

Corporate Information

Board of Directors

| | |
|--------------------------------|----------|
| Lt. Gen. (R) Imtiaz Hussain | Chairman |
| Maj. Gen. (R) Saeed Ahmad Khan | Director |
| Brig. (R) Syed Azhar Raza | Director |
| Mr. Zafar Alam Khan Sumbal | Director |
| Mr. Agha Ali Imam | Director |
| Mr. Manzoor Ahmad | Director |
| Mr. Khawaja Muhammad Ilyas | Director |
| Ms. Nargis Ghaloo | Director |

Chief Executive

Mr. Abdul Waheed, CPA (USA), CGA (Canada)

Audit Committee

| | |
|----------------------------|----------|
| Brig. (R) Syed Azhar Raza | Chairman |
| Mr. Zafar Alam Khan Sumbal | Member |
| Mr. Agha Ali Imam | Member |

Executive Committee

| | |
|--------------------------------|----------|
| Lt. Gen. (R) Imtiaz Hussain | Chairman |
| Maj. Gen. (R) Saeed Ahmad Khan | Member |
| Brig. (R) Syed Azhar Raza | Member |
| Mr. Zafar Alam Khan Sumbal | Member |

Company Secretary & CFO

Syed Ali Safdar Naqvi, ACA

Bankers

Askari Bank Limited
Faysal Bank Limited
Arif Habib Bank Limited
Deutsche Bank
National Bank Limited
Allied Bank Limited
HSBC Middle East Bank
First National Bank Modaraba
Bank Alfalah Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Hassan Kunain Nafees

Registrar & Share Transfer Office

THK Associates (Private) Limited
Ground Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi.
Telephone: (021) 111 000 322
Fax: (021) 5655595

Registered Office & Head Office

5th Floor, AWT Plaza, The Mall, Rawalpindi Cantt.
Telephone: (051) 9272368-73, UAN: 111 111 345
Fax: (051) 9272148, Email: info@all.com.pk

Entity Rating

Long Term : A+
Short Term : A 1
By PACRA

DIRECTORS' REVIEW

Dear Shareholders,

The Directors of Askari Leasing Limited (the Company) are pleased to present the unaudited interim financial statements for the first quarter ended September 30, 2009 along with the results of the corresponding period as follows:

Financial results

| | July-September 2009 (Rupees) | July-September 2008 (Rupees) |
|---|--|--|
| Lease income | 262,251,502 | 265,357,715 |
| Total revenue | 291,015,016 | 306,429,883 |
| Finance and bank charges | 178,606,109 | 190,361,862 |
| General and administrative expenses | 61,668,262 | 57,874,264 |
| Allowance for potential lease losses | 6,244,355 | 12,878,080 |
| Impairment loss on available for sale investments | 2,024,404 | - |
| Share of (loss)/profit of associated company | (1,432,954) | 2,130,025 |
| Profit before tax | 41,038,932 | 47,445,702 |
| Provision for taxation | 9,028,565 | 10,120,168 |
| Net profit after tax | 32,010,367 | 37,325,534 |
| Earning per share-Basic and diluted | 0.62 | 0.72 |

Review of Operational Activities

During the first quarter under review, the Company disbursed an aggregate amount of Rs. 889 million in relation to net investment in lease finance. As part of business strategy, the Company is exhibiting a risk-averse attitude in the shape of pulling itself away from high risk lease business however, it is similarly cognizant of emerging challenge relating to sustainable business growth which in turn depends upon the recovery of the financial environment and law and order situation.

The lease income decreased by Rs. 3 million (1.17%) vis-à-vis period ended September 2008 due to decline in the lease portfolio over the period of one year. On the other hand, the other income for the period under review shows an unfavorable variance of Rs. 11.3 million (57.75%) as compared to corresponding period which is mainly due to recording of capital gain on the disposal of investment property during the period ended September 2008.

The finance and bank charges decreased by Rs. 11.7 million (6.2%) which was due to replacement of high interest bearing liabilities with low interest bearing liabilities. The general and administrative expenses increased by Rs. 3.8 million (6.5%) due to inflation impact on the administrative expenses and minimum practical increase in the compensation level of the employees.

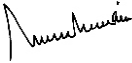
The details and impacts of recording of impairment loss on listed equity investment held as available for sale investment as per Securities and Exchange Commission of Pakistan (SECP) notification SRO 150(1)/2009 dated February 13, 2009 has been more appropriately disclosed in note 4.1 to the condensed interim financial statements.

The share of (loss)/profit of associated company represent the accounting requirements prescribed by the International Accounting Standard (IAS) 28 for investments in associates accounted for under the equity method.

Acknowledgement

The Board of Directors acknowledges the eminent association demonstrated by our shareholders, steady backup from the regulatory authorities, our prominent valued customers and their sturdy ties with the Company; and the commitment and fidelity shown by our most priceless asset i.e. the employees since nothing is realizable without their

Rawalpindi
October 28, 2009


Lt. Gen. (R) Imtiaz Hussain
CHAIRMAN/DIRECTOR

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2009

| | | Un Audited September 30, 2009 | Audited June 30, 2009 |
|--|----|-------------------------------------|-----------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and balance with the State Bank of Pakistan | | 960,156 | 5,960,156 |
| Balances with other banks | | 29,806,317 | 143,910,986 |
| Investments | 4 | 28,510,950 | 15,559,971 |
| Financing against deposits | | 30,612,264 | 27,256,399 |
| Loans and advances | | 42,643,496 | 15,903,232 |
| Deposits and prepayments | | 31,141,587 | 30,887,490 |
| Other receivables | | 30,098,897 | 25,806,224 |
| Accrued mark-up | | 33,928,242 | 15,467,523 |
| Income tax recoverable | | 230,609,188 | 230,003,141 |
| Assets held for lease | | 1,351,900 | 1,351,900 |
| Current portion of net investment in lease finance | 5 | 4,212,991,625 | 4,453,261,226 |
| | | 4,672,654,622 | 4,965,368,248 |
| NON CURRENT ASSETS | | | |
| Net investment in lease finance | 5 | 6,417,559,724 | 6,076,721,323 |
| Long term loans | | 11,398,297 | 11,645,290 |
| Long term investments | 6 | 705,363,215 | 705,988,244 |
| Intangible assets | | 3,200,000 | 3,200,000 |
| Property and equipment - tangible | 7 | 62,863,384 | 66,908,098 |
| | | 7,200,384,620 | 6,864,462,955 |
| TOTAL ASSETS | | 11,873,039,242 | 11,829,831,203 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accrued and other liabilities | | 515,724,427 | 419,445,368 |
| Accrued mark-up | | 98,425,517 | 125,154,649 |
| Short term borrowings | | 278,039,256 | 291,311,296 |
| Current maturity of long term liabilities | | 2,759,882,097 | 2,574,444,712 |
| | | 3,652,071,297 | 3,410,356,025 |
| NON CURRENT AND DEFERRED LIABILITIES | | | |
| Long term loans | 8 | 269,970,000 | 371,640,000 |
| Certificates of investment | 9 | 3,564,141,689 | 3,763,640,887 |
| Long term profit on certificates of investment | | 28,884,404 | 25,499,335 |
| Provision for compensated absences | | 20,552,915 | 19,572,000 |
| Deposits on lease contracts | | 2,509,374,431 | 2,468,941,610 |
| Deferred tax | | 421,401,233 | 412,372,668 |
| | | 6,814,324,672 | 7,061,666,500 |
| TOTAL LIABILITIES | | 10,466,395,969 | 10,472,022,525 |
| NET ASSETS | | 1,406,643,273 | 1,357,808,678 |
| REPRESENTED BY: | | | |
| Share capital | | 517,401,670 | 517,401,670 |
| Reserves | | 952,640,939 | 920,630,572 |
| | | 1,470,042,609 | 1,438,032,242 |
| Loss on remeasurement of investments | | (63,399,336) | (80,223,564) |
| | | 1,406,643,273 | 1,357,808,678 |
| CONTINGENCIES AND COMMITMENTS | 10 | | |

The annexed notes form an integral part of these financial statements. The details of valuation of available for sale investments, impairment and impact on profit and loss account are given in note 4.1.

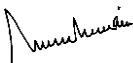
Lt. Gen. (R) Imtiaz Hussain
CHAIRMAN/DIRECTOR

Abdul Waheed
CHIEF EXECUTIVE

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2009

| | Quarter ended September 30, 2009 | Quarter ended September 30, 2008 |
|--|--|--|
| NOTE | Rupees | |
| REVENUE | | |
| Lease income | 262,251,502 | 265,357,715 |
| Income on investments | 20,445,029 | 21,381,679 |
| Other income | 8,318,485 | 19,690,489 |
| | 291,015,016 | 306,429,883 |
| EXPENDITURE | | |
| Finance and bank charges | 178,606,109 | 190,361,862 |
| General and administrative expenses | 61,668,262 | 57,874,264 |
| | 240,274,371 | 248,236,126 |
| Profit before provision | 50,740,645 | 58,193,757 |
| Less: Allowance for potential lease losses | 6,244,355 | 12,878,080 |
| Less: Impairment loss on available for sale investment | 4.1 2,024,404 | - |
| | 42,471,886 | 45,315,677 |
| Share of (loss) / profit of associated company | (1,432,954) | 2,130,025 |
| Profit before tax | 41,038,932 | 47,445,702 |
| Provision for taxation | 9,028,565 | 10,120,168 |
| Profit after tax | 32,010,367 | 37,325,534 |
| Basic earnings per share | 11 0.62 | 0.72 |

The annexed notes form an integral part of these financial statements. The details of valuation of available for sale investments, impairment and impact on profit and loss account are given in note 4.1.



Lt. Gen. (R) Imtiaz Hussain
CHAIRMAN/DIRECTOR

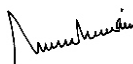


Abdul Waheed
CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2009

| | Quarter ended September 30, 2009 | Quarter ended September 30, 2008 |
|---|--|--|
| | Rupees | |
| Profit after tax | 32,010,367 | 37,325,534 |
| Other Comprehensive Income for the period: | | |
| Unrealized gain/ (loss) on remeasurement of available for sale investment | 12,950,980 | (14,322,166) |
| Amortization of unrealized loss on remeasurement of available for sale investment reclassified as held to maturity investment | 1,848,844 | 1,693,649 |
| Unrealized loss charged to profit and loss account - note 4.1 | 2,024,404 | - |
| Other Comprehensive Income for the period | 16,824,228 | (12,628,517) |
| Total Comprehensive income for the period | 48,834,595 | 24,697,017 |

The annexed notes form an integral part of these financial statements. The details of valuation of available for sale investments, impairment and impact on profit and loss account are given in note 4.1.



Lt. Gen. (R) Imtiaz Hussain
CHAIRMAN/DIRECTOR

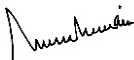


Abdul Waheed
CHIEF EXECUTIVE

CONDENSED INTERIM CASH FLOW STATEMENT (UN AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2009

| | Quarter ended September 30, 2009 | Quarter ended September 30, 2008 |
|---|--|--|
| Cash flows from operating activities | Rupees | |
| Profit before tax | 41,038,932 | 47,445,702 |
| Adjustments for : | | |
| Depreciation | 4,238,464 | 5,728,198 |
| Allowance for potential lease losses | 6,244,355 | 12,878,080 |
| Profit on disposal of property and equipment and investment property | (632,490) | (6,590,784) |
| Profit on certificates of investment | 142,527,886 | 124,128,380 |
| Mark up expense on borrowings | 32,358,039 | 62,640,242 |
| Impairment loss on available for sale investment | 2,024,404 | - |
| Share of loss / (profit) of associated company | 1,432,954 | (2,130,025) |
| Provision for gratuity | 363,864 | 456,215 |
| | 188,557,476 | 197,110,306 |
| Operating profit before working capital changes | 229,596,408 | 244,556,008 |
| Changes in current assets and liabilities (Increase) / decrease in : | | |
| Financing against deposits | (3,355,865) | 6,837,544 |
| Advances, deposits, prepayments and other receivables | (49,733,902) | (95,526,644) |
| Assets held for lease | - | (6,489,740) |
| | (53,089,767) | (95,178,840) |
| (Decrease)/ Increase in accrued and other liabilities | 98,878,126 | (26,961,547) |
| Cash generated from operations | 275,384,767 | 122,415,621 |
| Deposit on lease contracts | 155,725,247 | 111,304,262 |
| Investment in lease finance (net) | (106,813,155) | (132,929,468) |
| Profit paid on certificates of investment | (164,092,919) | (146,619,213) |
| Mark up paid on borrowings | (34,137,069) | (51,079,285) |
| Payment to gratuity fund | (1,982,016) | - |
| Income taxes paid | (606,047) | (803,218) |
| | (151,905,959) | (220,126,922) |
| Net cash generated from / (used in) operating activities | 123,478,808 | (97,711,301) |
| Cash flows from investing activities | | |
| Property and equipment purchased | (432,260) | (3,032,641) |
| Sale proceeds of property and equipment and investment property | 871,000 | 24,227,899 |
| Long term loans (net) | 233,142 | 65,134 |
| Investments | 1,040,920 | 58,051,358 |
| Net cash generated from investing activities | 1,712,802 | 79,311,750 |
| Cash flows from financing activities | | |
| Certificates of investment (net) | (74,354,239) | (180,538,519) |
| Loans from financial institutions (net) | (156,670,000) | 363,535,000 |
| Net cash (used in) / generated from financing activities | (231,024,239) | 182,996,481 |
| Net increase in cash and cash equivalents | (105,832,629) | 164,596,930 |
| Cash and cash equivalents at the beginning of the period | (141,440,154) | (707,231,456) |
| Cash and cash equivalents at the end of the period | (247,272,783) | (542,634,526) |

The annexed notes form an integral part of these financial statements. The details of valuation of available for sale investments, impairment and impact on profit and loss account are given in note 4.1.



Lt. Gen. (R) Imtiaz Hussain
CHAIRMAN/DIRECTOR

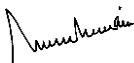


Abdul Waheed
CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2009

| | Rupees | | | | | | |
|--|--------------------|--------------------|--------------------|------------------------------|--|------------------------------|----------------------|
| | Share capital | Reserve fund | General reserve | Reserve for contingencies | Un realized gain/ (loss) on remeasurement of available for sale investment | Un appropriated profit | Total |
| Balance as at July 01, 2008 | 449,914,500 | 294,823,642 | 229,000,000 | 105,000,000 | (76,080,963) | 199,231,044 | 1,201,888,223 |
| Total comprehensive income for the period: | | | | | | | |
| Net profit for the quarter | - | - | - | - | - | 37,325,534 | 37,325,534 |
| Other comprehensive income | - | - | - | - | (12,628,517) | - | (12,628,517) |
| Total comprehensive income for the period | - | - | - | - | (12,628,517) | 37,325,534 | 24,697,017 |
| Transferred during the quarter | - | 7,465,107 | - | - | - | (7,465,107) | - |
| Balance as at September 30, 2008 | <u>449,914,500</u> | <u>302,288,749</u> | <u>229,000,000</u> | <u>105,000,000</u> | <u>(88,709,480)</u> | <u>229,091,471</u> | <u>1,226,585,240</u> |
| Balance as at July 01, 2009 | 517,401,670 | 326,836,253 | 299,000,000 | 105,000,000 | (80,223,564) | 189,794,319 | 1,357,808,678 |
| Total comprehensive income for the period: | | | | | | | |
| Net profit for the quarter | - | - | - | - | - | 32,010,367 | 32,010,367 |
| Other comprehensive income | - | - | - | - | 16,824,228 | - | 16,824,228 |
| Total comprehensive income for the period | - | - | - | - | 16,824,228 | 32,010,367 | 48,834,595 |
| Transferred during the quarter | - | 6,402,073 | - | - | - | (6,402,073) | - |
| Balance as at September 30, 2009 | <u>517,401,670</u> | <u>333,238,326</u> | <u>299,000,000</u> | <u>105,000,000</u> | <u>(63,399,336)</u> | <u>215,402,613</u> | <u>1,406,643,273</u> |

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



Lt. Gen. (R) Imtiaz Hussain
CHAIRMAN/DIRECTOR



Abdul Waheed
CHIEF EXECUTIVE

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2009

1. COMPANY AND ITS OPERATIONS

Askari Leasing Limited (the Company) was incorporated and domiciled in Pakistan as a public limited company on August 1, 1993 and was granted certificate of commencement of business on November 3, 1993. The Company is controlled by Army Welfare Trust (AWT), which owns 57.66% of the Company's shares. The Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges and principally carries on the business of leasing.

Registered office of the Company is situated at AWT Plaza, The Mall Road, Rawalpindi.

- 1.2 The Board of Directors of Askari Leasing Limited in its meeting held on June 23, 2009 has given an in-principle approval to initiate discussions with Askari Bank Limited (AKBL) for the possible merger of the Company with and into AKBL. The State Bank of Pakistan has granted in-principle approval to both entities to conduct due diligence of each other which are in progress.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. These are presented in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". These condensed interim financial statements do not include all of the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2009, whereas comparative profit and loss account, statement of changes in equity and cash flow statement are stated from unaudited condensed interim financial statements for the quarter ended September 30, 2008.

3. ACCOUNTING POLICIES

Except as described below, accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Company for the year ended June 30, 2009.

The Company has applied revised IAS 1 "Presentation of Financial Statements", which became effective from January 01, 2009. The company has accordingly presented all changes in owners equity in the statement of changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been presented in conformity with the revised standard.

| | Un Audited September 30, 2009 | Audited June 30, 2009 |
|-------------------------------|-------------------------------------|-----------------------------|
| | | Rupees |
| 4. INVESTMENTS | | |
| Available for sale | | |
| Equity investments - note 4.1 | 28,510,950 | 15,559,971 |
| | <u>28,510,950</u> | <u>15,559,971</u> |

- 4.1 In terms of Securities and Exchange Commission of Pakistan (SECP) notification SRO 150(1)/2009 dated February 13, 2009 and as explained in note 4.3 to the condensed interim financial statements for the half year ended December 31, 2008, the Company opted for reflecting the impairment loss of Rs 38.797 million under equity whereby this amount shall be charged to profit and loss account on a quarterly basis during the calendar year 2009 after taking into account the adjustments / effect of price movements during each quarter.

As allowed by the notification, the above impairment loss on investment held as 'Available for sale' as on December 31, 2008 including adjustment for price movements has been taken to profit and loss account to the extent of Rs 8.998 million, Rs 8.5 million and Rs. 2.024 million during the quarters ended March 31, 2009, June 30, 2009 and September 30, 2009 respectively.

Had the company applied International Accounting Standard "Financial Instruments: Recognition and Measurement" (IAS 39), the remaining impairment loss of Rs 2.024 million included in the unrealized loss on remeasurement of available for sale investments to their fair value shown under equity, would have been recognized in the profit and loss account and resultantly, the profit before/after tax would have been lower by this amount.

The remaining impairment loss of Rs 2.024 million, included in the unrealized loss on remeasurement of available for sale investments to their fair value as at September 30, 2009 shown under equity, shall be treated as a charge to profit and loss account for the purposes of distribution of dividend.

ASKARI LEASING LIMITED

| | Un Audited September 30, 2009 | Audited June 30, 2009 |
|--|-------------------------------------|-----------------------------|
| | Rupees | |
| 5. NET INVESTMENT IN LEASE FINANCE | | |
| Minimum lease rentals receivables | 8,688,404,692 | 8,773,390,957 |
| Add: Residual value | <u>3,942,296,745</u> | <u>3,776,323,418</u> |
| | 12,630,701,437 | 12,549,714,375 |
| Less: Unearned finance income | <u>1,515,792,548</u> | <u>1,541,618,641</u> |
| Net investment in lease finance | 11,114,908,889 | 11,008,095,734 |
| Less: Allowance for potential lease losses | <u>484,357,540</u> | <u>478,113,185</u> |
| Current maturity | <u>4,212,991,625</u> | <u>4,453,261,226</u> |
| | <u>4,697,349,165</u> | <u>4,931,374,411</u> |
| | <u>6,417,559,724</u> | <u>6,076,721,323</u> |

6. LONG TERM INVESTMENTS

| | | |
|--------------------------------------|--------------------|--------------------|
| Investment in associated company | 24,236,501 | 25,669,455 |
| Held to maturity | | |
| Pakistan Investment Bonds - note 6.1 | <u>681,126,714</u> | <u>680,318,789</u> |
| | <u>705,363,215</u> | <u>705,988,244</u> |

6.1 This investment is held in accordance with the Regulation 14(4)(i) of the Non-Banking finance companies and Notified Entities Regulations, 2008.

| | Un Audited September 30, 2009 | Audited June 30, 2009 |
|--|-------------------------------------|-----------------------------|
| | Rupees | |
| 7. PROPERTY AND EQUIPMENT - TANGIBLE | | |
| Opening written down value | 66,908,098 | 68,697,942 |
| Add: Cost of acquisitions during the quarter/year | <u>432,260</u> | <u>22,348,020</u> |
| | 67,340,358 | 91,045,962 |
| Less: Written down value of deletion during the quarter/year | <u>238,510</u> | <u>3,404,134</u> |
| | 67,101,848 | 87,641,828 |
| Less: Depreciation for the quarter/year | <u>4,238,464</u> | <u>20,733,730</u> |
| | <u>62,863,384</u> | <u>66,908,098</u> |

8. LONG TERM LOANS

Movement in long term loans during the period/year is as follows:

| | | |
|--------------------------------------|----------------------|----------------------|
| Opening balance | 948,320,000 | 1,111,015,000 |
| Disbursements during the period/year | - | 660,000,000 |
| Repayments during the period/year | <u>(156,670,000)</u> | <u>(822,695,000)</u> |
| Closing balance | 791,650,000 | 948,320,000 |
| Current maturity | <u>(521,680,000)</u> | <u>(576,680,000)</u> |
| Closing balance of long term portion | <u>269,970,000</u> | <u>371,640,000</u> |

9. CERTIFICATES OF INVESTMENT

| | | |
|----------------------------|----------------------|----------------------|
| Certificates of investment | 4,503,403,428 | 4,577,757,667 |
| Less : Current portion | <u>939,261,739</u> | <u>814,116,780</u> |
| | <u>3,564,141,689</u> | <u>3,763,640,887</u> |

9.1. These represent mobilization of funds on profit and loss sharing basis under the scheme of investment introduced with the permission of SECP. These certificates of investment (COIs) are issued for the periods of one month to five years. Expected rate of profit ranges from 5% to 15.5% (June 2009: 5% to 17.25%) per annum.

10. CONTINGENCIES AND COMMITMENTS

10.1 There is no change in tax contingencies since the previously reported in the financial statements for the year ended June 30, 2009.

| | Un Audited September 30, 2009 | Un Audited September 30, 2008 |
|---|-------------------------------------|-------------------------------------|
| Rupees | | |
| 11. BASIC EARNINGS PER SHARE | | |
| Net profit for the period attributable to ordinary shareholders (Rs.) | 32,010,367 | 37,325,534 |
| Number of ordinary shares outstanding during the period (No) | 51,740,167 | 51,740,167 |
| Basic earnings per share (Rs.) | 0.62 | 0.72 |

There is no dilutive effect on the basic earnings per share.

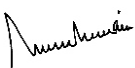
12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company is a subsidiary of Army Welfare Trust (AWT) with 57.66% holding. Therefore all the subsidiaries and associated undertakings of AWT are related parties of the Company. The other related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management personnel and employees' fund. The transactions and balances with related parties are as follows:

| | Un Audited September 30, 2009 | Un Audited September 30, 2008 |
|---|--|-------------------------------------|
| Rupees | | |
| Transactions with related parties: | | |
| Profit received on deposits | 138,836 | 495,364 |
| Management fee | 4,514,996 | 8,232,810 |
| Lease rentals received during the period | 527,531 | 2,378,942 |
| Paid for services/expenses/contract staff | 4,595,547 | 3,555,304 |
| Insurance premium paid | 28,991,381 | 27,918,706 |
| Profit paid on COIs | 454,345 | 1,192,969 |
| Contribution to employees provident fund | 715,007 | 543,186 |
| Contribution to employees gratuity fund | 363,864 | 456,215 |
| | Quarter ended September 30, 2009 | Audited June 30, 2009 |
| Rupees | | |
| Balance due from/(to) related parties | | |
| Long term loan | (316,650,000) | (358,320,000) |
| Short term borrowings | (2,546,365) | (30,000,000) |
| Deposit accounts | 7,256,441 | 32,859,597 |
| Lease rental receivable | 685,202 | 685,202 |
| Net investment in lease finance | 1,194,167 | 1,314,576 |
| Certificates of investment | (19,064,300) | (19,064,300) |
| Balance of advance insurance received | (2,313,681) | (3,651,910) |
| Employees' Gratuity Fund | (485,081) | (2,103,233) |
| Loan to key management personnel | 3,841,900 | 3,874,474 |
| Rentals payables | (8,015,099) | (11,884,654) |
| Management fee receivable | 2,307,068 | 1,655,639 |

13. These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on October 28, 2009.

14. Figures of the previous year/period have been re-arranged and reclassified wherever necessary for the purpose of comparison.


Lt. Gen. (R) Imtiaz Hussain
CHAIRMAN/DIRECTOR


Abdul Waheed
CHIEF EXECUTIVE

| | |
|---------------------------|---|
| Karachi | 2, Maqboolabad, Block No. 7 & 8, Main Shahra-e-Faisal, Karachi. Tel : (0092-21) 4529264-5, 4529261, 4529259, 4380097-9 Fax : (0092-21) 4380090 |
| Lahore Cantt | Soldier Plaza, Shami Road, Lahore Cantt. Tel : (0092-42) 9220950-6 Fax : (0092-42) 9220929 |
| Lahore Faisal Town | 914-C, Maulana Shoukat Ali Road, Faisal Town, Lahore. Tel: (0092-42) 9232341-6, 5503867, 9232347-8 Fax: (0092-42) 9232340 |
| Islamabad | Mezzanine Floor, 1032-E, Kashmir Commercial Complex Fazal-e-Haq Road, Blue Area, Islamabad. Tel : (0092-51) 2826368-9, 2870170-2 Fax : (0092-51) 2821399 |
| Rawalpindi | 1st Floor, Ferozsons Building, 32-Saddar, Rawalpindi Cantt. Tel : (0092-51) 5513909, 9272848-9, 5515387, 9270193 Fax: (0092-51) 5515601 |
| Peshawar | 32, The Mall, Peshawar Cantt. Tel : (0092-91) 5279497, 5275421-2 Fax : (0092-91) 5275423 |
| Faisalabad | G-8, Chaudhry Arcade, Block-8, New Civil Lines, Faisalabad. Tel : (0092-41) 9201013, 9201126 Fax : (0092-41) 9201284 |
| Multan | 44-G, Shan Plaza, Aziz Shaheed Road, Multan Cantt. Tel : (0092-61) 4784841-3 Fax : (0092-61) 4784845 |
| Sialkot | 1st Floor, Al-Amin Centre, Opp. Chamber of Commerce Paris Road, Sialkot. Tel : (0092-52) 9250601-04 Fax : (0092-52) 9250605 |
| Gujranwala | Zia Plaza, G.T Road, Gujranwala. Tel : (0092-55) 3259801-2, 3251832, 3257368 Fax : (0092-55) 3259803 |