gain / (Loss) on revaluation of Investments	(42,198,573)	(1,012,879)	(2,089,083)	(5,010,285)	(4,016,244)	2,036,717
	331,993,365	369,473,331	355,587,083	287,958,628	233,709,185	226,559,300
LIABILITIES						
Surplus on Revaluation	55,194,075	55,320,435	55,446,795	17,614,004	17,644,089	17,674,174
Deferred Tax	49,729,628	49,093,435	44,437,674	42,601,901	40,349,381	32,786,570
Long Term Loans - Secured	141,666,667	245,820,000	287,500,000	191,666,665	174,305,557	50,000,000
Finance Lease Liabilities	1,738,833	2,411,521	440,341	759,941	355,190	660,705
Certificate of Investments	79,536,500	53,766,500	56,435,000	11,775,000	11,530,000	86,893,750
Long Term Deposits	206,448,283	229,845,396	214,098,525	144,754,926	108,035,453	68,281,926
Current Liabilities	503,833,048	625,407,451	430,233,498	457,674,500	458,518,361	153,378,960
	1,370,140,399	1,631,138,069	1,444,178,916	1,154,805,565	1,045,447,216	636,235,385
ASSETS						
Tangible Fixed Assets	85,986,345	88,264,438	85,713,681	39,568,332	36,764,169	36,297,916
Investment in Finance Lease	541,328,584	743,641,958	759,133,526	559,134,023	458,683,472	288,030,144
Investments	163,257,128	103,132,981	39,115,241	53,317,413	70,655,835	29,632,720
Long Term Deposits	596300	596300	-	-	-	-
Deferred Cost	-	-	4,750,000	10,750,000	16,750,000	22,750,000
Current Assets	578,972,042	695,502,392	555,466,468	492,035,797	462,593,740	259,524,605
	1,370,140,399	1,631,138,069	1,444,178,916	1,154,805,565	1,045,447,216	636,235,385
INCOME						
Lease Income	128,552,609	139,126,980	94,757,002	64,538,311	62,323,016	60,840,090
Markup on Deposits / Placements	394,783	2,026,250	9,361,087	6,455,070	3,019,409	3,849,768
Others	27,811,016	38,523,637	25,275,846	20,491,062	18,188,146	6,217,750
	156,758,408	179,676,867	129,393,935	91,484,443	83,530,571	70,907,608
EXPENSES						
Administrative Expenses	23,853,532	19,641,471	15,632,838	14,950,745	12,608,834	11,901,927
Financial Charges	73,290,562	86,861,413	64,366,458	35,458,182	22,214,169	24,035,732
Provision for Lease Losses	-	-	-	-	373,553	-
Write off of rentals receivables	-	-	-	-	-	925,327
Other Charges	1,466,823	-	-	-	-	-
Amortization of deferred costs	-	4,750,000	6,000,000	6,000,000	6,000,000	5,750,000
	98,610,917	111,252,884	85,999,296	56,408,927	41,196,556	42,612,966
Profit before Taxation	58,147,491	68,423,983	43,394,639	35,075,516	42,334,015	28,294,622
PROVISION FOR TAXATION						
Current	2,890,369	3,084,539	2,406,632	1,941,002	1,598,443	1,517,040
Prior	41,561	-	296,026	(331,405)	-	8,838
Deferred	636,193	4,655,760	(1,485,187)	2,252,520	7,562,811	14,463,029
	3,568,368	7,740,299	1,217,471	3,862,117	9,161,254	15,988,907
Profit after Taxation	54,579,368	60,683,684	42,177,168	31,213,399	33,172,761	12,305,715
Un-appropriated Profit	19,540,576	18,867,269	12,595,450	7,199,329	632,827	528,974
Transfer from General Reserve	-	-	-	6,395,317	-	-
Transfer from Surplus on Revaluation	126,360	126,360	30,085	30,085	30,085	151,887
	74,246,304	79,677,313	54,802,703	44,838,130	33,835,673	12,986,576
APPROPRIATIONS						
Transfer to Statutory Reserve	10,915,874	12,136,737	8,435,434	6,242,680	6,636,344	5,353,749
Dividend	51,000,000	48,000,000	27,500,000	26,000,000	20,000,000	7,000,000
	61,915,874	60,136,737	35,935,434	32,242,680	26,636,344	12,353,749
Un-appropriated Profit	12,330,430	19,540,576	18,867,269	12,595,450	7,199,329	632,827

Pattern of Share Holding

(As at June 30, 2008)

Share Holding		Number of Share Holders	Total Shares Held	Percentage (%)
From	To			
101	- 500	7	3,500	0.0117
501	- 1,000	1	625	0.0021
1,001	- 5,000	4	16,000	0.0533
220,001	- 225,000	1	222,000	0.7400
300,001	- 305,000	1	300,171	1.0006
430,001	- 435,000	1	432,999	1.4433
670,001	- 675,000	1	672,600	2.2420
740,001	- 745,000	1	742,975	2.4766
1,560,001	- 1,565,000	1	1,564,800	5.2160
1,565,001	- 1,570,000	1	1,566,150	5.2205
2,015,001	- 2,020,000	1	2,019,750	6.7325
2,195,001	- 2,200,000	1	2,195,446	7.3182
2,340,001	- 2,345,000	1	2,342,300	7.8077
2,455,001	- 2,460,000	1	2,456,399	8.1880
3,980,001	- 3,985,000	1	3,983,250	13.2775
5,625,001	- 5,630,000	1	5,628,685	18.7623
5,850,001	- 5,855,000	1	5,852,350	19.5077
		26	30,000,000	100.00

Categories of Share Holders

Particulars	Share Holders	Share Holding	Percentage (%)
Individuals	26	30,000,000	100.00
		30,000,000	100.00

Pattern of Share Holding

(As at June 30, 2008)

Category No	Categories of Share holders	Number of Share held	Category wise No. of Shareholders	Category wise Share held	Percentage %
1.	Individuals		14	24,782,681	82.61
2.	Joint Stock Companies		-	-	
3.	Investment Companies		-	-	
4.	Directors, Chief Executive Officer and their Spouse and minor Children		11	4,917,148	16.39
	Mr. Asif Ali Rashid	2,456,399			
	Mrs. Afsara w/o Mr. Asif Ali Rashid	432,999			
	Mr. Aamir Ali Rashid	2,019,750			
	Mr. Ruhail Mohammed	4,500			
	Mr. Muhammad Nasim Khan	500			
	Mr. Iskander Sultan Khwaja	500			
	Mr. Sirajuddin Cassim	500			
	Mr. S. Arshad A. Kazmi	500			
	Mr. Ziad Bashir	500			
	Mr. Shujat Ali Baig	500			
	Mr. Arshadullah Khan	500			
5.	Executives		1	300,171	1.00
6.	NIT / ICP			-	-
7.	Associated Companies, Undertakings and Related Parties			-	-
8.	Public Sector Companies and Corporations			-	-
9.	Banks, DFIs, NBFIs, Insurance Companies, Modarbas, and Mutual Funds			-	-
10.	Foreign Investors			-	-
11.	Co-operative Societies			-	-
12.	Charitable Trusts			-	-
13.	Others			-	-
	Totals		26	30,000,000	100.00

Share-Holders Holding Ten Percent or more Voting Interest in the Listed Company

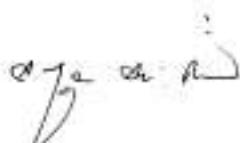
Name of Shareholders	No. of Shares held	Percentage (%)
Mr. Feroz Ali Rashid	5,862,350	19.51
Mr. Nisar Ali Rashid	5,628,685	18.76
Mrs. Rubina Ariff Ali	3,983,250	13.28
Totals	15,464,285	51.55

Notice of 12th Annual General Meeting

Notice is hereby given that the twelfth Annual General Meeting of the shareholders of Sigma Leasing Corporation Limited will be held on October 25, 2008 at 11 a.m. at its registered office situated at Sigma House, 8-C, Block 6, PECHS, off Shahrah-e-Faisal, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the minutes of Annual General Meeting held on October 27, 2007.
2. To receive, consider, and adopt the Audited Accounts together with the Directors and Auditors' Report for the year ended June 30, 2008.
3. To appoint Auditors and fix their remuneration. The present auditors M/s Ford Rhodes Sidat Hyder & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment.
4. Any other business with the permission of the chair.



Arfan Ali Rashid
Company Secretary

Karachi:

Notes:

1. The share transfer books of the Company will remain closed from October 18, 2008 to October 24, 2008 (both days inclusive).
2. A member entitled to attend, speak, and vote at the meeting is entitled to appoint another member as proxy to attend, speak, and vote for him / her
3. An instrument of proxy and the power of attorney or other authority (if any) under which it signed or a notarally certified copy of such power of authority, in order to be valid, must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.
4. CDC account holders will in addition have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for attending the meeting:
 - a. In case of individuals, the account holders or sub account holders shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their Participants' ID numbers and account numbers in CDS.
 - b. In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of nominee shall be produced (unless it has been provided earlier) at the time of meeting.
5. Members are requested to notify any change in their address immediately to our registrar, Noble Computer Services (Private) Limited, 2nd Floor, Sohni Centre, BS 5 & 6, Main Karimabad, Block 4, F.B. Area, Karachi

Review Report to the Members

on Statement of Compliance with Best Practices of Code of Corporate Governance



Ferd Rhodes Sidat Hyder & Co.
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 565 0007
Fax: +9221 566 1965
www.ey.com/pk

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2008 prepared by the Board of Directors of Sigma Leasing Corporation Limited (the Company) to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not. A review is limited primarily to inquiries of the Company's 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 Codes, as applicable to the Company for the year ended **30 June 2008**.

A handwritten signature in black ink, appearing to read 'Ferd Rhodes Sidat Hyder' followed by a stylized flourish.

CHARTERED ACCOUNTANTS

KARACHI: 30 August 2008

A member firm of Ernst & Young Global Limited

Auditors' Report to the Members



Ford Rhodes Sidat Hyder & Co.
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 565 0007
Fax: +9221 568 1965
www.ey.com/pk

We have audited the annexed balance sheet of Sigma Leasing Corporation Limited (the Company) as at 30 June 2008 and the related profit and loss account, cash flow statement and the 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 the 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 account 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 account 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, investment 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, 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 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Without qualifying our opinion, we draw attention to notes 2.1 and 34 to the financial statements. As more fully explained in such notes, the Company's equity falls short by Rs. 18.007 million against the minimum equity requirement of Rs. 350 million for leasing companies as of 30 June 2008 and in this regard the management has requested the Securities and Exchange Commission of Pakistan to grant extension in time for meeting the aforesaid requirement.

KARACHI: 30 August 2008

CHARTERED ACCOUNTANTS

A member firm of Ernst & Young Global Limited

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2008

This statement is being presented to comply with the Code of Corporate Governance contained in Regulations No. 37 of listing regulations of Karachi Stock Exchange 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 Code in the following manner:

1. The Company encourages the representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes at least eight independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred in the Board during the year and were filled in due course of time.
5. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Company.
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 date on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose 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.
9. The Directors are appropriately apprised and have adequate knowledge of their duties and responsibilities and therefore orientation course for the directors was not considered necessary.
10. The Board has approved appointment of Chief Financial Officer (CFO) and Company Secretary including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executive 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 Code.
15. The Board has formed an Audit Committee. It comprises three members, of whom all three are non-executive directors including the Chairman of the Committee.
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 Code. The terms of references of the Committee have been formed and advised to the Committee for compliance.
17. The Board has outsourced the internal audit function to Anjum Asim Shahid Rahman, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit functions on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the code have been complied with.

For and on behalf of the Board of Directors



Asif Ali Rashid
Chairman

Dated: August 30, 2008

Balance Sheet

As at June 30, 2008

	Note	2008	2007
Rupees			
ASSETS			
Current Assets			
Cash and Bank Balances	6	73,146,540	28,233,418
Current Portion of Net Investment in Finance Lease	11	483,615,060	567,812,411
Investments	7	163,257,128	103,132,981
Deposits, Prepayments & Other Receivables	8	22,210,442	94,922,909
Leased Assets Repossessed upon Termination of Leases	9	-	4,533,654
Total Current Assets		742,229,170	798,635,373
Non Current Assets			
Long Term Deposits	10	596,300	596,300
Net Investment in Finance Lease	11	541,328,584	743,641,958
Intangible Assets	12	473,259	561,815
Property, Plant and Equipment	13	85,513,086	87,702,623
Total Non Current Assets		627,911,229	832,502,696
TOTAL ASSETS		1,370,140,399	1,631,138,069
LIABILITIES			
Current Liabilities			
Running Finance under Markup Arrangement	14	76,723,400	73,671,161
Current Portion of Long Term Liabilities	15	411,147,416	485,165,754
Accrued Markup on Loans & Other Payables	16	7,138,461	10,347,123
Accrued Expenses and Other Liabilities	17	8,420,676	54,620,482
Provision for Taxation – net		403,095	1,602,931
Total Current Liabilities		503,833,048	625,407,451
Non Current Liabilities			
Lease Key Money Deposits	18	206,448,283	229,845,396
Certificate of Investments	19	79,536,500	53,766,500
Long Term Loans – Secured	20	141,666,667	245,820,000
Liabilities against Assets subject to Finance Lease	21	1,738,833	2,411,521
Deferred Tax Liability – net	22	49,729,628	49,093,435
Total Non Current Liabilities		479,119,911	580,936,852
Total Liabilities		982,952,959	1,206,344,303
Net Assets		387,187,440	424,793,766
REPRESENTED BY			
Share Capital	23	300,000,000	300,000,000
Reserves	24	31,993,365	69,473,331
		331,993,365	369,473,331
Surplus on Revaluation of Fixed Assets – net of deferred tax	25	55,194,075	55,320,435
		387,187,440	424,793,766
Commitments			
26			

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director

Profit and Loss Account

For the year ended June 30, 2008

	Note	2008	2007
Rupees			
INCOME			
Lease Income	27	128,552,609	139,126,980
Markup on Deposits / Placements		394,783	2,026,250
Other Operating Income	28	27,811,016	38,523,637
		156,758,408	179,676,867
EXPENSES			
Administrative and Operating Expenses	29	23,853,532	19,641,471
Financial Charges	30	73,290,562	86,861,413
Other Charges	31	1,446,823	-
Amortization of Deferred Cost		-	4,750,000
		98,610,917	111,252,884
PROFIT BEFORE TAXATION			
		58,147,491	68,423,983
Provision for Taxation			
- Current Year	32	2,890,369	3,084,539
- Prior Year		41,561	-
- Deferred		636,193	4,655,760
		3,568,123	7,740,299
NET PROFIT FOR THE YEAR			
		54,579,368	60,683,684
EARNING PER SHARE – Basic & Diluted			
	39	1.82	2.02

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director

Cash Flow Statement

For the year ended June 30, 2008

	Note	2008	2007
Rupees			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Taxation		58,147,491	68,423,983
Adjustments for			
Depreciation	13.1	2,828,019	2,791,369
Amortization	12.1	163,556	117,974
Financial Charges	30	73,290,562	86,861,413
Loss / (Gain) on Sale of Fixed Assets	13.5	(111,173)	(3,975)
Fair Value of Derivative		-	(8,233,706)
Net Gain from Transaction of Marketable Securities	28	(19,841,715)	(20,135,912)
Amortization of Discount on Right Issue		-	4,750,000
		114,476,740	134,571,146
Changes in Operating Assets / Liabilities			
Net Investment in Finance Lease		286,510,725	(71,522,840)
Lease Key Money Deposits		(4,000,798)	42,980,772
Deposits, Prepayments & Other Receivables		72,604,864	(34,646,733)
Leased Asset Repossessed upon Termination of Lease		4,533,654	1,776,856
Accrued Expenses & Other Liabilities		(16,199,806)	20,415,687
		343,448,639	(40,996,258)
Cash generated from Operations		457,925,379	93,574,888
Financial Charges Paid		(76,499,224)	(85,578,262)
Taxes Paid		(4,131,766)	(2,129,649)
		(80,630,990)	(87,707,911)
Net Cash generated from Operating Activities		377,294,389	5,866,977
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13.1	(887,309)	(8,637,875)
Purchase of Intangible Assets		(75,000)	(529,250)
Purchase of Investments		(848,142,866)	(825,801,500)
Advance against Vehicles		-	2,545,000
Sale Proceeds of Investments		766,674,740	791,229,583
Sale Proceeds on Disposal of Property Plant & Equipment	13.5	360,000	4,279,000
Deposits		107,603	(361,303)
Net Cash used in Investing Activities		(81,962,832)	(37,276,345)
CASH FLOWS FROM FINANCING ACTIVITIES			
Term Loans		(158,339,999)	(8,340,000)
Certificate of Investments		(13,179,559)	84,091,321
Dividend Paid		(81,000,000)	(18,000,000)
Repayment of Finance Lease Obligation		(951,116)	(616,740)
Net Cash Flows from Financing Activities		(253,470,674)	57,134,581
Increase in Cash & Cash Equivalent		41,860,883	25,725,213
Cash & Cash Equivalent at beginning of the year		(45,437,743)	(71,162,956)
Cash & Cash Equivalent at end of the year	40	(3,576,860)	(45,437,743)

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director

Statement of Changes in Equity

For the year ended June 30, 2008

	Share Capital	Reserve Fund	Unrealized Gain / (Loss)		Total
			on Revaluation of Investments	Un-appropriated Profit	
Rupees					
Balance as at June 30, 2006	300,000,000	38,808,897	(2,089,083)	18,867,269	355,587,083
Profit for the Year	-	-	-	60,683,684	60,683,684
Transferred during the Year	-	12,136,737	-	(12,136,737)	-
Transfer from Surplus on Revaluation of Fixed Assets – current year - net of tax	-	-	-	126,360	126,360
Transfer to Profit & Loss Account upon Disposal of Investments	-	-	2,089,083	-	2,089,083
Deficit on Revaluation of Investments held as at the year end	-	-	(1,012,879)	-	(1,012,879)
Dividend – Final 2006 @ 6%	-	-	-	(18,000,000)	(18,000,000)
Dividend – Interim 2007 @ 10%	-	-	-	(30,000,000)	(30,000,000)
Balance as at June 30, 2007	300,000,000	50,945,634	(1,012,879)	19,540,576	369,473,331
Profit for the Year	-	-	-	54,579,368	54,579,368
Transferred during the Year	-	10,915,874	-	(10,915,874)	-
Transfer from Surplus on Revaluation of Fixed Assets – current year - net of tax	-	-	-	126,360	126,360
Transfer to Profit & Loss Account upon Disposal of Investments	-	-	1,012,879	-	1,012,879
Deficit on Revaluation of Investments held as at the year end	-	-	(42,198,573)	-	(42,198,573)
Dividend – Final 2007 @ 6%	-	-	-	(18,000,000)	(18,000,000)
Dividend – Interim 2008 @ 6%	-	-	-	(18,000,000)	(18,000,000)
Dividend – Interim 2008 @ 5%	-	-	-	(15,000,000)	(15,000,000)
Balance as at June 30, 2008	300,000,000	61,861,508	(42,198,573)	12,330,430	331,993,365

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director

Notes to the Financial Statements

For the year ended June 30, 2008

1. Legal Status and Operations

The Company was incorporated in Pakistan on April 11, 1996 as a public limited company and received certificate of commencement of business on January 27, 1997. The Company is principally engaged in the business of leasing and is listed on the Karachi Stock Exchange since 1997. The address of its registered office is Sigma House, 8-C, Block 6, P.E.C.H.S., Off Shahrah-e-Faisal, Karachi.

2. Minimum Equity Requirement

- 2.1. As per the Securities and Exchange Commission of Pakistan (SECP) S.R.O. 1132(I)/2007 dated November 21, 2007, all leasing companies were required to raise their equity to Rs.350 million by June 30, 2008. Subsequent to the balance sheet date, on August 06, 2008 the Company requested SECP to grant extension in respect of above minimum equity requirement till December 31, 2008, against which the response from SECP is awaited. The management may consider to issue further share capital and is evaluating other options to comply with the aforesaid requirement of SECP.
- 2.2. During the year, the Company has increased its authorized share capital from Rs.500,000,000 (50,000,000 ordinary shares of Rs.10/- each, comprising 40,000,000 ordinary and 10,000,000 preference shares) to Rs.1,000,000,000 (100,000,000 ordinary shares of Rs.10/- each, comprising 90,000,000 ordinary and 10,000,000 preference shares) as approved by the shareholders in their general meeting held on October 27, 2007.

3. Statement of Compliance

These Financial Statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by International Accounting Board (IASB) as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and directives issued by Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, NBFC Rules, the NBFC Regulations, and directive issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, NBFC Rules, NBFC Regulations, and the requirements of the directives prevail.

4. Basis of Measurement

These financial statements have been prepared under the historical cost convention except that investments are carried at fair value and leasehold land and building on leasehold land are stated at revalued amounts as stated in note 5.1 and 5.4 respectively.

The financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

5. Summary of Significant Accounting Policies

5.1. Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase.

All investments are initially measured at fair value plus, in case of investments not at fair value through profit and loss, transaction costs that are directly attributable to acquisition.

Investments at Fair Value through Profit & Loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in short term.

Gains or losses on investments at fair value through profit and loss are recognized in profit and loss account.

Available for Sale

Investments intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes in interest rates or equity prices are classified as available-for-sale.

After initial recognition, investments which are classified as available-for sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in equity until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

The fair value of those investments representing listed equity and other securities i.e. debt instruments are determined on the basis of year-end bid prices obtained from stock exchange quotations and quotes from brokers.

The listed equity securities purchased and sold with a commitment to resale / repurchase are presented as a receivable or payable against resale / repurchase transactions, as the case may be. The income in respect of such transactions is accounted for as income on reverse repurchase transaction of listed securities.

Derivatives

These are measured at their fair value. Derivatives with positive market values (unrealized gains) are recognized as assets and derivatives with negative market values (unrealized losses) are recognized as liabilities in the balance sheet. The resultant gains and losses are included in the profit and loss account.

5.2. *Leased Assets Repossessed upon Termination of Lease*

The Company occasionally repossesses leased assets in settlement of non-performing lease finance provided to customers. These are stated at lower of the original cost of the related asset, exposure to the company and net realizable value of the asset repossessed. Gains or losses on disposal of such assets are taken to profit and loss account.

5.3. *Net Investment in Finance Lease*

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments, including any guaranteed residual value. Provision for non-performing leases is made in accordance with the requirements of NBFC Regulations and is charged to the profit and loss account.

5.4. *Property, Plant and Equipment*

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except leasehold land and building on leasehold land which is stated at revalued amount less accumulated depreciation. The revaluation of leasehold land and building on leasehold land is carried out every five years.

Depreciation is charged to profit and loss account applying the straight line method whereby the cost / revalued amount of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the preceding month of disposal.

Incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of building on leasehold land to retained earnings (un-appropriated profit).

Normal repairs and maintenance are charged to the profit and loss account as and when incurred. Major renewals and maintenance are capitalized as and when incurred.

Gains and losses on disposal of assets, if any, are taken to profit and loss account and the related surplus on revaluation of leasehold land and building on leasehold land is transferred directly to retained earnings (un-appropriated profit).

Leased

Asset subject to finance lease are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired. The related obligations under the lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged in a manner similar to owned assets.

5.5. Intangible Assets

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

5.6. Surplus on Revaluation of Fixed Assets

The surplus arising on revaluation of fixed assets is credited to the 'Surplus on Revaluation of Fixed Assets Account' in accordance with the requirements of Section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company adopted the following accounting treatment of depreciation on revalued assets, keeping in view the SECP's SRO 45(1)/2003 dated January 13, 2003:

- Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account.
- An amount equal to incremental depreciation for the year net of deferred taxation is transferred from 'Surplus on Revaluation of Fixed Assets Account' to accumulated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

5.7. Impairment

The carrying values of fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

5.8. Revenue recognition

Finance Lease income

The financing method is used in accounting for income on direct financing leases. Under this method the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over

the net investment (cost of leased assets) is amortized to income over the term of the lease, so as to produce constant periodic rate of return on net investment outstanding in the leases.

Lease income is suspended, where necessary, in accordance with the requirements of NBFC Regulations issued by Securities and Exchange Commission of Pakistan.

Front end fee, commitment charges; gain on termination of lease contracts, late payment surcharge and other lease income are recognized as income when they are realized.

Operating Lease Income

Rental income from operating lease is recognized on a straight line basis over the term of relevant lease.

Investment Income

Return on investment is recognized at the rates implicit in the respective investment schemes on time proportion basis.

Dividend Income

Dividend income is recorded at the time of closure of share transfer books of the company declaring the dividend.

Gain / Loss on Sale of Investments

Gain / loss on sale of investment is taken to profit and loss account in the period in which it arises.

Interest Income

Income on bank deposits is recognized on an accrual basis.

5.9. Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account available tax credits and rebates. Income for the purposes of computing current taxation is determined under the provisions of the tax laws whereby lease rentals received or receivable are deemed to be income.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and for unused tax losses and credits, if any. Deferred tax is calculated based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.10. Financial Instruments

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

5.11. Trade Date Accounting

All regular way purchases / sales of investments are recognized on the trade date, i.e., the date on which the Company commits to purchase / sell the investment. Regular way purchases / sales of investment require delivery of securities as per Stock Exchange Regulations.

5.12. Staff Retirement Benefit

The Company operates an approved provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the company and its employees, to the fund at the rate of 8.33 percent of basic salary.

5.13. Offsetting of Financial Assets and Financial Liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has the enforceable legal right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

5.14. Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.15. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balance and bank deposits. For the purpose of the Cash Flow Statement, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand.

5.16. Transactions with Related Parties

All transactions with related parties are carried out by the Company using the method prescribed under the Companies Ordinance, 1984.

5.17. Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 result of which forms the basis of making judgments about 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

	Note
Classification of Investments	5.1 & 7
Residual values and useful lives of property, plant & equipment	5.4, 13.1 & 29
Useful lives of intangible assets	5.5, 12.1 & 29
Recognition of Taxation and Deferred Taxation	5.9, 22 & 32

5.18. Accounting Standards not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IFRS 3 - Business Combinations	January 01, 2009
IFRS 7 - Financial Instruments: Disclosure	July 01, 2008
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 12 - Service Concession Arrangements	January 01, 2009
IFRIC 13 - Customer Loyalty Programs	July 01, 2008
IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2008

The adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosure in the financial statements.

Note	2008	2007
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Rupees

6. Cash and Bank Balances

Cash with banks			
- on current accounts	6.1	42,365,610	12,906,046
- on profit earning current accounts		30,780,930	15,327,372
		73,146,540	28,233,418

6.1. This includes deposit of Rs.57,971/- (2007: Rs.60,666/-) with the State Bank of Pakistan.

7. Investments

Available for Sale	7.1	163,257,128	94,899,275
At fair value through profit & loss		-	8,233,706
		163,257,128	103,132,981

7.1. Available for Sale

2008		2007		2008		2007	
Number of Shares/Units/Certificates	Name of Company / Mutual Fund	Cost	Market Value	Cost	Market Value	Cost	Market Value
Repees							
Listed Shares							
These are fully paid ordinary shares of Rs.10/- each unless stated otherwise.							
45,000	-	14,076,062	12,636,450	-	-	-	-
30,000	-	1,132,426	1,079,100	-	-	-	-
240,500	-	1,993,856	1,868,685	-	-	-	-
50,000	-	8,759,251	7,375,900	-	-	-	-
3,350,000	-	53,360,616	38,089,500	-	-	-	-
-	200,000	-	-	24,985,267	23,960,000	-	-
3,653,125	-	44,997,795	24,841,250	-	-	-	-
67,700	60,000	27,112,840	24,699,668	19,393,989	19,020,000	-	-
25,000	-	6,632,950	6,149,750	-	-	-	-
67,500	-	598,588	411,750	-	-	-	-
313,899	-	5,267,003	4,557,813	-	-	-	-
		163,931,387	121,708,966	44,379,256	42,980,000	-	-
Listed Mutual Funds							
-	135,498.5398	-	-	15,000,000	15,194,806	-	-
198,728.1399	-	20,000,000	20,023,848	-	-	-	-
-	136,836.3437	-	-	15,000,000	15,191,571	-	-
		20,000,000	20,023,848	30,000,000	30,386,377	-	-
Listed Term Finance Certificates (TFCs)							
4,292	4,292	21,425,664	21,425,664	21,434,248	21,434,248	-	-
		205,357,051	163,158,478	95,813,504	94,800,625	-	-
		(42,198,573)	-	(1,012,879)	-	-	-
		163,158,478	163,158,478	94,800,625	94,800,625	-	-
Government Securities							
		98,650	98,650	98,650	98,650	-	-
		163,257,128	163,257,128	94,899,275	94,899,275	-	-

7.1.1. The Standard Chartered Bank (Pakistan) Limited Term finance Certificates (2nd issue) are for a period of 7 years with remaining maturity of 2.5 years. These certificates are subordinated and carry mark-up at base rate (cut off yield of the latest successful auction of 5 years Pakistan Investment Bonds conducted by State Bank of Pakistan) plus 0.75 percent with a floor of 5 percent and a cap of 10.75 percent per annum.

7.1.2. Pakistan Investment Bonds (PIBs) have a face value of Rs.100,000/- (2007: Rs.100,000/-) issued at discount and carry profit rate of 9.30% (2007: 9.30%) per annum receivable semi-annually and have a term of 5 years maturing on May 19, 2011.

2008

2007

Rupees

8. Deposits, Prepayments and Other Receivables

Current Portion of Long Term Deposits	-	107,603
Prepayments		
Insurance	380,907	374,509
Others	114,008	154,555
	494,915	529,064
Accrued Income on PIBs, TFCs and Deposits	1,006,181	986,261
Other Receivables		
Dividend Receivable	262,500	1,734,000
Receivable from Broker against Sale of Securities	20,339,325	90,804,269
Others	107,521	761,712
	20,709,346	93,299,981
	22,210,442	94,922,909

9. Leased Assets Repossessed upon Termination of Leases – Held for Sale

Machinery	-	4,129,654
Vehicles	-	404,000
	-	4,533,654

9.1. Leased assets repossessed upon termination of lease contracts were disposed off during the year (Note 31).

10. Long Term Deposits

Lease Deposits	361,300	468,903
Other Security Deposits	235,000	235,000
	596,300	703,903
Maturing within one Year	-	(107,603)
	596,300	596,300

11. Net Investment in Finance Lease

	2008			2007		
	Not later than one year	Later than one year & less than five years	Total	Not later than one year	Later than one year & less than five years	Total
	Rupees			Rupees		
Installments contract receivables	479,959,652	382,356,046	862,315,698	610,441,243	594,051,555	1,204,492,798
Residual value of leased assets	84,229,647	207,787,199	292,016,846	64,878,357	231,248,786	296,127,143
Lease contract receivable	564,189,299	590,143,245	1,154,332,544	675,319,600	825,300,341	1,500,619,941
Unearned lease income	(80,574,239)	(48,814,661)	(129,388,900)	(107,507,189)	(81,658,388)	(189,165,572)
Net investment in finance lease	483,615,060	541,328,584	1,024,943,644	567,812,411	743,641,958	1,311,454,369

The company has entered into various lease agreements for periods ranging from 3 to 5 years, carrying markup rate ranging from 8 to 21 percent (2007: 8 to 18.22 percent) per annum.

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

The direct expenses incurred in relation to a lease such as documentation charges, stamp duty etc. are reimbursed to the company by the respective lessees and net balance representing excess / short reimbursement, if any, is taken to the profit and loss account. However, there are no material initial direct costs associated with lease receivables.

During the year none of the leases were rescheduled / restructured.

Based on the Prudential Regulations for Non-Banking Finance Companies, the aggregate net exposures in finance leases against which income suspension of Rs. 2,014, 941/- (2007: Nil) has been made in these financial statements is Rs. 15,362,110/- (2007: Rs. 16,663,124/-).

Net investment in finance lease includes Rs.2,244,309/- (2007: Rs.2,789,408/-) due from Alrashid Microcomputers (Pvt) Ltd. – a related party and Rs.7,045,352/- (2007: Rs. Nil) due from Almutaza Garment Machinery Company – a related party. The maximum amount due from related parties at the end of any month during the year was Rs.2,746,826/- and Rs.7,045,352/- (2007: Rs.3,226,602/- and Rs. Nil) respectively.

	Note	2008	2007
Rupees			
12. Intangible Assets			
Cost		1,105,955	1,030,955
Accumulated Amortization	12.1	(632,696)	(469,140)
		473,259	561,815

12.1. Accumulated Amortization

Opening Balance		469,140	351,166
Amortization during the year	29	163,556	117,974
Closing Balance		632,696	469,140

Intangible assets comprise computer software cost & are amortized over the useful life of five years.

13. Property, Plant, and Equipment

Operating fixed assets - tangible	13.1	85,513,086	87,702,623
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13.1. Operating Fixed Assets - Tangible

Note	COST / REVALUATION				Rate %	ACCUMULATED DEPRECIATION				Written down value as at June 30, 2008
	As at July 01, 2007	Additions / * Transfers	Disposals	As at June 30, 2008		As at July 01, 2007	For the year / *Transfers	Disposal	As at June 30, 2008	
Rupees					Rupees					
Property & Equipment										
Owned										
Leasehold Land	13.2	51,900,000	-	-	51,900,000	-	-	-	-	51,900,000
Building on Leasehold Land	13.2	21,905,000	677,409	-	22,582,409	3	476,197	479,880	-	956,077
			49,300				930,901			
Vehicles		9,399,384	*1,076,000	(491,000)	10,033,884	10	2,974,391	*530,709	(242,173)	4,193,828
Computers & Office Equipment		3,915,386	160,600	-	4,075,986	10-33.33	2,852,606	410,173	-	3,262,779
Furniture & Fixtures		2,644,967	-	-	2,644,967	10	2,404,978	49,662	-	2,454,640
		89,784,938	887,309	(491,000)	91,332,345		8,708,172	1,870,616	(242,173)	10,867,324
			*1,076,000				*530,709			
Lessed										
Vehicles		4,189,000	*(1,076,000)	-	3,113,000	10	621,743	362,673	-	448,607
							*(930,709)			
		93,963,938	887,309	(491,000)	94,350,345		9,329,915	2,233,189	(242,173)	11,310,931
Assets on Operating Lease										
Vehicles		2,799,000	-	-	2,799,000	10	559,800	279,900	-	839,700
Equipment		1,083,100	-	-	1,083,100	30	243,698	324,930	-	668,628
		3,882,100	-	-	3,882,100		803,498	604,830	-	1,498,328
Total - 2008		97,836,036	887,309	(491,000)	98,322,345		10,133,413	2,828,019	(242,173)	12,719,259
										85,513,086

Note	COST / REVALUATION				Rate %	ACCUMULATED DEPRECIATION				Written down value as at June 30, 2007
	As at July 01, 2006	Additions / * Transfers	Disposals / *Transfers	As at June 30, 2007		As at July 01, 2006	For the year / *Transfers	Disposal / * Transfer	As at June 30, 2007	
	Rupees					Rupees				
Property & Equipment										
Owned										
Leasehold Land	13.2	51,900,000	-	-	51,900,000	-	-	-	-	51,900,000
Building on Leasehold Land	13.2	20,945,000	960,000	-	21,905,000	2	-	476,197	-	21,428,803
Vehicles		8,364,584	5,808,000	(4,773,000)	9,399,584	10	2,662,227	831,206	(519,042)	2,974,391
Computers & Office Equipment		3,189,110	765,775	(99,500)	3,915,385	10-33.33	2,473,466	397,573	(18,433)	2,862,606
Furniture & Fixtures		2,623,967	21,000	-	2,644,967	10	2,114,221	290,757	-	2,404,978
		87,022,661	7,554,775	(4,812,500)	89,764,936		7,249,914	1,995,733	(537,475)	8,708,172
Leased										
Vehicles		1,078,000	3,113,000	-	4,191,000	10	349,705	272,038	-	621,743
		88,098,661	10,667,775	(4,812,500)	93,953,936		7,599,619	2,267,771	(537,475)	9,329,915
Assets on Operating Lease										
Vehicles		2,799,000	-	-	2,799,000	10	279,900	279,900	-	559,800
Equipment		-	1,083,100	-	1,083,100	30	-	243,698	-	243,698
		2,799,000	1,083,100	-	3,882,100		279,900	523,598	-	803,498
Total - 2007		90,897,661	11,750,875	(4,812,500)	97,836,036		7,879,519	2,791,369	(537,475)	10,133,413

13.2. The above balances represent the value of leasehold land & building on leasehold land subsequent to revaluation, which resulted in surplus of Rs.16.20 million & Rs.2.436 million respectively as on June 30, 2001 & Rs.33.90 million & Rs.7.284 million as on June 30, 2006 respectively over the book values as of said dates. The values of leasehold land & building on leasehold land so revalued are being depreciated over the remaining useful lives of the assets determined at the date of revaluations. The revaluations were carried out by Surval Engineering Surveyors & Technical Consultants on June 30, 2001 & M/s. Credit and Commerce Consultants (Pvt.) Ltd., on June 30, 2006.

13.3. Had there been no revaluation, the net book value of the revalued leasehold land & building would amount to:

	2008	2007
	Rupees	
Leasehold Land	1,800,000	1,800,000
Building on Leasehold Land	12,628,464	12,229,099
	14,428,464	14,029,099

13.4. The cost of fully depreciated assets included in the fixed assets is as follows:

Computers & Office Equipment	2,800,779	2,428,129
Furniture & Fixtures	2,227,962	2,147,093
	5,028,741	4,575,222

13.5. Disposals of Tangible Fixed Assets

Description	Mode of Disposal	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain on Sale	Particulars of Buyer
Rupees							
Vehicle	Negotiation	491,000	242,173	248,827	360,000	111,173	Almurtaza Garment Machinery Co. - a related party
Total - 2008		491,000	242,173	248,827	360,000	111,173	
Total - 2007		4,812,500	537,475	4,275,025	4,279,000	3,975	

14. Running Finance under Mark-up arrangements - Secured

	Note	2008	2007
Rupees			
Facility I	14.1	22,622,614	27,765,444
Facility II	14.2	24,323,515	17,568,062
Facility III	14.3	29,777,271	28,337,655
		76,723,400	73,671,161

14.1. This represents running finance facility under mark-up arrangements availed from a commercial bank and carries mark-up at the average 6 months KIBOR (ask) plus 1 percent (2007: 1 percent) per annum to be determined at the end of every quarter. The facility is secured by specific charge over leased assets and rental receivables of Rs.40 million (2007: Rs.40 million). The facility expired on June 30 2008 and is renewable annually. Facility limit available to the company is Rs.30 million (2007: Rs.30 million).

14.2. This represents running finance facility under mark-up arrangements availed from a commercial bank and carries mark-up at the average 6 months KIBOR (ask) plus 2 percent (2007: 2 percent) per annum to be determined at the end of every quarter. The facility is secured by specific charge over leased assets and rental receivables of Rs.33.334 million (2007: Rs.33.334 million). The facility expired on June 30, 2008 and is renewable annually. Facility limit available to the company is Rs.25 million (2007: Rs.25 million).

14.3. This represents running finance facility under mark-up arrangements availed from a commercial bank and carries mark-up at the average rate of 3 month KIBOR (ask) plus 2.25 percent (2007: 2.25 percent) per annum. The facility is secured by specific charge over leased assets and rental receivables of Rs.40 million (2007: Rs.40 million). The facility expires on March 31, 2009 and is renewable annually. Facility limit available to the company is Rs.30 million (2007: Rs.30 million).

15. Current Portion of Long Term Liabilities

Lease Key Money Deposits	18	84,199,672	64,803,357
Certificates of Investment	19	122,227,507	161,177,066
Long Term Loans - Secured	20	204,153,334	258,340,000
Liabilities against Assets subject to Finance Lease	21	566,903	845,331
		411,147,416	485,165,754

16. Accrued Markup on Loans and Other Payables

Accrued Markup on			
- Long Term Loans		3,177,120	6,157,391
- Running Finance Facilities		1,025,167	183,263
- Certificates of Investment		2,936,174	4,001,922
- Liabilities against Asset subject to Finance Lease		-	4,547
		7,138,461	10,347,123

17. Accrued Expenses and Other Liabilities

Accrued Expenses		687,521	601,758
Security Deposit against Premises Rented out		-	390,000
Advances from Customers		4,650,056	4,108,425
Dividend – Interim 2007		-	30,000,000
Payable to Broker		-	19,393,990
Others	17.1	3,083,099	126,309
		<u>8,420,676</u>	<u>54,620,482</u>

17.1. Included herein an amount of Rs.3,000,000/- (2007: NIL) payable in respect of encashment of Certificate of Investment (COI)

18. Lease Key Money Deposits

Lease Key Money Deposits			
- Finance Leases	18.1	290,031,720	294,032,518
- Operating Leases		616,235	616,235
	18.2	290,647,955	294,648,753
Maturing within one Year	15	(84,199,672)	(64,803,357)
		<u>206,448,283</u>	<u>229,845,396</u>

18.1. It includes Rs.167,450/- (2007: Rs.167,450/-) due to Alrashid Microcomputers (Private) Limited – a related party and Rs.5,410,000/- (2007: NIL) due to Almutaza Garment Machinery Company – a related party.

18.2. These represent sums received from lessees under lease contracts and are repayable / adjustable at the expiry of lease period.

19. Certificates of Investment

Certificates of Investment	19.1	201,764,007	214,943,566
Maturing within One Year	15	(122,227,507)	(161,177,066)
		<u>79,536,500</u>	<u>53,766,500</u>

19.1. These represent deposits on profit and loss sharing basis under the scheme of Certificates of Investment introduced with the permission of Securities and Exchange Commission of Pakistan. The certificates are for terms, ranging from three months to five years and carry markup ranging from 11 percent to 20 percent (2007: 10 percent to 12.25 percent) per annum.

20. Long Term Loans - Secured

Loan A		-	12,500,000
Loan B		-	6,250,000
Loan C		-	8,333,334
Loan D		-	43,750,000
Loan E	20.1	37,500,000	62,500,000
Loan F	20.2	16,666,667	50,000,000
Loan G	20.3	25,000,000	37,500,000
Loan H	20.4	33,320,000	66,660,000
Loan I	20.5	75,000,000	125,000,000
Loan J	20.6	58,333,334	91,666,666
Loan K	20.7	100,000,000	-
		345,820,001	504,160,000
Maturing within One Year	15	(204,153,334)	(258,340,000)
		<u>141,666,667</u>	<u>245,820,000</u>

- 20.1. This represents loan facility availed from a commercial bank and carries markup of 6 months KIBOR (ask) plus 1.75 percent per annum. The loan is repayable in 8 equal semi-annual installments of Rs.12.5 million, starting from December 23, 2005 with the final installment payable on December 22, 2009. The facility is secured by specific charge over leased assets and rental receivables of Rs.134 million. The markup is to be serviced semi-annually in arrears.
- 20.2. This represents loan facility availed from a commercial bank and carries markup of 6 months KIBOR (ask) plus 2 percent per annum with the floor of 7.5 percent per annum to be charged quarterly. The loan is repayable in 12 equal quarterly installments of Rs.8.33 million, starting from November 21, 2005 with the final installment payable on November 20, 2008. The facility is secured by specific charge over leased assets and rental receivables of Rs.134 million. The markup is to be serviced quarterly in arrears.
- 20.3. This represents loan facility availed from a commercial bank and carries markup of 6 months KIBOR (ask) plus 1.75 percent per annum. The loan is repayable in 8 equal semi-annual installments of Rs.6.25 million, starting from June 02, 2006 with the final installment payable on June 01, 2010. The facility is secured by specific charge over leased assets and rental receivables of Rs.60 million. The markup is to be serviced quarterly in arrears.
- 20.4. This represents loan facility availed from a commercial bank and carries markup of 6 months KIBOR (ask) plus 2 percent per annum. The loan is repayable in 6 equal semi-annual installments of Rs.16.67 million, starting from June 24, 2006 with the final installment payable on June 23, 2009. The facility is secured by specific charge over leased assets and rental receivables of Rs.134 million. The markup is to be serviced semi-annually in arrears.
- 20.5. This represents loan facility availed from a commercial bank and carries markup of 6 months KIBOR (ask) plus 2 percent per annum. The loan is repayable in 6 equal semi-annual installments of Rs.25 million, starting from September 30, 2006 with the final installment payable on September 29, 2009. The facility is secured by specific charge over leased assets and rental receivables of Rs.200 million. The markup is to be serviced quarterly in arrears.
- 20.6. This represents loan facility availed from a commercial bank and carries markup of 3 months KIBOR (ask) plus 2.25 percent per annum. The loan is repayable in 12 equal quarterly installments of Rs.8.33 million, starting from March 26, 2007 with the final installment payable on March 25, 2010. The facility is secured by specific charge over leased assets and rental receivables of Rs.134 million. The markup is to be serviced quarterly in arrears.
- 20.7. This represents loan facility availed from a commercial bank and carries markup of 3 months KIBOR (ask) plus 1.50 percent per annum. The loan is repayable in 12 equal quarterly installments of Rs.8.33 million, starting from September 28, 2008 with the final installment payable on September 27, 2011. The facility is secured by specific charge over leased assets and rental receivables of Rs.133.33 million. The markup is to be serviced quarterly in arrears.

21. Liabilities against Assets subject to Finance Lease

	2008			2007		
	Minimum Lease Payments	Financial Charges for Future Periods	Principal Outstanding	Minimum Lease Payments	Financial Charges for Future Periods	Principal Outstanding
	Rupees			Rupees		
Not later than one year	846,228	(279,325)	566,903	1,166,608	(321,277)	845,331
Later than one year and not later than five years	1,993,923	(255,090)	1,738,833	2,838,551	(427,030)	2,411,521
	2,840,151	(534,415)	2,305,736	4,005,159	(748,307)	3,256,852

- 21.1. This represents obligation in respect of vehicles acquired under finance lease arrangements from a leasing company. Rentals are payable in equal monthly installments. Repairs and insurance costs are to be borne by lessee. Financing rate is 6 months KIBOR (ask) plus 3.25% (2007: 6 months KIBOR (ask) plus 3.25% to 6 months KIBOR (ask) plus 3.50%) per annum used as discounting factor. Purchase option can be exercised by the company by adjusting security deposit at the expiry of lease period.

Note	2008	2007
	Rupees	
22. Deferred Tax Liability - net		
This is composed of the followings:		
Credits arising due to		
- Difference between investment in lease & tax book value of assets given on lease	81,930,441	131,733,350
- Difference between accounting book value of fixed assets & tax base	1,427,395	1,044,044
- Difference between accounting book value of assets taken on lease & related lease liability	127,280	108,642
	83,485,116	132,886,036
Debits arising due to		
- Carry forward losses	(23,670,321)	(76,578,817)
- Tax credit	(10,085,167)	(7,213,784)
22.1	(33,755,488)	(83,792,601)
	49,729,628	49,093,435

- 22.1. Represents minimum tax charge for the year 2005, 2006, 2007, and 2008 under Clause (c) of Subsection (1) of Section 113 of the Income Tax Ordinance, 2001. The management of the Company, based on the opinion of its legal and tax advisors and financial projections for the future years, is confident that the minimum tax paid after July 01, 2004, being the date when minimum tax charge was allowed to be carried forward, will continue to be available for set off against its tax liability, under normal provision of law, for five tax years immediately succeeding the tax year for which the minimum tax was paid and will not be affected by the amendment made in Section 113 of the Ordinance.

23. Share Capital

23.1. Authorized

2008	2007		2008	2007
Number of Shares			Rupees	
90,000,000	40,000,000	Ordinary shares of Rs.10/- each	900,000,000	400,000,000
10,000,000	10,000,000	Preference shares of Rs.10/- each	100,000,000	100,000,000
100,000,000	50,000,000		1,000,000,000	500,000,000

23.2. Issued, subscribed and paid-up capital

30,000,000	30,000,000	Fully paid ordinary shares of Rs. 10/- each for consideration in cash.	300,000,000	300,000,000
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- 23.3. 5,217,819 (2007: 6,069,119) ordinary shares of Rs.10/- each are held by the related parties as at June 30, 2008.

	Note	2008	2007
Rupees			
24. Reserves			
Capital Reserve	24.1	61,861,508	50,945,634
Revenue Reserve			
Un-appropriated Profit		12,330,430	19,540,576
Unrealized Loss on Revaluation of Investments	7.1	(42,198,573)	(1,012,879)
		(29,868,143)	18,527,697
		31,993,365	69,473,331
24.1. In accordance with the NBFC Regulations, the Company is required to transfer 20 percent of its aft tax profits to reserve fund until the reserve fund equals its paid-up-capital. Thereafter 5 percent of aft tax profit is required to be transferred to reserve fund.			
25. Surplus on Revaluation of Fixed Assets			
Movement in the surplus on revaluation of fixed assets account is as follow:			
Balance as on July 01		55,320,435	55,446,795
Transfer to Un-appropriated Profit in respect of incremental depreciation charged during the year – net of Deferred Tax		(126,360)	(126,360)
		55,194,075	55,320,435
26. Commitments – Rental Receivables			
As at balance sheet date, the Company has a commitment in respect of operating leased assets. Futu minimum receivable under non-cancellable operating leases as at June 30, 2008 are as follows:			
Within One Year		1,199,676	1,199,676
After one Year but less than Five Years		184,117	1,383,793
More than Five Years		-	-
		1,383,793	2,583,469
27. Lease Income			
Income from			
Finance Lease		123,397,386	134,262,361
Operating Lease		1,199,676	1,039,540
Return on Advance against Lease		3,255,464	3,329,934
Cancellation Charges of Lease Contracts		700,083	495,145
		128,552,609	139,126,980
28. Other Operating Income			
Net Gain on Sale of Securities		19,841,715	20,135,912
Income on Reverse Repurchase Transactions of Listed Securities		-	105,622
Fair Value of Derivative		-	8,233,706
Markup on			
Term Finance Certificates		2,275,506	2,293,808
Pakistan Investment Bonds		9,245	9,315
Insurance Arrangement		993,640	1,277,414
Dividend Income		2,277,500	4,140,250
Gain on Sale of Property Plant & Equipment	13.5	111,173	3,975
Gain on Sale of Repossessed Assets		-	475,748
Rental Income – Premises		271,250	939,700
Lease Monitoring Fee		500,000	-
Others		1,530,987	908,187
		27,811,016	38,523,637

29. Administrative and Operating Expenses

Salaries and Other Benefits		11,670,650	9,492,093
Contribution to Provident Fund		524,489	407,372
Directors' Fees		54,000	60,000
Rent, Rates and Taxes		221,270	206,195
Security Services		144,000	144,000
Utilities		429,370	445,690
Postage and Periodicals		56,633	71,106
Printing and Stationary		398,712	416,036
Vehicle Running and Maintenance		1,409,981	1,296,177
Insurance		875,577	869,065
Traveling and Conveyance		5,691	89,684
Auditors' Remuneration	29.1	431,500	343,000
Legal and Professional Charges		3,259,266	1,600,692
Depreciation	13.1	2,828,019	2,791,369
Amortization	12.1	163,556	117,974
Entertainment		151,778	39,412
Advertisement Expenses		80,246	131,665
Telephone and Fax Expenses		296,659	274,447
Repairs and Maintenance		304,162	371,743
Fees, Brokerage and Commission		-	198,696
Others		547,973	275,055
		23,853,532	19,641,471

29.1. Auditors' remuneration

Audit Fee Statutory		240,000	190,000
Half Yearly Review		90,000	75,000
Review of Compliance with Code of Corporate Governance		40,000	30,000
Out of Pocket Expenses		46,500	33,000
Other Certifications		15,000	15,000
		431,500	343,000

30. Financial Charges

Financial Charges on Lease Financing		320,260	252,753
Markup on			
- Certificate of Investments		20,898,598	17,298,516
- Loans and Borrowings			
■ Long Term		47,011,213	67,007,974
■ Short Term		2,555,479	-
■ Running Finance – under markup arrangements		2,477,412	1,744,201
		72,942,702	86,050,691
Arrangement Charges		2,500	525,000
Bank Charges		25,100	32,969
		73,290,562	86,861,413

2008

2007

Rupees

31. Other Charges

Loss on Sale of Repossessed Assets

1,466,823

-

32. Taxation

In view of brought forward tax losses, provision for current income tax is based on minimum taxation under Section 113 of the Income Tax Ordinance, 2001. Accordingly, tax expense reconciliation with the accounting profit is not reported.

33. Remuneration of Chief Executive, Directors and Executives

	Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
	(Rupees)					
Managerial remuneration	1,493,400	1,293,600	1,107,000	800,400	2,103,471	1,959,208
Housing & utilities	746,940	646,740	553,500	399,600	1,052,335	979,340
Bonus	161,700	161,700	83,350	100,050	190,050	77,680
Provident fund	124,450	107,796	92,250	66,696	172,467	159,472
Club subscription	12,000	12,000	12,000	12,000	9,300	11,000
	2,538,490	2,221,836	1,848,100	1,378,746	3,527,623	3,186,700
Number of persons	1	1	2	1	3	3

33.1. The Chief Executive, Directors and Executives are entitled to free use of company maintained vehicles. Executive means employee whose basic salary exceeds five hundred thousand rupees in a financial year.

33.2. Included in directors and executives, the remuneration of director and executives who worked part of the year.

34. Capital Management

The Company's objective for managing capital is to safeguard its ability to continue as a going concern in order to continue providing returns to its shareholders. Professional management is the hallmark of the Company. Further, the Company ensures to comply with all the regulatory requirements regarding capital and its management.

Capital requirements applicable to the Company are set and regulated by the SECP. These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis. During the current year, the SECP introduced the following increase in minimum equity for the leasing companies:

Year Ending on	Total Equity
June 30, 2008	Rs.350,000,000
June 30, 2009	Rs.500,000,000
June 30, 2010	Rs.700,000,000

The Company's capital comprises of:

Issued, subscribed & paid up share capital	23.2	300,000,000	300,000,000
Capital Reserve	24	61,861,508	50,945,634
Revenue Reserve			
Un-appropriated Profit		12,330,430	19,540,576
Unrealized Loss on Revaluation of Investments		(42,198,573)	(1,012,879)
		(29,868,143)	18,527,697
		331,993,365	369,473,331

As at June 30, 2008, the Company has an equity of Rs.331,993,365/- against the minimum required equity of Rs.350,000,000/- set by the SECP for leasing companies, which is less than the regulatory requirement by Rs.18,006,635/-

In order to comply with the capital requirement, the management intends to issue further share capital. Meanwhile, subsequent to the balance sheet date the Company has requested SECP to grant extension in respect of above minimum equity requirement, against which response from SECP is awaited.

The Company manages the capital structure and made adjustments to it in the light of changes in economic conditions, risk of the recovery of the lease rentals, and the regulatory requirements. In order to maintain the capital structure, the Company may adjust the amount of dividend and / or issue new shares.

No changes were made in the objectives, policies or procedures during the years ended June 30, 2008 and June 30, 2007.

35. Credit Risk and Concentration of Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties, and continually assessing the credit worthiness of counter parties.

A sector wise breakdown of lease portfolio is as follows:

	2008		2007	
	Rupees	%	Rupees	%
Textile Made Ups	136,226,715	13.29%	189,191,703	14.43%
Pharmaceuticals	20,637,657	2.01%	33,637,544	2.56%
Health Care & Hospital Services	37,729,449	3.68%	46,748,727	3.56%
Textile Spinning	86,009,088	8.39%	89,720,700	6.84%
Synthetic	9,548,273	0.93%	22,056,789	1.68%
Banking & Financial Institutions	32,414,270	3.16%	38,939,727	2.97%
Textile Weaving	18,903,905	1.84%	24,132,384	1.84%
Construction	104,010,538	10.16%	128,772,811	9.82%
Transportation	343,782	0.03%	464,910	0.04%
Trading Services	163,526,120	15.95%	259,731,542	19.80%
Food	31,376,914	3.06%	28,071,214	2.14%
Communication & IT	60,760,667	5.93%	79,246,470	6.04%
Cement	31,660,145	3.09%	33,931,862	2.59%
Sugar & Allied	62,900,047	6.14%	117,103,644	8.93%
Others	20,794,431	2.03%	34,625,263	2.64%
	208,101,643	20.31%	185,079,079	14.12%
	1,024,943,644	100%	1,311,454,369	100%

In addition the company has invested in Term Finance Certificates. For details refer note 7.

36. Fair Value of Financial Assets and Liabilities

The fair value of all financial assets and financial liabilities in the financial statements are estimated to approximate their carrying value.

37. Maturities of Assets and Liabilities

Liquidity risk is the risk that the company will be unable to meet its funding requirements. To guard against the risk, the company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarizes the maturity profile of the company's assets and liabilities

	Amount	Up to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
Rupees					
As at June 30, 2008					
Assets					
Cash and Bank Balances	73,146,540	73,146,540	-	-	-
Investments	163,257,128	142,805,814	20,451,314	-	-
Deposits, Prepayments and Other Receivables	22,210,442	20,709,346	1,501,096	-	-
Net Investment in Finance Lease	1,024,943,644	168,565,190	315,049,870	541,328,584	-
Long Term Deposits	596,300	-	-	596,300	-
Intangible Assets	473,259	-	-	473,259	-
Property Plant and Equipment	85,513,086	-	-	-	85,513,086
	1,370,140,399	405,226,890	337,002,280	542,398,143	85,513,086
Liabilities					
Running Finance under Markup arrangements	76,723,400	76,723,400	-	-	-
Accrued Markup on Loans and Other Payables	7,138,461	7,138,461	-	-	-
Accrued Expenses and Other Liabilities	8,420,676	8,420,676	-	-	-
Provision for Taxation	403,095	-	403,095	-	-
Lease Key Money Deposits	290,647,955	19,134,296	65,065,376	206,448,283	-
Certificates of Investment	201,764,007	76,412,615	45,814,793	79,536,599	-
Long Term Loans	345,820,001	50,000,000	154,153,334	141,666,667	-
Liabilities against Assets subject to Finance Lease	2,305,736	133,094	433,809	1,738,833	-
Deferred Tax Liability	49,729,628	-	-	-	49,729,628
	982,952,959	237,962,542	265,870,407	429,390,382	49,729,628
Net Assets	387,187,440	167,264,348	71,131,873	113,007,761	35,783,458
Share Capital	300,000,000				
Reserves	31,993,365				
Surplus on Revaluation of Fixed Assets	55,194,075				
	387,187,440				

	Amount	months	to 1 year	to 5 years	5 years
	Rupees				
As at June 30, 2007					
Assets					
Cash and Bank Balances	28,233,418	28,233,418	-	-	-
Investments	103,132,981	81,600,083	21,532,898	-	-
Deposits, Prepayments and Other Receivables	94,922,909	94,815,306	107,603	-	-
Leased Assets Repossessed upon Termination of Lease	4,533,654	4,533,654	-	-	-
Long Term Deposits	596,300	-	-	596,300	-
Net Investment in Finance Lease	1,311,454,369	140,111,911	427,700,500	743,641,958	-
Intangible Assets	561,815	-	-	561,815	-
Property Plant and Equipment	87,702,623	-	-	3,567,257	84,135,366
	1,631,138,069	349,294,372	449,341,001	748,367,330	84,135,366
Liabilities					
Running Finance under Mark-up arrangements	73,671,161	73,671,161	-	-	-
Accrued Markup on Loans and Other Payables	10,347,123	10,347,123	-	-	-
Accrued Expenses and Other Liabilities	54,620,482	54,230,482	390,000	-	-
Provision for Taxation	1,602,931	-	1,602,931	-	-
Lease Key Money Deposits	294,648,753	10,595,301	54,208,056	229,845,396	-
Certificates of Investment	214,943,566	144,727,066	16,450,000	53,766,500	-
Long Term Loans	504,160,000	62,500,000	195,840,000	245,820,000	-
Liabilities against Assets subject to Finance Lease	3,256,852	208,502	636,829	2,411,521	-
Deferred Tax Liability	49,093,435	-	-	-	49,093,435
	1,206,344,303	356,279,635	269,127,816	531,843,417	49,093,435
Net Assets	424,793,766	(6,985,263)	180,213,185	216,523,913	35,041,931
Share Capital	300,000,000				
Reserves	69,473,331				
Surplus on Revaluation of Fixed Assets	55,320,435				
	424,793,766				

38. Interest Rate Risk Exposure

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The information about company's exposures to interest rate risk based on contractual re-pricing or maturity dates whichever is earlier is as follows:

Exposed to Interest Rate Risk

Amount	Up to 3	3 months	Over 1 year	Over	Not Exposed to Interest Rate Risk
	months	to 1 year	to 5 years	5 years	

Rupees

As at June 30, 2008

Financial Assets

Cash and Bank Balances	78,146,540	30,780,930	-	-	-	42,365,610
Investments	169,257,128	142,805,814	20,451,314	-	-	-
Deposits & Other Receivables	21,715,527	-	-	-	-	21,715,527
Long Term Deposits	596,300	-	-	-	-	596,300
Net Investment in Finance Lease	1,024,943,644	169,665,190	315,049,870	541,328,584	-	-
	1,283,659,139	342,151,934	335,501,184	541,328,584	-	64,677,437

Financial Liabilities

Running Finance under Markup arrangements	76,723,400	76,723,400	-	-	-	-
Accrued Markup on Loans and Other Payables	7,138,461	-	-	-	-	7,138,461
Accrued Expenses and Other Liabilities	8,420,676	-	-	-	-	8,420,676
Lease Key Money Deposits	290,647,955	-	-	-	-	290,647,955
Certificates of Investment	201,764,007	76,412,615	45,814,793	79,536,599	-	-
Long Term Loans	345,820,001	50,000,000	154,153,334	141,666,667	-	-
Liabilities against Assets subject to Finance Lease	2,305,736	133,094	433,809	1,738,833	-	-
	932,820,236	203,269,109	200,401,936	222,942,099	-	306,207,092
On-Balance Sheet gap	350,838,903	138,882,825	135,099,248	318,386,485	-	(241,529,655)
Total Yield / Interest Rate Sensitivity Gap		138,882,825	135,099,248	318,386,485	-	
Cumulative Yield / Interest Risk Sensitivity Gap			273,982,073	592,368,558	592,368,558	

As at June 30, 2007

Financial Assets

Cash and Bank Balances	28,233,418	15,327,372	-	-	-	12,906,046
Investments	103,132,981	81,600,083	21,532,898	-	-	-
Deposits & Other Receivables	94,393,845	-	-	-	-	94,393,845
Long Term Deposits	596,300	-	-	-	-	596,300
Net Investment in Finance Lease	1,311,454,369	140,111,911	427,700,500	743,641,958	-	-
	1,537,810,913	237,039,366	449,233,398	743,641,958	-	107,896,191

Financial Liabilities

Running Finance under Markup arrangements	73,671,161	73,671,161	-	-	-	-
Accrued Markup on Loans and Other Payables	10,347,123	-	-	-	-	10,347,123
Accrued Expenses and Other Liabilities	54,620,482	-	-	-	-	54,620,482
Lease Key Money Deposits	294,648,753	-	-	-	-	294,648,753
Certificates of Investment	214,943,566	144,727,066	16,450,000	53,766,500	-	-
Long Term Loans	504,160,000	62,500,000	195,840,000	245,820,000	-	-
Liabilities against Assets subject to Finance Lease	3,256,852	208,502	636,829	2,411,521	-	-
	1,155,647,937	281,106,729	212,926,829	301,998,021	-	359,616,358
On-Balance Sheet gap	382,162,976	(44,067,363)	236,306,569	441,643,937	-	(251,720,167)
Total Yield / Interest Rate Sensitivity Gap		(44,067,363)	236,306,569	441,643,937		
Cumulative Yield / Interest Risk Sensitivity Gap			192,239,206	633,883,143	633,883,143	

	Note	2008	2007
		Rupees	
		Effective interest rate %	
The effective interest rates for financial assets and financial liabilities are as follows:			
Assets			
Net investment in finance lease including advance against lease	11	8.00 – 21.00	8.00 – 18.22
Term finance certificates & PIBs	7	9.30 – 10.75	9.30 – 10.45
Cash and bank balances		6.00	6.00
Liabilities			
Long term loans		13.33 – 16.19	11.66 – 12.65
Running finance under mark-up arrangements		12.01 – 13.43	11.38 – 12.63
Certificates of investment	19	11.00 – 20.00	10.00 – 12.25
Liabilities against assets subject to finance lease		16.51	13.39 – 13.71

39. Earnings Per Share - Basic and Diluted

Net Profit for the year attributable to the Ordinary Shareholders		54,579,368	60,683,684
Weighted average number of Ordinary Shares outstanding during the year	23.2	30,000,000	30,000,000
Basic / Diluted Earning per Share		1.82	2.02

39.1. Basic earnings per share have no dilution effect.

40. Cash and Cash Equivalents

Cash and Bank Balances	6	73,146,540	28,233,418
Running Finance under Markup arrangement	14	(76,723,400)	(73,671,161)
		(3,576,860)	(45,437,743)

41. Transactions with Related Parties

The related parties comprise entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management employees and employee's fund. The company has a policy whereby all transactions with related parties, are entered into at arm's length prices using the permissible method of pricing. The transactions with related parties, other than remuneration under the terms of employment are as follows:

Directors

Funds received / renewed under Certificates of Investment			
Beginning of the year		100,000	100,000
Receipts during the year		-	-
Repayment during the year		(100,000)	-
At the year end		-	100,000
Financial Charges paid on Certificates of Investment		5,750	11,126
Meeting Fees paid / payable to Directors		54,000	60,000
Contribution to Provident Fund		216,700	174,492

Other Related Parties

Alrashid Microcomputers (Private) Limited – An Associated Company

Net Investment in Finance Lease

Beginning of the year		2,789,408	3,263,649
Disbursement during the year		-	-
Maturities during the year		(545,099)	(474,241)
At the year end	11	2,244,309	2,789,408

Lease Key Money Deposits

Beginning of the year		167,450	167,450
Received during the year		-	-
Maturities during the year		-	-
At the year end	18	167,450	167,450
Lease Income		333,121	403,979

Purchase of:

Property, Plant & Equipment		-	381,700
Intangible Assets		-	358,000

Proceeds from Disposal of Equipment

		-	9,000
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Almurtaza Garment Machinery Co., An Associated Company

Net Investment in Finance Lease

Beginning of the year		-	-
Disbursement during the year		7,214,000	-
Maturities during the year		(168,648)	-
At the year end	11	7,045,352	-

Lease Key Money Deposits

Beginning of the year		-	-
Received during the year		5,410,000	-
Maturities during the year		-	-
At the year end	18	5,410,000	-
Lease Income		78,567	-

Proceeds from Disposal of Vehicle

13.5	360,000	-
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Contribution to Provident Fund – Employees

	307,789	232,880
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42. Date of Authorisation

These financial statements were authorized for issue in the Board of Directors meeting held on August 30, 2008.

43. Dividend

During the year, the Company has declared interim dividend on November 24, 2007 of Re. 0.60 per share and on April 26, 2008 of Re. 0.50 per share i.e. 6% and 5% respectively which had already been paid to shareholders and hence cumulative dividend payout for the year is 11%

44. General

- 44.1. Certain prior year's figures have been reclassified consequent upon certain changes in current year's presentation for more appropriate comparison. There are no material reclassifications to report.
- 44.2. Figures have been rounded off to nearest rupee.



Chief Executive Officer



Director

Form of Proxy

I / We _____
of _____ (full address) being a
Member(s) of Sigma Leasing Corporation Limited holding _____ ordinary shares
hereby appoint _____ of _____ or failing him / her
_____ of _____ as my / our proxy in my / our
absence to attend and vote for me / us and on my / our behalf at the Twelfth Annual General Meeting of the
Company to be held on _____ and to every adjournment thereof.

As witness I / we set my / our hand / seal this _____ day of _____ 2008.

Signed by the said _____

in presence of _____



The signature should agree
with the specimen registered
with the Company

Important Notes:

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, Sigma Leasing Corporation Limited, Sigma House, 8-C, Block 6, PECHS, off Shahrah-e-Faisal, Karachi, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instrument of proxy shall be rendered invalid.