

Saudi Pak Leasing Company Limited
Condensed Interim Balance Sheet (Un-Audited)
As at 31 December 2015

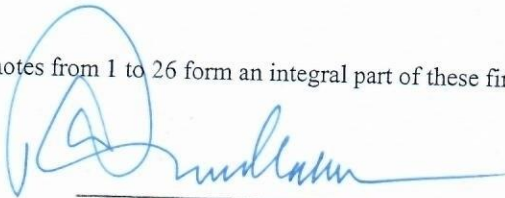
| | Note | 31 December 2015 | (Audited) 30 June 2015 |
|---|------|----------------------|------------------------------|
| | | ----- (Rupees) ----- | |
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | 6 | 3,754,441 | 3,422,931 |
| Short term loans | 7 | 117,081,415 | 129,231,094 |
| Short term investments | 8 | 38,502,629 | 88,406,706 |
| Accrued Mark-up | | - | 166,858 |
| Trade deposits and short term prepayments | | 1,369,018 | 886,886 |
| Other receivables | 9 | 3,712,087 | 6,636,703 |
| Current maturity of non-current assets | 10 | 608,028,852 | 669,884,031 |
| Total current assets | | 772,448,442 | 898,635,209 |
| Non-current assets | | | |
| Long-term loans | 11 | - | 366,227 |
| Net investment in finance leases | 12 | - | 8,752,284 |
| Investment properties | 13 | 39,587,775 | 41,241,777 |
| Intangible assets | | - | - |
| Property, plant and equipment | 14 | 58,148,200 | 64,673,169 |
| Total non-current assets | | 97,735,975 | 115,033,457 |
| Total Assets | | 870,184,417 | 1,013,668,666 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Borrowings from financial institutions | 15 | 177,693,232 | 177,693,232 |
| Certificates of investment | | 41,900,000 | 67,395,301 |
| Accrued mark-up | | 304,031,327 | 294,036,074 |
| Provision for taxation - net | | 12,992,342 | 13,606,065 |
| Accrued expenses and other payables | | 18,397,537 | 11,180,287 |
| Current maturity of non-current liabilities | 16 | 797,584,940 | 900,828,232 |
| Preference dividend payable | | 5,774,153 | 5,774,153 |
| Total current liabilities | | 1,358,373,531 | 1,470,513,344 |
| Non-current liabilities | | | |
| Deferred tax liability - net | | 70,404,851 | 70,404,851 |
| Long term finances | 17 | - | - |
| Security Deposits against Finance Leases | 18 | - | 3,750,000 |
| Total non-current liabilities | | 70,404,851 | 74,154,851 |
| Total liabilities | | 1,428,778,382 | 1,544,668,195 |
| NET ASSETS | | (558,593,965) | (530,999,529) |
| FINANCED BY | | | |
| Authorized Share Capital | | | |
| 100,000,000 (June 30, 2015: 100,000,000) ordinary shares of Rs. 10/-each | | 1,000,000,000 | 1,000,000,000 |
| 100,000,000 (June 30, 2015: 100,000,000) preference shares of Rs. 10/-each | | 1,000,000,000 | 1,000,000,000 |
| | | 2,000,000,000 | 2,000,000,000 |
| Issued, subscribed and paid-up share capital - ordinary shares | | 451,605,000 | 451,605,000 |
| Issued, subscribed and paid-up share capital - preference shares | | 528,208,500 | 528,208,500 |
| Capital reserves | | 177,928,194 | 177,928,194 |
| Accumulated loss | | (1,739,839,540) | (1,714,542,511) |
| Unrealised gain on re-measurement of available for sale investments | | 21,406 | 37,379 |
| | | (582,076,440) | (556,763,438) |
| Surplus on revaluation of property, plant and equipment - net of tax | | 23,482,475 | 25,763,909 |
| CONTINGENCIES AND COMMITMENTS | 19 | (558,593,965) | (530,999,529) |

The annexed notes from 1 to 26 form an integral part of these financial statements

Saudi Pak Leasing Company Limited
 Condensed Interim Profit or Loss (Un-Audited)
 For the six months period ended 31 December 2015

| | Six months period ended 31 December | | Three months period ended 31 December | |
|--|--|--------------|--|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (Rupees) | | | |
| Revenue | | | | |
| Income from: | | | | |
| Finance leases | 20 3,844,240 | 3,407,835 | 1,190,468 | 987,497 |
| Operating leases | 1,050,000 | 580,000 | 480,000 | 150,000 |
| | 4,894,240 | 3,987,835 | 1,670,468 | 1,137,497 |
| Other operating income | 21 37,587,123 | 35,069,918 | 36,356,272 | 2,117,257 |
| Total income | 42,481,363 | 39,057,753 | 38,026,740 | 3,254,754 |
| Expenses | | | | |
| Finance cost | 22 (25,407,565) | (24,389,661) | (13,000,264) | (11,912,816) |
| Administrative and operating expenses | 23 (33,033,941) | (19,908,057) | (22,845,396) | (10,763,804) |
| Amount written-off directly against loans and lease receivables | - | (926,410) | - | - |
| Direct cost of operating leases | (1,552,632) | (2,679,354) | (776,315) | (1,234,728) |
| | (59,994,138) | (47,903,482) | (36,621,975) | (23,911,348) |
| Operating (Loss) / Profit before provisions | (17,512,775) | (8,845,729) | 1,404,765 | (20,656,594) |
| Provisions for doubtful leases, loans and other receivables-net | (9,930,106) | (88,737,007) | (5,717,758) | (43,522,869) |
| (Loss) / Profit before taxation | (27,442,881) | (97,582,736) | (4,312,993) | (64,179,463) |
| Taxation | | | | |
| - Current | (135,582) | (407,271) | 23,542 | 182,278 |
| - Deferred | - | 1,207,203 | - | 1,207,203 |
| | (135,582) | 799,932 | 23,542 | 1,389,481 |
| (Loss) / Profit for the period | (27,578,463) | (96,782,804) | (4,289,451) | (62,789,982) |

The annexed notes from 1 to 26 form an integral part of these financial statements


 Chief Executive Officer


 Director





Saudi Pak Leasing Company Limited
 Condensed Interim Statement of Comprehensive Income (Un-Audited)
 For the six months period ended 31 December 2015

| | Six months period ended 31 December | | Three months period ended 31 December | |
|--|--|---------------------|--|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | ----- (Rupees) ----- | | | |
| (Loss) after taxation | (27,578,463) | (96,782,804) | (4,289,451) | (62,789,982) |
| Other comprehensive income | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | | |
| Unrealised (loss) / gain on re-measurement of available for sale investments | (15,973) | 2,120 | (6,237) | (11,416) |
| Total comprehensive income for the year | <u>(27,594,436)</u> | <u>(96,780,684)</u> | <u>(4,295,688)</u> | <u>(62,801,398)</u> |

The annexed notes from 1 to 26 form an integral part of these financial statements

Chief Executive Officer

Director

Saudi Pak Leasing Company Limited
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the six months period ended 31 December 2015

| Issued, subscribed and paid-up share capital | Rupees | | | | Total |
|--|--------------------|----------------------------------|--------------------|---|----------------------|
| | Ordinary Shares | Non-redeemable Preference shares | Statutory reserves | Unrealised gain on re-measurement of available for sale investments | |
| 451,605,000 | 528,208,500 | 177,928,194 | 63,232 | (1,528,863,428) | (371,058,502) |
| - | - | - | - | (96,782,804) | (96,782,804) |
| - | - | - | 2,120 | 60,095 | 60,095 |
| - | - | - | 2,120 | - | 2,120 |
| - | - | - | 2,120 | (96,722,709) | (96,720,589) |
| 451,605,000 | 528,208,500 | 177,928,194 | 65,352 | (1,625,586,137) | (467,779,091) |
| 451,605,000 | 528,208,500 | 177,928,194 | 37,379 | (1,714,542,511) | (556,763,438) |
| - | - | - | - | (27,578,463) | (27,578,463) |
| - | - | - | - | 2,281,434 | 2,281,434 |
| - | - | - | (15,973) | - | - |
| - | - | - | (15,973) | - | (15,973) |
| - | - | - | (15,973) | (25,297,029) | (25,313,002) |
| 451,605,000 | 528,208,500 | 177,928,194 | 21,406 | (1,739,839,540) | (582,076,440) |

Balance as at 30 June 2014

Total comprehensive income for the period

Loss for the six months period ended 30 June 2015

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax

Unrealised gain on re-measurement of available-for-sale investments

Balance as at 31 December 2014

Balance as at 01 July 2015

Total comprehensive income for the period

Loss for the six months period ended 31 December 2015

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax

- Remeasurement of defined benefit plan - net of tax

Reversal of Preference Shares dividend recorded in year 2015

Unrealised (loss) / gain on re-measurement of available-for-sale investments

Balance as at 31 December 2015

The annexed notes from 1 to 26 form an integral part of these financial statements


Chief Executive Officer


Director

Saudi Pak Leasing Company Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the six months period ended 31 December 2015

| | Six months period ended 31 December | |
|--|--|---------------------|
| | 2015 | 2014 |
| | ----- (Rupees) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (27,442,881) | (97,582,736) |
| <i>Adjustments for:</i> | | |
| Depreciation- owned assets and investment properties | 6,661,340 | 1,750,038 |
| Depreciation- assets under operating lease | 1,552,632 | 2,664,954 |
| Income from finance leases | (886,680) | - |
| Finance cost | 25,407,565 | 24,389,661 |
| Provision for doubtful leases, loans and other receivables | 9,930,106 | 88,737,007 |
| Dividend income | (5,494) | (3,120) |
| Amount written off directly against loans and lease receivables | - | 926,410 |
| Interest income from government securities | (632,058) | (913,298) |
| Waiver on settlement of long term finances | (35,439,989) | (31,875,934) |
| Gain on sale of property, plant and equipment | - | (779,200) |
| | <u>6,587,422</u> | <u>84,896,518</u> |
| Operating loss before working capital changes | (20,855,459) | (12,686,218) |
| Movement in working capital | | |
| <i>(Increase) / decrease in operating assets</i> | | |
| Trade deposits and short term prepayments | (482,132) | (189,255) |
| Other receivables | (271,498) | - |
| Accrued markup | 166,858 | (70,279) |
| Short term loans | 1,550,000 | 850,000 |
| | <u>963,228</u> | <u>590,466</u> |
| <i>Increase / (decrease) in operating liabilities</i> | | |
| Accrued expenses and other payables | 7,217,250 | 4,106,467 |
| Cash used in operations | (12,674,981) | (7,989,285) |
| Finance cost paid | (37,793) | (21,469) |
| Taxes paid | (749,305) | (869,449) |
| Decrease in net investment in finance leases- net of security deposits | 9,479,756 | 18,999,813 |
| | <u>8,692,658</u> | <u>18,108,895</u> |
| Net cash flows from operating activities | (3,982,323) | 10,119,610 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (35,000) | (85,400) |
| Short term investment- net | 50,520,162 | (16,698,400) |
| Proceeds from disposal of property, plant and equipment | - | 935,000 |
| Recovery of long term loans | 218,478 | 828,437 |
| Dividend received | 5,494 | 3,120 |
| Net cash generated from / (used in) investing activities | 50,709,134 | (15,017,243) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long term finances | (20,900,000) | (9,864,672) |
| Repayment of certificates of investment | (25,495,301) | - |
| Net cash used in financing activities | (46,395,301) | (9,864,672) |
| Net decrease in cash and cash equivalents during the period | <u>331,510</u> | <u>(14,762,305)</u> |
| Cash and cash equivalents at the beginning of the period | 3,422,931 | 23,552,393 |
| Cash and cash equivalents at the end of the period | 3,754,441 | 8,790,088 |

The annexed notes from 1 to 26 form an integral part of these financial statements

Saudi Pak Leasing Company Limited
Notes to the Condensed Interim Financial Information (Un-Audited)
For the six months period ended 31 December 2015

1. LEGAL STATUS AND OPERATIONS

- 1.1** Saudi Pak Leasing Company Limited (the Company) was incorporated in Pakistan on 08 January 1991 under the Companies Ordinance, 1984 and is listed on all the three Stock Exchanges in Pakistan. The registered office of the Company is situated at 6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi. The main business activity of the Company is leasing of assets. The Company's license to carry out the business of leasing had expired on 18 May 2010 and renewal is pending with the Securities and Exchange Commission of Pakistan (SECP).

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 31 December, 2015 holds 35.06% (2015: 35.06%) of issued ordinary share capital of the Company and 63% (2015: 63%) of issued preference share capital of the Company.

- 1.2** With effect from August 2018, the Company is being headed by a new Managing Director. Furthermore, a new Board of Directors of the Company had also been reconstituted in its extra ordinary general meeting held on November 26, 2018 which was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 04, 2019.

Based on the direction received from SECP in the year 2018, the Company was required to meet its obligation for publishing its quarterly, half yearly, and annual financial statements for the year ended June 30, 2016 till June 30, 2018, that have been pending since issuance of the last audited financial statement as of June 30, 2015. These half yearly financials have been prepared after a delay of over 3 years.

- 1.3** As of the reporting date, the Company is exposed to the following material uncertainties which cast significant doubts on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its obligations in the normal course of business:

- During the half year ended December 31, 2015, the Company incurred a net loss amounting to Rs. 27.578 million (June 30, 2015: Rs. 192.927 million) and as of that date its accumulated loss amounted to Rs. 1.740 billion (June 30, 2015: Rs.1.714 billion), its equity was negative by Rs. 582.076 million (June 30, 2015: Rs. 556.763 million) and its current liabilities exceeded current assets by Rs. 585.925 million (June 30, 2015: Rs. 571.878 million). The Company's accumulated loss is mainly attributable to the amount provided for against stuck up overdue balance of net investment in lease, short term loans and other assets as well as recording of mark up on COIs and other liabilities outstanding.
- In its financial statements for the year ended June 30, 2015, the Company had disclosed its expectation of a substantial equity injection by a new incoming shareholder having been then identified by one of the strategic shareholders intending to revive the Company. This expectation, however, did not materialize for the reason that leasing business, since long, had been on a declining trend which is evident from the fact that 9 out of 33 major leasing companies remained in the field. This is mainly attributable to non-availability of long term funds at low costs, withdrawal of credit lines by the banks, high non-performing portfolio of leases and loans and slowdown in economic activities. Each of these factors has impacted leasing business to a considerable extent, and, similarly, affected the Company's revenue generation and earning capacity.
- The Company's license to carry out the leasing business expired on May 18, 2010 and the Company has not been able to obtain renewal thereof from the SECP as the legal requirements laid down in this respect could not be met by the Company.
- The credit rating of the Company has not been re-assessed since it was last downgraded as in June 2010 and, since then, the Company is not permitted to issue new certificates of investment.

- Previously, the Company had entered into various agreements with its lenders (including, financial institutions, TFC holders and holders of Certificates of Investment (COIs)) for restructuring of its borrowing facilities with the objective of matching the expected recoveries from customers with its obligations to pay the lenders. However, the Company has continuously defaulted in meeting its financial obligations. As of December 31, 2015, total outstanding principal and accrued markup on which defaults were made amounted to Rs. 666.974 million and Rs. 304.031 million, respectively.
- Since 2010, the Company has not extended any lease facility to its customers owing to expiry of its leasing license. However, it continued its activities with a barely sufficient number of employees required for managing its recoveries from customers and for handling its financial obligations to lenders.

Despite the existence of the foregoing material uncertainties, these financial statements have been prepared using the going concern assumption primarily due to the reason that the Company managed to continue its operations in financial years subsequent to 2015-16 and, as of the date of approval of these financial statements, a number of recovery suits filed by the Company against its customers are expected to be disposed off in due course of time as the new management is actively seeking out-of-court settlement of such suits by way of auction of collateralized assets and / or negotiated settlements. This is expected to materially improve the recoveries of overdue lease rentals and term loans from customers which, in turn, would enable the Company to settle its long outstanding financial liabilities to lenders in order to make the Company a feasible investment avenue for a resourceful investor. For this very reason, the parent concern has made arrangements for the reconstitution of the Board of Directors and entrusted them with the responsibility of speeding up the recovery process as well as negotiate settlement of liabilities.

1.4 For the reasons mentioned above, the Company has not been able to comply with most of the regulatory requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 including the following:

- Regulation 5 (1) - aggregate liabilities, excluding contingent liabilities and security deposits, of an NBFC, shall not exceed ten times of the Company's equity (in case of operations beyond the first 2 years).
- Regulation 5 (2) - contingent liabilities of an NBFC shall not exceed seven times of its equity for the first two years of its operations and ten times of its equity in the subsequent years.
- Regulation 14 (4) (h) - the deposits raised by the NBFC, from individual depositors including sole proprietorships shall not exceed three times of the equity of the NBFC.
- Regulation 17 (1) - total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 30% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the NBFC's equity.
- Regulation 17 (2) - total outstanding exposure (fund based and non-fund based) of an NBFC to any group shall not exceed 50% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 35% of the equity.
- Regulation 19 (g) - an NBFC shall not hold shares on aggregate basis, whether as pledge, mortgagee or absolute owner, of an amount exceeding 20% of the paid-up share capital of that company or 20% of its own equity.
- Regulation 28 (d) - total investments of a leasing company in shares, equities or scrips shall not exceed 50% of the equity of the leasing company.
- Regulation 28 (e) - a leasing company shall not own shares, equities or scrips of any one company in excess of 10% of its own equity or the issued capital of that company, whichever is lower.

2. STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information of the Company for the six months period ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standards - 34 (IAS 34), "Interim Financial Reporting" and provisions of and directives issued under the companies ordinance 1984, the Non-Banking Finance Companies (Establishment and regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case requirements differ, the provisions or directives issued under the Companies Ordinance 1984, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

As mentioned in note 1.1, the company's license to carry out the business of leasing had expired on May 18, 2010, this condensed financial information has been prepared in accordance with the format generally followed for financial institutions and the provision requirements have been determined in accordance with requirements of NBFC Regulations, 2008.

2.2 The requirements of International Accounting Standard - 39 (IAS 39) "Financial Instruments: Recognition and measurement", relating to the assessment of impairment loss on leasing portfolio have not been followed in the preparation of this condensed interim financial information based on a clarification received from the SECP specifying that the requirements of IAS 39 should only be followed by leasing companies so far as it related to investments made by them.

2.3 The company provides for impairment in the carrying value of it's net investment in finance lease receivable based on the requirements laid down in the Prudential Regulations for Non-Banking Finance Companies.

2.4

The comparative balance sheet presented in this condensed interim financial information as at December 31, 2015 has been extracted from the audited financial statement of the company for the year ended June 30, 2015, whereas the comparative profit and loss account, statement of comprehensive income, cashflow statement and statement of changes in equity have been extracted from the condensed interim financial information for the period ended December 31, 2014. Further, the figures in the condensed interim financial information for the three month period ended December 31, 2015 and December 31, 2014 have not been reviewed by the auditors.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2015.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates. In preparing this condensed interim financial information the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimates and uncertainty were the same as those that were applied to the financial statements for the year ended June 30, 2015.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at and for the year ended June 30, 2015.

| | 31 December 2015 Rupees (Un-audited) | June 30, 2015 Rupees (Audited) |
|---|---|---|
| 6. CASH AND BANK BALANCES | | |
| Cash in hand | 46,410 | 67,545 |
| Balance with State Bank of Pakistan in current account - local currency | 17,167 | 20,305 |
| Balances with other banks: | | |
| - in current account | 5,500 | 5,500 |
| - in saving accounts | <i>6.1</i> 3,685,364 | 3,329,581 |
| | <u>3,754,441</u> | <u>3,422,931</u> |

6.1 This represents saving deposit accounts maintained with various commercial banks at mark-up rate at the rate of 4% - 5% (June 30, 2015: 6% to 7%) per annum.

| | 31 December 2015 Rupees (Un-audited) | June 30, 2015 Rupees (Audited) |
|-------------------------------------|---|---|
| 7 SHORT TERM LOANS - Secured | Note | |
| Considered doubtful | <i>7.1</i> 203,856,794 | 205,406,794 |

| | | | | |
|-------|--|-------------|---------------------|--------------------|
| | Provision for non-performing loans | 7.2 | (86,775,379) | (76,175,700) |
| | | | <u>117,081,415</u> | <u>129,231,094</u> |
| 7.1 | This represents term finance facilities provided to customers and carries mark-up ranging from 16.25% to 25% (30 June 2015: 16.25% to 25%) per annum. | | | |
| | | | 31 December | June 30, |
| | | | 2015 | 2015 |
| | | | Rupees | Rupees |
| 7.2 | Provision for non-performing loans | Note | (Un-audited) | (Audited) |
| | Balance at beginning of the year | | 76,175,700 | 76,175,700 |
| | Charge for the period | | <u>18,794,180</u> | - |
| | Reversal during the period | | <u>(8,194,501)</u> | - |
| | | | <u>10,599,679</u> | - |
| | Balance at end of the period | | <u>86,775,379</u> | <u>76,175,700</u> |
| 7.2.1 | The above provision for non-performing loans is net of forced sales value (FSVs) of collaterals of Rs. 117.081 million (June 30, 2015: Rs. 129.231 million) considered by the Company for the purpose of determination of provision requirements. Had this benefit of FSVs not been taken by the Company, the specific provision against non-performing loans would have been higher by Rs. 117.081 million (June 30, 2015: Rs. 129.231 million) and the Company's profit before taxation would also have been lower by the same amount. | | | |
| | | | 31 December | June 30, |
| | | | 2015 | 2015 |
| | | | Rupees | Rupees |
| 8. | SHORT TERM INVESTMENTS | Note | (Un-audited) | (Audited) |
| | Available-for-sale | 8.1 | 19,022,279 | 19,038,252 |
| | Held to maturity | 8.2 | 19,480,350 | 69,368,454 |
| | | | <u>38,502,629</u> | <u>88,406,706</u> |
| 8.1 | Available-for-sale | | | |
| | Ordinary shares of listed companies | 8.1.1 | 85,935 | 85,935 |
| | Ordinary shares of unlisted companies | 8.1.2 | 18,914,938 | 18,914,938 |
| | Available-for-sale at cost | | 19,000,873 | 19,000,873 |
| | Unrealised gain on re-measurement of available for sale securities | | 21,406 | 37,379 |
| | Available-for-sale at market value | | <u>19,022,279</u> | <u>19,038,252</u> |
| 8.1.1 | The investments in the listed equity securities held as available-for-sale are valued at prices quoted on the Karachi Stock Exchange. | | | |
| 8.1.2 | Detail of investment in the ordinary shares of unlisted companies is as follows: | | | |
| | SPI Insurance Company Limited | | 14,664,938 | 14,664,938 |
| | Pace Barka Properties Limited | | 4,250,000 | 4,250,000 |
| | | | <u>18,914,938</u> | <u>18,914,938</u> |
| 8.2 | Held to Maturity | | | |
| | Government Market Treasury Bills | 8.2.1 | 19,480,350 | 19,368,454 |
| | Certificates of deposit | 8.2.2 | - | 50,000,000 |
| | | | <u>19,480,350</u> | <u>69,368,454</u> |
| 8.2.1 | This represents investment in Government Market Treasury Bill having maturity on 07 January 2016 and carries effective mark-up at a rate of 6.7% (30 June 2015: 6.70%) per annum. | | | |
| 8.2.2 | This represents Certificates of deposits placed with Saudi Pak Agricultural and Investment Company (the Holding Company) being encashed on 02 October 2015 and 16 November 2015 respectively having effective mark-up rate of 6.5% to 7% (30 June 2015: 7%) per annum respectively. | | | |
| | | | 31 December | June 30, |
| | | | 2015 | 2015 |
| | | | Rupees | Rupees |
| 9. | OTHER RECEIVABLES | Note | (Un-audited) | (Audited) |
| | Operating lease rentals receivables | | 11,745,095 | 11,545,095 |
| | Receivable on termination of finance leases | | 67,859,467 | 67,859,467 |
| | Others | | <u>6,386,566</u> | <u>6,315,068</u> |

| | | | |
|-------------|--|-------------------------|----------------------|
| | | 85,991,128 | 85,719,630 |
| | Provision against doubtful receivables | <u>(82,279,041)</u> | <u>(79,082,927)</u> |
| | | <u>3,712,087</u> | <u>6,636,703</u> |
| 10. | CURRENT MATURITY OF NON - CURRENT ASSETS | | |
| | Long term loans | 11 39,864,809 | 37,753,501 |
| | Net investment in finance leases | 12 <u>568,164,043</u> | <u>632,130,530</u> |
| | | <u>608,028,852</u> | <u>669,884,031</u> |
| 11. | LONG TERM LOANS - secured | | |
| | Related party | | |
| | Due from employees - considered good | 1,456,809 | 1,675,287 |
| | Other than related party | | |
| | Term loan to customers | | |
| | - Considered doubtful | 11.1 <u>105,553,927</u> | <u>105,553,927</u> |
| | | <u>107,010,736</u> | <u>107,229,214</u> |
| | Provision for non-performing loans | <u>(67,145,927)</u> | <u>(69,109,486)</u> |
| | | <u>39,864,809</u> | <u>38,119,728</u> |
| | Current maturity of long term loans | 10 <u>(39,864,809)</u> | <u>(37,753,501)</u> |
| | | <u>-</u> | <u>366,227</u> |
| 11.1 | Term loans due from customers are secured against assets. The rate of return on these loans ranges from 16.00% to 22.66% (30 June 2015: 16.00% to 22.66%) per annum. | | |
| | | 31 December | June 30, |
| | | 2015 | 2015 |
| | | Rupees | Rupees |
| 12. | NET INVESTMENT IN FINANCE LEASES | (Un-audited) | (Audited) |
| | Minimum lease payments receivable | 1,407,526,740 | 1,426,888,165 |
| | Add: Residual value of leased assets | 371,057,828 | 437,085,650 |
| | Gross investment in finance leases | <u>1,778,584,568</u> | <u>1,863,973,815</u> |
| | Less: Unearned lease income | 347,184 | 918,956 |
| | Mark-up held in suspense | 12.2 <u>338,057,304</u> | <u>339,010,827</u> |
| | | <u>338,404,488</u> | <u>339,929,783</u> |
| | | <u>1,440,180,080</u> | <u>1,524,044,032</u> |
| | Less: Provision for potential lease losses | 12.3 <u>872,016,037</u> | <u>883,161,218</u> |
| | Net investment in finance leases | <u>568,164,043</u> | <u>640,882,814</u> |
| | Less: Current portion of net investment in finance leases | 10 <u>(568,164,043)</u> | <u>(632,130,530)</u> |
| | | <u>-</u> | <u>8,752,284</u> |
| 12.1 | The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% (June 30 2015: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finances obtained (refer note No 20.1). | | |
| | | 31 December | June 30, |
| | | 2015 | 2015 |
| | | Rupees | Rupees |
| 12.2 | Mark-up held in suspense | (Un-audited) | (Audited) |
| | Balance at beginning of the year | 339,010,827 | 353,019,241 |
| | Income suspended during the period / year | 497,848 | 1,233,928 |
| | | <u>339,508,675</u> | <u>354,253,169</u> |
| | - realised during the period / year | <u>(812,756)</u> | <u>(15,125,989)</u> |
| | - written-off during the period / year | <u>(638,615)</u> | <u>(116,353)</u> |
| | | <u>(1,451,371)</u> | <u>(15,242,342)</u> |
| | Balance at the end of the period / year | <u>338,057,304</u> | <u>339,010,827</u> |
| 12.3 | Provision for lease losses | | |
| | Balance at beginning of the year | 883,161,218 | 761,787,395 |
| | Charge for the period/year | <u>24,660,202</u> | <u>163,894,321</u> |
| | Reversal for the period/ year | <u>(26,562,333)</u> | <u>(38,185,779)</u> |
| | | <u>(1,902,131)</u> | <u>125,708,542</u> |
| | Write-offs against provision | <u>(9,243,050)</u> | <u>(4,334,719)</u> |
| | Balance at end of the period / year | <u>872,016,037</u> | <u>883,161,218</u> |

13 INVESTMENT PROPERTIES

| | | |
|---|---------------------|--------------|
| Cost | 66,160,092 | 66,160,092 |
| Accumulated depreciation at beginning of the year | (18,112,619) | (14,804,614) |
| Depreciation charged during the year | (1,654,002) | (3,308,005) |
| Accumulated depreciation at end of the year | (19,766,621) | (18,112,619) |
| Impairment loss on investment properties | (6,805,696) | (6,805,696) |
| Carrying value of investment properties | 39,587,775 | 41,241,777 |

14 PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|-------------------|-------------|
| Property, plant and equipment - own use | 46,848,309 | 51,820,645 |
| Property, plant and equipment - operating lease | 11,299,891 | 12,852,524 |
| | 58,148,200 | 64,673,169 |
| Additions - Cost | | |
| <i>Owned assets</i> | | |
| Office Premises | - | 103,803,703 |
| Office equipment | 35,000 | 574,002 |
| Total additions | 35,000 | 104,377,705 |
| Disposals - Cost | | |
| <i>Owned assets</i> | | |
| Vehicles | - | 2,841,000 |
| <i>Operating Lease Assets</i> | | |
| Generators | - | 8,910,868 |
| Total disposals | - | 11,751,868 |

| | | 31 December 2015 Rupees (Un-audited) | June 30, 2015 Rupees (Audited) |
|--|-------------|---|---|
| 15 BORROWINGS FROM FINANCIAL INSTITUTIONS | Note | | |
| Letter of placements - Unsecured | | | |
| National Bank of Pakistan | <i>15.1</i> | 77,500,000 | 77,500,000 |
| Innovative Investment Bank Limited | <i>15.2</i> | 60,000,000 | 60,000,000 |
| Meezan Bank Limited | <i>15.3</i> | 27,001,588 | 27,001,588 |
| AKD Aggressive Income Fund | <i>15.4</i> | 2,762,504 | 2,762,504 |
| KASB Income Opportunity Fund | <i>15.5</i> | 10,429,140 | 10,429,140 |
| | | 177,693,232 | 177,693,232 |

15.1 This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on April 01, 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 14 days. Subsequently, the facility was rolled several times up to the total period of 140 days which expired on August 19, 2010. Till to-date, no repayments have been made by the Company in respect of this finance.

15.2 This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on December 03, 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. Due to financial difficulties faced by the Company, this facility was rolled over for a further period of 184 days on March 14, 2011. Since the disbursement of the facility, the Company has made an aggregate principal repayment of Rs. 3 million.

15.3 This represents finance of Rs. 150 million obtained from Meezan Bank Limited (MEBL) on September 20, 2008, under Murabaha arrangement at a rate of 12% per annum. On various dates between September 2008 and June 2011, the Company made principal repayments amounting, in aggregate, to Rs. 81 million.

The remaining principal obligation of Rs. 69 million was restructured by way of a settlement agreement entered on April 22, 2011 whereby the Company transferred, to the lender, a lease portfolio of Rs. 32 million. On September 03, 2012, a revised settlement agreement was signed according to which the loan was to be settled by way of transferring 27 membership cards of ACACIA Golf Club ('the Club') (then beneficially held by the Company in its own name) to MEBL valuing, in aggregate, Rs. 27 million as well as making a cash payment of Rs. 9.870 million. The said cash payment as made by the Company on September 06, 2012. Further, the aforementioned membership cards held by the Company are to be transferred after the execution of a tripartite agreement between the Company, MEBL and the Club. Currently, the Company's management is under the process of negotiation for an early execution of the said agreement. As per the revised restructuring terms, the finance carries no mark-up.

- 15.4** This represents finance of Rs. 26 million obtained from AKD Aggressive Income Fund on June 23, 2011 through a letter of placement for a period of 30 days carrying markup at a rate of 10% per annum. The loan was subsequently restructured by way of a settlement agreement entered into with AKD Aggressive Income Fund dated January 14, 2013. As per the said restructuring agreement, the Company was required to settle the outstanding loan on the following terms:

- Down payment of Rs. 1.24 million;
- 12 equal monthly cash payments of Rs. 1.33 million starting from January 2013; and
- Transfer of shares of an unlisted company against liability of Rs. 2.76 million.

The Company made the aforesaid down payment of Rs. 1.24 million on December 31, 2012 and paid the monthly instalments on the dates agreed in the restructuring agreement. However, the transfer of ordinary shares, referred to above, is yet to be executed.

- 15.5** This represents finance of Rs. 117 million obtained from KASB Funds (KASB Income Opportunity Fund and KASB Asset Allocation Fund) on July 13, 2009. Due to liquidity issues being faced by the Company, the finance was, subsequently, restructured by way of a settlement agreement entered into with KASB Funds dated December 28, 2011. As per the said restructuring agreement, the outstanding loan is to be settled by way of transferring of assets / collateral held by the Company against one of its non-performing borrowers, lease receivables of the Company and cash payment of Rs. 23.085 million in the following manner:

- Down payments of Rs. 1.568 million and Rs. 1.517 million;
- Two subsequent cash payments of Rs. 1 million each; and
- 24 equal instalments of Rs. 0.75 million each.

The Company paid all the instalments as per restructuring agreement. As a result of these repayments, the outstanding loan due to KASB Asset Allocation Fund had been settled in full. As per restructuring terms, these finances carry no mark-up.

| | Note | 31 December 2015 Rupees (Un-audited) | June 30, 2015 Rupees (Audited) |
|--|---------------|---|---|
| 16 CURRENT MATURITY OF NON- CURRENT LIABILITIES | | | |
| Certificate of investment | | 55,349,000 | 55,349,000 |
| Long term finances | <i>17</i> | 392,032,443 | 432,997,913 |
| Security deposits against finance leases | <i>18</i> | 350,203,497 | 412,481,319 |
| | | <u>797,584,940</u> | <u>900,828,232</u> |
| 17 LONG TERM FINANCES | | | |
| Long term finances - secured | <i>17.1.1</i> | 163,061,501 | 178,961,501 |
| Long term finances - unsecured | | 5,703,696 | 5,703,696 |
| | | 168,765,197 | 184,665,197 |
| Term finance certificates - secured | <i>17.2</i> | 223,267,246 | 248,332,716 |
| | | 392,032,443 | 432,997,913 |
| Current maturity of long term finances | <i>16</i> | (392,032,443) | (432,997,913) |
| | | - | - |
| 17.1 Long term finances | | | |
| | | Principal Outstanding | |
| | | December 31, 2015 | June 30, 2015 |
| | | (Un-audited) | |
| | | ----- (Rupees) ----- | |
| Secured | | | |
| National Bank of Pakistan | <i>17.1.2</i> | 12,500,000 | 12,500,000 |

| | | | |
|--------------------------|--------|--------------------|--------------------|
| First Women Bank Limited | 17.1.3 | 75,061,505 | 75,061,505 |
| Askari Income Fund | 17.1.4 | 13,500,000 | 13,500,000 |
| Soneri Bank Limited | 17.1.5 | 61,999,996 | 61,999,996 |
| Bank Of Khyber | 17.1.6 | - | 15,900,000 |
| Un-secured | | | |
| Silk Bank Limited | 17.1.7 | 5,703,696 | 5,703,696 |
| | | <u>168,765,197</u> | <u>184,665,197</u> |

17.1.1 The above are secured by way of hypothecation of specific leased assets and associated lease rentals. These facilities were utilized mainly for lease financing activities.

17.1.2 This represents a finance of Rs. 100 million obtained from National Bank of Pakistan on March 17, 2005 (mainly for lease financing activities). As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from September 17, 2005 to March 17, 2009. However, subsequently, the agreement was restructured whereby the maturity date of the loan was extended to March 2010. Up to June 30, 2016, all instalments were paid except for the last instalment due on March 17, 2009 which is yet outstanding. As per the revised agreement, the finance carries mark-up at the rate of 6-month KIBOR + 1.5%, payable semi-annually.

17.1.3 This represents a finance of Rs. 150 million obtained from First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenor of 1 day. Subsequently, the finance was rolled over several times during the period from October 07, 2008 to December 18, 2008. During this period, the Company managed to partially repay the principal and markup amount. Afterwards, the finance was restructured by way of a settlement agreement dated December 31, 2008 whereby the entire principal was converted into 12-month Money Market Finance facility on markup basis. Since the Company failed to make repayment as per agreed terms, the finance was, once again, restructured by way of a settlement agreement dated March 01, 2010. As per the revised rescheduled terms, the entire principal was payable in unequal monthly instalments up to December 31, 2012. The Company paid the instalments up to December 31, 2010 since when no further repayments have been made. Further, as per the revised agreement, the finance carries mark-up at 12% per annum, payable monthly.

17.1.4 In March 2009, the Company obtained a finance of Rs. 50 million from Askari Income Fund against Certificate of Investment (COI) which was subsequently converted into a Term Finance Arrangement (TFA). Due to the liquidity issues faced by the Company, the finance was restructured by way of settlement agreements dated March 01, 2010 and January 31, 2011. As per the rescheduled terms, the entire principal was payable in monthly instalments of Rs. 1 million starting from February 16, 2011 and outstanding mark-up was waived. The Company could managed to pay instalments up to June 2011 since when no repayments have been made. Further, as per rescheduled terms, the Company is liable to pay liquidated damages / penalty amounting to Rs. 10.8 million.

17.1.5 As on March 29, 2010, the Company had a financial obligation in respect of Term Finance I, Term Finance II and Running Finance facilities obtained from M/s. Soneri Bank Limited (SBL) amounting to Rs. 66.666 million, Rs. 35 million and Rs. 49.971 million, respectively (in aggregate, Rs. 151.637 million). The said obligation was restructured whereby SBL created a fresh facility of Rs. 115 million as TF-I, Rs. 35 million as TF-II and Rs. 1.5 million as RF. Subsequently, the Company managed to pay its entire liability under TF-II and RF. As regards restructured TF-I, the Company made a principal repayment of Rs. 5 million up to May 07, 2013, on which date, a revised settlement agreement was entered to with SBL to restructure the outstanding obligation of Rs. 110 million which was agreed to be settled as follows:

- Rs. 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower);
- Cash payment of Rs. 5 million in 12 equal monthly instalments of Rs. 0.416 million each commencing from the date of execution of settlement agreement; and
- Remaining principal obligation amounting to Rs. 27.5 million to be waived upon successful transfer of properties / cash payment as referred to above.

Subsequently, the Company settled the loan amounting to Rs. 43 million by way of cash payment of Rs. 25 million on August 28, 2013 (and recognised a waiver of Rs. 18 million against the said payment). Further, the Company paid the 12 equal monthly instalments, referred to above, on agreed due dates. However, the transfer of aforesaid property (whereupon the outstanding liability would be extinguished in full) is yet to be executed. As per the revised restructuring terms, the finance carries no mark-up.

17.1.6 This represents a finance of Rs. 500 million obtained from M/s. Bank of Khyber (BOK) on October 08, 2008. Up to March 12, 2009, the Company could manage to pay Rs. 32 million and defaulted thereafter. Hence, as on that date, the finance was restructured by way of a settlement agreement whereby the restructured loan was payable over a period of 24 months (along with markup). However, due to ongoing liquidity crunch, the Company could honour its financial commitments only to the extent of Rs. 10 million and defaulted once again. To address this situation, the finance was restructured on April 26, 2010, on which date, the outstanding principal obligation amounted to Rs. 458 million. However, up to June 2012, the Company could manage to repay only Rs. 58 million. On this date, a revised restructuring agreement was signed between the Company and BOK whereby the Company was required to settle the outstanding principal obligation of Rs. 400 million as follows:

- (a) Transfer of a property valuing Rs. 150 million (held as a collateral);
- (b) Issue of preference shares of Rs. 195 million; and
- (c) Cash payment of Rs. 55 million in the following manner:
 - Down payment of Rs. 10 million; and
 - 45 monthly instalments of Rs. 1 million each.

As per the restructuring agreement dated June 21, 2012 (referred to above), the finance carries no mark-up.

The transfer of property valuing Rs. 150 million was completed on July 19, 2012. The issuance of preference shares amounting to Rs. 195 million was completed in 2013. However, up to November 2014, the Company could only repay 29 monthly instalments of Rs. 1 million each.

On September 22, 2015, BOK approved the Company's request to further restructure its remaining outstanding liability of Rs. 15.9 million. The Company was required to pay the entire amount of Rs. 15.9 million in 3 equal instalments. Subsequently, the Company paid the liability of Rs. 15.9 million in November 2015 as per the settlement arrangement agreed with the bank and, accordingly, an amount of Rs. 6.941 million being balance of accrued markup has been waived by BOK.

- 17.1.7** This represents a finance of Rs. 15.7 million obtained from Silk Bank Limited (SBL) on April 27, 2009 against issuance of irrevocable letter of comfort for opening a letter of credit in favour of Uni-Link International. Up to March 31, 2011, the Company could repay Rs. 4 million and defaulted thereafter. Hence, on September 12, 2012, a settlement agreement was entered into with SBL whereby the finance was restructured and the outstanding loan was agreed to be settled as follows:

- Down payment of Rs. 0.707 million; and
- 54 monthly instalments of Rs. 0.204 million each.

Up to November 2014, the Company repaid 26 monthly instalments of Rs. 0.204 million each and defaulted thereafter.

- 17.2** This represents third issue of registered and listed term finance certificates (TFCs) issued by the Company to banking companies and financial institutions, trusts and general public. These are secured by way of a first exclusive charge on specific leases including lease rentals and receivables against lease with 25% margin available at all times to the TFCs holders on total outstanding amount of the issue. The total issue comprises of 150,000 certificates of Rs. 5,000 each.

The issue was first restructured by way of "Supplemental Declaration of Trust" dated October 05, 2010 and was further restructured by way of "Second Supplemental Declaration of Trust" effective dated April 30, 2012. To make the second proposed restructuring terms of Supplemental Declaration of Trust effective, an extra ordinary resolution has been passed by at least by 75% of the aggregate amount outstanding to TFC holders. The trustee obtained necessary approval of TFC holders. The revised terms and conditions of the issue after rescheduling are as follows:

Principal redemption

The principal redemption of TFCs is structured to be in 63 un-equal monthly instalments starting from January 01, 2012 as follows:

- Rs. 3 million per month starting from January 2012 to December 2012
- Rs. 4 million per month starting from January 2013 to December 2013
- Rs. 6 million per month starting from January 2014 to December 2014
- Rs. 13 million per month starting from January 2015 to February 2017
- Rs. 21.3 million in March 2017

Mark-up on TFCs

- The issue carries markup at 6% per annum for the first 36 months (i.e from January 01, 2012 to December 13, 2014) and one-month KIBOR for the remaining 27 months (i.e. from January 01, 2015 to March 01, 2017).
- Mark-up accrued on TFCs up to December 2011, amounting to Rs. 25.368 million, to be repaid in 3 equal instalments falling due in December 2014, December 2015 and December 2016.
- Mark-up payments on TFCs for first 24 months (i.e from January 01, 2012 to December 13, 2014) to be deferred till December 31, 2013 and to be repaid thereafter on a monthly basis (starting from the 25th month till the maturity of the TFC).

Trustee

In order to protect the interests of TFC holders, First Dawood Investment Bank Limited has been appointed as trustee

under a trust deed with power to enforce the Company's obligations in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Declaration of Trust.

The Company defaulted in making payments to TFC holders in 2014 due to liquidity issues faced by the Company.

| | Note | 2015 Rupees (Un-audited) | 2015 Rupees (Audited) |
|---|--|------------------------------------|------------------------------------|
| 18 LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES | | | |
| Security deposits against finance leases | | 350,203,497 | 416,231,319 |
| Current maturity of deposits against finance leases | 16 | <u>(350,203,497)</u> | <u>(412,481,319)</u> |
| | | <u>-</u> | <u>3,750,000</u> |
| 19 CONTINGENCIES AND COMMITMENTS | | | |
| There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended June 30, 2015. | | | |
| | | 31 December 2015 (Unaudited) | 31 December 2014 (Unaudited) |
| 20 INCOME FROM FINANCE LEASES | | -----Rupees----- | |
| Income from finance lease contracts | | 886,680 | 3,171,038 |
| Gain on termination of finance lease contracts | | 2,957,560 | 236,797 |
| | | <u>3,844,240</u> | <u>3,407,835</u> |
| 21 OTHER OPERATING INCOME | | | |
| Income from financial assets: | | | |
| - Dividend income | | 5,494 | 3,120 |
| - Capital gain on sale of investments | | - | - |
| - Interest income from government securities | | 632,058 | 913,298 |
| - Interest income on term loans | | - | 26,969 |
| - Return on certificates of deposit | | 1,213,697 | 401,780 |
| - Interest income from savings accounts | | 152,422 | 866,238 |
| | | <u>2,003,671</u> | <u>2,211,405</u> |
| Income from non-financial assets: | | | |
| - Commission and fee income | | - | - |
| - Gain on sale of property, plant and equipment | | - | 779,200 |
| - Waiver on settlement of long term finances | 21.1 | 35,439,989 | 31,875,934 |
| - Others | | 143,463 | 203,379 |
| | | <u>35,583,452</u> | <u>32,858,513</u> |
| | | <u>37,587,123</u> | <u>35,069,918</u> |
| 21.1 | It includes principal and markup waiver of Rs. 28.4 million for M/s Pak Brunei and Rs. 6.9 million for Bank of Khyber. | | |

| | 31 December 2015 (Unaudited) | 31 December 2014 (Unaudited) |
|---|------------------------------------|------------------------------------|
| | -----Rupees----- | |
| 22 FINANCE COST | | |
| Mark-up on: | | |
| - Long term finances | 5,728,854 | 5,237,008 |
| - Term finance certificates | 8,226,577 | 7,470,393 |
| - Short term borrowings | 6,934,658 | 6,795,398 |
| Return on certificates of investment | 4,479,683 | 4,865,394 |
| Bank charges | 37,793 | 21,468 |
| | <u>25,407,565</u> | <u>24,389,661</u> |
| 23 ADMINISTRATIVE AND OPERATING EXPENSES | | |
| Salaries, Allowances and Benefits | 11,419,040 | 9,723,874 |
| Ex-Gratia | 1,151,397 | 270,198 |
| Directors' Fee | 285,000 | 240,000 |
| Rent | 417,210 | 673,945 |
| Repairs and maintenance | 691,799 | 672,871 |
| Insurance | 69,177 | 2,518 |
| Utilities | 444,944 | 706,331 |
| Vehicle running expenses | 1,458,117 | 1,316,549 |
| Printing and stationery | 577,348 | 63,394 |
| Telephone and postage | 307,388 | 346,498 |
| Travelling and conveyance | 447,616 | 456,666 |
| Fee and subscriptions | 580,498 | 1,070,532 |
| Legal and professional charges | 7,551,167 | 1,599,926 |
| Advertising and entertainment | 187,877 | 114,257 |
| Auditors' remuneration | 156,500 | 70,950 |
| Depreciation | 6,661,340 | 1,750,038 |
| Miscellaneous | 627,523 | 829,510 |
| | <u>33,033,941</u> | <u>19,908,057</u> |

24 TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS

The related parties comprise of Saudi Pak Industrial & Agricultural Investment Company Limited (the major shareholder), other group companies, directors, key management personnel and employee benefit plans. The transactions between the Company and the related parties are carried out as per agreed terms. The Company also provides loan to employees at reduced rates in accordance with their terms of employment.

Transactions during the year

Details of transactions entered into with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

| | 31 December 2015 (Unaudited) | 31 December 2014 (Unaudited) |
|--|------------------------------------|------------------------------------|
| | -----Rupees----- | |
| Major Shareholder | | |
| Rent paid | 279,510 | 279,510 |
| Directors fee | | |
| Fee | 285,000 | 240,000 |
| Key management personnel | | |
| Remuneration to key management personnel | 4,990,000 | 3,804,170 |
| Other related parties | | |
| Payments to provident fund | 380,346 | 440,830 |

Balances outstanding as of the end of the reporting period

Details of balances held with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

| | December 31, 2015 Rupees (Un-audited) | June 30, 2015 Rupees (Audited) |
|------------------------------|--|---|
| Major Shareholder | | |
| Certificate of deposit (COD) | - | 50,000,000 |
| Preference dividend payable | 5,774,153 | 5,774,153 |

25. SEGMENT INFORMATION

The business of the Company is divided into four reporting segments namely:

1. Finance lease operations,
2. Operating lease operations,
3. Term loans and
4. Investments

Finance and operating lease operations include leasing of moveable assets. Term loans include secured loans for tenure ranging from 3 months to 5 years whereas investments include equity and debt securities.

Management monitors the operating segments of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Other operations, which are not monitored by the management separately, are reported as 'Others'.

Segment assets and liabilities include all assets and liabilities related to the segment and segment revenues and expenses include all revenues and expenses related to the segment.

The Company's finance costs, administrative and other operating expenses, write-offs, taxation and assets and liabilities not related to the above mentioned segments are managed on Company basis and are not allocated to operating segments.

| | December 31, 2015 | | | | | Total |
|--|-------------------|--------------------|---------------|-------------|---------------|---------------|
| | Finance lease | Operating lease | Term loans | Investments | Others | |
| | (Rupees) | | | | | |
| Segment revenue | | | | | | |
| Lease income | 3,844,240 | 1,050,000 | - | - | - | 4,894,240 |
| Interest income | - | - | - | 1,845,755 | 152,422 | 1,998,177 |
| Other income | - | - | - | 5,494 | 35,583,452 | 35,588,946 |
| Direct cost of operating leases | - | (1,552,632) | - | - | - | (1,552,632) |
| (Provisions) / reversals against assets | (9,930,106) | - | - | - | - | (9,930,106) |
| Segment results | (6,085,866) | (502,632) | - | 1,851,249 | 35,735,874 | 30,998,625 |
| Unallocated cost | | | | | | |
| Financial charges | | | | | | (25,407,565) |
| Administrative / operating expenses | | | | | | (33,033,941) |
| | | | | | | (58,441,506) |
| Loss before taxation | | | | | | (27,442,881) |
| Taxation | | | | | | (135,582) |
| Loss after taxation | | | | | | (27,578,463) |
| Other information | | | | | | |
| Segment assets | 568,164,043 | 11,299,891 | 156,946,224 | 38,502,629 | - | 774,912,787 |
| Unallocated assets | - | - | - | - | 95,271,630 | 95,271,630 |
| Total assets | | | | | | 870,184,417 |
| Segment liabilities | 168,765,197 | - | - | - | - | 168,765,197 |
| Unallocated liabilities | - | - | - | - | 1,260,013,185 | 1,260,013,185 |
| Total liabilities | | | | | | 1,428,778,382 |
| Net assets | | | | | | (558,593,965) |

| December 31, 2014 | | | | | | |
|---|---------------------|--------------------|---------------|------------------|-------------------|---------------------|
| | Finance lease | Operating lease | Term loans | Investments | Others | Total |
| | (Rupees) | | | | | |
| Segment revenue | | | | | | |
| Lease income | 3,407,835 | 580,000 | - | - | - | 3,987,835 |
| Interest income | - | - | 26,969 | 1,315,078 | 866,238 | 2,208,285 |
| Other income | - | - | - | 3,120 | 32,858,513 | 32,861,633 |
| Direct cost of operating leases | - | (2,679,354) | - | - | - | (2,679,354) |
| (Provisions) / reversals against assets | (88,737,007) | - | - | - | - | (88,737,007) |
| Write-offs | (926,410) | - | - | - | - | (926,410) |
| Segment results | (86,255,582) | (2,099,354) | 26,969 | 1,318,198 | 33,724,751 | (53,285,018) |
| Unallocated cost | | | | | | |
| Financial charges | | | | | | (24,389,661) |
| Administrative / operating expenses | | | | | | (19,908,057) |
| | | | | | | (44,297,718) |
| Loss before taxation | | | | | | (97,582,736) |
| Taxation | | | | | | 799,932 |
| Loss after taxation | | | | | | (96,782,804) |

| June 30, 2015 | | | | | | |
|--------------------------|---------------|-----------------|-------------|-------------|-------------|----------------------|
| | Finance lease | Operating lease | Term loans | Investments | Others | Total |
| | (Rupees) | | | | | |
| Other information | | | | | | |
| Segment assets | 640,882,814 | 12,852,524 | 167,350,822 | 88,406,706 | - | 909,492,866 |
| Unallocated assets | - | - | - | - | 104,175,800 | 104,175,800 |
| Total assets | | | | | | 1,013,668,666 |
| Segment liabilities | 1,017,318,961 | 20,401,727 | 265,647,885 | 140,334,264 | - | 1,443,702,837 |
| Unallocated liabilities | - | - | - | - | 100,965,358 | 100,965,358 |
| Total liabilities | | | | | | 1,544,668,195 |
| Net assets | | | | | | (530,999,529) |

25. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or settle a liability in an orderly transaction between market participants at the measurement date. The fair values 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 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).

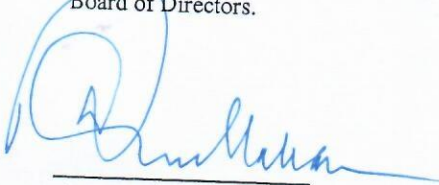
Following is the fair value hierarchy of assets and liabilities carried at fair value.

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|----------|------------|------------|------------|
| | (Rupees) | | | |
| Office premises and generators | - | 47,257,048 | - | 47,257,048 |
| Investment in ordinary shares | 107,341 | - | 18,914,938 | 19,022,279 |

The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

26. **DATE OF AUTHORIZATION**

This condensed interim financial statements (un-audited) were authorized for issue on _____ by the Board of Directors.



Chief Executive Officer





Director

