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Sigma

Sigma Corporation Limited

(formerly Sigma Leasing Corporation Limited)

Our Vision

To be a leading invesment company, governed by shareholder returns and managed in line with the highest ethical standards.

Our Commitment

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

Company Information

Board of Directors	Mr. Muzaffar Ali Shah Bukhari	Chairman
	Mr. Nasir Ali Shah Bukhari	Chief Exeutive Officer
	Syeda Mubashara Bukhari	Director
	Syed Liaquat Ali	Director
	Syed Waseem ul Haq Haqqi	Director
	Mr. Irshad Ali Shaban Ali Kassim	Director
	Ms. Sophie Lui	Director
Chief Executive Officer	Mr. Nasir Ali Shah Bukhari	
Chief Financial Officer	Mr. Muhammad Aamir Ahmadani	
Company Secretary	Mr. Zia-ul-Haq	
Auditors	M/s KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisor	Mohsin Tayebaly & Co.	
Audit Committee	Syed Waseem ul Haq Haqqi	Chairman
	Mr. Muzaffar Ali Shah Bukhari	Member
	Syed Liaquat Ali	Member
Bankers	Askari Bank Limited	KASB Bank Limited
	Bank Alfalah Limited	National Bank of Pakistan
	Habib Metropolitan Bank Limited	Soneri Bank Limited
Registered Office & Head Office	90-91 Razia Shariff Plaza, Blue Area, Islamabad - 44000 Tel : (051) 2826181-82 Fax : (051)2826184 Email : info@sigma-leasing.com Website : www.sigma-leasing.com	
Principlal Office	Sigma House 8-C, Block 6, P.E.C.H.S., Off Shahrah-e-Faisal, Karachi. Tel : (021) 34557233-4, 34544850-1, Fax : (021)34544439	
Share Register	Noble Computer Services (Pvt) Limited, First Floor, House of Habib Building (Siddiqsons Tower) 3 Jinnah Co-operative Housing Society, Main Shahrah-e-Faisal, Karachi. Tel: (92-21) 34325482-7, Fax: (92-21) 34325442	

Sigma
Sigma Corporation Limited
(formerly Sigma Leasing Corporation Limited)

Directors' Report

On behalf of the Directors of Sigma Corporation Limited (formerly Sigma Leasing Corporation Limited) I am pleased to present the 16th Annual Report together with the Company's audited Financial Statements for the year ended June 30,2012.

Financial highlights

	Rupees
Income - from continuing operations	
Markup on deposits / placements	2,419,871
Profit on investment in securities	21,192,996
Other Income	1,877,270
	25,490,137
Expenses	6,180,203
Profit before taxation	**19,309,934**
Taxation	
- Current year	6,605,334
- Prior year	168,237
- Deferred	(129,282)
	6,644,289
Profit from continuing operations	**12,665,645**
Income from discontinued operations - (net of tax)	44,444
Net profit for the year	**12,710,089**
Earning per share - basic & diluted	
From continuing operations	0.42
From discontinued operations	0.00
Total	**0.42**

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

Dividend

The directors declared an interim dividend of two and half percent which is considered as the final dividend for the year.

Economic review

The fiscal year 2011-12, which started with the continuation with improvements in textile exports has shown a modest recovery. However the overall economic revival is uncertain with electricity and gas shortage and the poor law and order situation.

Monkey and banking

The discount rate of SBP which 12 percent in June 2012 has now come down to10.5 percent in August 2012.

Operation review

During the year under review, the Company had to face with several other problems apart from difficulties in recoveries of lease rentals, non-availability of good avenues for investments, due to uncertainty in economic revival. Despite all these problems the company managed to post a profit of Rs. 12,710,090/-

Future outlook and strategy

The Government is trying to improve the economic scenario. The Company, therefore, has every hope to look into future with optimism. The Company hopes for a better future.

The Company has enough potential to face challenges and record excellent results from the beam of economic light which is awaited.

Surrender of Leasing License

Due to non viability of leasing business as a result in slow down of economy, lease rental recovery becoming difficult and because of competition with banks who lease at low rates thus attracting A grade customers and with the low rate of return on leasing business it was not possible to continue the leasing business.

The shareholders in the extraordinary meeting held on 8 May 2012 approved the surrender of leasing license. SECP accepted the surrender of leasing license on 31 May 2012 and delisted our company from NBFI

Change of Name

Subsequent to surrender of leasing license the company's name has been changed to Sigma Corporation Ltd.

Sale of Shares by Major Shareholders

The Majority (99.99%) of shareholder have sold their shares to KASB Finance (Pvt.) Ltd. after completion of all legal formalities in September 2012

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, 2012 is annexed to this report.

Retirement schemes / provident fund

The value of investments of provident fund based on its audited accounts for the year ended June 30, 2012 is Rs. 1,473,400/-

Information technology

The Company is keeping up with the advancement of information technology. Our present Management System (the software) is operating on 'Oracle' to give a better mileage to cover the entire requirements of the system's operation.

Attendance of board meetings

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

S. no.	*Name of director*	*No. of meetings attended*
1	Mr. Asif Ali Rashid	4
2	Mr. Muhammad Nasim Khan	4
3	Mr. Shahzad Ali Rashid	3
4	Mr. Aamir Ali Rashid	3
5	Mr. Ruhail Muhammad	3
6	Mr. S. Arshad A. Kazmi	2
7	Mr. Shujat Ali Baig	3
8	Mr. Iskander Sultan Khwaja	0
9	Mr. Arshadullah Khan	3
10	Mr. Shoaib Jawed Savul	3

Corporate governance

The board of directors 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 and any departure there from has been adequately disclosed.
- 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, 2012. However we are under the process of appointing Head of Internal Audtior as required by the Code of Corporater Governance 2012.
- 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 KPMG Taseer Hadi & Co. Chartered Accountants retired and offer themselves for reappointment for the year ending June 30, 2013.

Acknowledgement

The directors are pleased to put on recond 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 Investment and shareholders for their faith and trust in the Company. The success of the Company is owed to them all.

Asif Ali Rashid
Chairman
Karachi
September 26, 2012

Summary of assets and liabilities

(as at June 30)

Rupees in '000'

Particulars	2012 Continuing	2012 Discontinued	2012 Total	2011 Continuing	2011 Discontinued	2011 Total
Authorized share capital	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Equity						
Paidup share capital	300,000	-	300,000	300,000	-	300,000
Reserve fund	-	-	-	67,424	-	67,424
Unappropriated profit / (loss)	24,942	-	24,942	(32,900)	-	(32,900)
Unrealized loss on revaluation of investments	-	-	-	(1,511)	-	(1,511)
Surplus on revaluation of fixed assets	45,126	-	45,126	45,334	-	45,334
	370,068	-	370,068	378,347	-	378,347
Liabilities						
Deferred tax	6,263	-	6,263	20,981	-	20,981
Long term deposits	-	-	-	-	57,882	57,882
Current liabilities	13,574	-	13,574	34,286	20,081	54,367
	19,837	-	19,837	55,267	77,963	133,230
Assets						
Property and equipment	63,132	-	63,132	67,720	-	67,720
Net investment in finance lease	-	-	-	-	108,608	108,608
Investments	253,444	-	253,444	213,618	-	213,618
Long term deposits	232	-	232	232	-	232
Current assets	73,097	-	73,097	29,053	92,346	121,399
	389,905	-	389,905	310,623	200,954	511,577
Income						
Income						
Markup on deposits / placement	2,420	12,236	14,656	3,841	25,052	28,893
Return on investment	21,193	-	21,193	15,839	-	15,839
Other operating income	1,877	-	1,877	1,669	-	1,669
	25,490	12,236	37,726	21,349	25,052	46,401
Expenses						
Administrative expenses	6,033	12,820	18,853	7,420	13,191	20,611
Financial charges	147	-	147	190	-	190
	6,180	12,820	19,000	7,610	13,191	20,801
Profit before taxation	19,310	(584)	18,726	13,739	11,861	25,600
Provision for taxation						
Current	6,605	13,661	20,266	6,307	11,139	17,446
Prior	168	299	467	-	(2,834)	(2,834)
Deferred	(129)	(14,588)	(14,717)	775	(10,864)	(10,089)
	6,644	(628)	6,016	7,082	(2,559)	4,523
Profit after taxation	12,666	44	12,710	6,657	14,420	21,077
Unappropriated profit / (loss)	(32,900)	-	(32,900)	(49,888)	-	(49,888)
Transfer from surplus on revaluation	208	-	208	126	-	126
	(20,026)	44	(19,982)	(43,105)	14,420	(28,685)
Appropriation						
Transfer to statutory reserve	(67,424)	-	(67,424)	4,215	-	4,215
Dividend	22,500	-	22,500	-	-	-
	(44,924)	-	(44,924)	4,215	-	4,215
Unappropriated profit / (loss)	24,898	44	24,942	(47,320)	14,420	(32,900)

Summary of assets and liabilities

(as at June 30)

Rupees in '000'

	2010	2009	2008	2007
Authorized share capital	**1,000,000**	**1,000,000**	**1,000,000**	**500,000**
Equity				
Paidup share capital	300,000	300,000	300,000	300,000
Reserve fund	63,209	61,862	61,862	50,946
Unappropriated profit / (loss)	(49,889)	(55,404)	12,330	19,541
Unrealized loss on revaluation of investments	12	(14,746)	(42,199)	(1,013)
Surplus on revaluation of fixed assets	54,941	55,068	55,194	55,320
	368,273	**346,780**	**387,187**	**424,794**
Liabilities				
Deferred tax	31,070	42,833	49,730	49,093
Long term loans - secured	-	33,333	141,667	245,820
Finance lease liabilities	397	1,077	1,739	2,412
Certificate of deposits	-	107,569	79,537	53,767
Long term deposits	39,048	131,105	206,448	229,845
Current liabilities	92,703	316,774	503,832	625,406
	531,491	**979,471**	**1,370,140**	**1,631,137**
Assets				
Property and equipment	81,885	82,690	85,986	88,264
Net investment in finance lease	119,243	278,688	541,329	743,642
Investments	60,118	137,333	163,257	103,133
Long term deposits	599	596	596	596
Deferred costs	-	-	-	-
Current assets	269,646	480,164	578,972	695,502
	531,491	**979,471**	**1,370,140**	**1,631,137**
Income				
Lease income	46,777	89,287	128,553	139,127
Markup on deposits / placement	3,123	3,025	395	2,026
Others	25,299	7,515	27,811	38,524
	75,199	**99,827**	**156,759**	**179,677**
Expenses				
Administrative expenses	24,326	24,054	23,854	19,641
Financial charges	19,781	64,473	73,291	86,860
Other charges	7,607	71,124	1,467	-
Amortization of deferred costs	-	-	-	4,750
Bad debts written off	16,053	-	-	-
Provision for potential lease losses	4,613	-	-	-
Provision for diminution in AFS investments	3,305	14,592	-	-
	75,685	**174,243**	**98,612**	**111,251**
Profit before taxation	**(486)**	**(74,416)**	**58,147**	**68,426**
Provision for taxation				
Current	8,229	340	2,890	3,085
Prior	(3,688)	-	42	-
Deferred	(11,763)	(6,896)	636	4,656
	(7,222)	**(6,556)**	**3,568**	**7,741**
Profit after taxation	**6,736**	**(67,860)**	**54,579**	**60,685**
Unappropriated profit / (loss)	(55,404)	12,330	19,541	18,867
Transfer from general reserve	-	-	-	-
Transfer from surplus on revaluation	126	126	126	126
	(48,542)	**(55,404)**	**74,246**	**79,678**
Appropriation				
Transfer to statutory reserve	1,347	-	10,916	12,137
Dividend	-	-	51,000	48,000
	1,347	-	**61,916**	**60,137**
Unappropriated (loss) / profit	**(49,889)**	**(55,404)**	**12,330**	**19,541**

Pattern of shareholding
(as at June 30, 2012)

Shareholding From		Shareholding To	Number of shareholders	Total shares held	Percentage (%)
1	-	100	22	133	0.0004
101	-	500	7	3,500	0.0117
501	-	1,000	2	1,625	0.0054
1,001	-	5,000	4	16,481	0.0549
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	741,361	2.4712
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
2,925,001	-	2,930,000	2	5,852,350	19.5078
3,980,001	-	3,985,000	1	3,983,250	13.2775
5,625,001	-	5,630,000	1	5,628,685	18.7623
			50	30,000,000	100.00

Categories of shareholders

Particulars	Shareholders	Shareholding	Percentage (%)
Individual	49	29,999,999	100.00
Joint Stock Company	1	1	0.00
	50	30,000,000	100.00

Pattern of shareholding
(as at June 30, 2012)

Category no.	Categories of shareholders	Number of shares held	Category wise no. of shareholders	Category wise shares held	Percentage (%)
1	Individuals		37	22,440,880	74.80
2	Joint stock companies		1	1	-
3	Investment companies		-	-	-
4	Directors, chief executive officer and their spouse and minor children		11	7,258,948	24.20
	Mr. Asif Ali Rashid	2,456,399			
	Mrs. Afsara w/o Mr. Asif Ali Rashid	432,999			
	Mr. Shahzad Ali Rashid	2,342,300			
	Mr. Aamir Ali Rashid	2,019,750			
	Mr. Ruhail Muhammad	4,500			
	Mr. Muhammad Nasim Khan	500			
	Mr. Iskander Sultan Khwaja	500			
	Mr. S. Arshad A. Kazmi	500			
	Mr. Shujat Ali Baig	500			
	Mr. Arshadullah Khan	500			
	Mr. Shoaib Jawed Savul	500			
5	Executives		1	300,171	1.00
6	NIT / ICP		-	-	-
7	Associated companies, undertaking and related parties		-	-	-
8	Public sector companies and corporations		-	-	-
9	Banks, DFIs, NBFCs, insurance companies, modarabas and mutual funds		-	-	-
10	Foreign investors		-	-	-
11	Co-operative societies		-	-	-
12	Charitable trusts		-	-	-
13	Others		-	-	-
	Total		**50**	**30,000,000**	

Shareholders holding ten percent or more voting interest in the listed company

Names of shareholders	No. of shares held	Percentage (%)
Mr. Nisar Ali Rashid	5,628,685	18.76
Mrs. Rubina Ariff Ali	3,983,250	13.28
Totals	**9,611,935**	**32.04**

Notice of 16 th annual general meeting

Notice is hereby given that the sixteenth Annual General Meeting of Sigma Corporation Limited (formerly Sigma Leasing Corporation Limited) (the Company) will be held at KASB Bank Limited, DHA. Shahbaz Branch, situated at 24/C, Shahbaz Commercial Lane II, Phase VI, DHA, Karachi on Wednesday October 31,2012 at 10:30 A.M.to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on June 14, 2012

2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30,2012 together with the Directors' and Auditors'Report thereon.

3. To appoint the external auditors for the year ending June 30,2013 and fix their remuneraon.

4. To elect seven (7) directors as fixed by the Board of Directors pursuant to the provisions of Section 178 of the Companies Ordinance,1984,for the term of next three years with effect from October 31, 2012. Following are the retiring directors:

1.	Mr. Nasir Ali Shah Bukhari	5.	Mr. Irshad Ali Shaban Ali Kassim
2.	Mr. Muzaffar Ali Shah Bukhari	6.	Syed Liaquat Ali
3.	Syeda Mubashara Bukhari	7.	Ms. Sophie Lui
4.	Syed Waseem Ul Haq Haqqi		

Special Business:

5. To consider and if thought fit, to pass the following resolutions as Special Resolutions, with or without modifications for approval of alteration of the Company's Memorandum of Association, Change of name of the Company and consequent alteration of the Company's Articles of Association.

1. Change of name of the Company:

RESOLVED that the Company's name be changed from "Sigma Corporation Limited" to ***"KASB Corporation Limited"*** and fulfilment of all legal, corporate and procedural formalities.

RESOLVED FURTHER that an application for change of name be made to the Registrar of Companies for which purpose, the Chief Executive Officer and the Company Secretary be and are hereby jointly and severally authorized to fulfil all legal, corporate and procedural formalities in connection therewith.

2. Alteration of Company's Memorandum of Association:

RESOLVED that subject to confirmation by the SECP, the Company's Memorandum of Association be altered as follows:-

a. Clause 1 be altered as follows:-

1. The name of the Company is "KASB Corporation Limited"

3. Alteration of Company's Articles of Association:

RESOLVED that subject to the abstention of permission from the Registrar of Companies under Section 39 of the Companies Ordinance, 1984, the Company's Articles of Association be altered for the change of name from Sigma Corporation Limited to "KASB Corporation Limited".

RESOLVED FURTHER that the Chief Executive Officer and the Company Secretary be and are hereby jointly and severally authorized to fulfil all legal, corporate and procedural formalities for accomplishing alteration of the Company's Articles of Association.

6. Any other Business:
To transact any other business with the permission of the Chair.

By order of the Board

Karachi:
October 11, 2012

Zia-ul-Haq
Company Secretary

Notes:

(i) Share transfer books of the Company will remain closed from October 25, 2012 to October 31, 2012 (both days inclusive). Transfers received in order at the office of our Registrar, Messrs Noble Computers Services (Private) Limited, Karachi; by the close of business on October 25, 2012 will be treated in time.

(ii) A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. Proxy will have the same rights as are available to the member.

(iii) Proxy must be received at the office of our Registrar not later than 48 hours before the time of the meeting. The form of proxy submied must be witnessed by two persons whose names, addresses and Computerized National Idenpity Card (CNIC) numbers must be mentioned on the form, along with the attested copies of CNIC or the passport of the beneficial owner and the proxy.

(iv) In case of proxy by a corporate entity, Board of Directors' resolution/power of attorney shall also be submited along with the form.

(v) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan Limited and/or their proxies are required to produce their original CNIC or Passport for identification purpose at the time of attending the meeting.

(vi) Members are requested to promptly notify any change in their address to the office of our registrar.

Statement of Material Facts Under Section 160-1(b)

Pursuant to a Share Purchase Agreement Between KASB Finance (Private) Limited (KFL) and Shareholders of Sigma Corporation Limited (formerly Sigma Leasing Corporation Limited) (the Company) dated June 22, 2012, 99.99% shares of the Company have been purchased by KFL. Beinga KASB Group company, the Board of Directors of the Company has decided to change the name of the Company from Sigma Corporation Limited to "KASB Corporation Limited" giving it the same patronage of "KASB" as other group companies posses.

Nature and extent of Directors' Interest

Directors of the above Company have no other interest whatsoever in the transaction except to the extent of their shareholding in the Company.

KPMG

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

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Review report to the members

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Sigma Corporation Limited (formerly Sigma Leasing Corporation Limited)** ("the Company") to comply with the Listing Regulation No. 35 (previously Regulation No. 37) of Karachi Stock Exchange Limited (formerly Karachi Stock Exchange (Guarantee) Limited), where the Company is listed.

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

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

Further, the Listing Regulation of Karachi Stock Exchange Limited where the Company is listed requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

As more fully explained in paragraphs 5,6,9,15,17 and 18 which describes certain non-compliances in respect of placement of code of conduct on website, records of significant policies, training programs for directors, chairman/ secretary of audit committee, requirements relating to HR and remuneration committee and appointment of head of internal audit respectively. We understand that these will be resolved by the new management in future.

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

KPMG Taseer Hadi & Co.

Date: **26 September 2012**

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Statement of compliance with code of corporate governance

for the year ended June 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulations No. 35 of listing regulations of Karachi Stock Exchange Limited (formerly Karachi Stock Exchange (Guarantee) Limited) 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 representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Categories	**Names**
Independent Directors	Mr. Arshadullah Khan Mr. Shoaib Jawed Savul Mr. S. Arshad A. Kazmi Mr. Shujat Ali Baig
Executive Directors	Mr. Asif Ali Rashid
Non-Executive Directors	Mr. Shahzad Ali Rashid Mr. Aamir Ali Rashid Mr. Muhammad Nasim Khan Mr. Ruhail Muhammad Mr. Iskander Sultan Khwaja

2 The directors have confirmed that none of them is serving as a director in more than seven 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 Development Finance Institution (DFI) or a Non-Banking Finance Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4 No casual vacancy of the director occurred during the year.

5 The company has prepared a ‘Code of Conduct ’ which has been signed by all the directors and employees of the Company at the time of their appointment, however it has not been placed on the Company’s website.

6 The Board has developed a vision / mission statement and overall corporate strategy of the Company. A complete record of particulars of significant policies along with the dates in accordance with the new business will be developed and their records will be 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 Company Secretary, have been taken by the Board subsequent to the year end.

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 Board has not arranged training programs for its directors during the year.

10 The Board has approved appointment of Chief Financial Officer (CFO) and Company Secretary including their remuneration and terms and conditions of employment.

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 most of the corporate and financial reporting requirements of the Code.

15 The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the Chairman of the Committee who is not an independent director.

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

17 The functions of HR and Remuneration are currently supervised by the Board as the Company is currently in the phase of restructuring and planning to start a new business with new management and Board.

18 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. The Company has not appointed/ designated any person as the head of internal audit.

19 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

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

23 We confirm that all other material principles except those mentioned above, contained in the Code have been complied with.

For and on behalf of the Board of Directors

Asif Ali Rashid
Chairman

Dated: 26 September 2012

KPMG

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

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Auditors' report to **the members**

We have audited the annexed balance sheet of **Sigma Corporation Limited (formerly Sigma Leasing Corporation Limited)** ("the Company") as at 30 June 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of 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, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2012 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.

We draw attention to note 1 to the financial statements which describes that the Company has discontinued its leasing business and has been undertaking investment business, accordingly statement of compliance and presentation and disclosures of the financial statements have been changed as stated in note 2.1.

Further, we also draw attention to the note 20.3 to the financial statements which describe the uncertainties relating to pending outcome of the litigation regarding contribution to WWF.

Our report is not qualified in respect of aforementioned matters.

KPMG Taseer Hadi & Co.

Date: **26 September 2012**

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Balance sheet

As at 30 June 2012

	Note	2012	2011
		(Rupees)	
ASSETS			
Current assets			
Cash and bank balances	5	69,894,289	23,373,665
Current portion of net investment in finance lease - secured	9	-	92,345,621
Investments	6	253,443,952	213,618,253
Prepayments and other receivables	7	3,202,719	5,679,780
Total current assets		326,540,960	335,017,319
Non-current assets			
Long term deposits	8	232,200	232,200
Net investment in finance lease - secured	9	-	108,607,832
Intangible assets	10	-	110,728
Property and equipment	11	63,131,847	67,608,773
Total non-current assets		63,364,047	176,559,533
TOTAL ASSETS		389,905,007	511,576,852
LIABILITIES			
Current liabilities			
Running finance under mark-up arrangements	12	-	20,056,652
Current portion of lease key money deposits	15	-	20,080,805
Accrued mark-up on running finance facilities	13	-	87,372
Accrued expenses, advances and other liabilities	14	2,764,315	4,821,012
Taxation - net		10,809,607	9,321,380
Total current liabilities		13,573,922	54,367,221
Non-current liabilities			
Lease key money deposits	15	-	57,881,600
Deferred tax liability - net	16	6,262,902	20,980,711
Total non-current liabilities		6,262,902	78,862,311
TOTAL LIABILITIES		19,836,824	133,229,532
NET ASSETS		370,068,183	378,347,320
REPRESENTED BY:			
Issued, subscribed and paid-up capital	17.2	300,000,000	300,000,000
Reserves	18	24,942,144	34,523,750
Deficit on revaluation of investments - net	6.2	-	(1,510,774)
		324,942,144	333,012,976
Surplus on revaluation of property and equipment - net of deferred tax	19	45,126,039	45,334,344
		370,068,183	378,347,320
Contingencies and commitments	20		

The annexed notes from 1 to 35 form an integral part of these financial statements

Chief Executive Officer **Director**

Profit and loss account

For the year ended 30 June 2012

	Note	2012	2011 (Represented)
		(Rupees)	
INCOME			
CONTINUING OPERATIONS			
Mark-up on deposits / placements		**2,419,871**	3,840,602
Return on investment	21	**21,099,044**	17,916,325
Other operating income	22	**1,877,270**	1,668,506
		25,396,185	23,425,433
EXPENSES			
Administrative and operating expenses	23	**6,032,883**	7,419,666
Financial charges	24	**147,320**	189,763
		6,180,203	7,609,429
Operating income		**19,215,982**	15,816,004
Unrealised gain / (loss) on revaluation of investments		**93,952**	(2,077,569)
Profit before taxation		**19,309,934**	13,738,435
Provision for taxation	25		
Current		**6,605,334**	6,307,392
Prior		**168,237**	-
Deferred		**(129,282)**	774,519
		6,644,289	7,081,911
PROFIT FROM CONTINUING OPERATIONS		**12,665,645**	6,656,524
DISCONTINUED OPERATION			
Income from discontinued operation - net of tax	4.1	**44,444**	14,420,356
NET PROFIT FOR THE YEAR		**12,710,089**	21,076,880
Earnings per share - basic and diluted	29		
From continuing operations		**0.42**	0.22
From discontinued operation		**0.00**	0.48
Total		**0.42**	0.70

The annexed notes from 1 to 35 form an integral part of these financial statements

Chief Executive Officer **Director**

Statement of comprehensive income

For the year ended 30 June 2012

	2012	2011
	(Rupees)	
Profit for the year	**12,710,089**	21,076,880
Other comprehensive income		
Surplus / (deficit) on revaluation of investments - net of deferred tax	**1,510,774**	(1,523,143)
Total comprehensive income for the year	**14,220,863**	19,553,737

The annexed notes from 1 to 35 form an integral part of these financial statements

Chief Executive Officer **Director**

Cash flow statement

For the year ended 30 June 2012

	Note	2012	2011
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation			
From continuing operations		19,309,934	13,738,435
From discontinued operation		(584,010)	11,861,465
		18,725,924	25,599,900
Adjustments for:			
Depreciation		675 534	2,088,747
Amortization		110,728	120,851
Financial charges		147,320	189,763
Amortization of bond premium		(164,149)	-
(Gain) / loss on sale of property and equipment		(17,608)	78,168
Net (gain) / loss on re-measurement of investments held for trading		(93,952)	2,077,569
Bad debts written off		-	57,028
Net loss / (gain) on sale of securities		669,712	(445,808)
		21,053,509	29,766,218
Changes in operating assets / liabilities			
Net investment in finance lease		200,953,453	133,482,542
Lease key money deposits		(77,962,405)	(49,290,942)
Prepayments and other receivables		2,477,061	(2,630,629)
Accrued expenses and other liabilities		(2,056,697)	1,009,437
		123,411,412	82,570,408
Cash generated from operations		144,464,921	112,336,626
Financial charges paid		(234,692)	(111,620)
Taxes paid		(19,245,417)	(2,361,593)
		(19,480,109)	(2,473,213)
Net cash generated from operating activities		124,984,812	109,863,413
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1,739,000)	-
Purchase of investments		(988,476,585)	(730,352,018)
Proceeds on disposal of investments		949,750,049	573,696,526
Proceeds on disposal of property, plant and equipment		4,558,000	2,397,600
Deposits		-	366,300
Net cash used in investing activities		(35,907,536)	(153,891,592)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(22,500,000)	-
Repayment of finance lease obligation		-	(1,073,824)
Net cash used in financin activities		(22,500,000)	(1,073,824)
Net increase / (decrease) in cash and cash equivalents durning the year		66,577,276	(45,102,003)
Cash and cash equivalents at the beginning of the year		3,317,013	48,419,016
Cash and cash equivalents at the end of the year	30	69,894,289	3,317,013

The annexed notes from 1 to 35 form an integral part of these financial statements

Chief Executive Officer

Director

Statement of changes in equity

For the year ended 30 June 2012

	Issued, subscribed and paid-up capital	Statutory Reserve	Unappropriated profit / (loss)	Surplus / (deficit) on revaluation of investments	Total
	(Rupees)				
Balance as at 1 July 2010	300,000,000	63,208,765	(49,888,255)	12,369	313,332,879
Total comprehensive income for the year					
Profit after taxation for the year	-	-	21,076,880	-	21,076,880
Other comprehensive income	-	-	-	(1,523,143)	(1,523,143)
	-	-	21,076,880	(1,523,143)	19,553,737
Transferred to statutory reserves	-	4,215,376	(4,215,376)	-	-
	300,000,000	67,424,141	(33,026,751)	(1,510,774)	332,886,616
Transfer from surplus on revaluation of property and equipment incremental depreciation for the period - net of deferred tax	-	-	126,360	-	126,360
Balance as at 30 June 2011	300,000,000	67,424,141	(32,900,391)	(1,510,774)	333,012,976
Transfer to statutory reserves	-	(67,424,141)	67,424,141	-	-
Transactions with owners, recognised directly in equity					
Final dividend for the year ended 30 June 2011 @ Re. 0.5 per share	-	-	(15,000,000)	-	(15,000,000)
Interim dividend for the year 2012 @ Re. 0.25 per share	-	-	(7,500,000)	-	(7,500,000)
	-	-	(22,500,000)	-	(22,500,000)
Total comprehensive income for the year					
Profit after taxation for the year	-	-	12,710,089	-	12,710,089
Other comprehensive income	-	-	-	1,510,774	1,510,774
	-	-	12,710,089	1,510,774	14,220,863
	300,000,000	-	24,733,839	-	324,733,839
Transfer from surplus on revaluation of property and equipment incremental depreciation for the period - net of deferred tax	-	-	208,305	-	208,305
Balance as at 30 June 2012	**300,000,000**	**-**	**24,942,144**	**-**	**324,942,144**

The annexed notes from 1 to 35 form an integral part of these financial statements

Chief Executive Officer **Director**

Notes to the financial statements

For the year ended 30 June 2012

1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on 11 April 1996 as a public limited company and received Certificate of Commencement of Business on 27 January 1997 and is listed on 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. The Company has filed Form 21 "Notice of situation of registered office or any change therein" with SECP for changing its registered office to 90-91 Razia Shariff Plaza Blue Area, Islamabad.

During the year, the Board of Directors and shareholders of the Company in their respective meetings held on 11 February 2012 and 08 May 2012 respectively have approved to discontinue its leasing business and surrendering its leasing license and to undertake only portfolio investment management and investment in other financial instruments as its core business . On 31 May 2012,the Securities and Exchange Commission of Pakistan (SECP) de-registered the Company as a Non-Banking Finance Company (NBFC) and revoked its licence to carry on leasing business vide letter NLA/PRDD/SCD/Sigma/2012-704 on 22 June 2012, SECP has issued certificate of change of name of the Company from Sigma leasing Corporation Limited to Sigma Corporation Limited. Accordingly, necessary amendments have also been made in the Memorandum and Articles of Association of the Company. In this respect necessary approval from SECP is being obtained and in process.

Upto 31 March 2012, the Company prepared and presented the financial statements in accordance with the statement of compliance and basis of preparation applicable to the leasing companies which has been disclosed in the financial statements of the Company for the year ended 30 June 2011. Due to the revocation of leasing license by SECP, the Company changed its relevant statements of compliance and reclassified / represented balances in the financial statements. The revised statementof compliance, and disclosures of discontinued operation have been disclosed in note 2.1 and 4.1 respectively.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 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 3.1 and 3.5 respectively.

2.3 Functional and presentation currency

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

2.4 Use of 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 arerecognized 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:

- Classification of investments and impairment thereon (notes 3.1 and 6);
- Residual values and useful lives of property and equipment (notes 3.5, 11 and 23);
- Useful lives of intangible assets (notes 3.6, 10 and 23);
- Recognition of taxation and deferred taxation (notes 3.9, 19 and 25); and
- Allocation of expenses between continuing and discontinued operations (note 3.8 and 23)

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

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.The amendment has no impact on financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendment has no impact on financial statements of the Company.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 -Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

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

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

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

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

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position. The amendments have no impact on financial statements of the Company.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments have no impact on financial statements of the Company.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived in consistency between IAS 32 and IAS 12. The amendments have no impact on the financial statements of the Company.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from theamount disclosed in the last annual financial statements for that reportable segment. The amendments have no impact on the financial statements of the Company.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial instruments

The Company classifies its financial instruments in the following categories:

a) Financial instruments at fair value through profit or loss - 'held for trading'

Financial instruments 'held for trading'

These include financial instruments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit taking exists.

b) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

The surplus / deficit arising on revaluation of 'available-for-sale' securities is recognised in other comprehensive income and presented within equity.

c) Held to maturity

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

d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

e) Financial liabilities

Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

The Company follows trade date accounting for purchase and sale of instruments.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial instruments at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the profit and loss account. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in equity until derecognised or impaired, when the accumulated fair value adjustments recognised in equity are included in the profit and loss account.

Financial assets classified as loans and receivables are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

Fair value measurement principles

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. When available, the Company measures the fair value of an instrument using quoted prices in an activemarket for that instrument.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a resultof one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

Evidence of impairment may include indications that the borrower or the group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payments and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with default.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

The Company also enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or part of the risks and rewards of the transferred assets. If all or asubstantially all risks and rewards are retained, then the transferred assets are not derecognised from the balance sheet.

The Company uses First-In-First-Out (FIFO) method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.2 Leased assets repossessed upon termination of leases

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.

3.3 Net investment in finance lease

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessees 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, if any.

3.4 Operating lease

Leases where the Company does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating lease. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of leased asset and recognized over the lease term on the same basis of rental income.

3.5 Property and equipment

Owned

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

Depreciation

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 up to the preceding month of disposal.

Surplus on revaluation of property and equipment is credited to the surplus on revaluation account. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of property and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

Subsequent costs

These are included in an asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to income during the financial period in which they are incurred.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and are recognised net within other operating income in profit or loss account.

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.

Impairment of non financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.6 Intangible assets

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

3.7 Revenue recognition

Finance lease income

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

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

Operating lease income

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

Mark-up income on debt securities

Mark-up income on debt securities is recognized at the rates implicit in the respective investment schemes on time proportion basis.

Dividend income

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

Gain on sale of investments

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

Interest income

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

3.8 Allocation of expenses between continuing and discontinued operations

Administrative and operating expenses have been allocated between continuing and discontinued operations in proportion to their respective taxable income.

3.9 Taxation

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

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits, rebates and tax losses, or one percent of turnover, whichever is higher. The charge for the current tax is calculated using tax rates enacted or substantively enacted atthe reporting date. The charge for current tax also includes adjustments, where considered necessary relating to prior years.

Deferred

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account except deferred tax, ifany, on revaluation of property and equipment, which is recognised as an adjustment to surplus / deficit on revaluation.

3.10 Staff retirement benefit

The Company operates an approved provident fund 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.

3.11 Offsetting of financial assets and financial liabilities

Financial assets and a financial liabilities are setoff and the net amount is reported in the balance sheet, when and only when, the Company has a enforceable legal right to set off the amounts and it intends either to settle on net basis or to realize the asset and to settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards, or for gains and losses arising from a group of similar transactions.

3.12 Provisions

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

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits and running finance under mark-up agreement. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand.

3.14 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Executive Committee and CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Committee and CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, administrative expenses, and income tax assets and liabilities.

The business of the Company can be segmented into two main divisions namely, 'lease' and investments and others'. The Company's core business now is to generate income from investments and in debt and equity portfolio and collective investment schemes after discontinuation of its lease business.

3.15 Discontinued operation

A discontinued operation is a separate major line of business, which is a distinct part of the business both operationally and for financial reporting purposes and which is in the process of being discontinued by the entity. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

4 DISCONTINUED OPERATION

During the year, the Board of Directors and shareholders of the Company in their respective meetings held on 11 February 2012 and 08 May 2012 approved to discontinue leasing business and to surrender the leasing license to Securities & Exchange Commission of Pakistan (SECP) which was subsequently approved vide letter no. NLA/PRDD/SCD/Sigma/2012-704, dated 31 May 2012 by the SECP.

Comparative figures of profit or loss account have been re-presented to show discontinued operations separately from continuing operations.

The profit or loss attributable to discontinued operation is as follows:

4.1 Results from discontinued operation

	Note	2012	2011
		(Rupees)	
Finance leases		**12,208,637**	23,155,484
Miscellaneous charges against leases		**9,655**	1,865,301
Cancellation charges of lease contracts		**17,573**	31,197
Total income from leases		**12,235,865**	25,051,982
Total expenses relating to lease	*4.1.1*	**(12,819,875)**	(13,190,517)
(Loss) / profit before tax from discontinued operation		**(584,010)**	11,861,465
Taxation			
- Current		**(13,660,988)**	(11,139,032)
- Prior		**(299,087)**	2,833,655
- Deferred		**14,588,529**	10,864,268
		628,454	2,558,891
Income from discontinued operation - net of tax		**44,444**	14,420,356
Earnings per share - basic and diluted		**0.00**	0.48

4.1.1 Administrative and operating expenses have been allocated between continuing and discontinued operations in proportion to their respective taxable income (see note 23).

Cash flow from discontinued operation	2012	2011
	(Rupees)	
Net cash inflow from operating activities	**109,904,161**	82,680,180
Net cash from / (used) in investing activities	-	-
Net cash from / (used) in financing activities	-	-
Net cash generated from discontinued operation	**109,904,161**	82,680,180

4.2 Effect of disposal on balance sheet of the Company

Net investment in finance lease	**126,084,911**	-
Key money deposits	**(54,057,696)**	-
Net assets and liabilities	**72,027,215**	-
Consideration received against termination / transfer of lease	**72,027,215**	-
Deferred Tax liability relating to discontinued operation	**(10,280,299)**	-

4.2.1 In the last quarter of the current year, the management of the Company transferred certain leases to KASB modaraba. The details are as follows:

Number of leases transferred	Amount outstanding as on 31 March 2012 (Rupees)	Amount at which leases were transferred (Rupees)
23	35,041,764	35,041,764

In this respect, Rs. 295 thousand were paid to two individuals (related to the executives of the Company), who helped the Company to enter into the deal.

4.2.2 In addition to the above, one of the customers M/s Pakistan Agro Chemicals (Private) Limited was settled by Al-Murtaza Garment Machinery Company. The details of which are as follows:

Number of leases settled	Amount outstanding as on 31 March 2012 (Rupees)	Amount at which leases were settled (Rupees)
4	35,113,650	35,113,650

As the above transactions were made at the carrying amount therefore no gains or losses were recognised.

4.2.3 All other leases were settled with the respective customers through normal or early settlements.

4.2.4 The termination and delay charges aggregating to Rs. 8.186 million has not been charged on the leases terminated or settled before their due dates as the leases were cancelled by the Company.

5. CASH AND BANK BALANCES

	Note	2012	2011
		(Rupees)	
- in hand		**8,982**	-
- in current accounts	*5.1*	**11,381**	120,421
- in profit earning current accounts	*5.2*	**69,873,926**	23,253,244
		69,894,289	23,373,665

5.1 This includes deposit of Rs. 1,690 (2011: Rs. 57,248) with the State Bank of Pakistan.

5.2 This represents profit earning current accounts maintained with various commercial banks at a mark-up rate range from 6% to 10.25% (2011: 6% to 10.5%) Per annum.

6. INVESTMENTS

	Note	2012	2011
At fair value through profit or loss	*6.1*	**10,093,952**	21,000,997
Available for sale	*6.2*	**243,350,000**	192,617,256
		253,443,952	213,618,253

6.1 At fair value through profit or loss

2012	2011		2012		2011	
Number of shares / units / certificates		Name of companies / mutual funds	Cost	Market value	Cost	Market value
			(Rupees)			
		Held for trading				
		Listed shares				
		These are fully paid ordinary shares of Rs. 10/- each				
-	150,000	Azgard Nine Limited	-	-	3,840,880	828,000
-	150,000	Bank Alfalah Limited	-	-	1,553,750	1,435,500
-	50,000	Engro Corporation Limited	-	-	8,572,750	8,162,500
-	100,000	Jahangir Siddiqui & Co. Limited	-	-	650,000	648,000
-	200,000	Lotte Pakistan PTA Limited	-	-	3,141,742	2,766,000
-	350,000	Netsol Technologies Limited	-	-	7,497,926	7,160,997
			-	-	25,257,048	21,000,997
		Mutual funds				
96,599	-	KASB Cash Fund	**10,000,000**	**10,093,952**	-	-
			10,000,000	**10,093,952**	25,257,048	21,000,997
		Unrealized gain / (loss) on revaluation of held-for-trading investments	**93,952**	-	(4,256,051)	-
			10,093,952	**10,093,952**	21,000,997	21,000,997

6.2 Available for sale

2012	2011		2012 Cost	2012 Market value	2011 Cost	2011 Market value
		Listed shares				
		These are fully paid ordinary shares of Rs. 10/- each				
-	54,185	Standard Chartered Leasing Company Limited	-	-	480,511	135,462
			-	-	480,511	135,462
		Provision for diminution in value of available-for-sale investments	-	-	(365,981)	-
		Gain on revaluation of investments	-	-	20,932	-
			-	-	135,462	135,462
		Government securities				
		Pakistan Investment Bond	-	-	24,220,000	22,688,294
		Treasury Bills (note 6.2.1)	**243,350,000**	**243,350,000**	169,793,500	169,793,500
			243,350,000	**243,350,000**	194,013,500	192,481,794
		(Deficit) on revaluation of investments	-		(1,531,706)	
			243,350,000	**243,350,000**	192,481,794	192,481,794
			243,350,000	**243,350,000**	192,617,256	192,617,256

6.2.1 The maturities of these bills ranges from 12 July 2012 to 06 September 2012 (2011: 14 July 2011 to 22 September 2011) with mark-up rate 11.87% (2011: 13.06%) per annum.

7. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2012	2011
		(Rupees)	
Prepayments			
Insurance		**64,654**	282,773
Others		-	757,025
		64,654	1,039,798
Interest accrued on TFCs, T-Bills and PIBs		**2,631,502**	3,206,671
Other receivables			
Others		**506,563**	1,433,311
		3,202,719	5,679,780

8. LONG TERM DEPOSITS

	Note	2012	2011
LONG TERM DEPOSITS	*8.1*	**232,200**	232,200

8.1 This represents security deposits with CDC, KSE and others.

9. NET INVESTMENT IN FINANCE LEASE - secured

	Note	2012			2011		
		Not later than one year	**Later than one year and less than five years**	**Total**	Not later than one year	Later than one year and less than five years	Total
		(Rupees)					
Instalment contract receivables		-	-	-	87,756,334	59,624,125	147,380,459
Residual value of leased assets		-	-	-	20,080,805	57,881,600	77,962,405
Lease contract receivables		-	-	-	107,837,139	117,505,725	225,342,864
Unearned lease income		-	-	-	(15,491,518)	(8,897,893)	(24,389,411)
Mark-up held in suspense	*9.1*	-	-	-	-	-	-
		-	-	-	(15,491,518)	(8,897,893)	(24,389,411)
Provision for lease losses		-	-	-	-	-	-
Net investment in finance lease		-	-	-	92,345,621	108,607,832	200,953,453

9.1 Mark-up held in suspense

	2012	2011
	(Rupees)	
Balance at beginning of the year	-	5,523,671
Income suspended during the year	**3,048,777**	3,954,246
	3,048,777	9,477,917
Suspended income:		
- realised during the year	**(442,934)**	(6,023,905)
- written off during the year	**(2,605,843)**	(3,454,012)
	(3,048,777)	(9,477,917)
	-	-

9.1.1 For settlement of lease Please refer to note 4.2 to the financial statements.

9.2 The Company had obtained financing facilities from commercial banks in prior years which were secured under specific charge over assets leased to third parties and were registered with the Securities and Exchange Commission of Pakistan (SECP). However, some of those charges were not vacated by the Company even after the expiration of those facilities. Therefore, charges over specific leased assets amounting to Rs. 300 million are registered with SECP as on 30 June 2012. The Company has obtained NOCs from the respective banks and applied to SECP for vacation of those charges.

10. INTANGIBLE ASSETS

	Note	2012	2011
		(Rupees)	
Cost		**1,105,955**	1,105,955
Accumulated amortization	*10.1*	**(1,105,955)**	(995,227)
		-	110,728

10.1 Accumulated amortization

	Note	2012	2011
Opening balance		**995,227**	874,376
Amortization during the year	*23*	**110,728**	120,851
Closing balance		**1,105,955**	995,227

10.2 Intangible assets comprise computer software and are amortized over the useful life of five years.

11. PROPERTY AND EQUIPMENT

2012

		Cost / revaluation					Rate	Accumulated depreciation						Written down
		As at 01 July 2011	Additions / Transfer for the year	Surplus / (deficit) revaluation	Disposal / write off	As at 30 June 2012	%	As at 01 July 2011	For the year	Transfer for the year	Elimination revaluation	Disposal / reversal	As at 30 June 2012	value as at 30 June 2012
		(Rupees)						(Rupees)						
Property and equipment														
Owned														
Leasehold land	*11.1*	39,000,000	-	-	-	39,000,000		-	-	-	-	-	-	39,000,000
Building on leaseholds land	*11.1*	23,572,909	-	-	-	23,572,909	2	-	574,950	-	-	-	574,950	22,997,959
Furniture and fixtures		2,601,839	-	-	-	2,601,839	10	2,495,042	26,155	-	-	-	2,521,197	80,642
Vehicles		7,947,884	1,739,000	-	(9,574,586)	112,298	10	4,543,212	575,759	-	-	(5,034,196)	84,775	27,523
Computer, office equipments and generators		4,162,358	-	-	(396,000)	3,766,358	10-33.3	2,637,963	498,670	-	-	(395,998)	2,740,635	1,025,723
		77,284,990	1,739,000	-	(9,970,586)	69,053,404		9,676,217	1,675,534	-	-	(5,430,194)	5,921,557	63,131,847

2011

		Cost / revaluation					Rate	Accumulated depreciation						Written down
		As at 01 July 2010	Additions / Transfer for the year	Surplus / (deficit) revaluation	Disposal / write off	As at 30 June 2011	%	As at 01 July 2010	For the year	Transfer for the year	Elimination revaluation	Disposal / reversal	As at 30 June 2011	value as at 30 June 2011
		(Rupees)						(Rupees)						
Property and equipment														
Owned														
Leasehold land	*11.1*	51,900,000	-	(12,900,000)	-	39,000,000		-	-	-	-	-	-	39,000,000
Building on leaseholds land	*11.1*	22,582,409	-	990,500	-	23,572,909	2	1,937,925	490,924	-	(2,428,849)	-	-	23,572,909
Furniture and fixtures		2,601,839	-	-	-	2,601,839	10	2,468,887	26,155	-	-	-	2,495,042	106,797
Vehicles		8,722,884	1,737,000	-	(2,512,000)	7,947,884	10	3,924,822	909,795	625,467	-	(916,872)	4,543,212	3,404,672
Computer, office equipments and generators		4,162,358	-	-	-	4,162,358	10-33.3	2,092,970	544,993	-	-	-	2,637,963	1,524,395
		89,969,490	1,737,000	(11,909,500)	(2,512,000)	77,284,990		10,424,604	1,971,867	625,467	(2,428,849)	(916,872)	9,676,217	67,608,773
Leased														
Vehicles		3,113,000	(1,737,000)	-	(1,376,000)	-	10	1,003,947	116,880	(625,467)	-	(495,360)	-	-
		93,082,490	-	(11,909,500)	(3,888,000)	77,284,990		11,428,551	2,088,747	-	(2,428,849)	(1,412,232)	9,676,217	67,608,773

11.1 The above balances represent the value of leasehold land and building on leasehold land subsequent to revaluation, which resulted in surplus of Rs. 16.20 million and Rs. 2.436 million respectively as on 30 June 2001, Rs. 33.90 million and Rs. 7.284 million as on 30 June 2006 and deficit of Rs. 12.90 million and surplus on Rs. 3.419 million on land and building respectively as on 30 June 2011.

The values of leasehold land and building on leasehold land so revalued are being depreciated over of the assets determined at the date of revaluations. The revaluations were carried out by Surval Engineering Surveyors & Technical Consultants on 30 June 2001 and Credit and Commerce Consultants (Private) Limited on 30 June 2006 and 30 June 2011.

11.2 Had there been no revaluation, the net book value of the revalued leasehold land and building would amount to:

	2012	2011
	(Rupees)	
Leasehold land	**1,800,000**	1,800,000
Building on leasehold land	**11,483,019**	11,768,389
	13,283,019	13,568,389

11.3 Cost of fully depreciated assets included in the property & equipments are as follows:

Vehicles	**62,988**	1,404,398
Computer and office equipment	**1,764,570**	1,415,831
Furniture and fixtures	**2,340,290**	1,632,396
	4,167,848	4,452,625

11.4 Disposal of property and equipment

Description	Mode of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Particulars of buyer
		(Rupees)					
Suzuki Motorbike 100 CC	Negotiation	69,186	(63,422)	5,764	6,000	236	Mr. Ghazi Karachi
Honda Civic VTI 2004	Negotiation	1,197,500	(858,208)	339,292	350,000	10,708	Mr. Mohsin Ali Karachi
Honda Civic VTI Oriel Prosmatic 2002	Board approval	1,195,000	(1,194,999)	1			Director
Toyota Corolla Altis 2007	Board approval	1,319,000	(648,509)	670,491	4,196,000	671	----- do ------
Honda Civic 2004	Board approval	1,128,500	(911,679)	216,821			----- do ------
Toyota Corolla GLI 2012	Board approval	1,739,000	(57,967)	1,681,033			CFO
Honda Civic 2006	Board approval	1,376,000	(768,267)	607,733			Ex-CEO
Honda City 2010	Board approval	1,359,000	(339,750)	1,019,250			----- do ------
Vehicle Trakkers	Write off	191,400	(191,395)	5	-	(5)	Write off
Equipments	Write off	21,000	(20,999)	1	-	(1)	Write off
Equipments	Scrap	375,000	(374,999)	1	6,000	5,999	Scrap
2012		**9,970,586**	**(5,430,194)**	**4,540,392**	**4,558,000**	**17,608**	
2011		3,888,000	(1,412,232)	2,475,768	2,397,600	(78,168)	

12. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - secured

	Note	2012	2011
		(Rupees)	
Facility I	12.1	-	15,079,952
Facility II	12.2	-	4,976,700
		-	20,056,652

12.1 This represents running finance facility under mark-up arrangements availed from a commercial bank and carries mark-up at NIL percent (2011: average 6 months KIBOR plus 2.0 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. NIL (2011: Rs. 100 million). The facility expired on 31 March 2012. Facility limit available to the Company is Rs. NIL (2011: Rs. 30 million).

12.2 This represents running finance facility under mark-up arrangements availed from a commercial bank and carries mark-up at NIL percent (2011: average 6 months KIBOR plus 2.5 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. NIL (2011: Rs. 33.334 million). The facility expired on 30 June 2012. Facility limit available to the Company is Rs. NIL (2011: Rs. 12.5 million).

	2012	2011
	(Rupees)	
13. ACCRUED MARKUP ON RUNNING FINANCE FACILITIES	-	87,372

14. ACCRUED EXPENSES, ADVANCES AND OTHER LIABILITIES

	Note	2012	2011
Accrued expenses		**380,729**	858,471
Advances from customers		**40,887**	1,693,653
Deposit and advance rent from tenant		**600,000**	-
Provision against Workers' Welfare Fund (WWF)	14.1	**1,445,357**	1,445,357
Others		**297,342**	823,531
		2,764,315	4,821,012

14.1 This represents amount outstanding since 2010. For details please refer note 20.3 to the financial statements.

15. LEASE KEY MONEY DEPOSITS

	2012	2011
Lease key money deposits - finance lease	-	77,962,405
Maturing within one year	-	(20,080,805)
	-	57,881,600

16. DEFERRED TAX LIABILITY - net

This comprised of following:	2012	2011
	(Rupees)	
Credits arising due to:		
- difference between investment in lease and tax book value of assets given on lease	-	14,588,529
- difference between accounting book value of fixed assets and tax base	**6,262,902**	6,392,182
	6,262,902	20,980,711

17. SHARE CAPITAL

17.1 Authorized capital

2012	2011		2012	2011
(Number of shares)				
90,000,000	90,000,000	Ordinary shares of Rs.10/- each	**900,000,000**	900,000,000
10,000,000	10,000,000	Preference shares of Rs.10/- each	**100,000,000**	100,000,000
100,000,000	100,000,000		**1,000,000,000**	1,000,000,000

17.2 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

17.3 Major shareholders of the Company have signed an agreement with KASB Finance (Private) Limited, in terms of which, KASB Finance (Private) Limited has agreed to acquire around 99.94% of the issued shares of the Company, subject to necessary regulatory approvals.

18. RESERVES

	2012	2011
	(Rupees)	
Statutory reserves	-	67,424,141
Accumulated profit / (losses)	**24,942,144**	(32,900,391)
	24,942,144	34,523,750

19. SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - net of deferred tax

Movement in the surplus on revaluation of property and equipment account is as follow:

	2012	2011
	(Rupees)	
Balance as on 01 July	**45,334,344**	54,941,355
Deficit on revaluation	-	(9,480,651)
Transfer to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	**(208,305)**	(126,360)
	45,126,039	45,334,344

20. CONTINGENCIES AND COMMITMENTS

20.1 The tax authorities have issued order/notices to leasing companies for the payment of Federal Excise Duty (FED) on their interest/mark-up income and classified lease finance facility as "Non funded banking service" . Therefore, leasing companies are not considered exempt from FED exemption available under Rule 40A of the Federal Excise Rules 2005. The Company filed a petition before Sindh High Court challenging the letter dated 23 January 2012 issued by the Assistant Commissioner Inland revenue calling upon the Company to make payment of alleged out standing demand of FED amounting to Rs.22.84 million till 30 January 2012. As per the Company`s legal advisor, the Company has a strong arguable case and is likely to succeed in getting the relief claimed against the said demand. Therefore no provision is recognized in the financial statements as on 30 June 2012 with respect to this possible liability and is disclosedas a contingent liability.

20.2 In 2008, an assessment order was issued in respect of tax year 2004 which raised an additional tax demand for Rs. 23.5 million on account of capital gain, tax gain on termination of lease and disallowance of initial depreciation on property and machinery. The Company filed an appeal with the Appellate Tribunal Inland Revenue of Pakistan (ATIR) who deleted all the matters on 09 May 2011 except for the taxability of capital gain on sale of listed securities which was remanded back to the taxation officer.

20.3 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that financial institutions (FIs) have been brought with in the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended 30 June 2010, a constitutional petition has been filed by leasing and other financial institutions through chamber of commerce in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the FIs,which is pending adjudication. However, without prejudice to the above, the Company made provisions for WWF contribution in the annual financial statements for the year ended 30 June2010 and 30 June 2011 of Rs 0.45 million and 0.99 million respectively.

In the current year, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006and the Finance Act, 2008 has declared the said amendments as unlawful and unconstitutional.The department has filed an appeal against the order in the Supreme Court of Pakistan. The Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC and the appeal of the department in Supreme Court.

The Company has not yet paid the WWF liability for the year 30 June 2010 and 30 June 2011 amounting to Rs 1.44 million. The Company believes that the aforementioned constitutional petition pending in the SHC and the appeal of the department in Supreme Court, the Company has strong grounds for decision in favour of the Company. Accordingly, the Company has not recognised provision against WWF for the year ended 30 June 2012 amounting to Rs 1.148million. Had the same been made in the financial statements, the EPS of the Company wouldhave been lower by Rs 0.04.

21. RETURN ON INVESTMENT

	2012	2011
	(Rupees)	
Net (loss) / gain on sale of securities	**(669,712)**	445,808
Mark-up on:		
- Term finance certificates	**-**	352,098
- Pakistan investment bonds	**1,865,320**	3,018,237
- Treasury bills	**19,420,268**	12,632,214
- Insurance agreements	**-**	19,857
Dividend income	**483,168**	1,448,111
	21,099,044	17,916,325

22. OTHER OPERATING INCOME

	Note	2012	2011
Income from non-financial assets			
Gain/ (loss) on sale of property and equipment		17,608	(78,168)
Rental income		1,500,000	-
Others	22.1	359,662	1,746,674
		1,877,270	1,668,506

22.1 This includes Rs 83,639 being excess insurance refundable to clients on lease settlement dates, which is taken to other income.

23. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2012	2011 (Represented)
Salaries and other benefits		7 047025	7,810,059
Contribution to provident fund		309,827	362,594
Directors' fees		47,500	67,500
Rent, rates and taxes		-	165,000
Security services		105,000	291,000
Utilities		667,067	829,529
Postage and periodicals		32,159	41,156
Printing and stationery		244,417	314,168
Vehicle running and maintenance		953,587	1,251,104
Insurance		677,566	753,525
Travelling and conveyance		34,411	3,744
Auditors' remuneration	*23.1*	543,400	397,650
Legal and professional charges		4,267,760	4,317,913
Depreciation	*11*	1,675,534	2,088,747
Amortization	*10.1*	110,728	120,851
Entertainment		87,987	47,961
Advertisement expenses		108,260	38,316
Bad debts written off		-	57,028
Repairs and maintenance		829,738	189,285
Brokerage expenses - securities		350,876	959,872
Commission paid for lease settlement		295,269	-
Others		464,647	503,181
		18,852,758	20,610,183
Expenses allocated to discontinued operation		* (12,819,875)	* (13,190,517)
		6,032,883	7,419,666

* Administrative and operating expenses have been allocated between continuing and discontinued operations in proportion to their respective taxable income.

23.1 Auditors' remuneration

		2012	2011
		(Rupees)	
Audit fee - statutory		**250,000**	250,000
Fee for half yearly review		**75,000**	75,000
Fee for special certification		**125,000**	-
Fee for review of compliance with code of corporate governance		**25,000**	25,000
Other certifications		**20,000**	20,000
Out of pocket expenses		**48,400**	27,650
		543,400	397,650

24. FINANCIAL CHARGES

		2012	2011
Financial charges on lease financing		-	36,647
Mark-up on running finances under mark-up arrangements		**125,609**	87,834
Arrangement charges		**11,300**	49,800
Bank charges		**10,411**	15,482
		147,320	189,763

25. TAXATION

		2012	2011
- current		**6,605,334**	6,307,392
- prior		**168,237**	-
- deferred		**(129,282)**	774,519
		6,644,289	7,081,911
Tax expense from discontinued operation	*4.1*	**(628,454)**	(2,558,891)
		6,015,835	4,523,020

Reconciliation between accounting profit and tax expense:

		2012	2011
Accounting profit			
From continuing operations		**19,309,934**	13,738,435
From discontinued operation	*4.1*	**(584,010)**	11,861,465
		18,725,924	25,599,900
Tax @ 35%		**6,554,073**	8,959,965
Tax effect of:			
- loss exempt from tax		**234,399**	(156,033)
- income taxed at reduced rates		**(530,742)**	(362,028)
- tax effect of unrealised loss		-	727,149
- bad debts written off		-	(1,614,400)
- prior year adjustment / reversal of turnover tax		**(130,850)**	(2,833,655)
- other		**(111,045)**	(197,978)
		6,015,835	4,523,020

26. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief executive officers		Director		Executives	
	2012	2011	**2012**	2011	**2012**	2011
	(Rupees)					
Managerial remuneration	-	746,700	-	200,000	**2,080,200**	2,020,044
Housing and utilities	-	373,470	-	-	**1,039,800**	1,009,956
Bonus	-	62,225	-	-	-	83,333
Ex-gratia	-	600,000	-	-	-	-
Provident fund	-	62,226	-	-	**173,352**	168,339
Club subscription	-	6,000	-	-	**12,000**	12,000
	-	1,850,621	-	200,000	**3,305,352**	3,293,672
Number	**1**	2	-	1	**2**	2

26.1 The Chief Executive Officer and Executives are entitled to free use of Company maintained vehicles.

26.2 Aggregate amount charge in the financial statement with respect to directors' fee for the year was Rs. 47,500 (2011: Rs. 67,500).

27. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other shareholders; and to maintain a strong capital base to support the sustained development of its businesses.

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

28. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Company has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing it.

28.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk ManagementCommittee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

28.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company and arises principally from the Company's bank balances, other receivables, long term deposits and investment in mutual fund units.

28.2.1 *Management of credit risk*

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.

28.2.2 *Exposure to credit risk*

The Company's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the financial assets in the balance sheet. After discontinuation of leasing business, credit risk mainly relates to deposits with banks and investment in mutual fund units. Investments in treasury bills and PIBs are not considered to have credit risk due to government guarantee. Carrying amount of these financial assets are as follows:

	2012	2011
	(Rupees)	
Bank balances	**69,885,307**	23,373,655
Investment in KASB cash fund	**10,093,952**	-
Other receivables	**506,563**	1,433,311
Net investment in finance leases (net of security deposits held)	-	143,071,853
Long term deposits	**232,200**	232,200
	80,718,022	168,111,019

The Company does not expect to incur material credit losses on its financial assets.

28.2.3 Credit ratings

Below mentioned ratings are on the basis of available ratings assigned by PACRA and JCR-VIS as of 30 June 2012.

The analysis below summarizes the credit quality of the Company's bank balances as at 30 June 2012 and 30 June 2011:

AAA	**1,763**	91,950
AA	**69,883,544**	23,281,715
	69,885,307	23,373,665

28.2.4 Aging Analysis of Net Investment in Finance Lease

As at 30 June 2012, net receivables in finance lease is Rs. NIL due to discontinuation of leasing business.

	2011			
	Carrying Amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
	----------(Rupees)----------			
0 days	165,659,005	165,659,005	-	-
1-89 days	35,294,448	35,294,448	-	-
90 days-1 year	-	-	-	-
1 year- 2 years	-	-	-	-
2 years- 3 years	-	-	-	-
More than 3 years	-	-	-	-
Total	200,953,453	200,953,453	-	-

28.2.5 *Concentration of credit risk*

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

The Company is not exposed to any concentration of credit risk as on 30 June 2012 relating to lease portfolio after discontinuation of leasing business. Sector wise analysis of bank balances, investments, long term deposits and other receivables are given below:

	2012		2011	
	(Rupees)	**%**	(Rupees)	%
Textile and made ups	-	-	45,217,699	20.01
Healthcare and hospitals	-	-	4,320,058	1.91
Services	-	-	3,181,256	1.41
Banking and financial institutions	**69,885,307**	**86.58**	24,883,997	11.01
Textile	-	-	47,756,627	21.13
Transportation	-	-	2,320,551	1.03
Trading services	-	-	6,676,635	2.95
Food	-	-	56,577,633	25.04
Communication and IT	-	-	6,231,914	2.76
Sugar and allied	-	-	471,024	0.21
Automobile	-	-	22,663,750	10.03
Open end mutual fund	**10,093,952**	**12.51**	-	-
Others	**738,763**	**0.91**	5,691,475	2.52
	80,718,022	**100.00**	225,992,619	100.00

28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company.

28.3.1 *Management of liquidity risk*

The Company manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets such as treasury bills.

28.3.2 Maturity analysis for financial assets and liabilities

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

	Amount	Contractual cash flows	Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
	---------- (Rupees) ----------					
As at 30 June 2012						
Assets						
Cash and bank balances	**69,894,289**	**69,894,289**	**69,894,289**	-	-	-
Investments	**253,443,952**	**260,000,000**	**260,000,000**	-	-	-
Other receivable	**3,138,065**	**3,138,065**	**3,138,065**	-	-	-
Long term deposits	**232,200**	**232,200**	-	-	**232,200**	-
	326,708,506	**333,264,554**	**333,032,354**	-	**232,200**	-
Liabilities						
Accrued expenses and other liabilities	**678,071**	**678,071**	**678,071**	-	-	-
	678,071	**678,071**	**678,071**	-	-	-
As at 30 June 2011						
Assets						
Cash and bank balances	23,373,665	23,373,665	23,373,665	-	-	-
Investments	213,618,253	242,136,453	176,500,000	22,636,453	12,000,000	31,000,000
Other receivable	4,639,982	4,639,982	4,639,982	-	-	-
Net investment in finance lease	200,953,453	225,466,491	33,050,785	74,909,981	117,505,725	-
Long term deposits	232,200	232,200	-	-	232,200	-
	442,817,553	495,848,791	237,564,432	97,546,434	129,737,925	31,000,000
Liabilities						
Accrued mark-up on running finance facilities	20,056,652	20,056,652	20,056,652	-	-	-
Accrued mark-up on running finance facilities	87,372	87,372	87,372	-	-	-
Accrued expenses and other liabilities	3,127,359	3,375,654	3,375,654	-	-	-
Lease key money deposits	77,962,405	77,962,405	5,605,884	14,474,921	57,881,600	-
	101,233,788	101,482,083	29,125,562	14,474,921	57,881,600	-

28.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

28.4.1 *Management of market risks*

The Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies developed and updated by risk management committee.

The Company is exposed to interest rate and price risk only.

28.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. During the year, the Company mainly exposed to mark-up / interest rate risk on its net investment in finance lease, investments and running finance on mark-up arrangements. However, the Company surrendered its leasinglicense and discontinued leasing business during the year. Furthermore, all the financing facilities have expired as on 30 June 2012, therefore the Company is now only exposed to interest rate risk relating to its investments.

The Company manages its interest rate risk by having a balance between floating interest rate financial assets and liabilities. Currently financial liabilities represent nil (2011: 21.20%) of financial asset with floating interest rates.

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments is as follows:

	Carrying Amount	
	30 June 2012	30 June 2011
	--------------(Rupees)---------------	
Fixed rate instruments		
Financial assets	**253,443,952**	323,771,601
Financial liabilities	-	-
Variable rate instruments		
Financial assets	**69,873,926**	94,569,017
Financial liabilities	-	20,056,649

Cash flow sensitivity analysis for variable rate instruments

The Company holds profit earning current accounts with various banks exposing the Company to cash flow interest rate risk (as detailed in note 5). For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit and equity for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit or loss before tax 100 bp		Equity 100 bp	
	Increase	(Decrease)	Increase	(Decrease)
	--------- (Rupees) ---------		--------- (Rupees) ---------	
As at 30 June 2012				
Cash flow sensitivity - Variable rate instruments*	698,739	(698,739)	454,181	(454,181)
As at 30 June 2011				
Cash flow sensitivity - Variable rate instruments*	745,124	(745,124)	484,330	(484,330)

*net of financial liabilities.

The information about Company's exposures to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

As at 30 June 2012	Effective rate of mark-up / return %	Exposed to interest rate risk					Not exposed to interest rate risk
		Amount	Upto 6 months	Over 6 months to 1 year	1 year to 5 years	over 5 years	
		--------(Rupees)--------					
Financial Assets							
Bank balances	6.00 - 10.25	69,885,307	69,873,926	-	-	-	11,381
Investments	11.06 - 11.87	253,443,952	253,443,952	-	-	-	-
Other receivables		3,138,065	-	-	-	-	3,138,065
Long term deposits		232,200	-	-	-	-	232,200
		326,699,524	323,317,878	-	-	-	3,381,646
Financial Liabilities							
Accrued expenses and other liabilities		678,071	-	-	-	-	678,071
On balance sheet gap		326,021,453	323,317,878	-	-	-	2,703,575

As at 30 June 2011	Effective rate of mark-up / return %	.					Not exposed to interest rate risk
		Amount	Upto 6 months	Over 6 months to 1 year	1 year to 5 years	over 5 years	
		--------(Rupees)--------					
Financial Assets							
Bank balances	6.00 - 10.50	23,373,665	23,253,244	-	-	-	120,421
Investments	12.00 - 13.49	215,149,959	-	-	-	215,149,959	-
Other receivables		4,639,982	-	-	-	-	4,639,982
Net investment in finance lease	13.95 - 23.01	200,953,453	71,315,773	-	-	-	129,637,680
Long term deposits		232,200	-	-	-	-	232,200
		444,349,259	94,569,017	-	-	215,149,959	134,630,283
Financial Liabilities							
Running finance under mark-up arrangements	15.62 - 16.15	20,056,652	20,056,652	-	-	-	-
Accrued mark-up on loans and other payables		87,372	-	-	-	-	87,372
Accrued expenses and other liabilities		3,127,359	-	-	-	-	3,127,359
Lease key money deposits		77,962,405	-	-	-	-	77,962,405
		101,233,788	20,056,652	-	-	-	81,177,136
On balance sheet gap		343,115,471	74,512,365	-	-	215,149,959	53,453,147

28.5 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

Presently, the Company holds mutual funds units classified as 'at fair value through profit or loss' that expose the Company to equity price risk. The table below summarises Company's market risk as of 30 June 2012 and 2011. It shows the effect of a 10% increase and 10% decrease in the market prices of equity investments as on those dates on Company's profit and equity.

At the reporting date, the investment profile of Company is classified as follows:

	Carrying Amount	
	30 June 2012	30 June 2011
	--------------(Rupees)---------------	
Investments		
Fair value through profit or loss	**10,093,952**	21,000,997
Available for sale	-	135,462

	Profit or loss		Equity	
	Increase	(Decrease)	Increase	(Decrease)
	--------- (Rupees) ---------		--------- (Rupees) ---------	
30 June 2012	**1,009,395**	**(1,009,395)**	**1,009,395**	**(1,009,395)**
30 June 2011	2,100,100	(2,100,100)	2,113,646	(2,113,646)

28.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;

- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- contingency plan;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

28.7 Fair value of financial instruments

Investments on the Balance Sheet are carried at fair value. The management is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Company's accounting policy on fair value measurements is discussed in note 3.1 to these financial statements.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

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

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

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

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets at fair value through profit or loss				
Equity securities	10,093,952	-	-	10,093,952
Debt securities	-	-	-	-
	10,093,952	**-**	**-**	**10,093,952**
Available for sales				
Equity securities	-	-	-	-
Debt securities	-	243,350,000	-	243,350,000
	-	**243,350,000**	**-**	**243,350,000**

29. EARNINGS PER SHARE - basic and diluted

	Note	2012	2011
		--------------(Rupees)---------------	
Net profit after tax for the year attributable to the ordinary shareholders'			
Continuing operations		**12,665,645**	6,656,524
Discontinued operation		**44,444**	14,420,356
		12,710,089	21,076,880
Weighted average number of ordinary share outstanding during the year		**30,000,000**	30,000,000
Earnings per share - basic and diluted	*29.1*		
Continuing operations		**0.42**	0.22
Discontinued operation		**0.00**	0.48
		0.42	0.70

29.1 Basic earning per share has no dilution effect.

30. CASH AND CASH EQUIVALENTS

	2012	2011
Cash and bank balances	**69,894,289**	23,373,665
Running finance under mark-up arrangements	**-**	(20,056,652)
	69,894,289	3,317,013

31. SEGMENT REPORTING

	2012		
	Discontinued operation	**Continuing operations**	**Total**
	Lease	**Investments and others**	
	----------------------------------	(Rupees)	----------------------------------
Segment revenues	**12,235,865**	**25,490,137**	**37,726,002**
Segment results	**(584,010)**	**19,457,254**	**18,873,244**
Unallocated income			**-**
Results from operating activities			**18,873,244**
Finance costs			**(147,320)**
Provision for taxation			**(6,015,835)**
Profit for the year			**12,710,089**
Other information			
Segment assets	**-**	**389,905,007**	**389,905,007**
Total assets	**-**	**389,905,007**	**389,905,007**
Segment liabilities	**-**	**19,836,824**	**19,836,824**
Total liabilities	**-**	**19,836,824**	**19,836,824**

	2011		
	Discontinued operation	Continuing operations	Total
	Lease	Investments and others	
	----------------------------------	(Represented)	------------------------------
Segment revenues	25,051,982	23,425,433	48,477,415
Segment results	11,861,465	12,316,720	24,178,185
Unallocated income			1,611,478
Results from operating activities			25,789,663
Finance costs			(189,763)
Provision for taxation			(4,523,020)
Profit for the year			21,076,880
Other information			
Segment assets	200,953,453	310,623,399	511,576,852
Total assets	200,953,453	310,623,399	511,576,852
Segment liabilities	92,550,934	40,678,598	133,229,532
Total liabilities	92,550,934	40,678,598	133,229,532

32. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies with common directors, group companies, staff retirement fund, directors and key management personnel. Transactions with related parties are entered at rates negotiated with them. Remuneration to key management personnel are in accordance with their terms of engagements as disclosed in note 26. Transactions with related parties other than those which have not been disclosed elsewhere in the financial statements are as follows:

	2012	2011
	(Rupees)	
Meeting fee paid / payable to director	**47,500**	67,500
Contribution to provident fund - Chief executive officer	**-**	62,226
Contribution to provident fund - Employees	**309,827**	300,368
Investments		
Opening balance	**8,572,750**	1,960,000
Additions	**25,112,948**	50,741,600
Disposals	**33,685,698**	44,128,850
Closing Balance	**-**	8,572,750
Dividend received	**236,168**	60,600
Capital (loss) / gain	**(112,264)**	1,073,567

Other related parties

INVESTMENT IN FINANCE LEASE

For the year ended 30 June 2012	Almurtaza Garment Machinery Company	Alrashid Micro-computers (Pvt.) Ltd.	Premier Hosiery Mills (Pvt.) Ltd.	Mr. Imran Ali Rashid	Total
	(Rupees)				
Net investment in finance lease					
Beginning of the year	426,054	-	291,367	300,074	1,017,495
Disbursement during the year	-	-	-	-	-
Maturities during the year	(426,054)	-	(291,367)	(300,074)	(1,017,495)
At the year end	-	-	-	-	-
Lease income	6,344	2,374	17,828	14,855	41,401
Lease key money deposits					
Beginning of the year	10,000	-	179,900	55,400	245,300
Received during the year	-	-	-	-	-
Maturities during the year	(10,000)	-	(179,900)	(55,400)	(245,300)
At the year end	-	-	-	-	-

For the year ended 30 June 2011

Net investment in finance lease					
Beginning of the year	606,400	897,613	23,730,923	397,610	25,632,546
Disbursement during the year	-	-	-	-	-
Maturities during the year	(180,346)	(897,613)	(23,439,556)	(97,536)	(24,615,051)
At the year end	426,054	-	291,367	300,074	1,017,495
Lease income	75,614	50,747	132,061	44,844	303,266
Lease key money deposits					
Beginning of the year	10,000	167,450	4,735,900	55,400	4,968,750
Received during the year	-	-	-	-	-
Maturities during the year	-	(167,450)	(4,556,000)	-	(4,723,450)
At the year end	10,000	-	179,900	55,400	245,300

33. POST BALANCE SHEET EVENTS

Subsequent to the year end, KASB Finance (Private) Limited acquired 99.94% of the issued shares capital of the Company.

34. GENERAL

34.1 Comparative figures of profit or loss account have been re-presented to show discontinued operations separately from continuing operations.

34.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure.

35. DATE OF AUTHORISATION

These financial statements were authorized for issue in the Board of Directors meeting held on 26 September 2012.

Chief Executive Officer **Director**

Form of **proxy**

I / We

of (full) address) being a

Member(s) of Sigma Corporation Limited (formerly Sigma Leasing Corporation Limited) holding ordinary shares

hereby appoint of or failing him / her

of asmy / our proxy in my / our absence

to attend and vote for me / use and on my / our behalf at the Sixteenth Annual Gerneral Meeting of the co-

mpany to to be held on and to every adjournment thereof.

As witness I / we set my / our hand / seal this day of 2012.

Signed by the said

in presence of

Signature on

Five Rupees

Revenue

Stamp

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 Corporation Limited (formerly 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.