



SAUDI PAK LEASING COMPANY LIMITED

FINANCIAL STATEMENTS (UN-AUDITED)

(1st QUARTER)

FOR THE PERIOD ENDED

SEPTEMBER 30, 2019

CORPORATE INFORMATION

BOARD OF DIRECTORS ELECTED ON NOVEMBER 26, 2018

Mr. Niaz Ahmed Khan	Chairman/Non-Executive/ Independent Director
Mr. Ahsanullah	Chief Executive Officer/ Independent Director
Sheikh Aftab Ahmad	Nominee Director
Mr. Zafar Iqbal	Nominee Director
Ms. Fozia Fakhar	Nominee Director
Mr. Muhammad Waqar	Independent Director
Syed Najmul Hasnain Kazmi	Independent Director

AUDIT COMMITTEE ELECTED ON JANUARY 29, 2019

Syed Najmul Hasnain Kazmi	Chairman
Sheikh Aftab Ahmad	Member
Ms. Fozia Fakhar	Member
Mr. Muhammad Waqar	Member

HR & REMUNERATION COMMITTEE ELECTED ON JANUARY 29, 2019

Mr. Niaz Ahmed Khan	Chairman
Sheikh Aftab Ahmad	Member
Mr. Zafar Iqbal	Member
Mr. Ahsanullah	Member

CHIEF EXECUTIVE OFFICER

Mr. Ahsanullah

COMPANY SECRETARY

Mr. M. Imtiaz Ali

CHIEF FINANCIAL OFFICER

Mr. Muhammad Siddique Ahmed, FCA

TAX CONSULTANT

Junaid Shoaib Asad
Chartered Accountants

AUDITORS

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountant
(appointed on 26-11-2018)
A member of Russell Bedford International

LEGAL ADVISOR

1)M/s. S&B Durrani Law Associates, House No. 5-A/11/11, Sunset Lane,DHA,
Phase – II (Ext.), Karachi
2)M/s. Zafar & Zafar Law Associates, Zafar
Cottage, 25, Mason Road, Lahore

BANKS

MCB Bank Limited
Faysal Bank Limited
National Bank of Pakistan

REGISTERED OFFICE

6TH Floor, Lakson Square Building # 1
Sarwar Shaheed Road, Saddar,
Karchi-74200
Tel: (021) 35655181-82-83
Fax: (021) 35210609

BRANCH

Office 337/338, 4th Floor,
JEFF HEIGHTS
Main Boulevard, Gulberg-III, Lahore
Ph : 042 3576 4964 – 65
(Relocated in 2018)

CONTACT DETAILS

Website: www.saudipakleasing.com
Email : info@saudipakleasing.com

REGISTRAR AND SHARE TRANSFER OFFICE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block – B
S. M. C. H. S., Main Shahrah-e-Faisal, Karachi
Tel: (021) 111-111-500
Fax: (021) 34326031

QUARTERLY REPORT FOR SEPTEMBER 30, 2019

DIRECTORS REVIEW:

The Directors of Saudi Pak Leasing Company are pleased to present the un-audited condensed Interim Financial information of the company for the quarter ended September 30, 2019.

Operating and Financial Results:

	September 30, 2019 Rupees	September 30, 2018 Rupees
Income from finance and operating leases	465,647	1,059,016
Other operating income	916,603	278,084
Total income	1,382,250	1,337,100
Finance cost	(13,137,398)	(9,747,956)
Administrative and other operating expenses	(7,372,612)	(4,874,597)
Depreciation	(13,397,530)	(3,208,535)
Operating (loss) / profit before provisions	(32,525,290)	(16,493,988)
Reversal / (Provisions) for doubtful lease, loans and other receivables - net	4,242,084	2,480,803
(Loss) / Profit before taxation	(28,283,206)	(14,013,185)
(Loss) / Profit after taxation	(28,291,636)	(14,064,885)
(Loss) / Earnings per share - basic	(0.63)	(0.31)

The total income earned during the quarter ended September 30, 2019 registered a decrease of 56.03% when compared to the income during corresponding period of 2018. The operating loss before provisions stood at Rs. 32.52 million during the period under consideration (operating loss of Rs. 16.49 million in 2018). The main reason for incurring losses remained the financial cost and increased depreciation on fixed assets owned by the Company aggregating PKR 26.534 million.

The Company has been facing serious challenges on account of stuck up and non-performing loans/leases and is facing liquidity issues. No fresh leasing business has been undertaken since 2008 and the Company is concentrating on recoveries through settlements and salvaging the investments only. The company has filed legal suits in the respective courts and is also making concerted efforts and opting for out of court settlements as far as possible.

The Company has been able to substantially reduce its book size to PKR 1,350 million in 2019 from PKR 4,570 million in 2010 and maintain its operations with the help of internal resources. The Company is making intensive efforts to initiate negotiations for the settlement of its loan portfolio/other liabilities with the sole objective of seeking remissions; write offs and long term deferment of payments to the creditors. If succeeded the said restructuring and rescheduling is likely to bring much needed improvement in overall financial health of the Company.

The efforts for the revival of the Company are underway and the management under the guidance of the Board continued their efforts directed towards the betterment of Company. The Board is fully aware of its responsibility towards its stakeholders and is determined to improve the financial condition. The company is also aware of its corporate social responsibility and services to the community.

For & on behalf of the Board



Ahsanullah Khan
CEO/Managing Director



Syed Najmul Hasnain Kazmi
Director

Karachi: October 21, 2019

	Note	September 30, 2019 Rupees (Un-audited)	June 30, 2019 Rupees (Audited)
ASSETS			
Current assets			
Cash and bank balances	5	2,628,988	6,060,252
Short term loans	6	86,922,935	86,922,935
Short term investments	7	29,127,135	29,515,516
Trade deposits and short term prepayments		1,723,443	1,093,160
Other receivables	8	5,523,298	5,566,100
Current maturity of non-current assets	9	518,477,670	518,412,617
Taxation - net		89,875	-
Total current assets		644,493,343	647,570,579
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	28,918,589	29,587,556
Intangible assets		113,840	125,882
Property, plant and equipment	13	53,775,507	66,504,098
Total non-current assets		82,807,935	96,217,536
Total Assets		727,301,279	743,788,115
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	14	164,501,588	164,501,588
Certificates of investment	15	43,000,000	43,000,000
Accrued mark-up	16	411,137,566	398,009,594
Accrued expenses and other payables	17	8,056,042	9,378,798
Current maturity of non-current liabilities	18	728,495,116	728,495,116
Unclaimed dividend		1,661,291	1,661,291
Preference dividend payable		5,774,153	5,774,153
Total current liabilities		1,362,625,756	1,350,820,540
Non-current liabilities			
Certificates of investment		-	-
Deferred tax liability - net		-	-
Long term finances	19	-	-
Security Deposits against Finance Leases	20	-	-
Total non-current liabilities		-	-
Total liabilities		1,362,625,756	1,350,820,540
NET ASSETS		(635,324,478)	(607,032,425)
FINANCED BY			
Authorized Share Capital			
100,000,000 (June 30, 2019: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2019: 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
Statutory reserves		183,361,290	183,361,290
Accumulated loss		(1,832,349,655)	(1,811,991,302)
Surplus on revaluation of property, plant and equipment - net of tax	21	34,850,053	42,783,336
Unrealised gain/(loss) on re-measurement as at fair value through other comprehensive income		-	417
Accumulated actuarial (loss) / gain on defined benefit plan-net of tax		(999,666)	(999,666)
		(635,324,478)	(607,032,425)
CONTINGENCIES AND COMMITMENTS			
	22		

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





Chief Executive

Director

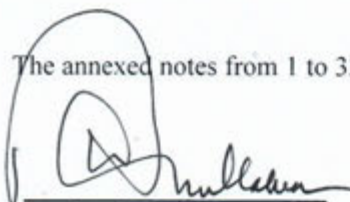
Chief Financial Officer

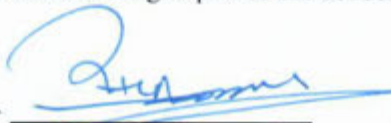
Saudi Pak Leasing Company Limited
 Condensed Interim Profit and Loss Account (Un-audited)
 For the quarter ended September 30, 2019



	Note	Quarter ended	
		September 30, 2019	September 30, 2018
		(Rupees)	
Revenue			
Income from:			
Finance leases	23	465,647	1,059,016
Operating leases		-	-
		465,647	1,059,016
Other operating income	25	916,603	278,084
TOTAL INCOME		1,382,250	1,337,100
Expenses			
Finance cost	26	13,137,398	9,747,956
Administrative and operating expenses	27	7,372,612	4,874,597
Depreciation	28	13,397,530	3,208,535
Amount written-off directly against loans and lease receivables		-	-
Direct cost of operating leases		-	-
		33,907,540	17,831,088
Operating (Loss) / Profit before provisions		(32,525,290)	(16,493,988)
Reversals / (Provisions) for doubtful leases, loans and other receivables - net		4,244,082	2,480,803
Increase / (Decrease) in fair value of investment		(1,998)	-
		4,242,084	2,480,803
Profit / (Loss) before taxation		(28,283,206)	(14,013,185)
Taxation			
- Current		(8,430)	(10,788)
- Deferred		-	(40,912)
		(8,430)	(51,700)
Profit / (Loss) for the period		(28,291,636)	(14,064,885)
(Loss) / Earnings per share - basic	31	(0.63)	(0.31)

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


 Chief Executive


 Director

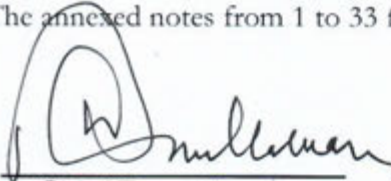

 Chief Financial Officer

Saudi Pak Leasing Company Limited
 Statement of Comprehensive Income (Un-audited)
 For the quarter ended September 30, 2019



	Quarter Ended	
	September 30, 2019	September 30, 2018
	(Rupees)	
(Loss) / profit after taxation	<u>(28,291,636)</u>	<u>(14,064,885)</u>
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Unrealised gain / (loss) on re-measurement of investments as at fair value through other comprehensive income	(417)	1,703
Total comprehensive income for the year	<u><u>(28,292,053)</u></u>	<u><u>(14,063,182)</u></u>

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 investment as at fair value through other comprehensive income	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, 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 quarter ended September 30, 2018								
Loss for the period	-	-	-	-	-	(14,064,885)	-	(14,064,885)
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	-	-	-	1,366,955	(1,366,955)	-
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	-	-	-	-	-	-	40,912	40,912
Unrealized loss on remeasurement of available for sale investments	-	-	-	1,703	-	-	-	1,703
	-	-	-	1,703	-	(12,697,931)	(1,326,042)	(14,022,270)
Balance as at September 30, 2018	451,605,000	528,208,500	177,928,194	13,664	(999,666)	(1,863,829,082)	10,293,012	(696,780,379)
Balance as at July 1, 2019	451,605,000	528,208,500	183,361,290	417	(999,666)	(1,811,991,302)	42,783,336	(607,032,425)
Total comprehensive income for the quarter ended September 30, 2019								
Loss for the period	-	-	-	-	-	(28,291,636)	-	(28,291,636)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-	7,933,283	(7,933,283)	-
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate available-for-sale investments	-	-	-	(417)	-	-	-	(417)
	-	-	-	(417)	-	(20,358,353)	(7,933,283)	(28,292,053)
Balance as at 30 September 2019	451,605,000	528,208,500	183,361,290	-	(999,666)	(1,832,349,655)	34,850,053	(635,324,478)

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

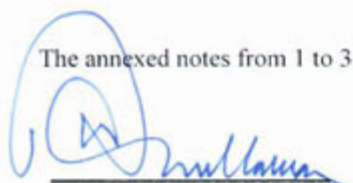

Chief Executive


Director


Chief Financial Officer

	Note	Quarter Ended	
		September 30, 2019	September 30, 2018
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES	29	(8,721,208)	(5,139,331)
Finance cost paid		(9,425)	(6,473)
Taxes paid		(8,430)	(68,841)
Decrease in net investment in finance leases		4,514,852	3,509,622
		4,496,997	3,434,308
<i>Net cash flows from operating activities</i>		(4,224,211)	(1,705,023)
CASH FLOW FROM INVESTING ACTIVITIES			
short term investments - net		367,911	223,247
Proceeds from sale of property, plant and equipment		357,953	-
Repayment of long term loans		65,350	(18,800)
Dividend received		1,733	1,980
<i>Net cash (used in) / from investing activities</i>		792,947	206,427
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		-	-
Repayment of certificates of investment		-	-
<i>Net cash used in financing activities</i>		-	-
Net decrease in cash and cash equivalents during the period		(3,431,264)	(1,498,596)
Cash and cash equivalents at beginning of the period		6,060,252	9,738,553
Cash and cash equivalents at end of the period		2,628,988	8,239,957

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 and branch office is located at 337/338, 4th Floor, JEFF Heights, Main Boulevard, Gulberg-III, Lahore. 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 30 September 2019 holds 35.06% (30 June 2019: 35.06%) of issued ordinary share capital of the Company and 63% (30 June 2019: 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 management is trying its level best to recover stuck up funds as much as possible from the available means.

Although uncertainty still exists due to the above factors, 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 30 September 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 Act, 2017, 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 Act, 2017, 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 except shares of unlisted company which are stated at cost 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 30 September 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, 2019.

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 2019.

		September 30, 2019 Rupees (Un-audited)	June 30, 2019 Rupees (Audited)
5. CASH AND BANK BALANCES	Note		
Cash in hand		50,000	117,545
Balance with State Bank of Pakistan in current account - local currency		42,043	46,977
Balances with other banks:			
- in current account		5,500	5,500
- in saving accounts	5.1	2,531,445	5,890,230
		<u>2,628,988</u>	<u>6,060,252</u>
5.1	This represents saving deposit accounts maintained with various commercial banks at mark-up rate ranging from 7% to 8.5% (30 June 2019: 7% to 8.5%) per annum.		
6. SHORT TERM LOANS - Secured			
Term loan to customers			
- Considered doubtful	6.1	165,231,135	165,231,135
Provision for non-performing loans	6.2	(78,308,200)	(78,308,200)
		<u>86,922,935</u>	<u>86,922,935</u>
6.1	This represents term finance facilities provided to customers and carries mark-up ranging from 16.25% to 25% (30 June 2019: 16.25% to 25%) per annum.		
7. SHORT TERM INVESTMENTS			
Fair value through other comprehensive income	7.1	14,748,875	14,751,290
Amortized cost	7.2	14,378,260	14,764,226
		<u>29,127,135</u>	<u>29,515,516</u>
7.1	Fair value through other comprehensive income		
Ordinary shares of listed companies	7.1.1	83,937	85,935
Ordinary shares of unlisted companies	7.1.2	14,664,938	14,664,938
Other Investment - Club membership cards	7.1.3	25,758,520	-
		<u>40,507,395</u>	14,750,873
Accumulated impairment on Club membership cards		(25,758,520)	-
		14,748,875	14,750,873
Unrealised gain / (loss) on re-measurement of investments as at fair value through other comprehensive income		-	417
		<u>14,748,875</u>	<u>14,751,290</u>
7.1.1	The investments in the listed equity securities held as available-for-sale are valued at prices quoted on the Pakistan Stock Exchange		

Saudi Pak Leasing Company Limited
 Selected Notes to the Financial Information (Un-audited)
 For the quarter ended September 30, 2019



		September 30, 2019	June 30, 2019
	Note	Rupees (Un-audited)	Rupees (Audited)
7.1.2	Detail of investment in the ordinary shares of unlisted companies is as follows: SPI Insurance Company Limited	<u>14,664,938</u>	<u>14,664,938</u>
		<u>14,664,938</u>	<u>14,664,938</u>
7.1.3	The Company has been holding membership cards of ACACIA Golf Club. These membership cards had been acquired by the Company in 2010. Further, since the said golf club was not operational, a provision for impairment there-against had also been recognized in the financial statements of the Company.		
7.2	Amortized cost		
	Government Market Treasury Bills	7.2.1 <u>14,378,260</u>	<u>14,764,226</u>
		<u>14,378,260</u>	<u>14,764,226</u>
7.2.1	This represents investment in Government Market Treasury Bill having maturity on 24 October 2019 and carries effective mark-up at a rate of 13.75 % (30 June 2019: 11.00%) per annum.		
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	2,390,828
	Receivable from Provident Fund	2,880,000	2,880,000
	Others	<u>2,699,619</u>	<u>3,167,422</u>
		88,068,301	88,111,103
	Provision against doubtful receivables	<u>(82,545,003)</u>	<u>(82,545,003)</u>
		<u>5,523,298</u>	<u>5,566,100</u>
9.	CURRENT MATURITY OF NON - CURRENT ASSETS		
	Current portion of:		
	Long term loans	10 <u>33,980,658</u>	<u>33,915,607</u>
	Net investment in finance leases	11 <u>484,497,012</u>	<u>484,497,010</u>
		<u>518,477,670</u>	<u>518,412,617</u>
10.	LONG TERM LOANS - secured		
	Related party		
	Due from employees - considered good	661,263	595,913
	Other than related party		
	Term loan to customers		
	- Considered doubtful	10.1 <u>100,164,030</u>	<u>100,164,030</u>
		<u>100,825,293</u>	<u>100,759,943</u>
	Provision for non-performing loans	<u>(66,844,635)</u>	<u>(66,844,335)</u>
		<u>33,980,658</u>	<u>33,915,608</u>
	Current maturity of long term loans	9 <u>(33,980,658)</u>	<u>(33,915,608)</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 2019: 16.00% to 22.66%) per annum.		
11.	NET INVESTMENT IN FINANCE LEASES		
	Minimum lease payments receivable	1,290,679,418	1,295,194,270
	Add: Residual value of leased assets	319,234,544	319,234,544
	Gross investment in finance leases	<u>1,609,913,962</u>	<u>1,614,428,814</u>
	Less: Unearned lease income	-	-
	Mark-up held in suspense	<u>228,774,827</u>	<u>229,045,598</u>
		<u>228,774,827</u>	<u>229,045,598</u>
		<u>1,381,139,135</u>	<u>1,385,383,216</u>
	Less: Provision for potential lease losses	<u>896,642,123</u>	<u>900,886,204</u>
	Net investment in finance leases	<u>484,497,012</u>	<u>484,497,012</u>
	Less: Current portion of net investment in finance leases	9 <u>(484,497,012)</u>	<u>(484,497,012)</u>
		<u>-</u>	<u>-</u>

12. INVESTMENT PROPERTIES	<u>Rupees</u>
As at July 01, 2018	
Cost	66,160,092
Accumulated depreciation	(26,684,376)
Accumulated impairment	(6,805,696)
Net book value	<u>32,670,020</u>
Movement during the year ended September 30,2018	
Opening net book value	32,670,020
Depreciation charge	(827,001)
Closing net book value	<u>31,843,019</u>
As at July 01, 2019	
Cost	66,160,092
Accumulated depreciation	(29,766,840)
Accumulated impairment	(6,805,696)
Net book value	29,587,556
Movement during the year ended September 30,2019	
Opening net book value	29,587,556
Depreciation charge	(668,967)
Closing net book value	<u>28,918,589</u>
As at September 30, 2019	
Cost	66,160,092
Accumulated depreciation	(30,435,807)
Accumulated impairment	(6,805,696)
Net book value	<u>28,918,589</u>
Rate of depreciation	<u>5%</u>

13. PROPERTY, PLANT AND EQUIPMENT	Note	September 30, 2019 Rupees (Un-audited)	June 30, 2019 Rupees (Audited)
Property, plant and equipment - own use		53,395,137	66,123,698
Property, plant and equipment - operating lease		380,370	380,400
		<u>53,775,507</u>	<u>66,504,098</u>
Additions - Cost			
<i>Owned assets</i>			
Office equipment		-	42,647
Total additions		<u>-</u>	<u>42,647</u>
Disposals - WDV			
<i>Owned assets</i>			
Office equipment		-	-
<i>Operating Lease Assests</i>			
Plant and Machinery		-	-
Total disposals		<u>-</u>	<u>-</u>

		September 30, 2019 Rupees (Un-audited)	June 30, 2019 Rupees (Audited)
14. BORROWINGS FROM FINANCIAL INSTITUTIONS	Note		
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
		<u>164,501,588</u>	<u>164,501,588</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 30 September 2019, the Company has accrued a mark-up of Rs. 83.256 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 30 September 2019, the Company has accrued a mark-up of Rs. 46.452 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.		
		September 30, 2019 Rupees (Un-audited)	June 30, 2019 Rupees (Audited)
15. CERTIFICATE OF INVESTMENT	Note	43,000,000	43,000,000
16. ACCRUED MARK-UP			
Mark-up on:			
- certificates of investment		96,480,631	94,843,283
- long term finances		44,306,707	43,732,689
- term finance certificates		141,924,975	134,406,068
- short term borrowings from financial institutions		128,425,253	125,027,554
		<u>411,137,566</u>	<u>398,009,594</u>
17. ACCRUED EXPENSES AND OTHER PAYABLES			
Accrued expenses		3,420,314	4,516,202
Others		4,635,728	4,862,596
		<u>8,056,042</u>	<u>9,378,798</u>
18. CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current portion of:			
Certificate of investment		51,049,000	51,049,000
Long term finances	19	378,532,443	378,532,443
Security deposits against finance leases	20	298,913,674	298,913,674
		<u>728,495,116</u>	<u>728,495,116</u>

		September 30, 2019	June 30, 2019
		Rupees (Un-audited)	Rupees (Audited)
19. LONG TERM FINANCES	Note		
Long term finances - secured	19.1	149,561,501	149,561,501
Long term finances - unsecured		5,703,696	5,703,696
	19.2	155,265,197	155,265,197
Term finance certificates - secured	19.3	223,267,246	223,267,246
		378,532,443	378,532,443
Current maturity of long term finances	18	(378,532,443)	(378,532,443)
		-	-
19.2 Long term finances		Principal Outstanding	
		Sept. 30, 2019	June 30, 2019
		----- (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
Soneri Bank Limited	19.2.3	61,999,996	61,999,996
Un-secured			
Silk Bank Limited	19.2.4	5,703,696	5,703,696
		155,265,197	155,265,197

- 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 30 September 2018, 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 30 September 2019, the Company has accrued mark up of Rs. 13.835 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. As of September 30, 2019, the Company had accrued mark-up of Rs. 24.054 million.
- 19.2.3** 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. Transfer of property is yet to be executed. As per the revised restructuring terms, this finance carries no mark-up.

- 19.2.4** 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 installments of Rs. 0.204 million each and defaulted thereafter. As of 30 September 2019, the Company had accrued a markup of Rs. 6.416 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.

		September 30, 2019 Rupees (Un-audited)	June 30, 2019 Rupees (Audited)
20. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES	Note		
Security deposits against finance leases	20.1	298,913,674	298,913,674
Current maturity of deposits against finance leases	18	<u>(298,913,674)</u>	<u>(298,913,674)</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>34,850,053</u>	<u>42,783,336</u>
		<u>34,850,053</u>	<u>42,783,336</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.33,769,445, Rs.41,486,216 and 51,594,507 respectively over the written down values.		
22. CONTINGENCIES AND COMMITMENTS			
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 tenant has defaulted in payment of rentals to the Company since inception and the Rent Controller passed rent order as well as decree in favour of the Company. The tenant, subsequently, filed a suit in Sind High Court for relief. The amount of rent due till September 30, 2019, amounting to Rs. 15.741 million (2019: Rs. 15.083 million), has not been recorded awaiting the outcome of proceedings in High Court.		
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.

	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
23. INCOME FROM FINANCE LEASES	Note	(Rupees)
Income from finance lease contracts		270,771
Gain on termination of finance lease contracts		194,876
		<u>465,647</u>
		<u>1,028,820</u>
		<u>30,196</u>
		<u>1,059,016</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.

25. OTHER OPERATING INCOME

Income from financial assets:

- Dividend income	1,733	1,980
- Interest income from government securities	458,662	259,810
- Interest income on term loans	-	-
- Return on certificates of deposit	-	-
- Interest income from savings accounts	98,255	14,554
	<u>558,650</u>	<u>276,344</u>

Income from non-financial assets:

- Gain on sale of property, plant and equipment	350,000	-
- Others	7,953	1,740
	<u>357,953</u>	<u>1,740</u>
	<u>916,603</u>	<u>278,084</u>

26. FINANCE COST

Mark-up on:

- Long term finances	574,018	382,922
- Term finance certificates	7,518,907	4,270,582
- Short term borrowings	3,397,699	3,397,699
Return on certificates of investment	1,637,348	1,690,280
Bank charges	9,426	6,473
	<u>13,137,398</u>	<u>9,747,956</u>

	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
	(Rupees)	
27. ADMINISTRATIVE AND OPERATING EXPENSES	Note	
Salaries, Allowances and Benefits	4,634,514	3,795,114
Directors' Fee	550,000	-
Rent	192,000	247,880
Repairs and maintenance	525,148	313,427
Insurance	45,294	31,842
Utilities	258,346	114,538
Amortization of intangible	12,042	-
Vehicle running expenses	30,255	31,682
Printing and stationery	141,583	1,630
Telephone and postage	164,249	112,404
Travelling and conveyance	-	63,535
Fee and subscriptions	35,064	14,489
Legal and professional charges	459,578	8,940
Advertising and entertainment	50,456	28,399
Miscellaneous	274,083	110,717
	<u>7,372,612</u>	<u>4,874,597</u>
28. DEPRECIATION		
Depreciation on owned assets	12,728,563	2,381,534
Depreciation on investment properties	668,967	827,001
	<u>13,397,530</u>	<u>3,208,535</u>
29. CASH GENERATED FROM OPERATIONS		
(Loss) / profit for the period before taxation	(28,283,206)	(14,013,185)
Adjustment for non cash charges and other items :		
Depreciation - owned assets	12,740,605	2,381,534
Depreciation - investment properties	668,967	827,001
Income on finance lease contracts	(270,771)	(1,028,820)
Financial charges and other charges	13,137,398	9,747,956
(Provision) / reversals for doubtful leases, loans and other receivables	(4,244,082)	(2,480,803)
Dividend income	(1,733)	(1,980)
Interest income from government securities	(458,662)	(259,810)
Gain on sale of property, plant & equipment	(357,953)	-
Impairment on available for sale investments	(1,998)	-
	<u>21,211,771</u>	<u>9,185,078</u>
(Loss)/profit before working capital changes	<u>(7,071,435)</u>	<u>(4,828,107)</u>
Working capital changes		
Short term loans / Investments	388,381	-
Trade deposits and short term prepayments / other receivables	(677,355)	110,977
Accrued and other payables	(1,360,798)	(522,201)
	<u>(1,649,772)</u>	<u>(411,224)</u>
Cash (used in) / generated from operations after working capital changes	<u>(8,721,208)</u>	<u>(5,239,331)</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:

Note	September 30,	September 30,
	2019 (Unaudited)	2018 (Unaudited)
	(Rupees)	
Major Shareholder		
Rent paid	-	153,732
Preference dividend payable	3,642,485	3,642,485
Directors fee		
Fee	550,000	-
Key management personnel		
Remuneration to key management personnel	1,755,000	1,262,466
Other related parties		
Payments to provident fund	127,500	92,500

31. EARNINGS / (LOSS) PER SHARE - BASIC

(Loss) / Profit after taxation attributable to ordinary shareholders	<u>(28,291,636)</u>	<u>(14,064,885)</u>
	(Number)	
Weighted average number of ordinary shares	<u>45,160,500</u>	<u>45,160,500</u>
	(Rupees)	
(Loss) / Earnings per share - Basic	<u>(0.63)</u>	<u>(0.31)</u>

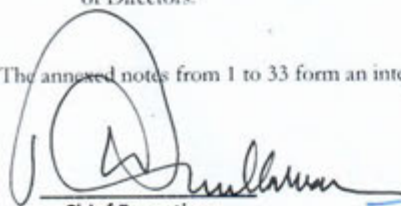
32. COMPARATIVE FIGURES

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 22 OCT 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