

### **Our Vision**

To be a leading investment 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.



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## Company Information

<b>Board of directors</b>	Mr. Muzaffar Ali Shah Bukhari	Chairman
	Mr. Nasir Ali Shah Bukhari	Chief Executive 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

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**Chief financial officer** Mr. Muhammad Aamir Ahmadani

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**Company secretary** Mr. Zia-ul-Haq

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**Auditors** M/s. Ernst & Young Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

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**Legal advisor** Mohsin Tayebaly & Co.

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<b>Audit committee</b>	Syed Waseem ul Haq Haqqi	Chairman
	Mr. Muzaffar Ali Shah Bukhari	Member
	Syed Liaquat Ali	Member

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<b>Bankers</b>	Askari Bank Limited	KASB Bank Limited
	Bank Alfalah Limited	National Bank of Pakistan
	Habib Metropolitan Bank Limited	Soneri Bank Limited

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**Registered office and 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

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**Principal 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

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**Share department** THK Associates (Pvt.) Limited  
Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road,  
Karachi, 75530 P.O. Box No. 8533  
UAN # : (92-21) 111-000-322  
Fax : (92-21) 35655595

## DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

On behalf of the Directors of Sigma Corporation Limited (the Company), I am pleased to present the review report for the 2nd quarter ended December 31, 2012 along with the condensed interim financial statements and auditors' review report .

Summarized financial performance of the Company for the 2nd quarter ended December 31, 2012 was as follows:

	<u>Rs. in million</u>
Profit before taxation	6.468
Taxation	<u>0.639</u>
Profit after taxation	<u>5.829</u>
Earnings per share	<u>0.19</u>

As also highlighted in the auditors' review report, during the period under review, the Board of Directors of the Company has approved a Scheme of Amalgamation through which the Company will merge with and in to KASB Finance (Private) Limited. KASB Finance (Private) Limited is the holding company of the KASB Group. A petition has been filed with Islamabad High Court for approval of the proposed amalgamation. Further, the Company has also applied to the Securities & Exchange Commission of Pakistan for approval of change of its name from Sigma Corporation Limited to KASB Corporation Limited. Subsequent to the implementation of the above actions and approvals, the Company will become the listed Holding Company of the KASB Group.

The auditors have also highlighted in their review report about the contingency in respect of company's contribution to worker's welfare fund aggregating Rs. 1.437 million for which no provision has been made in these financial statements as the company expects that a constitutional petition currently pending in the Honorable High Court of Sindh will be decided favorably.

The auditor's report is not qualified in respect of the above two matters highlighted in their review report.

The Board recognizes and appreciates the support of regulatory authorities, investors, the management and other staff members of the Company.

For and on behalf of the Board of Directors.



**Syed Liaquat Ali**  
Director

Date: February 27, 2013.  
Karachi



Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530, Pakistan  
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## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of Sigma Corporation Limited [formerly Sigma Leasing Corporation Limited] (the Company) as at 31 December 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and explanatory notes (here-in-after referred to as the "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all the significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

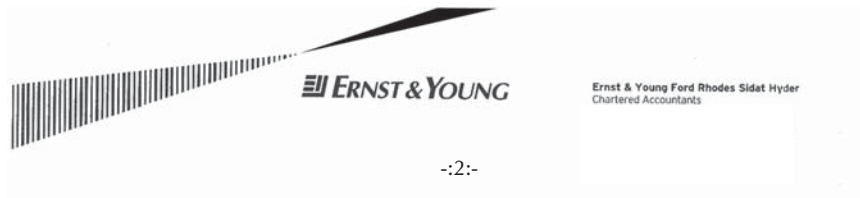
### *Emphasis of Matters*

We draw attention to the following:

- i) Note 7.3 to the accompanying interim financial information which explains the contingency in respect of the Company's contribution to Workers' Welfare Fund (WWF) aggregating to Rs. 1.437 million for which no provision has been made in this interim financial information. In this regard, the Company expects that the constitutional petition pending in the Honorable High Court of Sindh on the subject will be decided favorably; and
- ii) Note 1.4 to the accompanying interim financial information, which states that the Board of Directors of the Company has approved a scheme of amalgamation for the proposed merger of the Company with an into KASB Finance (Private) Limited, subject to completion of requisite legal and regulatory requirements.

Our conclusion is not qualified in respect of the above matters.

A member firm of Ernst & Young Global Limited



***Other Matter***

The condensed interim financial statements of the Company for the half year ended 31 December 2011 and the financial statements of the Company for the year ended 30 June 2012 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated 11 February 2012 and audit report dated 26 September 2012 expressed an unmodified conclusion and unmodified opinion on those statements respectively.

The review report on the condensed interim financial statements of the Company for the half year ended 31 December 2011 included an emphasis of matter paragraph in respect of Company's non-compliance with minimum equity requirement of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and also Company's non-compliance in respect of minimum investment in leasing business as prescribed under NBFC Regulations.

Further, the audit report on the financial statements of the Company for the year ended 31 December 2012 included emphasis of matter paragraphs in respect of (i) WWF as stated under the emphasis of matter paragraph 'i' above, and (ii) discontinuation of leasing business.

**Chartered Accountants**

**Engagement Partner: Arslan Khalid**

**Date: February 27, 2013**

**Karachi**


A member firm of Ernst & Young Global Limited



**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2012**

		December 31, 2012	June 30, 2012
	Note	(Un-Audited)	(Audited)
		----- Rupees -----	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	4	30,588,502	69,894,289
Investments	5	270,505,758	253,443,952
Short term loans	6	26,500,000	-
Prepayments and other receivables		<u>1,762,925</u>	<u>3,202,719</u>
<b>Total current assets</b>		<u>329,357,185</u>	<u>326,540,960</u>
<b>Non-current assets</b>			
Property and equipment		<u>62,716,906</u>	<u>63,131,847</u>
Long term deposits		<u>232,200</u>	<u>232,200</u>
<b>Total non-current assets</b>		<u>62,949,106</u>	<u>63,364,047</u>
<b>TOTAL ASSETS</b>		<u>392,306,291</u>	<u>389,905,007</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Taxation - net		<u>329,171</u>	<u>10,809,607</u>
Accrued expenses and other liabilities		<u>2,908,077</u>	<u>2,764,315</u>
<b>Total current liabilities</b>		<u>3,237,248</u>	<u>13,573,922</u>
<b>Non-current liabilities</b>			
Deferred tax liability - net		<u>6,297,506</u>	<u>6,262,902</u>
<b>TOTAL LIABILITIES</b>		<u>9,534,754</u>	<u>19,836,824</u>
<b>NET ASSETS</b>		<u>382,771,537</u>	<u>370,068,183</u>
<b>REPRESENTED BY</b>			
Issued, subscribed and paid-up share capital		<u>300,000,000</u>	<u>300,000,000</u>
Accumulated profit		<u>37,749,650</u>	<u>24,942,144</u>
		337,749,650	324,942,144
Surplus on revaluation of property and equipment - net of deferred tax		<u>45,021,887</u>	<u>45,126,039</u>
		<u>382,771,537</u>	<u>370,068,183</u>
<b>Contingencies</b>	7		

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


  
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 Chief Executive Officer

  
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 Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2012**

	Half Year Ended		Quarter Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	----- Rupees -----			
<b>INCOME</b>				
<b>Continuing operations</b>				
Mark-up on bank deposits and short term loans	3,304,668	947,281	1,407,134	574,932
Return on investments	4,101,522	12,341,934	1,373,750	6,847,604
Other operating income	2,047,179	879,372	1,567,179	696,598
	<b>9,453,369</b>	<b>14,168,587</b>	<b>4,348,063</b>	<b>8,119,134</b>
<b>EXPENSES</b>				
Administrative and operating expenses	4,778,342	6,256,276	2,702,831	3,256,396
Financial charges	2,719	142,700	645	4,915
	<b>4,781,061</b>	<b>6,398,976</b>	<b>2,703,476</b>	<b>3,261,311</b>
<b>Operating Income</b>	<b>4,672,308</b>	<b>7,769,611</b>	<b>1,644,587</b>	<b>4,857,823</b>
Unrealised gain / (loss) on revaluation of held-for-trading investments	9,332,769	(9,852,656)	4,823,851	(8,904,843)
Profit / (loss) before taxation	14,005,077	(2,083,045)	6,468,438	(4,047,020)
<b>Taxation</b>				
Current	1,146,376	94,337	499,510	(47,114)
Prior	120,742	467,324	120,742	467,324
Deferred	34,606	(24,213)	19,623	(5,404)
	<b>1,301,724</b>	<b>537,448</b>	<b>639,875</b>	<b>414,806</b>
<b>Profit from continuing operations</b>	<b>12,703,353</b>	<b>(2,620,493)</b>	<b>5,828,564</b>	<b>(4,461,826)</b>
<b>Discontinued Operation</b>				
Income / (loss) from discontinued operation - net of tax 10	-	874,439	-	(1,130,179)
<b>Net profit / (loss) for the period</b>	<b>12,703,353</b>	<b>(1,746,054)</b>	<b>5,828,564</b>	<b>(5,592,005)</b>
<b>Earning / (loss) per share - basic and diluted</b>				
From continuing operations	0.42	(0.09)	0.19	(0.15)
From discontinued operation	-	0.03	-	(0.04)
<b>Total</b>	<b>0.42</b>	<b>(0.06)</b>	<b>0.19</b>	<b>(0.19)</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

  
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 Chief Executive Officer

  
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 Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2012

	Half Year Ended		Quarter Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	----- Rupees -----			
Profit / (loss) for the period	12,703,353	(1,746,054)	5,828,564	(5,592,005)
<b>Other comprehensive income</b>				
Surplus on revaluation of investments - net	-	1,112,072	-	49,091
<b>Total comprehensive income / (loss) for the period</b>	<u>12,703,353</u>	<u>(633,982)</u>	<u>5,828,564</u>	<u>(5,542,914)</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director





**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2012**

	December 31, 2012	December 31, 2011
	----- Rupees -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (loss) before taxation</b>		
From continuing operations	14,005,077	(2,083,045)
From discontinued operation	-	4,040,159
	<u>14,005,077</u>	<u>1,957,114</u>
<b>Non-cash adjustments to reconcile income before tax to net cash flows</b>		
Depreciation	414,940	876,043
Amortization	-	110,726
Amortization of premium	-	(164,149)
Financial charges	2,719	142,700
Gain on sale of fixed assets	-	(236)
Net (gain) / loss on remeasurement of investments	(9,332,769)	9,852,656
Net gain from transaction of marketable securities	(918,661)	(1,262,735)
Dividend income	-	(483,168)
	<u>4,171,306</u>	<u>11,028,951</u>
<b>Working capital adjustments:</b>		
<b>(Increase) / decrease in current assets</b>		
Net investment in finance lease	-	41,871,337
Lease key money deposits	-	(15,926,815)
Prepayments and other receivables	1,439,793	2,031,894
	<u>1,439,793</u>	<u>27,976,416</u>
<b>Increase in current liabilities</b>		
Accrued expenses and other liabilities	143,761	295,246
	<u>5,754,860</u>	<u>39,300,613</u>
Financial charges paid	(2,719)	(228,864)
Taxes paid	(11,747,552)	(11,615,951)
	<u>(11,750,271)</u>	<u>(11,844,815)</u>
<b>Net cash (used in) / generated from operating activities</b>	<u>(5,995,411)</u>	<u>27,455,798</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(409,321,440)	(438,792,543)
Sale proceeds on disposal of investments	402,511,064	499,564,718
Short term loans - net	(26,500,000)	-
Sale proceeds on disposal of fixed assets	-	6,000
Dividend income	-	483,168
<b>Net cash generated from / (used in) investing activities</b>	<u>(33,310,376)</u>	<u>61,261,343</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(15,000,000)
<b>Net cash flows used in financing activities</b>	<u>-</u>	<u>(15,000,000)</u>
<b>Net (decrease) / Increase in cash and cash equivalent</b>	<u>(39,305,787)</u>	<u>73,717,141</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>69,894,289</u>	<u>3,317,015</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>30,588,502</u></u>	<u><u>77,034,156</u></u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2012**

	Share Capital	Statutory Reserves	Unappropriated Profit/ (loss)	Deficit on re- valuation of investment	Total
	----- (Rupees) -----				
Balance as at June 30, 2011	300,000,000	67,424,141	(32,900,391)	(1,510,774)	333,012,976
Loss for the period ended December 31, 2011	-	-	(1,746,054)	-	(1,746,054)
Other comprehensive income	-	-	1,112,072	-	1,112,072
Total comprehensive income for the period	-	-	(633,982)	-	(633,982)
Final dividend for the year ended June 30, 2011	-	-	(15,000,000)	-	(15,000,000)
	300,000,000	67,424,141	(48,534,373)	(1,510,774)	317,378,994
Transfer from surplus on revaluation of property and equipment - net of tax	-	-	104,153	-	104,153
<b>Balance as at December 31, 2011</b>	<b>300,000,000</b>	<b>67,424,141</b>	<b>(48,430,220)</b>	<b>(1,510,774)</b>	<b>317,483,147</b>
<b>Balance as at June 30, 2012</b>	<b>300,000,000</b>	<b>-</b>	<b>24,942,144</b>	<b>-</b>	<b>324,942,144</b>
Profit for the period ended December 31, 2012	-	-	12,703,353	-	12,703,353
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	12,703,353	-	12,703,353
Transfer from surplus on revaluation of property and equipment - net of tax	-	-	104,153	-	104,153
<b>Balance as at December 31, 2012</b>	<b>300,000,000</b>	<b>-</b>	<b>37,749,650</b>	<b>-</b>	<b>337,749,650</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2012**

**1. LEGAL STATUS AND OPERATIONS**

- 1.1 The Company was incorporated in Pakistan on April 11, 1996 as a Public Limited Company and received certificate of commencement of business on January 27, 1997 and is listed on the Karachi Stock Exchange since 1997. The registered office of the Company is situated at 90-91 Razia Sharif Plaza, Blue area, Islamabad.
- 1.2 During the previous year, the majority shareholders of the Company entered into an agreement with KASB Finance (Private) Limited [KFPL] according to which KFPL acquired 29,996,406 ordinary shares of the Company, representing 99.99% of the issued and paid up capital of the Company. Accordingly, KFPL has become the holding company of the Company effective September 26, 2012.
- 1.3 On May 31, 2012, the Securities and Exchange Commission of Pakistan (SECP) has de-registered the Company as a Non-banking Finance Company (NBFC) and revoked its license to carry on leasing business vide letter NLA/PRDD/SCD/Sigma/2012-704 on 22 June 2012. The 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. Pursuant to the said discontinuation of leasing business in the previous year, the Company's core business is now to undertake portfolio investment management and investment in other financial instruments.
- 1.4 During the period, the Board of Directors of the Company has approved in principal the proposed merger of the Company with and into KFPL subject to completion of requisite legal and regulatory requirements. For this purpose, a scheme of amalgamation (the Scheme) has also been approved by the Board of Directors of the Company in their meeting held on October 31, 2012 and a share swap ratio of 0.83 shares of the Company against 1 share of KFPL has been proposed based on the net assets value of the Company and KFPL. As per the proposed Scheme, the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of KFPL will be transferred to and assumed by the Company. The Company will continue as a going concern and KFPL upon amalgamation will cease to exist without winding-up. The amalgamation is expected to lead to an increased asset base and size of the merged entity.
- 1.5 The Company along with KFPL has filed a petition in the Honorable High Court of Islamabad for the approval of the above referred scheme. Further, an application for change of name of the Company as "KASB Corporation Limited" is also submitted to the SECP.

**2. BASIS OF PREPARATION**

- 2.1 These condensed interim financial statements of the Company for the half year ended December 31, 2012 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim financial Reporting" and provisions of the Companies Ordinance, 1984 and directives issued by the SECP. Wherever the requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2012.
- 2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

**3. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

**New and amended standards and interpretations**

The Company has adopted the following amendments to IFRS which became effective in the current period.

- IAS 1 Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)
- IAS 12 Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the condensed interim financial statements.

		December 31, 2012	June 30, 2012
	Note	<u>(Un-Audited)</u>	<u>(Audited)</u>
		----- Rupees -----	
<b>4. CASH AND BANK BALANCES</b>			
In hand		-	8,982
In current accounts		19,027	11,381
Term Deposit Receipts	4.1	25,000,000	-
In PLS accounts	4.2	<u>5,569,475</u>	<u>69,873,926</u>
		<u><u>30,588,502</u></u>	<u><u>69,894,289</u></u>

4.1 This represents Term Deposit placed with KASB Bank Limited (related party) on short term basis. The rate of return on this term deposit is 8.75% per annum. These will mature latest by February 2013.

4.2 Rate of return on PLS accounts varies from 6% to 9% (June 30, 2012: 6.0 % to 10.5 %).

## 5. INVESTMENTS

At fair value through profit or loss (held-for-trading)	5.1	220,505,758	10,093,952
Available-for-sale (Government securities)	5.2	-	243,350,000
Held-to-maturity	5.3	50,000,000	-
		<u>270,505,758</u>	<u>253,443,952</u>

### 5.1 At fair value through profit or loss (held for trading)

December 31, 2012 (Un-Audited)	June 30, 2012 (Audited)	Mutual Funds (related parties)	Rupees			
-----Number of units-----			December 31, 2012 (Un-Audited)		June 30, 2012 (Audited)	
			Cost	Market Value	Cost	Market Value
1,270,808.7129	96,598.7577	KASB Cash Fund	125,368,072	130,366,420	10,000,000	10,093,952
703,295.7497	-	KASB Islamic Income Opportunity Fund	70,000,000	72,938,099	-	-
235,255.7167	-	KASB Income Opportunity Fund	15,710,965	17,201,239	-	-
			<u>211,079,037</u>	<u>220,505,758</u>	<u>10,000,000</u>	<u>10,093,952</u>

5.2 Government securities (Market treasury bills) were matured during the period.

5.3 This represents certificates of Musharaka issued by KASB Modaraba (related party). These certificates carries markup at the rate of 10% per annum and will mature in January 2013.

	Note	December 31, 2012 (Un-Audited)	June 30, 2012 (Audited)
<b>6. SHORT TERM LOANS - Unsecured</b>			
KASB Funds Limited (related party)	6.1	11,500,000	-
KASB Invest Private Limited (related party)	6.2	15,000,000	-
		<u>26,500,000</u>	<u>-</u>

6.1 During the period, the Company entered into a loan agreement with KASB Funds Limited [KFL], whereby, the Company has provided an unsecured loan to KFL of Rs. 11.5 million. The loan carries mark-up at the rate of KIBOR plus 2.5% repayable on monthly basis. The loan is repayable by December 2013.

6.2 During the period, the Company entered into a loan agreement with KASB Invest Private Limited [KIPL], whereby, the Company has provided an unsecured loan to KIPL of Rs. 15 million. The loan carries mark-up at the rate of KIBOR plus 2.5% (with a cap of 12%) repayable on monthly basis. The loan is repayable by December 2013.

## 7. CONTINGENCIES

- 7.1 In 2008, an assessment order was issued in respect of the 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 May 09, 2011 except for the taxability of the capital gain on sale of listed securities which was remanded back to the taxation officer. The tax impact of capital gain amounts to Rs.0.888 million.
- 7.2 The tax authorities have issued order / notice 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 January 23, 2012 (at the time when the leasing license of the Company was not revoked) issued by the Assistant Commissioner Inland Revenue calling upon the Company to make payment of alleged outstanding demand of FED amounting to Rs. 22.84 million till January 30, 2012. During the period, the Commissioner Inland Revenue (Appeals) dismissed the appeal filed by the company through its order dated 30 November 2012 and the Company is in the process of filing an appeal to Appellate Tribunal Inland Revenue. As per the Company's tax advisor, based on the available facts and legal aspects of the case, favorable outcome is anticipated and hence no provision is required to be made in these condensed interim financial statements.
- 7.3 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 have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2% of their accounting and taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a constitutional petition has been filed by leasing companies and other financial institutions through chamber of commerce in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF, which is pending adjudication. However, without prejudice to the above, the Company made provisions for WWF contribution in the annual financial statement for the year ended June 30, 2010 and June 30, 2011 of Rs. 0.45 million and Rs. 0.99 million respectively.

In the previous year, the Honorable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and 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 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 paid the WWF liability for the year ended June 30, 2010 and June 30, 2011 aggregating to Rs. 1.44 million. The Company believes that the aforementioned constitutional petition pending in the SHC and the appeal of the department in the Supreme Court, the Company has strong ground for decision in its favor. Accordingly, the Company has not recognized provision against WWF for the year ended June 30, 2012 and for the half year ended December 31, 2012 amounting to Rs. 1.148 million and Rs. 0.289 million respectively aggregating to Rs. 1.437 million. Had the same been made in the financial statements, the EPS of the Company would have been lower by Rs.0.048 million.

Half Year Ended (Un-Audited)		Quarter Ended (Un-Audited)	
December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
----- Rupees -----			

#### 8. RETURN ON INVESTMENTS

Net gain / (loss) on sale of investments	918,662	1,262,735	(231,471)	2,387,763
Mark-up / interest on:				
- Pakistan Investment Bonds	-	1,676,479	-	776,008
- Market Treasury Bills	333,118	8,919,552	-	3,563,833
- Musharaka certificates	2,550,001	-	1,305,480	-
- Sukuks	299,741	-	299,741	-
	3,182,860	10,596,031	1,605,221	4,339,841
Dividend income	-	483,168	-	120,000
	<u>4,101,522</u>	<u>12,341,934</u>	<u>1,373,750</u>	<u>6,847,604</u>

#### 9. TRANSACTIONS WITH RELATED PARTIES

- 9.1 Related parties of the Company comprise companies with common directorship, group companies, staff retirement fund, directors, key management personnel. Transactions with related parties are entered at rates negotiated with them. The following are the details of balances and transactions with related parties as at and during the half year ended December 31, 2012 and December 31, 2011.

	December 31, 2012 (Un-Audited)	June 30, 2012 (Audited)
----- Rupees -----		
9.2 Balances		
Bank balances	5,524,209	-
Certificates of Musharaka	50,000,000	-
Short term loans	26,500,000	-

	Half Year Ended	
	December 31, 2012 (Un-Audited)	December 31, 2011 (Un-Audited)
	----- Rupees -----	
<b>9.3 Transactions</b>		
Markup received on deposits / placements	3,629,342	-
Upfront fee received	72,179	-
Financial charges paid	600	-
Brokerage commission paid	10,356	-
Contribution paid to employees provident fund	71,813	156,726

	Half Year Ended (Un-Audited)		Quarter Ended (Un-Audited)	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	----- Rupees -----			
<b>10. DISCONTINUED OPERATION</b>				
<b>Results from discontinued operation</b>				
Finance lease	-	7,234,719	-	4,059,092
Net expenses related to lease	-	(3,194,560)	-	(1,628,008)
Profit before taxation from discontinued operatio	-	4,040,159	-	2,431,084
Taxation - deferred	-	(3,165,720)	-	(3,561,263)
Net profit / (loss) from discontinued operation - net of tax	-	874,439	-	(1,130,179)

#### 11. DATE OF AUTHORIZATION


These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on February 27, 2013.

#### 12. GENERAL

12.1 Figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2012 and December 31, 2011 have not been subject to limited scope review by the auditors.

12.2 The figures of the corresponding period have been re-arranged and re-classified wherever necessary for the purpose of better presentation and comparison. However, there are no material re-classifications to report.

12.3 Figure have been rounded off to the nearest rupee.

  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Director