

SECURITY LEASING CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

Annexure-A

The financial results of the company are as follows

	2014 Rupees	2013 Rupees
REVENUE		
Income from:		
Finance leases	26,910,982	46,020,906
Other operating income	9,148,837	4,044,756
	<u>36,059,819</u>	<u>50,065,662</u>
Gain on De-recognition of financial liabilities	-	-
Unwinding of financial liability	(69,786,028)	(72,978,751)
	<u>(69,786,028)</u>	<u>(72,978,751)</u>
Impairment	-	(583,358)
	<u>(33,726,209)</u>	<u>(23,496,447)</u>
EXPENSES		
Administrative and selling	(78,600,276)	(77,193,778)
Finance costs	(3,377,672)	(352,323)
Direct cost of finance leases	(1,478,500)	(2,094,183)
Provision & Write-offs	(16,416,375)	(17,717,334)
	<u>(99,872,823)</u>	<u>(97,357,618)</u>
Operating Profit before Income tax	<u>(133,599,032)</u>	<u>(120,854,065)</u>
Income tax expense		
- current	(1,328,000)	(1,055,000)
- deferred	41	(6,979,423)
	<u>(1,327,959)</u>	<u>(8,034,423)</u>
Loss for the period from continuing operations	<u>(134,926,991)</u>	<u>(128,888,488)</u>
Loss for the period	<u>(134,926,991)</u>	<u>(128,888,488)</u>
Loss per share	<u>(3.72)</u>	<u>(3.55)</u>



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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SECURITY LEASING CORPORATION LIMITED (the "Company")** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year June 30, 2014 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

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(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the loss, its comprehensive loss, its cash flows and its changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980

(e) Without qualifying our opinion, we draw attention to the following matters:

1. The note 1.2 of the financial statements discloses the adverse financial conditions of the Company including renewal of the license to operate as a leasing business and non-compliance of minimum equity requirements. These conditions along with other matters as fully explained in note 1.2, indicate the existence of material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern.
2. As disclosed in note 15 of the financial statements that the Company has recorded deferred tax asset aggregating to Rs. 324.958 million (June 30 2013: Rs 322.209 million). The company has recognized the deferred tax asset on the basis of future business plan of the company which projects that future taxable profits would be available against which such deferred tax asset could be utilized. However there is a material uncertainty involved in the assumption underlying these future business plans, as disclosed in note 1.2, which are dependent on future events due to which there is a possibility that sufficient future taxable profits or sufficient taxable temporary differences may not be available against which deferred tax asset could be utilized.

Adnan

Chartered Accountants
Karachi
Dated:

Engagement Partner: Adnan Zaman