

Saudi Pak Leasing Company Limited
Balance Sheet
As at June 30, 2016

	Note	June 30, 2016	(Restated) June 30, 2015	(Restated) July 01, 2014
(Rupees)				
ASSETS				
Current assets				
Cash and bank balances				
Short term loans	4	13,582,736	3,422,931	23,552,393
Short term investments	5	90,122,635	129,231,094	131,371,094
Accrued mark-up	6	33,744,768	88,406,706	38,722,092
Trade deposits and short term prepayments		-	166,858	-
Other receivables		1,180,847	886,886	888,386
Current maturity of non-current assets	7	3,339,438	6,636,703	7,075,225
Non-current assets classified as held for sale	8	552,911,760	669,884,031	868,446,391
Total current assets		694,882,184	898,635,209	1,137,992,425
Non-current assets				
Long term loans				
Net investment in finance leases	9	-	366,227	1,308,123
Investment properties	10	-	8,752,284	17,736,695
Property, plant and equipment	11	37,933,773	41,241,777	43,828,669
Total non-current assets	12	43,297,293	64,673,169	21,636,654
Total Assets		81,231,066	115,033,457	84,510,141
		776,113,250	1,013,668,666	1,222,502,566
LIABILITIES				
Current liabilities				
Borrowings from financial institutions	13	177,693,232	177,693,232	177,693,232
Certificates of investment		43,000,000	67,395,301	67,395,301
Accrued mark-up	14	299,505,913	275,903,797	237,890,808
Provision for taxation - net		12,877,608	13,606,065	2,180,760
Accrued expenses and other payables	15	18,184,520	11,180,287	25,722,269
Current maturity of non-current liabilities	16	780,421,190	900,828,232	930,749,137
Preference dividend payable		5,774,153	5,774,153	5,774,153
Total current liabilities		1,337,456,616	1,452,381,067	1,447,405,660
Non-current liabilities				
Certificates of investment	17	-	-	-
Deferred taxation	18	-	-	-
Long term finances	19	-	-	-
Security deposits against finance leases	20	-	3,750,000	15,277,768
Total non-current liabilities		-	3,750,000	7,330,000
Total Liabilities		1,337,456,616	1,456,131,067	1,470,013,428
NET ASSETS		(561,343,366)	(442,462,401)	(247,510,862)
FINANCED BY				
<i>Authorised share capital</i>				
100,000,000 (2015: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000	1,000,000,000
100,000,000 (2015: 100,000,000) preference shares of Rs. 10 each		1,000,000,000	1,000,000,000	1,000,000,000
		2,000,000,000	2,000,000,000	2,000,000,000
Issued, subscribed and paid-up share capital - ordinary shares	21	451,605,000	451,605,000	451,605,000
Issued, subscribed and paid-up share capital - preference shares	21	528,208,500	528,208,500	528,208,500
Capital reserves		177,928,194	177,928,194	177,928,194
Accumulated loss		(1,740,006,523)	(1,625,373,326)	(1,439,792,363)
Unrealised gain on re-measurement of available for sale investments		22,975	37,379	63,232
Accumulated actuarial (loss) / gain on defined benefit plan-net of tax		(1,020,858)	(628,988)	94,693
		(583,262,712)	(468,223,241)	(281,892,744)
Surplus on revaluation of property, plant and equipment - net	22	21,919,346	25,760,840	34,381,882
CONTINGENCIES AND COMMITMENTS	23	(561,343,366)	(442,462,401)	(247,510,862)

The annexed notes from 1 to 41 form an integral part of these financial statements.

Chief Executive

Director

Saudi Pak Leasing Company Limited
Profit and Loss Account
For the year ended 30 June 2016

	Note	2016	(Restated) 2015
		----- (Rupees) -----	
Revenue from:			
- Finance leases	24	10,945,704	16,195,066
- Operating leases		<u>2,280,000</u>	<u>2,556,000</u>
		13,225,704	18,751,066
Other income	25	<u>38,281,088</u>	<u>42,133,770</u>
		51,506,792	60,884,836
Expenses			
Finance cost	26	(39,036,262)	(41,948,626)
Administrative and operating expenses	27	(67,863,891)	(59,867,562)
Amount written-off directly against lease receivables		(2,544,051)	(4,451,072)
Direct cost of operating leases	28	(3,553,379)	(4,881,657)
		<u>(112,997,583)</u>	<u>(111,148,917)</u>
Operating loss before provisions		(61,490,791)	(50,264,081)
Provision for doubtful leases, loans and other receivables - net	29	(56,569,848)	(132,096,838)
Reversal / (impairment) on investment properties	11.2	-	721,113
		<u>(56,569,848)</u>	<u>(131,375,725)</u>
Loss before taxation		(118,060,639)	(181,639,806)
Taxation	30	(792,888)	(13,075,364)
Loss after taxation		<u>(118,853,527)</u>	<u>(194,715,170)</u>
Loss per share - basic and diluted	31	<u>(2.63)</u>	<u>(4.31)</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.


Chief Executive


Director



Saudi Pak Leasing Company Limited
 Statement of Comprehensive Income
 For the year ended 30 June 2016

	2016	(Restated) 2015
	----- (Rupees) -----	
Loss after taxation	(118,853,527)	(194,715,170)
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit and loss account:</i>		
Unrealised loss on re-measurement of available for sale investments	(14,404)	(25,853)
<i>Items that will not be reclassified subsequently to profit and loss account:</i>		
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	378,836	513,162
Remeasurement of defined benefit plan	(391,870)	(723,681)
	(13,034)	(210,519)
Total other comprehensive loss	(27,438)	(236,372)
Total comprehensive loss for the year	(118,880,965)	(194,951,542)

The annexed notes from 1 to 41 form an integral part of these financial statements.


 Chief Executive




 Director



Saudi Pak Leasing Company Limited
Statement of Changes in Equity
For the year ended 30 June 2016

	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 (Rupees)	Accumulated actuarial gain / loss on defined benefit plan- net of	Accumulated loss	
Balance as at 01 July 2014 (as previously reported)	451,605,000	528,208,500	177,928,194	63,232	-	(1,528,863,428)	(371,058,502)
Effect of correction of prior period errors (refer note 41)					94,693	89,071,065	89,165,758
Balance as at 01 July 2014 (as restated)	451,605,000	528,208,500	177,928,194	63,232	94,693	(1,439,792,363)	(281,892,744)
<i>Total comprehensive income for the year</i>							
Loss after taxation for the year ended 30 June 2015 (restated)	-	-	-	-	-	(194,715,170)	(194,715,170)
<i>Other comprehensive income for the year</i>							
- Unrealised loss on re-measurement of available for sale investments	-	-	-	(25,853)	-	-	(25,853)
- Remeasurement of defined benefit plan - net of tax (restated)	-	-	-	(25,853)	(723,681)	-	(723,681)
Transfer from surplus on revaluation of property, plant and equipment, incremental depreciation effect for the year - net of tax (restated)	-	-	-	-	(723,681)	-	(749,534)
Balance as at 30 June 2015 (as restated)	451,605,000	528,208,500	177,928,194	37,379	(628,988)	9,134,207	(468,223,241)
<i>Total comprehensive income for the year</i>							
Loss for the year ended 30 June 2016						(118,853,527)	(118,853,527)
<i>Other comprehensive income for the year</i>							
- Unrealised loss on re-measurement of available for sale investments	-	-	-	(14,404)	-	-	(14,404)
- Remeasurement of defined benefit plan - net of tax	-	-	-	-	(391,870)	-	(391,870)
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation effect for the year - net of tax	-	-	-	(14,404)	(391,870)	-	(406,274)
Balance as at 30 June 2016	451,605,000	528,208,500	177,928,194	22,975	(1,020,858)	4,220,330	(583,262,712)

The annexed notes from 1 to 41 form an integral part of these financial statements.



Chief Executive



Director



Saudi Pak Leasing Company Limited
Cash Flow Statement
For the year ended 30 June 2016

	Note	2016	(Restated) 2015
----- (Rupees) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	36	(28,298,845)	(41,088,984)
Financial charges paid		(59,627)	(59,703)
Taxes paid		(1,142,509)	(1,136,897)
Decrease in net investment in finance leases - net of security deposits		30,145,617	62,018,821
		28,943,481	60,822,221
Net cash generated from operating activities		644,636	19,733,237
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(219,953)	(574,002)
Proceeds from sale of property, plant and equipment		-	5,086,022
Short term investments - net		55,719,159	(48,044,553)
Recovery of long term loans		601,810	1,458,026
Dividend received		9,454	(4,902)
Net cash (used in) / generated from investing activities		56,110,470	(42,079,409)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances / term finance certificates		(20,900,000)	4,216,710
Encashment of certificates of investment		(25,695,301)	(2,000,000)
Net cash used in financing activities		(46,595,301)	2,216,710
Net decrease in cash and cash equivalents during the year		10,159,805	(20,129,462)
Cash and cash equivalents at beginning of the year		3,422,931	23,552,393
Cash and cash equivalents at end of the year		13,582,736	3,422,931

The annexed notes from 1 to 41 form an integral part of these financial statements.


Chief Executive




Director

Saudi Pak Leasing Company Limited
Notes to the Financial Statements
For the year ended 30 June 2016

1. LEGAL STATUS AND OPERATIONS

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

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 30 June 2016 holds 35.06% (2015: 35.06%) of issued ordinary share capital of the Company and 63% (2015: 63%) of issued preference share capital of the Company.

- 1.2** These financial statements were required to be presented before the members of the Company in an annual general meeting to be held latest by October 31, 2016; however, due to certain administrative and governance issues, the same are being issued now in March 2019. With effect from August 2018, the Company is being headed by a new Managing Director. Furthermore, a new Board of Directors of the Company had also been reconstituted in its extra ordinary general meeting held on November 26, 2018 which was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 04, 2019.

Based on the direction received from the SECP on February 08 2019, the Company was required to prepare its financial statements and convene and hold the overdue AGMs for the years ended June 30, 2016, June 30, 2017 and June 30, 2018 not later than March 31, 2019. Accordingly, after a prolonged delay of over three years, these financial statements have been prepared and presented by the present management of the Company to ensure due compliance with the aforementioned direction received from the SECP.

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

- During the year ended June 30, 2016, the Company incurred a net loss amounting to Rs. 118.853 million (2015: Rs. 194.715 million) and as of that date its accumulated loss amounted to Rs. 1.740 billion (2015: Rs.1.625 billion), its equity was negative by Rs. 583.262 million (2015: Rs. 468.223 million) and its current liabilities exceeded current assets by Rs. 642.574 million (2015: Rs. 553.746 million). The Company's accumulated loss is mainly attributable to the amount provided for against stuck up overdue balance of net investment in lease, short term loans and other assets as well as recording of mark up on COIs and other liabilities outstanding.
- In its financial statements for the year ended June 30, 2015, the Company had disclosed its expectation of a substantial equity injection by a new incoming shareholder having been then identified by one of the strategic shareholders intending to revive the Company. This expectation, however, did not materialize for the reason that leasing business, since long, had been on a declining trend which is evident from the fact that 9 out of 33 major leasing companies remained in the field. This is mainly attributable to non-availability of long term funds at low costs, withdrawal of credit lines by the banks, high non-performing portfolio of leases and loans and slowdown in economic activities. Each of these factors has impacted leasing business to a considerable extent, and, similarly, affected the Company's revenue generation and earning capacity.

- The Company's license to carry out the leasing business expired on May 18, 2010 and the Company has not been able to obtain renewal thereof from the SECP as the legal requirements laid down in this respect could not be met by the Company.
- The credit rating of the Company has not been re-assessed since it was last downgraded as in June 2010 and, since then, the Company is not permitted to issue new certificates of investment.
- Previously, the Company had entered into various agreements with its lenders (including, financial institutions, TFC holders and holders of Certificates of Investment (COIs)) for restructuring of its borrowing facilities with the objective of matching the expected recoveries from customers with its obligations to pay the lenders. However, the Company has continuously defaulted in meeting its financial obligations. As of June 30, 2016, total outstanding principal and accrued markup on which defaults were made amounted to Rs. 666.775 million and Rs. 299.506 million, respectively.
- Since 2010, the Company has not extended any lease facility to its customers owing to expiry of its leasing license. However, it continued its activities with a barely sufficient number of employees required for managing its recoveries from customers and for handing its financial obligations to lenders.

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

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

- Regulation 5 (1) - aggregate liabilities, excluding contingent liabilities and security deposits, of an NBFC, shall not exceed ten times of the Company's equity (in case of operations beyond the first 2
- Regulation 5 (2) - contingent liabilities of an NBFC shall not exceed seven times of its equity for the first two years of its operations and ten times of its equity in the subsequent years.
- Regulation 14 (4) (h) - the deposits raised by the NBFC, from individual depositors including sole proprietorships shall not exceed three times of the equity of the NBFC.
- Regulation 17 (1) - total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 30% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the NBFC's equity.
- Regulation 17 (2) - total outstanding exposure (fund based and non-fund based) of an NBFC to any group shall not exceed 50% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 35% of the equity.
- Regulation 19 (g) - an NBFC shall not hold shares on aggregate basis, whether as pledge, mortgagee or

absolute owner, of an amount exceeding 20% of the paid-up share capital of that company or 20% of its own equity.

- Regulation 28 (d) - total investments of a leasing company in shares, equities or scrips shall not exceed 50% of the equity of the leasing company.
- Regulation 28 (e) - a leasing company shall not own shares, equities or scrips of any one company in excess of 10% of its own equity or the issued capital of that company, whichever is lower.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Non- Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) , the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) . In case requirements differ, provisions or directives of the Companies Ordinance, 1984, Non Banking Finance Companies and Notified Entities Regulations, 2008, the Non- Banking Finance Companies (Establishment and Regulations) Rules, 2003 and directives issued by the SECP shall prevail.

As mentioned in note 1.3 above, although the Company's license to carry out the business of leasing had expired on 18 May 2010, these financial statements have been prepared in accordance with the format generally followed for financial institutions and the provision requirements have been determined in accordance with the requirements of NBFC Regulations, 2008.

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 financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in period

of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are discussed in following notes:

- Future financial projections and going concern assumptions;
- Classification of investments and impairment thereon;
- Residual values and useful lives of property, plant, equipment and intangible assets;
- Revaluation of property, plant and equipment;
- Recognition of taxation and deferred taxation;
- Accounting for post employment benefits;
- Provisions;
- Allowance for potential lease, loan losses and other receivables;
- Classification of net investment in finance leases and loans; and
- Classification of investment properties

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after the dates specified below:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company’s financial statements.
- Amendment to IAS 27 ‘Separate Financial Statement’ (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a

business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards. These are not likely to have an impact on Company's financial statements:
 - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
 - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
 - IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
 - IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently to all years presented.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and bank deposits. For the purpose of cash flow, cash and cash equivalents carried in the balance sheet comprise of cash in hand and balances with banks in current and saving accounts.

3.2 Investments

All purchases and sales of securities that require delivery within the time frame established by regulation or market conventions are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sell the asset. The investments of the Company have been categorised as per the requirements of IAS 39 as follows:

Investments at fair value through profit or loss

A non-derivative financial asset is classified as, at fair value through profit or loss if it is held for trading or is designated as such, upon initial recognition. Investments are designated at fair value through profit or loss if

the Company manages such investments and makes purchase and sale decisions based on their fair values. Upon initial recognition, attributable transaction cost are recognised in profit or loss when incurred. Investments at fair value through profit or loss are remeasured at fair value, and changes therein are recognised in profit or loss. The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid price at the reporting date in the active market.

Held-to-maturity

Held to maturity investments are non-derivative financial instruments with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other investments that are intended to be held to maturity are recognised initially at fair value, plus attributable transaction costs and subsequently are measured at amortised cost using the effective interest rate method.

Premiums and discounts on held to maturity investments are amortised using the effective interest rate method and taken to income from investments.

Available-for-sale

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the preceding categories. Available for sale financial assets are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition they are measured at fair value and changes therein other than impairment losses are recognised in other comprehensive income and presented in separate component in equity. When an investment is derecognised, the gain or loss is accumulated in equity is reclassified to profit or loss. Available-for-sale financial assets comprise of equity and debt securities.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted investments, where the fair value cannot be reliably determined, are recognised at cost less impairment, if any and the break up value. Provision for impairment in value, if any, is taken to profit and loss account.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the profit and loss account when the loans and receivables are derecognized or impaired, as well as through the amortization process.

3.3 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any (except for office premises and operating lease assets which are stated at revalued amount less accumulated depreciation and impairment loss, if any).

Depreciation is charged to profit and loss account applying the straight line method in accordance with the rates specified in relative note whereby the cost / revalued amount of an asset is written-off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal.

Surplus on revaluation of property and equipment is credited to the surplus on revaluation account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to accumulated loss.

Subsequent costs are included in an asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to income during the financial period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in the profit and loss account in the year the asset is derecognized, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any. These assets are transferred to specific assets as and when these assets are available for use.

3.4 Net investment in finance leases

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessees are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments, including any guaranteed residual value, if any.

3.5 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses its control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account directly.

3.6 Leased assets repossessed upon termination of leases

The Company repossesses leased assets in settlement of non-performing lease finance provided to customers. These are stated at lower of the original cost of the related asset, exposure to the Company or net realizable value of the asset repossessed. Gains or losses on disposal of such assets are taken to profit and loss account.

3.7 Operating leases

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of leased asset and recognized over the lease term on the same basis of rental income.

3.8 Investment properties

Investment properties are accounted for under cost model and are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit and loss account by applying the straight line method at the rate of 5% per annum after taking into account residual value, if any. Depreciation on additions is charged from the month of classification, while no depreciation is charged in the month in which the

investment properties are disposed off. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains or losses on sale of investment properties are charged to the profit and loss account in the period in which they arise.

3.9 Revenue recognition

Finance lease income

The Company follows the effective interest method in accounting for the recognition of lease income. Under this method, the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased assets is deferred and taken to income over the term of the lease, so as to produce a systematic return on the net investment in lease. Unrealised lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Processing, front-end and commitment fee and commission are recognized as income when such services are provided.

Gain on termination of lease contracts and late payment charges are recognized as income when realised.

Operating lease income

Rental income from assets given under operating leases is recognized on an accrual basis.

Income on term loans

Income on term loans is recognized using effective yield on a time proportionate basis.

Income on non-performing loan receivables

Income on non-performing loan receivables is recognized on receipt basis in accordance with the requirements of the relevant Regulations.

Mark-up / return on investments

Mark-up income on debt securities is recognised on time proportion basis using the effective yield on instruments.

Dividend income

Dividend income from investments is recognised when the Company's right to receive dividend is established.

Gain on sale of investments

Capital gain or losses arising on sale of investments are taken to income in the period in which they arise.

Interest income

Interest income on bank deposits and debt securities is recognised on time proportion basis using the effective interest method.

3.10 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits, rebates and tax losses, or one percent of turnover, whichever is higher. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary relating to prior years.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account except deferred tax, if any, on revaluation of property and equipment, which is recognised as an adjustment to surplus / deficit on revaluation.

3.11 Staff retirement benefits

Defined benefit scheme

The Company operates an approved gratuity fund for its permanent employees who complete the eligible period of service. Provision has been made in accordance with actuarial recommendations using the “Projected Unit Credit Method”. Premeasurements of the net defined benefit liability / assets which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. Past-service costs are recognized immediately in profit and loss account when the plan amendment occurs.

Defined contribution scheme

The Company also operates a provident fund scheme for its permanent employees. Equal monthly contributions at a rate of 10 percent of basic salary are made by the Company and its employees. The Company had suspended the contributions of provident fund scheme in accordance with the resolution passed in the meeting of Board of Directors from October 2009. In 2012, the Board of Directors has re-instated the provident fund scheme with effect from July 01, 2012.

3.12 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are set-off and the net amount is reported in the balance sheet, when and only when, the Company has an enforceable legal right to set-off the amounts and it intends either to settle on net basis or to realize the asset and to settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards, or for gains and losses arising from a group of similar transactions.

3.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the

obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.14 Allowance for potential lease, loan losses and other receivables

The allowance for potential lease, loan losses and other receivables is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and loan portfolio which can be reasonably anticipated. The adequacy of allowance is evaluated on the basis as set out in the Regulations. The allowance is increased by provisions charged to income and is decreased by charge-offs, net of recoveries.

3.15 Borrowings

Borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost. Interest expense is recognised on an effective interest basis in the profit and loss account over the period of the borrowings.

3.16 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive, and liabilities when fair value is negative. Any change in the fair value of derivative financial instrument is taken to profit and loss account.

3.17 Financial liabilities

All financial liabilities are initially recognised at fair value plus directly attributable cost (if any) and subsequently measured at amortised cost.

3.18 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange differences are included in income currently.

3.19 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Executive Committee and Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, administrative expenses, and income tax assets and liabilities.

3.20 Impairment

Non derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of

the asset, and the loss event(s) had an impact on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held to maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for any impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available for sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit and loss account. The cumulative loss that is reclassified from equity to profit and loss account is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit and loss account. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit and loss account. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

Non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognized in the financial statements in the period in which the dividend is approved by the appropriate authority except for non-cumulative preference dividend which is accrued in the respective year as per the term sheet.

4. CASH AND BANK BALANCES	Note	2016	2015
		----- (Rupees) -----	
Cash in hand		67,545	67,545
Balance with State Bank of Pakistan in current account - local currency		15,185	20,305
Balances with other banks:			
- in current account		5,500	5,500
- in saving accounts	4.1	13,494,506	3,329,581
		<u>13,582,736</u>	<u>3,422,931</u>

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

5. SHORT TERM LOANS - secured	Note	2016	2015
		----- (Rupees) -----	
Considered doubtful	5.1	202,156,794	205,406,794
Provision for non-performing loans	5.2	<u>(112,034,159)</u>	<u>(76,175,700)</u>
		<u>90,122,635</u>	<u>129,231,094</u>

5.1 This represents short term loans facilities provided to customers and carries mark-up ranging from 16.25% to 25.00% (2015: 16.25% to 25.00%) per annum.

5.2 Provision for non-performing loans	Note	2016	2015
		----- (Rupees) -----	
Balance at beginning of the year		76,175,700	76,175,700
Charge for the year	29	35,858,459	-
Write-offs against provision		-	-
Balance at end of the year	5.2.1	<u>112,034,159</u>	<u>76,175,700</u>

5.2.1 The above provision for non-performing loans is net of forced sales value (FSVs) of collaterals of Rs. 90.122 million (2015: Rs. 129.231 million) considered by the Company for the purpose of determination of provision requirements. Had this benefit of FSVs not been taken by the Company, the specific provision against non-performing loans would have been higher by Rs. 90.122 million (2015: Rs. 129.231 million) and the Company's profit before taxation would also have been lower by the same amount.

6. SHORT TERM INVESTMENTS	Note	2016	2015
		----- (Rupees) -----	
Available for sale			
- Ordinary shares of listed companies	6.1	85,935	85,935
- Ordinary shares of unlisted companies	6.1	18,914,938	18,914,938
Investments - at cost		19,000,873	19,000,873
Unrealised gain on re-measurement of available for sale securities		22,975	37,379
		<u>19,023,848</u>	<u>19,038,252</u>
Held to maturity			
- Government Market Treasury Bills	6.2	14,720,920	19,368,454
- Certificates of deposit	6.3	-	50,000,000
		<u>33,744,768</u>	<u>88,406,706</u>

6.1 Investment in available for sale securities

2016 (Number of shares)	2015	Name of companies	Note	2016		2015	
				Cost	Market value /	Cost	Market value /
				----- (Rupees) -----		----- (Rupees) -----	
Ordinary shares of listed companies							
495	495	MCB Bank Limited	6.1.1	85,935	108,910	85,935	123,314
				<u>85,935</u>	<u>108,910</u>	<u>85,935</u>	<u>123,314</u>
Ordinary shares of unlisted companies							
425,000	425,000	Pace Barka Properties Limited	6.1.2	4,250,000	4,250,000	4,250,000	4,250,000
2,500,000	2,500,000	SPI Insurance Company Limited	6.1.2	14,664,938	14,664,938	14,664,938	14,664,938
				<u>18,914,938</u>	<u>18,914,938</u>	<u>18,914,938</u>	<u>18,914,938</u>
Unrealised gain on re-measurement of available for sale securities				<u>22,975</u>	<u>-</u>	<u>37,379</u>	<u>-</u>
				<u>19,023,848</u>	<u>19,023,848</u>	<u>19,038,252</u>	<u>19,038,252</u>

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

6.1.2 As on June 30, 2016, the break-up value of an ordinary share of M/s. Pace Barka Properties Limited and M/s. Saudi Pak Insurance Company Limited, as per their financial statements for the year ended June 30, 2016, amounted to Rs. 6.50 per share (2015: Rs. 14.13 per share) and Rs. 8.30 per share (2015: Rs. 11.15 per share), respectively.

6.2 This represents investment in Government Market Treasury Bills having maturity on 04 August 2016 and carry effective mark-up at a rate 5.80% (2015: 6.70%) per annum.

6.3 This represents certificate of deposits placed with the Holding Company having maturity in July 2015 and carries a mark-up at the rate of 7% per annum.

7. OTHER RECEIVABLES	Note	2016		2015	
		----- (Rupees) -----		----- (Rupees) -----	
Operating lease rentals receivables		11,795,095		11,545,095	
Receivable on termination of finance leases		67,860,053		67,859,467	
Staff gratuity- net defined benefit asset		2,753,383		3,279,732	
Others		<u>3,209,948</u>		<u>3,035,336</u>	
		<u>85,618,479</u>		<u>85,719,630</u>	
Provision against doubtful receivables	7.1	<u>(82,279,041)</u>		<u>(79,082,927)</u>	
		<u>3,339,438</u>		<u>6,636,703</u>	
7.1 Provision against doubtful receivables					
Balance at beginning of the year			79,082,927		79,733,007
Charge for the year			<u>3,196,114</u>		<u>-</u>
Reversal for the year			<u>-</u>		<u>(650,080)</u>
	29		<u>3,196,114</u>		<u>(650,080)</u>
Balance at end of the year			<u>82,279,041</u>		<u>79,082,927</u>

	<i>Note</i>	2016	2015
		----- (Rupees) -----	
8. CURRENT MATURITY OF NON-CURRENT ASSETS			
Long term loans	9	39,783,068	37,753,501
Net investment in finance leases	10	513,128,692	632,130,530
		<u>552,911,760</u>	<u>669,884,031</u>
9. LONG TERM LOANS - secured			
Loan to employees	9.1	1,073,477	1,675,287
Term loans to customers			
- Considered doubtful	9.2	105,553,927	105,553,927
		<u>106,627,404</u>	<u>107,229,214</u>
Provision for non-performing loans	9.3	(66,844,336)	(69,109,486)
		39,783,068	38,119,728
Current maturity of long term loans	8	(39,783,068)	(37,753,501)
		<u>-</u>	<u>366,227</u>

9.1 Loans to employees

Loan to employees represent house loans and are secured against the future salaries and retirement benefits of the employees. These loans are repayable within a period of 15 years from the date of disbursement or retirement date of the employee, whichever is earlier. The rate of return on these loans is 4% (2015: 4%) per annum. The maximum amount of loans to employees outstanding during the year amounts to Rs. 1.675 million.

9.2 Term loans due from customers are secured against property. The rate of return on these loans ranges from 16.00% to 22.66% (2015: 16.00% to 22.66%) per annum.

9.3 Provision for non-performing loans

	<i>Note</i>	2016	2015
		----- (Rupees) -----	

Balance at beginning of the year		69,109,486	57,736,391
Charge for the year		4,455,750	11,472,830
Reversal made during the year		(6,720,900)	(99,735)
	29	(2,265,150)	11,373,095
Balance at end of the year	9.3.1	<u>66,844,336</u>	<u>69,109,486</u>

9.3.1 The above provision for non-performing long term loans is net of forced sales value (FSVs) of collaterals of Rs. 38.709 million (2015: Rs. 36.444 million) considered by the Company for the purpose of determination of provision requirements. Had this benefit of FSVs not been taken by the Company, the specific provision against non-performing loans would have been higher by Rs. 38.709 million (2015: Rs. 36.444 million) and the Company's profit before taxation would also have been lower by the same amount.

10. NET INVESTMENT IN FINANCE LEASES

	2016			2015		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
	(Rupees)					
Minimum lease payment receivables	1,380,537,361	-	1,380,537,361	1,392,036,224	34,851,941	1,426,888,165
Residual value of leased assets	355,194,078	-	355,194,078	433,335,645	3,750,005	437,085,650
Gross investment in leases	1,735,731,439	-	1,735,731,439	1,825,371,869	38,601,946	1,863,973,815
Unearned lease income	-	-	-	(193,821)	(725,135)	(918,956)
Mark-up held in suspense	(332,201,737)	-	(332,201,737)	(329,606,795)	(9,404,032)	(339,010,827)
	(332,201,737)	-	(332,201,737)	(329,800,616)	(10,129,167)	(339,929,783)
Provision for lease losses	(890,401,010)	-	(890,401,010)	(863,440,723)	(19,720,495)	(883,161,218)
Net investment in finance leases	513,128,692	-	513,128,692	632,130,530	8,752,284	640,882,814

10.1 The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% (2015: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finances obtained (refer note 19.1.1).

10.2 Mark-up held in suspense

	Note	2016	2015
		(Rupees)	
Balance at beginning of the year		339,010,827	353,019,241
Income suspended during the year		918,956	1,233,928
		339,929,783	354,253,169
Suspended income:			
- realised during the year		(6,607,543)	(15,125,989)
- written-off during the year		(1,120,503)	(116,353)
		(7,728,046)	(15,242,342)
Balance at end of the year		332,201,737	339,010,827

10.3 Provision for lease losses

Balance at beginning of the year		883,161,218	761,787,395
Charge for the year		51,105,252	163,894,321
Reversal for the year		(31,324,827)	(38,185,779)
	29	19,780,425	125,708,542
Write-offs against provision		(12,540,633)	(4,334,719)
Balance at end of the year	10.3.1	890,401,010	883,161,218

10.3.1 The provision for non-performing lease losses is net of the forced sales value (FSVs) of leased assets / collaterals of Rs. 177.482 million (2015: Rs. 225.363 million) considered by the Company for the purpose of determination of provision requirements. Had this benefit of FSVs not been taken by the Company, specific provision against non-performing lease portfolio would have been higher by Rs. 177.482 million (2015: Rs. 225.363 million) and Company's profit before taxation would also have been lower by the same amount.

Furthermore, the management is considering to hire a consultant / independent inspector and legal advisor to assess the

existence and legal right for the FSVs against which the FSV benefit is taken by the Company.

- 10.4** As per NBFC Regulation 28(a), a leasing company undertaking the business of lease only, shall invest at least 70% of its assets in the business of leasing. As at 30 June 2016, the Company's investment in lease assets was 66.12% (2015: 65.66%) of the total assets (less allowable deductions).

	<i>Note</i>	2016	2015
		----- (Rupees) -----	
11. INVESTMENT PROPERTIES			
Cost at beginning of the year		66,160,092	66,160,092
Accumulated depreciation at beginning of the year		(18,112,619)	(14,804,614)
Depreciation charged during the year	27	(3,308,004)	(3,308,005)
Accumulated depreciation at end of the year		(21,420,623)	(18,112,619)
Impairment loss on investment properties	11.2	(6,805,696)	(6,805,696)
Carrying value of investment properties	11.1	37,933,773	41,241,777

- 11.1** These represent real estate properties acquired by the Company in settlement of non-performing loans and lease receivables (i.e. repossessed properties) comprising of a bungalow and offices having carrying value, as on June 30, 2016, amounting to Rs. 34.492 million (2015: Rs. 37.079 million) and Rs. 3.441 million (2015: Rs. 4.163 million), respectively.

- 11.2** The bungalow was last revalued by M/s. Fairwater Property Valuers and Surveyors (Private) Limited in 2014. According to such valuation, the fair value of the bungalow, as on June 12, 2014, was assessed to be Rs. 90.68 million.

- 11.2.1** 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 suit in High Court for relief. The amount of rent due till June 30, 2016 amounting to Rs. 8.325 million has not been recorded awaiting the outcome of proceedings in High Court.

- 11.3** The offices were last revalued by M/s. Hamid Mukhtar & Co. (Private) Limited in 2015. According to such valuation, the fair value of the offices, as on Aug 26, 2015 was assessed to be Rs. 4.163 million.

	<i>Note</i>	2016	2015
		----- (Rupees) -----	
11.2 Impairment loss on investment properties			
Balance at beginning of the year		6,805,696	7,526,809
Reversal for the year		-	(721,113)
Balance at end of the year		6,805,696	6,805,696

12. PROPERTY, PLANT AND EQUIPMENT

2016

	Cost / Revaluation		Accumulated depreciation			Accumulated impairment			Written down value	Rate %
	As at 01 July 2015	Additions / (disposals) / (transfers)*	As at 30 June 2016	As at 01 July 2015	Charge for the year (on disposals) / (transfers)*	As at 30 June 2016	As at 01 July 2015	Charge for the year	As at 30 June 2016	
(Rupees)										
Owned assets										
Building improvements	3,526,371	-	3,526,371	3,526,371	-	3,526,371	-	-	-	20%
Office premises	103,803,703	-	103,803,703	54,407,174	10,600,172	65,007,346	-	-	38,796,357	5%
Furniture, fixtures and fittings	5,983,992	-	5,983,992	5,983,992	-	5,983,992	-	-	-	20%
Vehicles	4,567,630	-	4,567,630	3,327,522	391,680	3,719,202	-	-	848,428	20%
Office equipment	26,392,408	219,953	26,612,361	25,208,400	368,098	25,576,498	-	-	1,035,863	20%
	144,274,104	219,953	144,494,057	92,453,459	11,359,950	103,813,409	-	-	40,680,648	
Operating lease assets										
Plant and machinery	59,505,000	-	59,505,000	50,357,041	2,447,959	52,805,000	-	6,700,000	6,700,000	10%
Generators	11,492,012	-	11,492,012	7,787,447	1,087,920	8,875,367	-	-	2,616,645	20%
	70,997,012	-	70,997,012	58,144,488	3,535,879	61,680,367	-	6,700,000	6,700,000	
	215,271,116	219,953	215,491,069	150,597,947	14,895,829	165,493,776	-	6,700,000	6,700,000	43,297,293

2015

	Cost / Revaluation		Accumulated depreciation			Accumulated impairment			Written down value	Rate %	
	As at 01 July 2014	Additions / (disposals) / (transfers)*	As at 30 June 2015	As at 01 July 2014	Charge for the year (on disposals) / (transfers)*	As at 30 June 2015	As at 01 July 2014	Charge for the year	As at 30 June 2015		
(Rupees)											
Owned assets											
Building improvements	3,526,371	-	3,526,371	3,526,371	-	3,526,371	-	-	-	20%	
Office premises	-	103,803,703	103,803,703	35,866,864	18,540,310	54,407,174	-	-	49,396,529	5%	
Furniture, fixtures and fittings	5,983,992	-	5,983,992	5,982,865	1,127	5,983,992	-	-	-	20%	
Vehicles	7,408,630	-	4,567,630	5,492,742	391,680	3,327,522	-	-	1,240,108	20%	
		(2,841,000)			(2,556,900)						
Office equipment	25,818,406	574,002	26,392,408	24,836,767	371,633	25,208,400	-	-	1,184,008	20%	
	42,737,399	104,377,705	144,274,104	75,705,609	19,304,750	92,453,459	-	-	-	51,820,645	
		(2,841,000)			(2,556,900)						
Operating lease assets											
Plant and machinery	59,505,000	-	59,505,000	46,897,194	3,459,847	50,357,041	-	-	-	9,147,959	10%
Generators	20,402,880	-	11,492,012	14,272,686	1,350,047	7,787,447	-	-	-	3,704,565	20%
		(8,910,868)			(7,835,286)						
	79,907,880	-	70,997,012	61,169,880	4,809,894	58,144,488	-	-	-	12,852,524	
		(8,910,868)			(7,835,286)						
	122,645,279	104,377,705	215,271,116	136,875,489	24,114,644	150,597,947	-	-	-	64,673,169	
		(11,751,868)			(10,392,186)					(22,144,054)	

12.1 Had there been no revaluation, the carrying amounts of the revalued assets would have been as follows:

	2016				2015		
	Cost	Accumulated depreciation	Accumulated impairment	Written down value	Cost	Accumulated depreciation	Written down value
	----- (Rupees) -----						
Office premises	28,548,042	21,518,852	-	7,029,190	28,548,042	20,091,450	8,456,592
Plant and machinery	67,000,000	60,300,000	6,700,000	-	67,000,000	56,865,000	10,135,000
Generators	9,848,000	7,231,355	-	2,616,645	9,848,000	4,078,833	5,769,167

13. **BORROWINGS FROM FINANCIAL INSTITUTIONS**

Note **2016** 2015
----- (Rupees) -----

Letters of Placement - Unsecured

National Bank of Pakistan	13.1	77,500,000	77,500,000
Innovative Investment Bank Limited	13.2	60,000,000	60,000,000
Meezan Bank Limited	13.3	27,001,588	27,001,588
AKD Aggressive Income Fund	13.4	2,762,504	2,762,504
KASB Income Opportunity Fund	13.5	10,429,140	10,429,140
		177,693,232	177,693,232

13.1 This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on April 01, 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 14 days. Subsequently, the facility was rolled several times up to the total period of 140 days which expired on August 19, 2010. Till to-date, no repayments have been made by the Company in respect of this finance. As of 30 June 2016, the Company has accrued a mark-up on this finance amounting to Rs. 54.291 million (2015: Rs. 45.5 million).

13.2 This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on December 03, 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. Due to financial difficulties faced by the Company, this facility was rolled over for a further period of 184 days on March 14, 2011. Since the disbursement of the facility, the Company has made an aggregate principal repayment of Rs. 3 million. As of 30 June 2016, the Company has accrued a mark-up on this finance amounting to Rs. 30.435 million (2015: Rs. 25.6 million).

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

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

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

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

The Company made the aforesaid down payment of Rs. 1.24 million on December 31, 2012 and paid the monthly instalments on the dates agreed in the restructuring agreement. However, the transfer of ordinary shares, referred to above, is yet to be executed. As of June 30, 2016, the Company had accrued a mark-up on this finance amounting to Rs. 5.010 million (2015: Rs. 4.6 million).

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

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

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

14. ACCRUED MARK-UP	<i>Note</i>	2016	(Restated) 2015
		----- (Rupees) -----	
<i>Mark-up on:</i>			
- certificates of investment		74,760,373	66,936,876
- long term finances		39,010,386	44,027,045
- term finance certificates		84,805,991	77,804,652
- short term borrowings from financial institutions		100,929,163	87,135,224
		<u>299,505,913</u>	<u>275,903,797</u>

15. ACCRUED EXPENSES AND OTHER PAYABLES		2016	2015
		----- (Rupees) -----	
Accrued expenses		2,328,087	1,818,942
Unclaimed dividend		1,663,945	1,668,945
Others		7,562,658	7,692,400
Provision for Sindh sales tax on services		6,629,830	-
		<u>18,184,520</u>	<u>11,180,287</u>

15.1 In April 2018, the Company received an order from the Sindh Revenue Board (SRB) whereby a demand of Rs. 7.213 million had been raised in respect of sales tax on services for the period from July 2011 to June 2017 (including default surcharge and penalty thereon). Of this amount, the claim of Rs. 6.630 million related to the period from July 2011 to June 2015. Since the aforesaid demand of Rs. 7.213 million has been settled in full, subsequently in June 2018, the provision thereof (to the extent that it relates to the period from July 2011 to June 2015) has been duly recognized in these financial statements.

16. CURRENT MATURITY OF NON-CURRENT LIABILITIES		2016	2015
		----- (Rupees) -----	
Certificates of investment	<i>17</i>	54,049,000	55,349,000
Long term finances	<i>19</i>	392,032,443	432,997,913
Long term security deposits against finance leases	<i>20</i>	334,339,747	412,481,319
		<u>780,421,190</u>	<u>900,828,232</u>

17. CERTIFICATES OF INVESTMENT - unsecured		2016	2015
Long term certificates of investment		54,049,000	55,349,000
Current maturity of certificates of investment	<i>16</i>	(54,049,000)	(55,349,000)
		<u>-</u>	<u>-</u>

17.1 These certificates of investment are for periods ranging from 1 year to 5 years and interest rates on these certificates range from 7% to 11% (2015: 7% to 14%) per annum.

18. DEFERRED TAXATION

	Balance at beginning of the year	Recognized in profit and loss account	Recognized in other comprehensive income	Balance at end of the year
----- (Rupees) -----				
As on June 30, 2016				
Deferred tax liability in respect of:				
Accelerated tax depreciation	2,765,540	(4,000,494)	-	(1,234,954)
Surplus on revaluation of property, plant and equipment	12,122,748	(1,896,090)	(378,836)	9,847,822
	<u>14,888,288</u>	<u>(5,896,584)</u>	<u>(378,836)</u>	<u>8,612,868</u>
Deferred tax asset recognized	(14,888,288)	6,275,420	-	(8,612,868)
Net deferred tax position	<u><u>-</u></u>	<u><u>378,836</u></u>	<u><u>(378,836)</u></u>	<u><u>-</u></u>
				Rupees
<u>Details of deferred tax assets</u>				
Provision for lease losses				276,024,313
Provision for non-performing short term loans				34,730,589
Provision for non-performing long term loans				20,721,744
Provision for doubtful other receivables				25,506,503
Unused tax losses				36,432,117
				<u>393,415,266</u>
Less: Deferred tax asset recognized to the extent of available taxable temporary differences				<u>(8,612,868)</u>
Unrecognized deferred tax asset				<u><u>384,802,398</u></u>

As on June 30, 2015

	Balance at beginning of the year	Recognized in profit and loss account	Recognized in other comprehensive income	Balance at end of the year
Deferred tax liability in respect of:				
Accelerated tax depreciation	8,081,050	(5,315,510)	-	2,765,540
Surplus on revaluation of property, plant and equipment	16,934,362	(4,298,452)	(513,162)	12,122,748
	<u>25,015,412</u>	<u>(9,613,962)</u>	<u>(513,162)</u>	<u>14,888,288</u>
Deferred tax asset recognized	(25,015,412)	10,127,124	-	(14,888,288)
Net deferred tax position	<u><u>-</u></u>	<u><u>513,162</u></u>	<u><u>(513,162)</u></u>	<u><u>-</u></u>
				Rupees
<u>Details of deferred tax assets</u>				
Provision for lease losses				282,611,590
Provision for non-performing short term loans				24,376,224
Provision for non-performing long term loans				22,115,036
Provision for doubtful other receivables				25,306,537
Unused tax losses				16,449,676
				<u>370,859,063</u>
Less: Deferred tax asset recognized to the extent of available taxable temporary differences				<u>(14,888,288)</u>
Unrecognized deferred tax asset				<u><u>355,970,775</u></u>

19. LONG TERM FINANCES	Note	2016	2015
		----- (Rupees) -----	
Long term finance - secured	19.1.1	163,061,501	178,961,501
Long term finance - unsecured		5,703,696	5,703,696
	19.1	<u>168,765,197</u>	<u>184,665,197</u>
Term finance certificates - secured	19.2	223,267,246	248,332,716
		<u>392,032,443</u>	<u>432,997,913</u>
Current maturity of long term finances	16	<u>(392,032,443)</u>	<u>(432,997,913)</u>
		<u>-</u>	<u>-</u>

19.1 Long term finances

	Tenure		Price	Note	Principal Outstanding	
	From	To			2016	2015
----- (Rupees) -----						
Secured						
National Bank of Pakistan	Mar-05	Mar-10	6 month KIBOR + 1.5% (payable semi annually)	19.1.2	12,500,000	12,500,000
First Women Bank Limited	Dec-08	Dec-12	Fixed at 12% (payable monthly)	19.1.3	75,061,505	75,061,505
Askari Income Fund	Mar-10	Sep-12	-	19.1.4	13,500,000	13,500,000
Soneri Bank Limited	May-13	Sep-14	-	19.1.5	61,999,996	61,999,996
Bank of Khyber	Jun-12	Mar-16	-	19.1.6	-	15,900,000
Un secured						
Silk Bank Limited	Sep-12	Mar-17	-	19.1.7	5,703,696	5,703,696
					<u>168,765,197</u>	<u>184,665,197</u>

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

19.1.2 This represents a finance of Rs. 100 million obtained from National Bank of Pakistan on March 17, 2005 (mainly for lease financing activities). As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from September 17, 2005 to March 17, 2009. However, subsequently, the agreement was restructured whereby the maturity date of the loan was extended to March 2010. Up to June 30, 2016, all instalments were paid except for the last instalment due on March 17, 2009 which is yet outstanding. As per the revised agreement, the finance carries mark-up at the rate of 6-month KIBOR + 1.5%, payable semi-annually. As of June 30, 2016, the Company had accrued mark-up amounting to Rs. 10.263 million.

19.1.3 This represents a finance of Rs. 150 million obtained from First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenor of 1 day. Subsequently, the finance was rolled over several times during the period from October 07, 2008 to December 18, 2008. During this period, the Company managed to partially repay the principal and markup amount. Afterwards, the finance was restructured by way of a settlement agreement dated December 31, 2008 whereby the entire principal was converted into 12-month Money Market Finance facility on markup basis. Since the Company failed to make repayment as per agreed terms, the finance was, once again, restructured by way of a settlement agreement dated March 01, 2010. As per the revised rescheduled terms, the entire principal was payable in unequal monthly instalments up to December 31, 2012. The Company paid the instalments up to December 31, 2010 since when no further repayments have been made. Further, as per the revised agreement, the finance carries mark-up at 12% per annum, payable monthly. As of June 30, 2016, the Company had accrued mark-up of Rs. 24.054 million (2015: Rs. 24.054 million).

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

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

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

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

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

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

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

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

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

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

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

Up to November 2014, the Company repaid 26 monthly instalments of Rs. 0.204 million each and defaulted thereafter. As of June 30, 2016, the Company had accrued a mark up of Rs. 4.32 million (2015: Rs. 3.816 million).

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

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

Principal redemption

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

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

Mark-up on TFCs

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

Trustee

In order to protect the interests of TFC holders, First Dawood Investment Bank Limited has been appointed as trustee under a trust deed with power to enforce the Company's obligations in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Declaration of Trust.

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

20. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES	<i>Note</i>	2016	2015
		----- (Rupees) -----	
Security deposits against finance leases	20.1	334,339,747	416,231,319
Current maturity of deposits against finance leases	16	(334,339,747)	(412,481,319)
		----- - -----	----- 3,750,000 -----
20.1	This represents security deposits received from lessees under lease contracts and are adjustable on expiry of the respective lease periods.		

21. SHARE CAPITAL

2016 (Number of shares)	2015	Note	2016 ----- (Rupees) -----	2015
AUTHORISED SHARE CAPITAL				
<u>100,000,000</u>	100,000,000	Ordinary shares of Rs. 10 each	<u>1,000,000,000</u>	<u>100,000,000</u>
<u>100,000,000</u>	100,000,000	Non-cumulative and non-voting, convertible unlisted preference shares of Rs. 10 each	<u>1,000,000,000</u>	<u>100,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL				
Ordinary shares				
<i>Issued for cash</i>				
25,180,000	25,180,000	Ordinary shares of Rs. 10 each fully paid in cash	251,800,000	251,800,000
<i>Issued for consideration other than cash</i>				
19,980,500	19,980,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	199,805,000	199,805,000
<u>45,160,500</u>	<u>45,160,500</u>		<u>451,605,000</u>	<u>451,605,000</u>
Non-cumulative preference shares				
<i>Issued for consideration other than cash</i>				
52,820,850	52,820,850	Non-cumulative and non-voting, convertible unlisted fully paid preference shares of Rs. 10 each	528,208,500	528,208,500

21.1 Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) holds 35.06% (2015: 35.06%) of the issued, subscribed and paid-up ordinary share capital of the Company and 63% (2015: 63%) of the issued preference share capital of the Company.

21.2 The shareholders of the Company through special resolution in Extra Ordinary General Meeting held on July 11, 2012 approved the decision of the Board of Directors to convert the sub-ordinated debt from SAPICO and loan from Bank of Khyber into non-voting, non-cumulative, convertible unlisted preference shares at Rs. 10 each. The SECP vide its letter number SC/NBFC/23/SPLCL/2013/58 dated February 13, 2013, also approved the conversion.

In 2013, the Company issued non-redeemable / convertible preference shares of Rs. 10 each aggregating to Rs. 528.209 million against the conversion of debt. These are non-cumulative, non-redeemable / convertible preference shares carrying dividend at 2.5% per annum annually at the end of each completed year on the face value of Rs.10 per preference share. The preference shareholders are only entitled to receive preferential dividend and are not entitled to right shares and bonus shares to which the holders of ordinary shares may be entitled. These shares are convertible into ordinary shares at the option of preference share holders at any time from the date of issue of preference shares. The dividend is payable annually at the end of each completed year subject to availability of profit for the year.

The preference shares have been treated as part of equity on the following basis:

- the preference shares were issued under the provisions of section 86 of the Companies Ordinance, 1984 (the Ordinance) read with section 90 of the Ordinance and Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- the authorized capital of the Company and the issue of the preference shares were duly approved by the shareholders of the Company in the Extra Ordinary General Meeting held on July 11, 2012.
- return of allotment in respect of these preference shares was filed under section 73(1) of the Ordinance.
- the preference share holders have the right to convert these shares into ordinary shares at Rs. 10 each.
- dividend on the shares is appropriation of profit both under the Ordinance and the tax laws.
- the requirements of the Ordinance take precedence over the requirements of International Accounting Standards.

21.3 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 (MCR) as per NBFC Regulations, 2008 vide SRO 764(I) / 2009 dated September 02, 2009 wherein the Company is required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 700 million by June 30, 2011, June 30, 2012 and June 30, 2014, respectively. Further amendment to schedule I to Regulation 4 made vide SRO 1160 (1) / 2015 dated November 25, 2015 maintained MCR for existing NBFCs at Rs. 750 million and relaxation of MCR for non-deposit taking NBFCs for leasing etc at Rs. 50 million. The Company intends to exercise the low MCR requirement option once it has settled liability owed to its depositors. The Company is hence, non compliant at the year end with the MCR requirement laid by SECP (also see note 1.3).

22. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET	Note	2016 ----- (Rupees) -----	(Restated) 2015
On office premises, plant and machinery and generators			
<i>Gross surplus</i>			
As at beginning of the year		37,883,588	51,316,247
Incremental depreciation transferred to retained earnings		<u>(6,116,421)</u>	<u>(13,432,659)</u>
		31,767,167	37,883,588
<i>Related deferred tax charge</i>			
As at beginning of the year		<u>(12,122,748)</u>	<u>(16,934,362)</u>
Tax effect of change in tax rate		378,836	513,162
Incremental depreciation transferred to retained earnings		<u>1,896,091</u>	<u>4,298,452</u>
		<u>(9,847,821)</u>	<u>(12,122,748)</u>
		21,919,346	25,760,840

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

- 23.1.1** The Company is contesting various suits filed against it during the period from the year 2008 to 2016. These include counter suits for damages as well as recovery suits including rendition of accounts of aggregate amount of Rs. 165.799 million. These suits are proceeding either in banking courts or in High Courts. The legal advisors of the Company defending the cases hold the view that the Company is not likely to suffer any loss on account of aforementioned cases.
- 23.1.2** 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. The matter is at the stage of recording evidence of the parties. The Company has not made any provision as in its opinion the Company has a good case on merit.
- 23.1.3** 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 financial years 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 April 30, 2012 constituted that the duty so charged is legally and constitutionally valid under the Federal Excise 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.

A reference application was filed by CIR Zone-I against the Company in High Court in 2014 which is pending for adjudication. In the opinion of legal counsel of the Company, there is no likelihood of any outcome adverse to Company's interest. The Company, hence, has not recognized any provision against the above notice.

- 23.1.4** In the year 2016, M/s. First Women Bank Limited (FWBL) filed, before the Honourable High Court of Sindh, a recovery suit against the Company wherein besides the outstanding principal of Rs. 75.062 million and accrued markup of Rs. 24.054 million, a demand has been raised in respect of cost of funds. However, since the case is yet pending for adjudication before the Honourable High Court of Sindh and because no reasonable estimation can be made of the cost of funds so claimed by FWBL, no provision thereof has been recognized in these financial statements.

23.2 Commitments

As of the reporting date, no commitments were known to exist (2015: None).

24. INCOME FROM FINANCE LEASES	Note	2016	2015
----- (Rupees) -----			
Income on finance lease contracts		6,607,543	15,242,342
Document fee, front-end fee and other charges		4,338,161	952,724
		<u>10,945,704</u>	<u>16,195,066</u>
25. OTHER INCOME			
Income from financial assets			
<i>Available-for-sale</i>			
Dividend income		9,454	4,902
<i>Held-to-maturity</i>			
Income on amortisation of Government Market Treasury Bills		1,071,625	1,665,914
<i>Loans and receivables</i>			
Interest income on term loans		-	33,994
Return on certificates of deposit		1,213,697	1,736,225
Interest income from saving accounts		391,595	1,058,267
		1,605,292	2,828,486
Income from non-financial assets / others			
Gain on sale of property, plant and equipment		-	3,726,340
Gain on sale of investment properties		-	-
Gain on settlement of loan	25.1	35,439,989	31,875,934
Others		154,728	2,032,194
		<u>35,594,717</u>	<u>37,634,468</u>
		<u>38,281,088</u>	<u>42,133,770</u>

- 25.1** This includes principal and markup waiver of Pak Brunei amounting to Rs. 28.4 million and Rs. 6.9 million of Bank of Khyber respectively

26. FINANCE COSTS	Note	2016	2015
----- (Rupees) -----			
<i>Mark-up on:</i>			(Restated)
- Long term finances		1,924,575	1,125,901
- Term finance certificates		15,434,624	17,563,996
- Short term borrowings		13,793,939	13,616,991
Return on certificates of investment		7,823,497	9,582,036
Bank charges		59,627	59,702
		<u>39,036,262</u>	<u>41,948,626</u>

Note 2016 2015

		----- (Rupees) -----	
27.	ADMINISTRATIVE AND OPERATING EXPENSES		
	Salaries, allowances and benefits	27.1	26,619,905
	Charge for defined benefit plan	32.1.3	21,079,177
	Rent		(58,642)
	Repairs and maintenance		865,020
	Utilities		1,131,955
	Depreciation on owned assets	12	1,373,264
	Depreciation on investment properties	11	1,464,307
	Insurance		963,089
	Vehicle running expenses		11,359,950
	Printing and stationery		19,304,750
	Telephone and postage		3,308,004
	Travelling and conveyance		137,463
	Fee and subscriptions		154,618
	Legal and professional charges		335,348
	Advertising and entertainment		2,297,980
	Auditors' remuneration	27.2	1,045,131
	Brokerage and commission		548,758
	Sindh sales tax on services	15.1	734,573
	Impairment of plant and machinery		629,777
	Miscellaneous		889,260
			1,248,710
			1,566,705
			2,944,776
			3,508,564
			406,482
			240,775
			605,000
			605,000
			3,000
			677,104
			6,629,830
			-
			6,700,000
			-
			1,560,607
			1,377,140
			<u>67,863,891</u>
			<u>59,867,562</u>
27.1	Salaries, allowances and benefits include Rs. 0.62 million (2015: Rs. 1.650 million) in respect of staff retirement benefits.		
27.2	Auditors' remuneration	<i>Note</i>	2016
			2015
			----- (Rupees) -----
	Annual audit fee		350,000
	Fee for review of half yearly financial statements		350,000
	Other certifications		100,000
	Out of pocket expenses		50,000
			105,000
			105,000
			<u>605,000</u>
			<u>605,000</u>
28.	DIRECT COST OF OPERATING LEASES		
	Insurance and other expenses		17,500
	Depreciation on operating lease assets	12	71,763
			3,535,879
			4,809,894
			<u>3,553,379</u>
			<u>4,881,657</u>
29.	PROVISION FOR DOUBTFUL LEASES, LOANS AND OTHER RECEIVABLES		
	Provision / (reversals) / write-offs for potential lease losses - net	10.3	19,780,425
	Provision for potential losses on short term loans - net	5.2	121,373,823
	(Reversal) / provision for potential losses on long term loans - net	9.3	35,858,459
	Provision / (reversal) for doubtful receivables - net	7.1	-
			(2,265,150)
			11,373,095
			3,196,114
			(650,080)
			<u>56,569,848</u>
			<u>132,096,838</u>

(Restated)

	<i>Note</i>	2016	2015
		----- (Rupees) -----	
30. TAXATION			
Current		414,052	12,562,202
Deferred	18	378,836	513,162
		<u>792,888</u>	<u>13,075,364</u>

30.1 The numerical reconciliation between the tax expense and accounting profit has not been presented for the current year and comparative year in these financial statements as the total income of the Company for the current year and comparative year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001.

30.2 Current status of tax assessments

The tax assessments of the Company relating to assessment years before tax year 2003 have been completed and no appeal is being pending in appellate forums. The income tax return for tax years 2003-2016 have been filed which are deemed assessed under section 120 of the Ordinance except for the tax year 2007, which has been selected for audit under the provision of section 177 of the Ordinance and tax years 2014-2016, which have been selected for audit under provision of section 214(c) of the Ordinance. The Company has submitted in this respect all the requisite documents / information with the tax authority. However, audit proceedings are under process and no further notice has yet been issued by the tax authority intending to amend tax return for the tax year filed by the Company with the tax authority.

	2016	2015
	----- (Rupees) -----	
31. LOSS PER SHARE - BASIC AND DILUTED		
Loss after taxation attributable to ordinary shareholders	<u>(118,853,527)</u>	<u>(194,715,170)</u>
Weighted average number of ordinary shares - Basic	<u>45,160,500</u>	<u>45,160,500</u>
Loss per share - Basic	<u>(2.63)</u>	<u>(4.31)</u>

31.1 At June 30 2016, the Company has 52.82 million (2015: 52.82 million) convertible preference shares which are not considered for the calculation of diluted earning per share as the effect would have been anti dilutive.

32. STAFF RETIREMENT BENEFIT SCHEMES

32.1 Defined benefit scheme

The latest actuarial valuation of the gratuity fund was carried out by TRT Associates as at June 30, 2015 on the basis of the 'Projected Unit Credit Method'. The estimation is based on the following significant assumptions:

32.1.1 Principal actuarial assumptions

Following principal actuarial assumptions were used for the valuation:

	2016	2015

Discount rate	9%	9%
Expected rate of increase in salary level	8%	8%
Expected rate of return on plan assets	12%	12%
Mortality rate	SLIC (2001-05)	SLIC (2001-05)
Withdrawal rate before normal retirement age	moderate	moderate
Expected remaining working life time of employees	8 years	8 years
Number of employees	11	11
Normal retirement age	55 years	55 years

32.1.2 Net defined benefit (asset) / liability ----- (Rupees) -----

Present value of defined benefit obligation	1,120,360	3,140,996
Fair value of plan assets	<u>(3,873,743)</u>	<u>(6,420,728)</u>
	<u>(2,753,383)</u>	<u>(3,279,732)</u>
32.1.3 Movement in the net defined benefit (asset) / liability		
Balance at beginning of the year	(3,279,732)	(3,944,771)
Amount chargeable to profit and loss account	134,479	(58,642)
Amount chargeable to other comprehensive income	391,870	723,681
Balance at end of the year	<u>(2,753,383)</u>	<u>(3,279,732)</u>
32.1.4 Changes in present value of defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	3,140,996	3,858,103
Current service cost for the year	429,655	414,730
Interest cost for the year	282,690	351,263
Benefits paid / payable	(2,732,981)	(1,861,824)
Actuarial gain on present value of defined benefit obligation	-	378,724
Present value of defined benefit obligation at end of the year	<u>1,120,360</u>	<u>3,140,996</u>
32.1.5 Changes in fair value of plan assets		
Fair value of plan assets at beginning of the year	6,420,728	7,802,874
Expected return on plan assets	577,866	824,635
Return on plan assets excluding interest income	(391,870)	(344,957)
Benefits paid / payable	(2,732,981)	(1,861,824)
Fair value of plan assets at end of the year	<u>3,873,743</u>	<u>6,420,728</u>
32.1.6 Charge for defined benefit plan		
Current service cost	429,655	414,730
Interest cost	282,690	351,263
Expected return on plan assets	(577,866)	(824,635)
	<u>134,479</u>	<u>(58,642)</u>
32.1.7 Fair value of plan assets at end of the year		
Orix - Floater two years	1,000,000	1,000,000
Benefit payable	(657,453)	(657,453)
Cash at bank(s)	3,531,196	6,078,181
	<u>3,873,743</u>	<u>6,420,728</u>
32.1.8 Component of defined benefit costs (re-measurement) recognized in other comprehensive income		
Remeasurement due to changes in:		
- Demographic assumptions	-	-
- Experience adjustments	-	378,724
- Return on plan assets	391,870	344,957
Actuarial gains / (loss) at end of the year	<u>391,870</u>	<u>723,681</u>

32.1.9 Actual return on plan assets during the year was Rs. 0.186 million (2015: Rs. 0.480 million).

32.2 Defined contribution scheme

The Company operates an approved funded contributory provident fund for its employees. Details of net assets and investments of the fund as per its unaudited financial statements for the year ended June 30, 2016 are as follows:

	(Un-audited) June 30, 2016	(Un-audited) June 30, 2015
	----- (Rupees) -----	
Size of the fund	<u>2,325,914</u>	<u>3,889,644</u>
Cost of investment	<u>2,325,914</u>	<u>3,657,848</u>
Percentage of investments made	<u>100%</u>	<u>94%</u>
Fair value of investments made	<u>2,325,914</u>	<u>3,657,848</u>

Break up of investments of the provident fund

Break up of investments in provident fund in terms of amount and percentage of the size of the provident fund are as follows:

	June 30 2016	June 30, 2015
	----- (Rupees) -----	
Bank balances	<u>2,325,914</u>	<u>2,157,848</u>
Certificate of deposits	-	<u>1,500,000</u>
	<u>2,325,914</u>	<u>3,657,848</u>

The above investments out of the provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

33. NUMBER OF EMPLOYEES

	2016	2015
	----- (Number) -----	
As at end of the year	<u>34</u>	<u>30</u>
Average for the year	<u>32</u>	<u>29</u>

34. TRANSACTIONS WITH RELATED PARTIES

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

Transactions during the year

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

	2016					
	Major Shareholder	Associated company	Other group companies	Directors fee	Key management personnel	Other related parties
	----- (Rupees) -----					
Fee	-	-	-	360,000	-	-
Rent paid	559,020	-	-	-	-	-
Payments to provident fund	-	-	-	-	-	620,345
Remuneration to key management personnel	-	-	-	-	8,580,000	-
Return on COD	1,213,697	-	-	-	-	-

	2015					
	Major Shareholder	Associated company	Other group companies	Directors fee	Key management personnel	Other related parties
	----- (Rupees) -----					
Fee	-	-	-	435,000	-	-
Rent paid	559,020	-	-	-	-	-
Payments to provident fund	-	-	-	-	-	825,098
Mark-up accrued on provident fund contribution	-	-	-	-	-	412,549
Certificate of deposit (COD)	50,000,000	-	-	-	-	-
Remuneration to key management personnel	-	-	-	-	7,915,000	-
Return on COD	1,736,225	-	-	-	-	-

Balances outstanding as of the end of the reporting period

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

	2016					
	Major Shareholder	Associated company	Other group companies	Directors fee	Key management personnel	Other related parties
	----- (Rupees) -----					
Preference dividend payable	5,774,153	-	-	-	-	-

	2015					
	Major Shareholder	Associated company	Other group companies	Directors fee	Key management personnel	Other related parties
	----- (Rupees) -----					
Mark-up accrued on COD	166,858	-	-	-	-	-
Preference dividend payable	5,774,153	-	-	-	-	-

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in financial statements for remuneration including all benefits to the Chief Executive, Directors and Executives is as follows:

	Chief Executive		Directors		Executives		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	----- (Rupees) -----							
Fee	-	-	360,000	435,000	-	-	360,000	435,000
Managerial remuneration	4,800,000	4,800,000	-	-	2,688,000	1,861,000	7,488,000	6,661,000
Housing, utilities etc.	-	-	-	-	612,000	374,000	612,000	374,000
Retirement benefits	480,000	480,000	-	-	-	-	480,000	480,000
Leave encashment	-	400,000	-	-	-	-	-	400,000
	5,280,000	5,680,000	360,000	435,000	3,300,000	2,235,000	8,940,000	8,350,000
Number of persons	1	1	6	5	2	2	9	8

35.1 The Chief Executive is provided with free use of a Company maintained car.

36. CASH USED IN OPERATING ACTIVITIES

	2016	(Restated) 2015
	----- (Rupees) -----	
Loss before taxation	(118,060,639)	(181,639,806)
Adjustments for:		
Depreciation - owned assets	11,359,950	19,304,750
Depreciation - investment properties	3,308,004	3,308,005
Depreciation - assets under operating lease	3,535,879	4,809,894
Income on finance lease contracts	(6,607,543)	(15,242,342)
Finance cost	39,036,262	41,948,626
Provision for doubtful leases, loans and other receivables	56,569,848	132,096,838
Dividend income	(9,454)	(4,902)
Interest income on treasury bills	(1,071,625)	(1,665,914)
Impairment on investment properties	-	(721,113)
Gratuity charge for the year	134,479	(58,642)
Impairment of plant and machinery	6,700,000	-
Amount written off directly against loans, lease receivables and investments	2,544,051	4,451,072
Gain on settlement of loans	(35,439,989)	(31,875,934)
Gain on sale of property, plant and equipment	-	(3,726,340)
	80,059,862	152,623,998
	(38,000,777)	(29,015,808)
Movement in working capital		
<i>(Increase) / decrease in operating assets</i>		
Short term loans	3,250,000	2,140,000
Accrued mark-up	166,858	(166,858)
Trade deposits and short term prepayments	(293,961)	(1,500)
Other receivables	(425,198)	497,164
	2,697,699	2,468,806
<i>Increase / (decrease) in operating liabilities</i>		
Accrued and other payables	7,004,233	(14,541,982)
	9,701,932	(12,073,176)
Cash used in operating activities	(28,298,845)	(41,088,984)

37. SEGMENT INFORMATION

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

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

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

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

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

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

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

	2016					Total
	Finance lease	Operating lease	Term loans	Investments	Others	
----- (Rupees) -----						
Segment revenue						
Lease income	10,945,704	2,280,000	-	-	-	13,225,704
Interest income	-	-	-	1,213,697	391,595	1,605,292
Other income	-	-	-	1,081,079	35,594,717	36,675,796
Direct cost of operating leases	-	(3,553,379)	-	-	-	(3,553,379)
(Provisions) / reversals against assets	(19,780,425)	-	(33,593,309)	-	(3,196,114)	(56,569,848)
Write-offs	(2,544,051)	-	-	-	-	(2,544,051)
Segment results	(11,378,772)	(1,273,379)	(33,593,309)	2,294,776	32,790,198	(11,160,486)
Unallocated cost						
Financial charges						(39,036,262)
Administrative / operating expenses						(67,863,891)
Loss before taxation						(106,900,153)
						(118,060,639)
Taxation						(792,888)
Loss after taxation						(118,853,527)
Other information						
Segment assets	513,128,692	2,616,645	129,905,703	33,744,768	-	679,395,808
Unallocated assets	-	-	-	-	96,717,442	96,717,442
Total assets						776,113,250
Segment liabilities	168,765,197	-	-	-	-	168,765,197
Unallocated liabilities	-	-	-	-	1,168,691,419	1,168,691,419
Total liabilities						1,337,456,616
Net assets						(561,343,366)

	2015					
	Finance lease	Operating lease	Term loans	Investments	Others	Total
	(Rupees)					
Segment revenue						
Lease income	16,195,066	2,556,000	-	-	-	18,751,066
Interest income	-	-	33,994	1,736,225	1,058,267	2,828,486
Other income	-	-	-	1,670,816	37,634,468	39,305,284
Direct cost of operating leases	-	(4,881,657)	-	-	-	(4,881,657)
(Provisions) / reversals against assets	(121,373,823)	-	(11,373,095)	-	650,080	(132,096,838)
Segment results	(105,178,757)	(2,325,657)	(11,339,101)	3,407,041	39,342,815	(76,093,659)
Unallocated cost						
Financial charges						(41,948,626)
Impairment on investment properties						721,113
Administrative / operating expenses						(59,867,562)
Write-offs						(4,451,072)
						(105,546,147)
Loss before taxation						(181,639,806)
Taxation						(13,075,364)
Loss after taxation						(194,715,170)
Other information						
Segment assets	640,882,814	12,852,524	167,350,822	88,406,706	-	909,492,866
Unallocated assets	-	-	-	-	104,175,800	104,175,800
Total assets						1,013,668,666
Segment liabilities	1,004,541,880	20,145,490	262,311,464	138,571,727	-	1,425,570,562
Unallocated liabilities	-	-	-	-	30,560,505	30,560,505
Total liabilities						1,456,131,067
Net assets						(442,462,401)

37.1 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

38. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks and Company's objectives, policies and processes for measuring and managing it.

Risk management framework

The Board of Directors have the overall responsibility for establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed from time to time to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

38.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company and arises principally from the Company's lease and loan portfolio and receivables and deposits with banks.

Management of credit risk

The Company is managing its credit risk by improving and enhancing its credit risk policies and procedures to have a better control and monitoring on its credit exposures. Therefore, the management on the basis of past events, is continuously working to formulate and strengthen its policies to effectively control and monitor its credit risk. The management is also in the process of negotiation and settlement of loans against its non-performing exposures.

Exposure to credit risk

The Company's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the financial assets in the balance sheet. The Company's exposure to credit risk is inherent in lease and loan receivables and deposits with banks.

The maximum exposure to credit risk at the reporting date is:

	2016	2015
	----- (Rupees) -----	
Financial assets		
Long term loans	39,783,068	38,119,728
Net investment in finance leases - net of security deposits held	178,788,945	224,651,495
Bank balances	13,500,006	3,335,081
Short term loans	90,122,635	129,231,094
Short term investments	-	50,000,000
Accrued mark-up	-	166,858
Trade deposits	898,267	886,886
Other receivables	586,055	3,356,971
	<u>323,678,976</u>	<u>449,748,113</u>
Financial assets		
Secured	308,694,648	392,002,317
Unsecured	14,984,328	57,745,796
	<u>323,678,976</u>	<u>449,748,113</u>

38.1.1 The aging of net investment in finance leases (net of security deposits), long term loans and short term loans (on gross basis) at the reporting date was:

	2016					
	Net investment in finance leases (Net of security deposits)		Long term loans		Short term loans	
	Principal	Provision	Gross	Provision	Gross	Provision
	----- (Rupees) -----					
Past due and impaired:						
- 180 to 365 days	-	-	-	-	-	-
- 366 to 730 days	-	-	-	-	-	-
- more than 731 days	1,069,189,955	890,401,010	106,627,404	66,844,336	202,156,794	112,034,159
Neither past due nor individually impaired						
	-	-	-	-	-	-
Total	<u>1,069,189,955</u>	<u>890,401,010</u>	<u>106,627,404</u>	<u>66,844,336</u>	<u>202,156,794</u>	<u>112,034,159</u>

2015

	Net investment in finance leases (Net of security deposits)		Long term loans		Short term loans	
	Principal	Provision	Gross	Provision	Gross	Provision
	----- (Rupees) -----					
Past due and impaired:						
- 180 to 365 days	-	-	-	-	-	-
- 366 to 730 days	-	-	-	-	-	-
- more than 731 days	1,107,812,713	(883,161,218)	107,229,214	69,109,486	205,406,794	76,175,700
Neither past due nor individually impaired	-	-	-	-	-	-
Total	<u>1,107,812,713</u>	<u>(883,161,218)</u>	<u>107,229,214</u>	<u>69,109,486</u>	<u>205,406,794</u>	<u>76,175,700</u>

The benefit of FSV of collaterals has been considered in calculating the provision against non-performing exposures.

38.1.2 The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating as of June 30, 2016		Rating Agency	2016	2015
	Short term	Long term		----- (Rupees) -----	
Faysal Bank Limited	A1+	AA	PACRA	4,006,042	2,248,604
Silk Bank Limited	A-2	A-	JCR-VIS	9,886	9,144
Samba Bank Limited	A-1	AA	JCR-VIS	10,341	5,124
MCB Bank Limited	A1+	AAA	PACRA	9,468,236	1,066,709
National Bank of Pakistan	A-1+	AAA	JCR-VIS	5,500	5,500
				<u>13,500,005</u>	<u>3,335,081</u>

38.1.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company manages credit risk and its concentration exposure through diversification of activities to avoid undue concentration of risks.

Sector wise analysis of lease and loan receivables is given below:

Sector	Lease and loan receivables			
	Percentage		Gross amount in Rupees	
	2016	2015	2016	2015
Sugar and allied	0.91	0.88	12,520,098	12,520,098
Cement	-	0.65	-	9,243,051
Energy, oils and gas	5.39	5.21	74,137,062	74,137,062
Steel and engineering & auto mobiles	6.42	6.23	88,364,316	88,577,860
Electric and electric goods	0.31	0.46	4,211,512	6,530,859
Transport and communications	11.09	10.73	152,555,370	152,555,370
Chemicals / fertilizers / pharmaceuticals	1.27	1.23	17,494,480	17,494,480
Textile	21.82	21.71	300,203,635	308,646,419
Paper and boards	3.80	3.68	52,327,172	52,327,172
Construction	7.68	7.43	105,677,968	105,677,968
Food, tobacco and beverages	5.00	5.63	68,755,578	80,111,650
Glass and ceramics	1.43	1.72	19,708,670	24,409,993
Hotels	1.22	1.35	16,825,057	19,237,003
Health care	0.80	0.77	10,985,869	10,985,869
Dairy and poultry	2.37	2.29	32,581,937	32,581,937
Services	8.57	8.36	117,859,240	118,909,240
Miscellaneous	17.05	16.92	234,522,202	240,594,850
Consumer	4.89	4.73	67,166,488	67,203,909
	<u>100.00</u>	<u>100.00</u>	<u>1,375,896,654</u>	<u>1,421,744,790</u>

38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's

The table below summarises the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date.

		2016						
	Weighted average effective rate of interest %	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
		(Rupees)						
Financial liabilities								
Borrowings from financial institutions	8.67%	177,693,232	177,693,232	177,693,232	-	-	-	-
Certificates of investment	7% - 11.00%	97,049,000	97,049,000	97,049,000	-	-	-	-
Accrued mark-up		299,505,913	299,505,913	299,505,913	-	-	-	-
Accrued and other payables		11,554,690	11,554,690	11,554,690	-	-	-	-
Long term finances	6.61%-10.21%	392,032,443	392,032,443	392,032,443	-	-	-	-
		<u>977,835,278</u>	<u>977,835,278</u>	<u>977,835,278</u>	-	-	-	-
		2015						
	Weighted average effective rate of interest %	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
		(Rupees)						
Financial liabilities								
Borrowings from financial institutions	8.67%	177,693,232	177,693,232	177,693,232	-	-	-	-
Certificates of investment	7% - 14%	122,744,301	122,744,301	122,744,301	-	-	-	-
Accrued mark-up		275,903,797	275,903,797	275,903,797	-	-	-	-
Accrued and other payables		11,180,287	11,180,287	11,180,287	-	-	-	-
Long term finances	8.01%-12%	432,997,913	432,997,913	432,997,913	-	-	-	-
		<u>1,020,519,530</u>	<u>1,020,519,530</u>	<u>1,020,519,530</u>	-	-	-	-

38.2.1 Breach of loan agreements

Due to liquidity crunch, as of June 30, 2016, the Company had been in default in making repayments in respect of certain short term and long term financing arrangements. As of the reporting date, the total outstanding principal and accrued markup in default amounted to Rs. 666.775 million (2015: Rs. 733.435 million) and Rs. 299.505 million (2015: Rs. 275.904 million), respectively.

38.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk.

38.3.1 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flows. The Company's exposure to fair value interest rate risk is limited as it does not hold significant fixed interest based financial instruments.

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments is as follows:

	Carrying amount	
	June 30, 2016	June 30, 2015
(Rupees)		
Fixed rate instruments		
Financial assets	14,720,920	69,368,454
Financial liabilities	(312,373,009)	(338,068,310)
	<u>(297,652,089)</u>	<u>(268,699,856)</u>
Variable rate instruments		
Financial assets	1,391,468,659	1,423,778,302
Financial liabilities	(235,767,246)	(260,832,716)
	<u>1,155,701,413</u>	<u>1,162,945,586</u>

The information about Company's exposures to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

As at June 30, 2016

	Effective rate of mark-up / return %	Exposed to interest rate risk					Not exposed to interest rate risk
		Carrying amount	Upto 6 months	Over 6 months to 1 year	1 year to 5 years	over 5 years	
----- (Rupees) -----							
Financial assets							
Cash and bank balances	4% -5%	13,582,736	13,494,506	-	-	-	88,230
Short term loans	16.25%-25%	90,122,635	90,122,635	-	-	-	-
Short term investments	5.80%	33,744,768	-	-	-	-	33,744,768
Trade deposits		1,180,847	-	-	-	-	1,180,847
Other receivables		586,055	-	-	-	-	586,055
Long term loans	16% - 22.66%	39,783,068	39,783,068	-	-	-	-
Net investment in finance leases net of security deposit	12.50% - 20.01%	178,788,945	178,788,945	-	-	-	-
		357,789,054	322,189,154	-	-	-	35,599,900

As at June 30, 2015

	Effective rate of mark-up / return %	Exposed to interest rate risk					Not exposed to interest rate risk
		Carrying amount	Upto 6 months	Over 6 months to 1 year	1 year to 5 years	over 5 years	
----- (Rupees) -----							
Financial assets							
Cash and bank balances	5% - 7%	3,422,931	3,329,581	-	-	-	93,350
Short term loans	16.25%-25%	129,231,094	129,231,094	-	-	-	-
Short term investments	6.70%	88,406,706	-	-	-	-	88,406,706
Accrued mark-up		166,858	-	-	-	-	166,858
Trade deposits		886,886	-	-	-	-	886,886
Other receivables		3,356,971	-	-	-	-	3,356,971
Long term loans	16% - 22.66%	38,119,728	38,119,728	-	-	-	-
Net investment in finance leases net of security deposit	12.50% - 20.01%	224,651,495	215,899,211	-	8,752,284	-	-
		488,242,669	386,579,614	-	8,752,284	-	92,910,771

Fair Value sensitivity for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The Company holds profit earning savings accounts with various banks exposing the Company to cash flow interest rate risk (as detailed in note 4).

For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit and equity for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit or loss before tax 100 bp	
	Increase	(Decrease)
----- (Rupees) -----		
As at June 30, 2016		
Cash flow sensitivity - Variable rate instruments	11,557,014	(11,557,014)
As at June 30, 2015		
Cash flow sensitivity - Variable rate instruments	11,629,456	(11,629,456)

38.3.2 Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not exposed to foreign exchange risk as there are no financial instruments in foreign currency.

38.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments.

Price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to valuation gains and losses for investment portfolio of the Company. The analysis is prepared on the amount of investments at the balance sheet date. 10% increase or decrease in equity instrument prices are used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in equity instruments rates.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in equity
	----- (Rupees) -----			
<u>2016</u>	108,910	10% increase	119,801	10,891
	108,910	10% decrease	98,019	(10,891)
<u>2015</u>	123,314	10% increase	135,645	12,331
	123,314	10% decrease	110,983	(12,331)

38.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities. The management of the Company, in view of the historical events is evaluating and enhancing controls such that operational risk is better managed.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- contingency plan;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

38.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or settle a liability in an orderly transaction between market participants at the measurement date. The management is of the fair values of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Office premises and generators	-	41,413,002	-	41,413,002
Investment in ordinary shares	108,910	-	18,914,938	19,023,848

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

38.6 Financial instrument by categories	2016 ----- (Rupees) -----	2015
Financial assets		
<i>Loans and receivables</i>		
Cash and bank balances	13,582,736	3,422,931
Short term loans	90,122,635	129,231,094
Accrued mark-up	-	166,858
Trade deposits	886,886	886,886
Other receivables	586,055	3,356,971
Long term loans	39,783,068	38,119,728
Net investment in finance leases	513,128,692	640,882,814
<i>Available-for-sale</i>		
Short term investments	19,023,848	19,038,252
<i>Held-to-maturity</i>		
Short term investments	14,720,920	69,368,454
Financial liabilities		
<i>At amortised cost</i>		
Long term finances	392,032,443	432,997,913
Security deposits against finance leases	334,339,747	416,231,319
Certificates of investment	97,049,000	122,744,301
Borrowings from financial institutions	177,693,232	177,693,232
Accrued mark-up	299,505,913	275,903,797
Accrued expenses and other payables	11,554,690	11,180,287

39. CORRECTION OF PRIOR PERIOD ERRORS

Deferred taxation

As on June 30, 2015, the Company had recognized a deferred tax liability in respect of investment in finance leases amounting to Rs. 55.021 million. This liability had not been updated since June 30, 2011. Further, while determining the underlying temporary difference, the effect of security deposits already received from the lessees and offered to income tax in prior years was, inadvertently, overlooked. This, in turn, resulted in a deferred tax liability of Rs. 55.021 million which, in fact, should not have been recognized in the previous years' financial statements.

Further, the International Accounting Standard (IAS) 12 *Income Taxes* requires that, in the event that the reporting entity has a history of recent losses, the entity recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. However, contrary to this, the Company had not recognized any portion of its available deferred tax assets in all the previous financial years.

Both these errors have been duly rectified in these financial statements.

Accrued markup on long term finances

As stated in Note 20.1.3 to these financial statements, the Company has an outstanding financial liability in respect of long term finance obtained from M/s. First Women Bank Limited (FWBL) in December 2008. Due to liquidity crises being faced by the Company, the said obligation had, subsequently, been restructured. As per the terms of the rescheduling agreement, the finance carried markup at the rate of 12% per annum. According to a recent confirmation received from FWBL, the accrued markup as on June 30, 2014 amounted to Rs. 24.054 million (which represents the amount of markup accrued up to December 31, 2012, on which basis a recovery suit was subsequently filed before the Honourable High Court of Sindh in 2016).

However, contrary to the aforementioned position, the Company's books of account reflected an accrued markup of Rs. 33 million as on June 30, 2014. In addition, during the year ended June 30, 2015, the Company accrued an incremental markup of Rs. 9.186 million.

The above error has been duly rectified in these financial statements whereby the excess accrued markup liability has been reversed and its corresponding effects have been recognized in the accumulated loss as on July 01, 2015 and the finance costs for the year ended June 30, 2015.

Furthermore, a contingent liability for the cost of funds prayed for in the aforementioned legal suit has also been disclosed in these financial statements (refer note 24.1.5 to these financial statements).

Remeasurements of defined benefit plan

In accordance with the International Accounting Standard (IAS) 1 *Presentation of Financial Statements*, remeasurements of defined benefit plan are recognized in other comprehensive income and accumulated as a separate component of equity. Though such remeasurements were duly presented as an item of other comprehensive income in prior years, these had, inadvertently, been accumulated in accumulated loss account instead of being accumulated in a separate component of equity. This error has been duly rectified in these financial statements.

The correction of the above errors has been accounted for retrospectively in accordance with the requirements of International Accounting Standard (IAS) 8 *'Accounting Policies, Changes in Accounting Estimates and Errors'* and corresponding figures have been restated. Due to these restatements, the balance sheet as at the beginning of the earliest period presented (i.e. as of July 01, 2014) has also been included.

The retrospective correction of errors has the effects on these financial statements as follows:

	Accumulated loss	Accumulated actuarial gain / loss on defined benefit plan- net of tax	Surplus on revaluation of property, plant and equipment - net of tax Rupees	Deferred tax liability - net	Accrued markup
<u>Effects on the statement of financial position</u>					
Balance as at July 01, 2014 (as previously reported)	(1,528,863,428)	-	33,355,558	81,246,244	246,836,646
<i>Effects of restatements as on July 01, 2014</i>					
Decrease in deferred tax liability recognized as of July 01, 2014	80,219,920	-	1,026,324	(81,246,244)	-
Decrease in accrued markup recognized as of July 01, 2014	8,945,838	-	-	-	(8,945,838)
Accumulated actuarial gain on defined benefit plan presently separately	(94,693)	94,693	-	-	-
	89,071,065	94,693	1,026,324	(81,246,244)	(8,945,838)
Balance as at July 01, 2014 (as restated)	(1,439,792,363)	94,693	34,381,882	-	237,890,808
<i>Effects of restatements for the year ended June 30, 2015</i>					
Decrease in deferred tax income for the year ended June 30, 2015	(10,973,904)	-	-	-	-
Decrease in markup accrued on long term finance for the year ended June 30, 2015	9,186,439	-	-	-	(9,186,439)
	(1,787,465)	-	-	-	(9,186,439)
	(1,441,579,828)	94,693	34,381,882	-	228,704,369
<i>Other reconciling items not related to restatement</i>					
<i>As previously reported</i>					
Loss after taxation for the year ended 30 June 2015	(192,927,703)	-	-	-	-
Transfer of incremental depreciation from surplus on revaluation of fixed assets - net of deferred taxation	9,134,207	-	(9,134,207)	-	-
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	-	-	513,162	-	-
Actuarial loss for the year ended June 30, 2015 - gross	-	(723,681)	-	-	-
Net increase in accrued markup during the year ended June 30, 2015	-	-	-	-	47,199,428
	(183,793,496)	(723,681)	(8,621,045)	-	47,199,428
Balance as at June 30, 2015 (restated)	(1,625,373,324)	(628,988)	25,760,837	-	275,903,797

Effects on comprehensive income for the year ended June 30, 2015

	<u>Rupees</u>
<i>Effects on profit or loss account</i>	
Reversal of deferred tax income	10,460,742
Recognition of deferred tax charge	513,162
Decrease in finance costs	<u>(9,186,439)</u>
Increase in loss after taxation	<u>1,787,465</u>
Decrease in loss per share - basic and diluted	<u>0.04</u>
<i>Effect on other comprehensive income</i>	
Recognition of decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	513,162
Derecognition of deferred tax income on actuarial loss for the year ended June 30, 2015	<u>(380,651)</u>
Net increase in other comprehensive income	<u>132,511</u>
Net decrease in total comprehensive income	<u>1,654,954</u>

40. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and better presentation. A major reclassification made in the financial statements is as follows:

Reclassified from component	Reclassified to component	Rupees
Others	Staff gratuity- net defined benefit asset	
(Other receivables)	(Other receivables)	<u>3,279,732</u>

41. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on _____.

Chief Executive Officer

Director

Effects on comprehensive income for the year ended June 30, 2015

<i>Effects on profit or loss account</i>	<u>Rupees</u>
Reversal of deferred tax income	
Recognition of deferred tax charge	10,460,742
Decrease in finance costs	513,162
Increase in loss after taxation	<u>(9,186,439)</u>
	<u>1,787,465</u>
 Decrease in loss per share - basic and diluted	 <u>0.04</u>
 <i>Effect on other comprehensive income</i>	
Recognition of decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	513,162
Derecognition of deferred tax income on actuarial loss for the year ended June 30, 2015	
Net increase in other comprehensive income	<u>(380,651)</u>
	<u>132,511</u>
Net decrease in total comprehensive income	<u>1,654,954</u>

40. **CORRESPONDING FIGURES**

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and better presentation. A major reclassification made in the financial statements is as follows:

Reclassified from component	Reclassified to component	Rupees
Others	Staff gratuity- net defined benefit asset	
(Other receivables)	(Other receivables)	
		<u>3,279,732</u>

41. **DATE OF AUTHORISATION OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on _____.


Chief Executive Officer




Director

