

	Note	March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
(Rupees)			
ASSETS			
Current assets			
Cash and bank balances	5	23,311,911	9,738,553
Short term loans	6	86,922,674	88,022,635
Short term investments	7	29,448,014	29,401,822
Trade deposits and short term prepayments		1,451,155	908,865
Other receivables	8	6,097,715	5,940,826
Current maturity of non-current assets	9	508,969,409	514,496,033
Total current assets		656,200,879	648,508,734
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	30,189,017	32,670,020
Property, plant and equipment	13	57,495,203	21,541,364
Total non-current assets		87,684,219	54,211,384
Total Assets		743,885,098	702,720,118
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	14	164,501,588	174,930,728
Certificates of investment	15	43,000,000	43,000,000
Accrued mark-up	16	386,233,248	365,927,127
Provision for taxation - net		133,443	12,134,625
Accrued expenses and other payables	17	8,283,388	11,719,731
Current maturity of non-current liabilities	18	770,330,573	770,330,572
Unclaimed dividend		1,661,291	1,661,291
Preference dividend payable		5,774,153	5,774,153
Total current liabilities		1,379,917,684	1,385,478,227
Non-current liabilities			
Long term finances	19	-	-
Security Deposits against Finance Leases	20	-	-
Total non-current liabilities		-	-
Total liabilities		1,379,917,684	1,385,478,227
NET ASSETS		(636,032,587)	(682,758,109)
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		(1,841,879,583)	(1,851,131,152)
Surplus on revaluation of property, plant and equipment - net of tax	21	49,093,621	11,619,054
Unrealised gain on re-measurement of available for sale investments		11,347	11,961
Accumulated actuarial (loss) / gain on defined benefit plan-net of tax		(999,666)	(999,666)
		(636,032,587)	(682,758,109)
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.

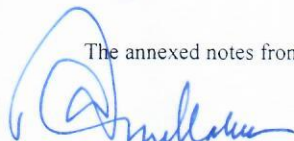

Chief Executive


Director


Chief Financial Officer

	Note	Nine months period ended		Three months period ended	
		March 31,		March 31,	
		2019	2018	2019	2018
----- (Rupees) -----					
Revenue					
Income from:					
Finance leases	23	11,084,094	8,968,343	440,345	2,198,448
Operating leases		-	693,333	-	-
		11,084,094	9,661,676	440,345	2,198,448
Other operating income	25	25,909,870	1,850,719	24,823,553	619,868
TOTAL INCOME		36,993,964	11,512,395	25,263,898	2,818,316
Expenses					
Finance cost	26	31,657,816	26,812,632	11,228,663	8,858,273
Administrative and operating expenses	27	21,936,881	19,239,184	8,741,567	7,028,627
Depreciation	28	11,847,001	9,703,035	5,703,913	3,226,642
Amount written-off directly against loans and lease receivables		-	-	-	-
Direct cost of operating leases		-	543,959	-	-
		65,441,698	56,298,811	25,674,143	19,113,542
Operating (Loss) / Profit before provisions		(28,447,734)	(44,786,415)	(410,245)	(16,295,226)
Reversals / (Provisions) for doubtful leases, loans and other receivables		20,955,380	18,557,494	4,914,654	8,988,187
Reversal / (impairment) on investment properties		-	-	-	-
		20,955,380	18,557,494		
Profit / (Loss) before taxation		(7,492,354)	(26,228,921)	4,504,409	(7,307,039)
Taxation					
- Current		11,752,540	(123,364)	(84,992)	(246,727)
- Deferred		-	(120,330)	-	-
		11,752,540	(243,694)	(84,992)	(246,727)
Profit / (Loss) for the period		4,260,186	(26,472,615)	4,419,417	(7,553,766)
(Loss) / Earnings per share - basic	31	0.09	(0.59)	0.10	(0.17)
(Loss) / Earnings per share - diluted	31	0.04	(0.27)	0.05	(0.08)

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.



Chief Executive



Director

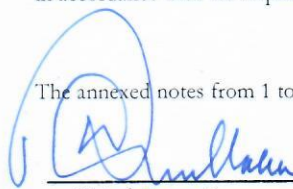


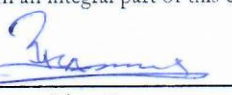
Chief Financial Officer

	Nine months period ended 31 March		Three months period ended 31 March	
	2019	2018	2019	2018
	-----Rupees -----			
(Loss) / profit after taxation	4,260,186	(26,472,615)	28,094,481	(13,100,824)
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	(614)	4,801	1,465	3,866
Remeasurement of defined benefit plan	-	-	-	-
Deferred tax on remeasurement of defined benefit plan	-	-	-	-
Total comprehensive income for the year	4,259,572	(26,467,814)	28,095,946	(13,096,958)

Surplus / (deficit) arising on revaluation of certain classes of property, plant and equipment has been reported in accordance with the requirements of the Companies Ordinance, 1984, as a separate line item below equity.

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.


 Chief Executive


 Director


 Chief Financial Officer

	Issued, subscribed and paid-up share capital		Reserves					Total
	Ordinary Shares	Non-redeemable Preference shares	Statutory reserves	Unrealised gain on re-measurement of available for sale investments	Accumulated actuarial gain / loss on defined benefit plan- net of tax	Accumulated loss	Surplus on revaluation of property, plant and equipment - net	
----- Rupees -----								
Balance as at July 1, 2017	451,605,000	528,208,500	177,928,194	18,228	(999,666)	(1,803,925,212)	16,966,541	(630,198,415)
Total comprehensive income for the period								
Loss for the nine months period ended 31 March 2018						(26,472,615)		(26,472,615)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax						4,100,864	(4,100,864)	
Unrealised gain on re-measurement of available-for-sale investments				4,801				4,801
				4,801		(22,371,751)	(4,100,864)	(26,467,814)
Balance as at 31 March 2018	451,605,000	528,208,500	177,928,194	23,029	(999,666)	(1,826,296,963)	12,865,678	(656,666,229)
Balance as at July 1, 2018	451,605,000	528,208,500	177,928,194	11,961	(999,666)	(1,851,131,152)	11,619,054	(682,758,109)
Total comprehensive income for the period								
Loss for the nine months period ended 31 March 2018						4,260,186		4,260,186
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax						4,991,383	(4,991,383)	
Surplus on Revaluation of property, plant and equipment							42,465,950	42,465,950
Unrealised (loss) / gain on re-measurement of available-for-sale investments				(614)				(614)
				(614)		9,251,569	37,474,567	46,725,522
Balance as at 31 March 2019	451,605,000	528,208,500	177,928,194	11,347	(999,666)	(1,841,879,583)	49,093,621	(636,032,587)

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.

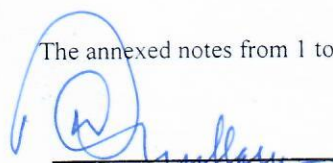
Chief Executive

Director

Chief Financial Officer

	Note	Quarter Ended	
		March 31, 2019	March 31, 2018
		-----Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES	29	(21,435,874)	(16,751,078)
Finance cost paid		(20,315)	(18,337)
Taxes paid		(248,642)	(484,045)
Finance lease rentals received		37,666,881	28,201,357
		<u>37,397,923</u>	<u>27,698,975</u>
<i>Net cash flows from operating activities</i>		15,962,050	10,947,897
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant, equipment and vehicle		(2,951,680)	(37,147)
Short term investments - net		(46,192)	754,747
Proceeds from sale of property, plant, equipment and vehicle		718,590	1,000,000
Repayment of long term loans		(113,371)	(83,453)
Dividend received		3,960	3,960
		<u>(2,388,693)</u>	<u>1,638,107</u>
<i>Net cash (used in) / from investing activities</i>			
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		-	-
Repayment of certificates of investment		-	-
		<u>-</u>	<u>-</u>
<i>Net cash used in financing activities</i>			
Net decrease in cash and cash equivalents during the period		13,573,356	12,586,004
Cash and cash equivalents at beginning of the period		9,738,553	8,386,192
Cash and cash equivalents at end of the period		<u>23,311,911</u>	<u>20,972,197</u>

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.


 Chief Executive


 Director


 Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

1.1 Saudi Pak Leasing Company Limited (the Company) was incorporated in Pakistan on January 08, 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 May 18, 2010 and renewal is pending with the Securities and Exchange Commission of Pakistan.

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 31 March 2019 holds 35.06% (30 June 2017: 35.06%) of issued ordinary share capital of the Company and 63% (30 June 2017: 63%) of issued preference share capital of the Company.

1.2 The country's weak economic fundamentals has had a pessimistic impact on the local economy. The country is facing serious challenges for the last several years on account of numerous factors along with energy crisis and law and order situation. Higher inflation, political instability, disturbed security environment and lack of trust of foreign investors are the other main reasons and have caused a serious dent in the country's economy.

These factors provide foundation for severe liquidity crunch in the leasing sector nationwide and consequently affected the Company as well. The Company was thus trapped in the mud of defaults wherein recovery from customers has become an uphill task. The deteriorated financial position of the Company can only be overcome by way of fresh injection of funds from sponsors and partially from the recovery on account of balance lease / loan portfolio which is mainly stuck up under litigation. The management is trying its level best to recover as much as possible from the available means.

Although uncertainty still exists due to the above factors which may cast doubt on the Company's ability to continue as a going concern. However, the management of the Company is confident that due to steps / measures as explained in the next paragraphs which are in line with the Board's approved rehabilitation plan for capital management and the approved financial projections, the going concern assumption is appropriate and has as such prepared these financial statements on a going concern basis. Further, in order to improve the financial health including equity position of the Company, the Directors are in the process of identifying strategic investors to inject funds into the Company. This will generally help to revive the liquidity position of the Company.

- Management is hopeful that the reduction in financing cost through restructuring / settlements with the lenders against settlement of loans will assist in reducing the losses and improving the equity. This will make the Company an attractive candidate for equity participation / merger along with an opportunity for the existing shareholders to inject additional equity. The Company intends to aggressively follow-up with its non-performing portfolio for the recovery of principal, mark-up and possession of collateral assets.
- The Company has requested the Securities and Exchange Commission of Pakistan (SECP) for relaxation in the minimum capital requirement under NBFC Rules, 2008 and is hopeful that this request will be accepted based on the condition of the overall business environment and the Company's position in the overall leasing sector.

2. BASIS OF PREPERATION

2.1 Statement of Compliance

This condensed interim financial information of the Company for the three months ended 31 March 2019 has been prepared in accordance with the requirements of the International Accounting Standard 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for plant and machinery which are stated at revalued amounts, investments classified as available for sale which are stated at fair value and obligations in respect of gratuity which are measured at present value of defined benefit obligations less fair value of plan assets.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of the condensed Interim Financial statement require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management and the key sources of estimating uncertainty in preparation of these condensed interim financial statements were same as those applied to the annual financial statements for the period ended 31 March 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND JUDGMENTS

The accounting policies and basis for accounting estimates adopted for the preparation of this condensed interim financial information (un-audited) are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018

4. FINANCIAL RISK AND CAPITAL 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 30 June 2018.

5. CASH AND BANK BALANCES	Note	March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
Cash in hand		117,545	9,642,545
Balance with State Bank of Pakistan in current account - local currency		51,217	2,880
Balances with other banks:			
- in current account		5,500	5,500
- in saving accounts		23,137,649	87,628
		<u>23,311,911</u>	<u>9,738,553</u>

6. SHORT TERM LOANS - Secured	Note	March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
Term loan to customers			
- Considered doubtful	6.1	165,231,135	199,206,119
Provision for non-performing loans	6.2	(78,308,461)	(111,183,484)
		<u>86,922,674</u>	<u>88,022,635</u>

6.1 This represents term finance facilities provided to customers and carries mark-up ranging from 16.25% to 25% (30 June 2017: 16.25% to 25%) per annum.

7. SHORT TERM INVESTMENTS	Note	March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
Available-for-sale	7.1	14,762,219	14,762,834
Held to maturity	7.2	14,685,795	14,638,988
		<u>29,448,014</u>	<u>29,401,822</u>
7.1 Available-for-sale			
Ordinary shares of listed companies	7.1.1	85,935	85,935
Ordinary shares of unlisted companies	7.1.2	14,664,938	14,664,938
Available-for-sale at cost		14,750,873	14,750,873
Unrealised gain on re-measurement of available for sale securities		11,347	11,961
Available-for-sale at market value		<u>14,762,219</u>	<u>14,762,834</u>

7.1.1 The investments in the listed equity securities held as available-for-sale are valued at prices quoted on the Karachi Stock Exchange.

7.1.2 Detail of investment in the ordinary shares of unlisted companies is as follows:

SPI Insurance Company Limited	14,664,938	14,664,938
-------------------------------	------------	------------

7.2 Held to Maturity

Government Market Treasury Bills	7.2.1	14,685,795	14,638,988
		<u>14,685,795</u>	<u>14,638,988</u>

7.2.1 This represents investment in Government Market Treasury Bill having maturity on 9th May 2019 and carries effective mark-up at a rate of 10.52% (30 June 2018: 6.72%) per annum.

	Note	March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
8. OTHER RECEIVABLES			
Operating lease rentals receivables		11,545,095	11,545,095
Receivable on termination of finance leases		68,127,759	68,127,758
Staff gratuity- net defined benefit asset		2,815,828	2,815,828
Receivable from Provident Fund		2,880,000	2,880,000
Others		8,969,865	3,117,149
		<u>88,642,718</u>	<u>88,485,829</u>
Provision against doubtful receivables		(82,545,003)	(82,545,003)
		<u>6,097,715</u>	<u>5,940,826</u>
9. CURRENT MATURITY OF NON - CURRENT ASSETS			
Current portion of:			
Long term loans	10	34,522,047	34,408,676
Net investment in finance leases	11	474,447,362	480,087,357
		<u>508,969,409</u>	<u>514,496,033</u>
10. LONG TERM LOANS - secured			
Related party			
Due from employees - considered good		1,202,353	1,088,982
Other than related party			
Term loan to customers			
- Considered doubtful	10.1	<u>100,164,030</u>	<u>100,164,030</u>
		<u>101,366,383</u>	<u>101,253,012</u>
Provision for non-performing loans		<u>(66,844,336)</u>	<u>(66,844,336)</u>
		<u>34,522,047</u>	<u>34,408,676</u>
Current maturity of long term loans	9	<u>(34,522,047)</u>	<u>(34,408,676)</u>
		<u>-</u>	<u>-</u>

10.1 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.

	Note	March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
11. NET INVESTMENT IN FINANCE LEASES			
Minimum lease payments receivable		1,299,476,342	1,338,387,814
Add: Residual value of leased assets		344,569,999	344,569,999
Gross investment in finance leases		<u>1,644,046,341</u>	<u>1,682,957,813</u>
Less: Unearned lease income		-	-
Mark-up held in suspense	11.2	<u>229,250,698</u>	<u>321,657,525</u>
		<u>229,250,698</u>	<u>321,657,525</u>
		<u>1,414,795,643</u>	<u>1,361,300,288</u>
Less: Provision for potential lease losses	11.3	<u>940,348,282</u>	<u>881,212,931</u>
Net investment in finance leases		<u>474,447,362</u>	<u>480,087,357</u>
Less: Current portion of net investment in finance leases	9	<u>(474,447,362)</u>	<u>(480,087,357)</u>
		<u>-</u>	<u>-</u>

11.1 The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% (June 30 2018: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finances obtained.

11.2 During 2019, the management initiated an exercise to verify the existence of selected portfolio of leased assets on periodic basis. The management carried out inspection for selected portfolio against which FSV benefit has been recognised in the financial statements and its impact has been accounted for accordingly.

	Note	March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
12. INVESTMENT PROPERTIES			

As at July 01, 2017	
Cost	66,160,092
Accumulated depreciation	(24,008,507)
Accumulated impairment	(6,805,696)
Net book value	<u><u>35,345,889</u></u>
 <i>Movement during the period ended December 31, 2017</i>	
Opening net book value	35,345,889
Depreciation charge	(1,654,002)
Closing net book value	<u><u>33,691,887</u></u>
 As At December 31, 2017	
Cost	66,160,092
Accumulated depreciation	(25,662,509)
Accumulated impairment	(6,805,696)
Net book value	<u><u>33,691,887</u></u>
 As at July 01, 2018	
Cost	66,160,092
Accumulated depreciation	(26,684,376)
Accumulated impairment	(6,805,696)
Net book value	<u><u>32,670,020</u></u>
 <i>Movement during the period ended March 31, 2019</i>	
Opening net book value	32,670,020
Depreciation charge	(2,481,003)
Closing net book value	<u><u>30,189,017</u></u>
 As At March 31, 2019	
Cost	66,160,092
Accumulated depreciation	(29,165,379)
Accumulated impairment	(6,805,696)
Net book value	<u><u>30,189,017</u></u>
Rate of depreciation (per annum)	<u><u>5%</u></u>

	Note	March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
13. PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment - own use		57,114,825	21,160,964
Property, plant and equipment - operating lease		<u>380,378</u>	<u>380,400</u>
		<u>57,495,203</u>	<u>21,541,364</u>
Additions - Cost			
<i>Owned assets</i>			
Vehicle		2,333,795	-
Office equipment		<u>617,885</u>	<u>42,647</u>
Total additions		<u>2,951,680</u>	<u>42,647</u>
Disposals - Cost			
<i>Owned assets</i>			
Vehicle		689,790	-
Office equipment		<u>28,800</u>	<u>-</u>
Total disposals		<u>718,590</u>	<u>-</u>

14. BORROWINGS FROM FINANCIAL INSTITUTIONS

Letter of placements - Unsecured

National Bank of Pakistan	14.1	77,500,000	77,500,000
Innovative Investment Bank Limited	14.2	60,000,000	60,000,000
Meezan Bank Limited	14.3	27,001,588	27,001,588
KASB Income Opportunity Fund	14.4	-	10,429,140
		<u>164,501,588</u>	<u>174,930,728</u>

- 14.1** This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on 01 April 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 40 days. The Company has not paid any amount in respect of this finance. As of 31 March 2019, the Company has accrued a mark-up of Rs. 78.16 million.
- 14.2** This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on 3 December 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. The facility was rolled over for a further period of 184 days on 14 March 2011. Since the disbursement of facility, the Company has paid an amount of Rs. 3 million on account of principal repayment. As of 31 March 2019, the Company has accrued a mark-up of Rs. 43.63 million.
- 14.3** This represents finance of Rs. 150 million obtained from Meezan Bank Limited (MEBL) on 20 September 2008, under Murabaha arrangement at a rate of 12% per annum. The Company paid Rs. 81 million on various dates from September 2008 to June 2011. The remaining amount of Rs. 69 million was restructured by way of settlement agreement on 22 April 2011 whereby the Company transferred a lease portfolio of Rs. 32 million. On 03 September 2012, a revised settlement agreement was signed according to which loan to be settled by way of transferring of Company's assets / collateral held by the Company against one of its non-performing borrowers and cash payment of Rs. 9.870 million as down payment. The Company made the down payment on 06 September 2012 and the collateral held by the Company against the non-performing borrower is to be transferred after the execution of a tripartite agreement between the Company, MEBL and the said borrower. The management is currently under a negotiation for an early execution of the said agreement. As per the restructuring terms, the finance carries no mark-up.
- 14.4** This represents finance of Rs. 117 million obtained from KASB Funds (KASB Income Opportunity Fund and KASB Asset Allocation Fund) on 13 July 2009. The finance was restructured by way of settlement agreement dated 28 December 2011. As per the agreement, 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 twenty four equal monthly instalments.

The Company has paid all the instalments as per restructured agreement on account of principal repayment in respect of KASB Income Opportunity Fund and KASB Asset Allocation Fund. As a result, KASB Asset Allocation Fund has been settled in full during the period. The Company is pursuing the transfer of collateral held of one of its non-performing borrower to settle its liability in respect of KASB Income Opportunity Fund. As per restructuring terms, these finances carry no mark-up.

During the year, the Company settled the liability of KASB Income Opportunity Fund with net gain of Rs. 20.96 million by way of tripartite agreement in which the receivable from Windom Education was transferred to KASB Income Opportunity Fund.

		March 31, 2019	June 30, 2018
		Rupees (Un-audited)	Rupees (Audited)
15. CERTIFICATE OF INVESTMENT		43,000,000	43,000,000
16. ACCRUED MARK-UP			
Mark-up on:			
- certificates of investment		93,206,472	88,172,377
- long term finances		43,164,910	41,868,478
- term finance certificates		128,195,079	113,007,339
- short term borrowings from financial institutions		121,666,787	122,878,933
		<u>386,233,248</u>	<u>365,927,127</u>
17. ACCRUED EXPENSES AND OTHER PAYABLES			
Accrued expenses		3,620,608	3,825,372
Others		4,662,780	7,894,359
		<u>8,283,388</u>	<u>11,719,731</u>
18. CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current portion of:			
Certificate of investment		54,049,000	54,049,000
Long term finances	19	392,032,444	392,032,444
Security deposits against finance leases	20	324,249,129	324,249,129
		<u>770,330,573</u>	<u>770,330,573</u>
		March 31, 2019	June 30, 2018
		Rupees	Rupees
19. LONG TERM FINANCES	Note	(Un-audited)	(Audited)
Long term finances - secured	19.1	163,061,501	163,061,501
Long term finances - unsecured		5,703,696	5,703,696
	19.2	168,765,197	168,765,197
Term finance certificates - secured	19.3	223,267,246	223,267,246
		392,032,443	392,032,443
Current maturity of long term finances	18	(392,032,443)	(392,032,443)
		<u>-</u>	<u>-</u>
19.2 Long term finances		Principal Outstanding	
		March 31, 2019	June 30, 2018
		----- (Rupees) -----	
Secured			
National Bank of Pakistan - II	19.2.1	12,500,000	12,500,000
First Women Bank Limited	19.2.2	75,061,505	75,061,505
Askari Income Fund	19.2.3	13,500,000	13,500,000
Soneri Bank Limited	19.2.4	61,999,996	61,999,996
Un-secured			
Silk Bank Limited	19.2.5	5,703,696	5,703,696
		<u>168,765,197</u>	<u>168,765,197</u>

19.1 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.

19.2.1 This represents finance of Rs. 100 million obtained from National Bank of Pakistan on 17 March 2005 mainly for lease financing activities. As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from 17 September 2005 to 17 March 2009. The agreement was amended with the maturity date to March 2010. As of 31 March 2019, all instalments were paid except for the last instalment which was due on 17 March 2009 and is still outstanding. As per agreement the finance carries mark-up at 6 month KIBOR + 1.5%, payable semi-annually. As of 31 March 2019, the Company has accrued mark up of Rs. 13.06 million.

19.2.2 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. However, the accrual of markup has been stopped as the result of confirmation of liability received by external auditor.

19.2.3 This represents finance of Rs. 50 million obtained from Askari Income Fund mainly for lease financing activities. The finance was restructured by way of settlement agreement on 01 March 2010 and 31 January 2011. As per the rescheduling terms, the entire principal was payable in monthly instalments of Rs. 1 million starting from 16 February 2011 and outstanding mark-up was waived. The Company paid instalments upto June 2011 and has not paid any amount till date. As per the latest restructuring terms, the company is liable to pay liquidated damages/penalty of Rs 10.8 million. The company has not recognized the charges in this respect. However the management has disclosed the same as contingent liability.

19.2.4 This represents finance of Rs. 115 million obtained from Soneri Bank Limited on 22 March 2010 mainly for lease financing activities. The finance was restructured by way of settlement agreement on 22 December 2010. As per the rescheduling terms the entire principal was payable in monthly instalments of Rs. 1 million starting from November 2010. The Company paid the instalments upto 16 March 2011. The Company restructured the loan by way of settlement agreement on 7 May 2013 to settle the loan through following terms:

- Rs. 43 million by way of transfer of a property (held as collateral of Rs. 43 million against the 'borrower) or a cash payment of Rs. 25 million as full and final settlement of Rs. 43 million.
- Rs. 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) at Thokar Niaz Baig, Lahore. However, this property has not been transferred to Soneri Bank Limited due to legal complications and the company is considering to offer alternate property of the same value acceptable to Soneri Bank Limited;
- 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.

The Company has settled the loan amounting to Rs. 43 million by way of cash payment of Rs. 25 million on 28 August 2013 (and has recognised a waiver of Rs 18 million against the said payment). The Company has also paid the instalments on due dates. As per the revised restructuring terms, this finance carries no mark-up.

19.2.5 This represents finance of Rs. 15.7 million obtained from Silk Bank Limited on 27 April 2009 against issuance of irrevocable letter of comfort to Silk Bank on account of Uni-Link International for opening of letter of credit. The Company has paid Rs. 4 million upto 31 March 2011. The finance has been restructured by way of a settlement agreement dated 12 September 2012. As per the agreement loan was to be settled by making down payment of Rs. 0.707 million and balance of Rs. 11 million was to be paid in 54 equal monthly instalments of Rs. 0.204 million per month. Five monthly instalments of Rs. 0.204 million each were paid by the Company upto November 2014 and since then the Company has not paid any amount. As of 31 March 2019, the Company has accrued a mark up of Rs. 6.04 million.

19.3 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 13 September 2010 and was further restructured by way of "Second Supplemental Declaration of Trust" dated 13 January 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 13 January 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. 20.854 million in March 2017

Mark-up on TFCs

- The issue carries return at 6% per annum for first 36 months (from 13 January 2012 to 13 December 2014).
- One month's KIBOR per annum for remaining 27 months (from 13 January 2015 to 13 March 2017).
- Mark-up shall be paid on monthly basis starting from 25th month till the maturity of the TFC.
- Mark-up payments on TFCs for first 24 months is deferred till 13 December 2013. Deferred mark-up is the sum of deferred mark-up payments for the first 24 months and the outstanding deferred mark-up (relating to first restructuring as of 13 December 2013) and amounts to Rs. 25.368 million.
- Mark-up on TFCs is deferred till 13 December 2013 and is payable in 3 equal instalments in December 2014, 2015 and 2016.

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.

		March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
20. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES	Note		
Security deposits against finance leases	20.1	324,249,129	324,249,129
Current maturity of deposits against finance leases	18	<u>(324,249,129)</u>	<u>(324,249,129)</u>
		<u>-</u>	<u>-</u>
20.1	This represents security deposits received from lessees under lease contracts and are adjustable on expiry of the respective lease periods.		
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of property, plant and equipment	21.1	<u>49,093,621</u>	11,619,054
		<u>49,093,621</u>	<u>11,619,054</u>
21.1	The property, plant and equipment of the Company were revalued as at September 28, 2008, June 27, 2012, June 30, 2012, June 30, 2015 and July 16, 2019. The revaluation was carried out by independent valuers, on the basis of professional assessment of present market values and resulted in surplus of Rs.42,465,952 during the year.		
		March 31, 2019 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
22. CONTINGENCIES AND COMMITMENTS			
Claims against the Company not acknowledged as debts		<u>193,558,675</u>	<u>193,558,675</u>
22.1	The above includes contingencies of Rs. 127.341 million which represents cases which are filed against the Company as counter claims. It also includes contingencies of Rs. 66.218 million filed against the Company in lieu of rendition of accounts. In view of the legal advisor, the Company is not likely to suffer any loss on account of the aforementioned cases.		
22.2	The ex-employees of the Company have filed two cases against the company before High Court of Sindh claiming an amount of Rs. 65.935 million in lieu of gratuity and other retirement benefits. In view of the legal advisor, the Company is not likely to suffer any loss on account of the aforementioned cases.		
22.3	The above include contingencies which represent a case which is filed by the Company in the civil court against a tenant as disclosed in note 13, in which a decree had been given in favour of the Company for the payment of rent amounting to Rs. 30.2 million. The tenant in response to such decree has filed an appeal before higher courts and as at 31 March 2019 the decision of such case is still pending. The Company's legal counsel is of the view that a favourable outcome will be given in favour of the Company.		

22.4 The Company has been issued with a notice under section 14 of the Federal Excise Act, 2005. In the notice it has been alleged that the Company has not paid Federal Excise Duty (FED) in terms of section 3 (read with Entry 8 of Table-II of the First Schedule) to the Federal Excise Act 2005 for the periods 2007-08, 2008-09 and 2009-10 on services provided including both funded and non-funded services. Accordingly, Rs. 126.205 million has been alleged to be recoverable. The above amount of FED has been imposed on all the incomes of the Company for the said three years including mark-up income earned on finance lease contracts.

According to the Company's tax advisor, FED is applicable in respect of document fee, front end fee and syndicate lease income. These represent services rendered by leasing companies in respect of finance lease which are funded services. However, these services for the periods 2007-08 and 2008-09 are not chargeable to FED because of the reason that for those years FED was chargeable on services which were non-funded. However, for the periods 2009-10, due to amendment in Entry 8 the said services are chargeable to FED as provisions of the Federal Excise Act, 2005.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) CIR (A) against the said order. The CIR (A) vide through appellate order number 97 of 2012 dated 30 April 2012 constituted that the duty so charged is legally and constitutionally valid under the FED Act 2005. However, it also mentioned that the notice issued is barred by time for the period from July 2007 to September 2008 and accordingly deleted the levy of FED for the said tax period. The Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above CIR (A) order who has decided the case in favour of the company during the year.

22.5 As disclosed in note 20.2.2 and 20.2.3 the Company has not recorded the liquidated damages / penalty in respect as the management believes the likelihood of occurrence of outflow of economic resources is remote against these damages / penalties.

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
23. INCOME FROM FINANCE LEASES	-----Rupees-----	
Income from finance lease contracts	10,817,094	7,954,598
Gain on termination of finance lease contracts	267,000	1,013,745
	<u>11,084,094</u>	<u>8,968,343</u>

24. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Capital requirements applicable to the Company are set out and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. SECP extended the minimum equity requirement as per NBFC Regulations, 2008 vide SRO 764(I) / 2009 dated 2 September 2009 wherein the Company is required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 700 million by 30 June 2011, 30 June 2012 30 June 2014 and 30 June 2015 respectively.

The Company has requested the SECP for relaxation in the above requirements and is hopeful that this request will be accepted based on the conditions of the business environment and the Company's position in the overall leasing sector, as well as its past performance and the reason given in note 1.2.

	March 31, 2019 (Unaudited) Rupees	March 31, 2018 (Unaudited) Rupees
25. OTHER OPERATING INCOME		
Income from financial assets:		
- Dividend income	3,960	3,960
- Interest income from government securities	852,327	658,293
- Interest income on term loans	-	-
- Return on certificates of deposit	-	-
- Interest income from savings accounts	528,878	291,130
	<u>1,385,165</u>	<u>953,383</u>
Income from non-financial assets:		
- Gain on sale of property, plant and equipment	279,571	395,600
- Waiver on settlement of short/long term finances	20,960,520	-
- Others	3,284,614	501,736
	<u>24,524,705</u>	<u>897,336</u>
	<u>25,909,870</u>	<u>1,850,719</u>

25.1 This includes principal and markup waiver of KASB Income Opportunity Fund amounting to Rs. 20.96 million.

26. FINANCE COST

Mark-up on:		
- Long term finances	1,296,432	1,069,597
- Term finance certificates	15,187,740	10,571,369
- Short term borrowings	10,119,234	10,119,234
Return on certificates of investment	5,034,095	5,034,095
Bank charges	20,315	18,337
	<u>31,657,816</u>	<u>26,812,632</u>

27. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, Allowances and Benefits	12,405,438	11,332,831
Directors' Fee	150,000	-
Rent	802,548	786,754
Repairs and maintenance	1,527,596	619,214
Insurance	120,226	95,526
Utilities	374,750	357,411
Vehicle running expenses	179,045	849,619
Printing and stationery	205,604	99,534
Telephone and postage	420,997	486,347
Travelling and conveyance	1,177,481	142,284
Fee and subscriptions	1,778,894	1,440,767
Legal and professional charges	1,197,939	1,909,225
Advertising and entertainment	222,708	178,027
Auditors' remuneration	261,500	1,500
Miscellaneous	1,112,155	940,145
	<u>21,936,881</u>	<u>19,239,184</u>

28. DEPRECIATION

Depreciation on owned assets	9,365,998	7,222,032
Depreciation on investment properties	2,481,003	2,481,003
	<u>11,847,001</u>	<u>9,703,035</u>

29. CASH GENERATED FROM OPERATIONS

(Loss) / profit for the period before taxation (7,492,354) (26,228,921)

Adjustment for non cash charges and other items :

Depreciation - owned assets	9,365,998	7,222,032
Depreciation - investment properties	2,481,003	2,481,003
Depreciation - assets under operating lease	-	543,959
Income on finance lease contracts	(10,817,094)	(7,954,598)
Financial charges and other charges	31,657,816	26,812,632
Provision / (reversals) for doubtful leases, loans and other receivables	(20,955,380)	(18,557,494)
Dividend income	(3,960)	(3,960)
Interest income from government securities	(852,327)	(658,293)
Gain on sale of property, plant & equipment	(279,571)	(395,600)
Amount written off directly against loans, lease receivables and investments	-	-
Impairment on available for sale investments	-	-
Gain on settlement of loans	(20,960,520)	-
	<u>(10,364,035)</u>	<u>9,489,681</u>

(Loss)/profit before working capital changes (17,856,389) (16,739,240)

Working capital changes

Short term loans	299,700	300,000
Short Term Investments	46,192	(150,907)
Trade deposits and short term prepayments / other receivables	(699,179)	176,166
Accrued and other payables	(3,226,198)	(337,097)
	<u>(3,579,485)</u>	<u>(11,838)</u>
Cash (used in) / generated from operations after working capital changes	<u>(21,435,874)</u>	<u>(16,751,078)</u>

30. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS

Aggregate transactions with related parties and associated undertakings which are not disclosed in respective notes are as follows:

Major Shareholder

Rent paid	240,000	461,196
Certificate of deposit (COD)	-	-
Markup on Certificate of deposit (COD)	-	-
Preference dividend payable	3,642,485	3,642,485
Directors fee		
Fee	150,000	-
Key management personnel		
Remuneration to key management personnel	3,870,521	4,950,000
Other related parties		
Payments to gratuity fund	-	-
Payments to provident fund	302,500	360,000

Balances outstanding as of the end of the reporting period

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

Major shareholder

Preference dividend payable	5,774,153	5,774,153
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31. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

(Loss) / Profit after taxation attributable to ordinary shareholders	4,260,186	(26,472,615)
	(Number)	
Weighted average number of ordinary shares	45,160,500	45,160,500
	(Rupees)	
(Loss) / Earnings per share - Basic	0.09	(0.59)
(Loss) / Profit after taxation attributable to ordinary shareholders - net of dilution effect	4,260,186	(26,472,615)
	(Number)	
Weighted average number of ordinary shares - net of dilution effect	97,981,350	97,981,350
	(Rupees)	
(Loss) / Earnings per share - Diluted	0.04	(0.27)

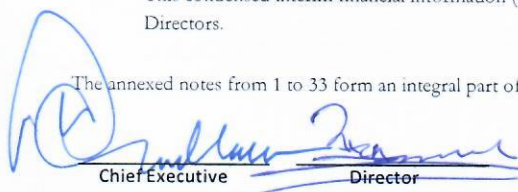


32. COMPARATIVE FIGURES

Corresponding figures have been rearranged and reclassified, if necessary, to reflect more appropriate presentation of events and transactions for the purposes of comparisons.

33. DATE OF AUTHORIZATION

This condensed interim financial information (un-audited) was authorized for issue on 20-Jul-2019 by the Board of Directors.

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.

Chief Executive Director Chief Financial Officer