

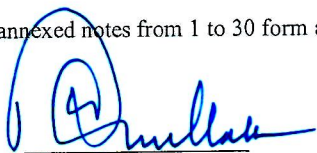
**Saudi Pak Leasing Company Limited**  
**Condensed Interim Balance Sheet (Un-Audited)**  
**As at 31 December 2017**

	Note	31 December 2017	(Audited) 30 June 2017 (Restated)
————— (Rupees) —————			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	7	15,373,412	8,386,192
Short term loans	8	88,222,635	88,322,635
Short term investments	9	29,386,954	29,557,182
Trade deposits and short term prepayments		1,569,414	911,493
Other receivables	10	7,294,140	7,340,383
Current maturity of non-current assets	11	522,473,288	524,211,983
<b>Total current assets</b>		<b>664,319,843</b>	<b>658,729,868</b>
<b>Non-current assets</b>			
Long-term loans	12	-	-
Net investment in finance leases	13	-	-
Investment properties	14	33,691,887	35,345,889
Property, plant and equipment	15	26,790,273	32,119,471
<b>Total non-current assets</b>		<b>60,482,160</b>	<b>67,465,360</b>
<b>Total assets</b>		<b>724,802,003</b>	<b>726,195,228</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings from financial institutions	16	174,930,728	174,930,728
Certificates of investment		43,000,000	43,000,000
Accrued mark-up	17	348,005,164	330,062,479
Provision for taxation - net		12,275,085	12,538,810
Accrued expenses and other payables		18,952,621	18,135,941
Current maturity of non-current liabilities	18	770,330,572	770,330,572
Provident fund payable	29	79,998	79,998
Unclaimed dividend	29	1,661,291	1,661,291
Preference dividend payable		5,774,153	5,774,153
<b>Total current liabilities</b>		<b>1,375,009,612</b>	<b>1,356,513,972</b>
<b>Non-current liabilities</b>			
Long term finances	19	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,375,009,612</b>	<b>1,356,513,972</b>
<b>NET ASSETS</b>		<b>(650,207,609)</b>	<b>(630,318,744)</b>
<b>FINANCED BY</b>			
<i>Authorized share capital</i>			
100,000,000 (June 30, 2017: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2017: 100,000,000) preference shares of Rs. 10/-each		1,000,000,000	1,000,000,000
		<b>2,000,000,000</b>	<b>2,000,000,000</b>
Issued, subscribed and paid-up share capital - ordinary shares		451,605,000	451,605,000
Issued, subscribed and paid-up share capital - preference shares		528,208,500	528,208,500
Capital reserves		177,928,194	177,928,194
Accumulated loss		(1,821,313,601)	(1,803,925,212)
Surplus on revaluation of property, plant and equipment - net of tax		14,352,963	16,846,212
Unrealised gain on re-measurement of available for sale investments		11,001	18,228
Accumulated actuarial loss on defined benefit plan- net of tax		(999,666)	(999,666)
		<b>(650,207,609)</b>	<b>(630,318,744)</b>


**CONTINGENCIES AND COMMITMENTS**

20

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer


**Saudi Pak Leasing Company Limited**  
**Condensed Interim Profit or Loss (Un-Audited)**  
**For the period ended 31 December 2017**

	Note	Six months period ended 31 December		Three months period ended 31 December	
		2017	2016	2017	2016
(Rupees)					
<b>Revenue from:</b>					
Finance leases	21	6,769,895	526,437	6,122,053	62,352
Operating leases		693,333	1,700,000	93,333	750,000
		7,463,228	2,226,437	6,215,386	812,352
Other operating income	22	567,933	4,267,708	265,191	3,927,559
<b>Total income</b>		<b>8,031,161</b>	<b>6,494,145</b>	<b>6,480,577</b>	<b>4,739,911</b>
<b>Expenses</b>					
Finance cost	23	(17,954,406)	(18,057,983)	(8,977,152)	(8,996,407)
Administrative and operating expenses	24	(18,843,452)	(22,482,350)	(8,756,054)	(14,055,597)
Direct cost of operating leases		(543,959)	(1,002,443)	(91,980)	(451,984)
		(37,341,817)	(41,542,776)	(17,825,186)	(23,503,988)
<b>Operating loss before provisions</b>		<b>(29,310,656)</b>	<b>(35,048,631)</b>	<b>(11,344,609)</b>	<b>(18,764,077)</b>
Reversal / (provision) for doubtful finance leases		9,569,307	(17,002,619)	9,311,181	(15,329,051)
<b>Loss before taxation</b>		<b>(19,741,349)</b>	<b>(52,051,250)</b>	<b>(2,033,428)</b>	<b>(34,093,128)</b>
<b>Taxation</b>					
- Current		(140,289)	(141,660)	(140,289)	(141,660)
- Deferred		(240,660)	(158,836)	-	-
		(380,949)	(300,496)	(140,289)	(141,660)
<b>Loss after taxation</b>		<b>(20,122,298)</b>	<b>(52,351,746)</b>	<b>(2,173,717)</b>	<b>(34,234,788)</b>
<b>Loss per share - basic and diluted</b>	25	<b>(0.45)</b>	<b>(1.16)</b>	<b>(0.05)</b>	<b>(0.76)</b>

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Director

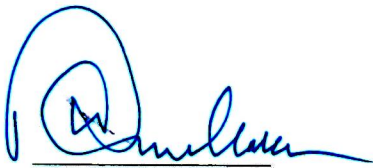
  
Chief Financial Officer



Saudi Pak Leasing Company Limited  
Condensed Interim Statement of Comprehensive Income (Un-Audited)  
For the period ended 31 December 2017

	Six months period ended 31 December		Three months period ended 31 December	
	2017	2016	2017	2016
	----- (Rupees) -----			
Loss after taxation	(20,122,298)	(52,351,746)	(2,173,717)	(34,234,788)
<i>Other comprehensive income</i>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Unrealised (loss) / profit on re-measurement of available for sale investments	(7,227)	8,811	(7,227)	8,425
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	240,660	158,836	-	-
<b>Total comprehensive loss for the period</b>	<b><u>(19,888,865)</u></b>	<b><u>(52,184,099)</u></b>	<b><u>(2,180,944)</u></b>	<b><u>(34,226,363)</u></b>

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.



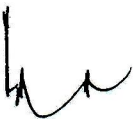
Chief Executive Officer



Director



Chief Financial Officer



Saudi Pak Leasing Company Limited  
Condensed Interim Statement of Changes in Equity (Un-Audited)  
For the period ended 31 December 2017

	Issued, subscribed and paid-up share capital		Reserves					Total
	Ordinary Shares	Non-redeemable Preference shares	Statutory reserves	Unrealised gain on re-measurement of available for sale investments	Accumulated loss on defined benefit plan- net of tax	Accumulated loss	Surplus on revaluation of property, plant and equipment - net	
	Rupees							
Balance as at 30 June 2016	451,605,000	528,208,500	177,928,194	22,975	(1,020,858)	(1,740,006,523)	21,919,346	(561,343,366)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-	2,695,403	(2,695,403)	-
<b>Total comprehensive loss for the six months ended 31 December 2016</b>	-	-	-	-	-	(52,351,746)	-	(52,351,746)
Loss after taxation	-	-	-	-	-	-	158,836	158,836
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	-	-	-	8,811	-	-	-	8,811
Unrealised gain on re-measurement of available-for-sale investments	-	-	-	8,811	-	(49,656,343)	(2,536,567)	(52,184,099)
<b>Balance as at 31 December 2016</b>	<b>451,605,000</b>	<b>528,208,500</b>	<b>177,928,194</b>	<b>31,786</b>	<b>(1,020,858)</b>	<b>(1,789,662,866)</b>	<b>19,382,779</b>	<b>(613,527,465)</b>
Balance as at 01 July 2017	451,605,000	528,208,500	177,928,194	18,228	(999,666)	(1,803,925,212)	16,846,212	(630,318,744)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-	2,733,909	(2,733,909)	-
<b>Total comprehensive loss for the six months ended 31 December 2017</b>	-	-	-	-	-	(20,122,298)	-	(20,122,298)
Loss after taxation	-	-	-	-	-	-	240,660	240,660
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	-	-	-	(7,227)	-	-	-	(7,227)
Unrealised loss on re-measurement of available-for-sale investments	-	-	-	(7,227)	-	(17,388,389)	(2,493,249)	(19,888,865)
<b>Balance as at 31 December 2017</b>	<b>451,605,000</b>	<b>528,208,500</b>	<b>177,928,194</b>	<b>11,001</b>	<b>(999,666)</b>	<b>(1,821,313,601)</b>	<b>14,352,963</b>	<b>(650,207,609)</b>

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**Saudi Pak Leasing Company Limited**  
**Condensed Interim Cash Flow Statement (Un-audited)**  
**For the period ended 31 December 2017**

	Six months period ended 31 December	
	2017	2016
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(19,741,349)	(52,051,250)
<i>Adjustments for:</i>		
Depreciation- owned assets and investment properties	6,476,393	6,684,187
Depreciation- assets under operating lease	543,959	1,002,443
Income from finance leases	(6,084,225)	(178,795)
Finance cost	17,954,406	18,057,983
Provision for doubtful finance leases	(9,569,307)	17,002,619
Dividend income	(1,980)	(3,960)
Interest income from government securities	(440,839)	(425,367)
Waiver on settlement of long term finances	-	(3,602,958)
	<u>8,878,407</u>	<u>38,536,152</u>
<b>Operating loss before working capital changes</b>	<b>(10,862,942)</b>	<b>(13,515,098)</b>
<b>Movement in working capital</b>		
<i>(Increase) / decrease in current assets</i>		
Trade deposits and short term prepayments	(657,921)	(25,512)
Other receivables	18,220	(275,401)
Short term loans	100,000	1,750,000
	<u>(539,701)</u>	<u>1,449,087</u>
<i>Increase / (decrease) in operating liabilities</i>		
Accrued expenses and other payables	816,680	379,355
<b>Cash used in operations</b>	<b>(10,585,963)</b>	<b>(11,686,656)</b>
Finance cost paid	(11,721)	(33,166)
Taxes paid	(404,014)	(315,649)
Finance lease rentals received	17,484,545	4,611,223
	<u>17,068,810</u>	<u>4,262,408</u>
<b>Net cash generated from / (used in) operating activities</b>	<b>6,482,847</b>	<b>(7,424,248)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(37,147)	(43,300)
Short term investment- net	603,840	388,471
Long term loans	(64,300)	73,050
Dividend received	1,980	3,960
<b>Net cash generated from investing activities</b>	<b>504,373</b>	<b>422,181</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	<b>6,987,220</b>	<b>(7,002,067)</b>
Cash and cash equivalents at the beginning of the period	8,386,192	13,582,736
<b>Cash and cash equivalents at the end of the period</b>	<b>15,373,412</b>	<b>6,580,669</b>

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

**Saudi Pak Leasing Company Limited**  
**Notes to the Condensed Interim Financial Information ( Un-Audited)**  
**For the period ended 31 December 2017**

**1. LEGAL STATUS AND OPERATIONS**

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

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

The Company also operates its offices at Flat No. CA-4, Alpha Cooperative Housing Society, Canal Road, Punjab University, New Campus Lahore and Room No-5, Business Centre, Low Rise Area, Saudi Pak Tower, 61-A, Jinnah Avenue, Blue Area, Islamabad.

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

Based on the direction received from SECP in the year 2018, the Company was required to meet its obligation for publishing its quarterly, half yearly, and annual financial statements for the year ended June 30, 2016, 2017 and 2018, that have been pending since issuance of the last audited financial statement as of June 30, 2015. Accordingly, these half yearly financials have been prepared after a delay of 14 months.

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

- During the half year ended December 31, 2017, the Company incurred a net loss amounting to Rs. 20.122 million (Period ended December 31, 2016: Rs. 52.352 million) and as of that date its accumulated loss amounted to Rs. 1.821 billion (June 30, 2017: Rs.1.804 billion), its equity was negative by Rs. 650.208 million (June 30, 2017: Rs. 630.319 million) and its current liabilities exceeded current assets by Rs. 710.708 million (June 30, 2017: Rs. 697.784 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
- 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
- The Company's license to carry out the leasing business expired on May 18, 2010 and the Company has not been able to obtain renewal thereof from the SECP as the legal requirements laid down in this respect could not be met by the Company.
- The credit rating of the Company has not been re-assessed since it was last downgraded as in June 2010 and, since then, the Company is not permitted to issue new certificates of investment.
- Previously, the Company had entered into various agreements with its lenders (including, financial institutions, TFC holders and holders of Certificates of Investment (COIs)) for restructuring of its borrowing facilities with the objective of matching the expected recoveries from customers with its obligations to pay the lenders. However, the Company has continuously defaulted in meeting its financial obligations. As of December 31, 2017, total outstanding principal and accrued markup on which defaults were made amounted to Rs. 664.012 million (June 30, 2017: 664.012 million) and Rs. 348.005 million (June 30, 2017: Rs. 330.062 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 condensed interim financial statements have been prepared using the going concern assumption primarily due to the reason that the Company managed to continue its operations in subsequent financial years and, as of the date of approval of these condensed interim 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 major shareholder has made arrangements for the reconstitution of the Board of Directors and entrusted them with the responsibility of speeding up the recovery process as well as negotiate settlement of liabilities.

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

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

**2. STATEMENT OF COMPLIANCE**

**2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standards - 34 (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case requirements differ, the provisions or directives issued under the Companies Act, 2017, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

As mentioned in note 1.1, the Company's license to carry out the business of leasing had expired on May 18, 2010, these condensed interim financial statements have been prepared in accordance with the format generally followed for financial institutions and the provisioning requirements have been determined in accordance with requirements of the NBFC

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

**2.3** The Company provides for impairment in the carrying value of its net investment in finance leases based on the requirements laid down in the NBFC Regulations, 2008.

- 2.4 The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2017 has been extracted from the audited financial statements of the Company for the year ended June 30, 2017, whereas the comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been extracted from the condensed interim financial statements for the period ended December 31, 2016. Further, the figures in these condensed interim financial statements for the three month period ended December 31, 2017 and December 31, 2016 have not been reviewed by the auditors.

### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2017 except for the change in accounting policy described in note 4.

### 4. CHANGE IN ACCOUNTING POLICY

During the period, the Company changed its accounting policy for the revaluation surplus on property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the revaluation surplus on property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property, plant and equipment. Consequently, this impacted the Company's accounting policy for revaluation surplus on property, plant and equipment, and now the related accounting and presentation requirements set out in IAS 16 'Property, Plant And Equipment' are being followed by the Company. Further, the revaluation surplus on property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital

The impact of the above change in accounting policy 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. However, as this restatement has no material effect on the statement of financial position as at the beginning of the earliest period presented (i.e. as of July 01, 2016), the same has not been presented.

In accordance with the requirements of IAS 8 'Accounting policies, estimates and errors', the above explained changes in accounting policy have been accounted for retrospectively as shown below:

	<b>June 30, 2017</b>
	— Rupees —
<b>Effect on statement of financial position</b>	
<b><i>- Shareholders' equity</i></b>	
As previously reported	(647,164,956)
Effect of change in accounting policy	<u>16,846,212</u>
As restated	<u><u>(630,318,744)</u></u>
<b><i>- Surplus on revaluation of property, plant and equipment</i></b>	
As previously reported	16,846,212
Effect of change in accounting policy	<u>(16,846,212)</u>
As restated	<u><u>-</u></u>

There was no impact on the previously reported figures of the statement of profit and loss and the statement of cash flows as a result of the retrospective application of change in accounting policy.

### 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

## 6. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in its annual financial statements for the year ended June 30, 2017.

		<b>December 31, 2017</b>	June 30, 2017
		<b>Rupees</b>	Rupees
<b>7. CASH AND BANK BALANCES</b>	<i>Note</i>	<b>(Un-audited)</b>	(Audited)
Cash in hand		67,545	67,545
Balance with State Bank of Pakistan in current account - local currency		9,124	11,372
Balances with other banks:			
- in current account		5,500	5,500
- in saving accounts	7.1	<u>15,291,243</u>	<u>8,301,775</u>
		<u><b>15,373,412</b></u>	<u><b>8,386,192</b></u>

7.1 These represent saving deposit accounts maintained with various commercial banks at mark-up rate ranging from 4% to 5% (30 June 2017: 4% to 5%) per annum.

		<b>December 31, 2017</b>	June 30, 2017
		<b>Rupees</b>	Rupees
<b>8. SHORT TERM LOANS - Secured</b>	<i>Note</i>	<b>(Un-audited)</b>	(Audited)
Term loan to customers- considered doubtful	8.1	199,406,119	199,506,119
Provision for non-performing loans	8.2	<u>(111,183,484)</u>	<u>(111,183,484)</u>
		<u><b>88,222,635</b></u>	<u><b>88,322,635</b></u>

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

		<b>December 31, 2017</b>	June 30, 2017
		<b>Rupees</b>	Rupees
<b>8.2 Provision for non-performing loans</b>		<b>(Un-audited)</b>	(Audited)
Balance at beginning of the year		111,183,484	112,034,159
Charge for the period / year		-	-
Reversal during the period / year		-	(850,675)
		-	(850,675)
Balance at end of the period / year		<u><b>111,183,484</b></u>	<u><b>111,183,484</b></u>

8.2.1 The above provision for non-performing loans is net of forced sales value (FSVs) of collaterals of Rs. 88.223 million (June 30, 2017: Rs. 88.322 million) considered by the Company for the purpose of determination of the provision.

		<b>December 31, 2017</b>	June 30, 2017
		<b>Rupees</b>	Rupees
<b>9. SHORT TERM INVESTMENTS</b>	<i>Note</i>	<b>(Un-audited)</b>	(Audited)
Available-for-sale	9.1	14,761,874	14,769,101
Held to maturity	9.2	14,625,080	14,788,081
		<u><b>29,386,954</b></u>	<u><b>29,557,182</b></u>
<b>9.1 Available-for-sale</b>			
Ordinary shares of listed companies		85,935	85,935
Ordinary shares of unlisted companies		<u>14,664,938</u>	<u>14,664,938</u>
Available-for-sale at cost		<u>14,750,873</u>	<u>14,750,873</u>
Unrealised gain on re-measurement of available for sale securities		<u>11,001</u>	<u>18,228</u>
Available-for-sale at market value		<u><b>14,761,874</b></u>	<u><b>14,769,101</b></u>

## 9.2 Held to Maturity

This represents investment in Government Market Treasury Bills having maturity on March 15, 2018 and carrying effective mark-up at a rate of 5.99% (30 June 2017: 5.96%) per annum.

		<b>December 31, 2017 Rupees (Un-audited)</b>	June 30, 2017 Rupees (Audited)
<b>10. OTHER RECEIVABLES</b>	<i>Note</i>		
Operating lease rentals receivables		11,738,428	11,745,095
Receivable on termination of finance leases		68,161,288	68,127,758
Staff gratuity-net defined benefit asset		2,815,828	2,815,828
Receivable from provident fund		2,880,000	2,880,000
Others		4,271,622	4,316,705
		<u>89,867,166</u>	<u>89,885,386</u>
Provision against doubtful receivables		<u>(82,573,026)</u>	<u>(82,545,003)</u>
		<u>7,294,140</u>	<u>7,340,383</u>
<b>11. CURRENT MATURITY OF NON - CURRENT ASSETS</b>			
Current portion of:			
Long term loans	12	34,400,834	34,336,495
Net investment in finance leases	13	488,072,454	489,875,488
		<u>522,473,288</u>	<u>524,211,983</u>
<b>12. LONG TERM LOANS - secured</b>			
<b>Related party</b>			
Due from employees - considered good		1,081,101	1,016,801
<b>Other than related party</b>			
Term loan to customers- considered doubtful	12.1	100,164,030	100,164,030
		<u>101,245,131</u>	<u>101,180,831</u>
Provision for non-performing loans	12.2	(66,844,297)	(66,844,336)
		<u>34,400,834</u>	<u>34,336,495</u>
Current maturity of long term loans	11	(34,400,834)	(34,336,495)
		<u>-</u>	<u>-</u>
<b>12.1</b>			
Term loans due from customers are secured against property. The rate of return on these loans ranges from 16.00% to 22.66% (30 June 2017: 16.00% to 22.66%) per annum.			
<b>12.2</b>			
The above provision for non-performing long term loans is net of forced sales value (FSVs) of collaterals of Rs. 33.319 million (2017: Rs. 33.319 million) considered by the Company for the purpose of determination of provision requirements.			
		<b>December 31, 2017 Rupees (Un-audited)</b>	June 30, 2017 Rupees (Audited)
<b>13. NET INVESTMENT IN FINANCE LEASES</b>	<i>Note</i>		
Minimum lease payments receivable		1,350,342,846	1,367,827,435
Add: Residual value of leased assets		344,569,999	344,569,999
<b>Gross investment in finance leases</b>		<u>1,694,912,845</u>	<u>1,712,397,434</u>
Less: Mark-up held in suspense	13.2	(323,599,771)	(329,686,891)
Less: Provision for potential lease losses	13.3	(883,240,620)	(892,835,055)
<b>Net investment in finance leases</b>		<u>488,072,454</u>	<u>489,875,488</u>
Less: Current portion of net investment in finance leases	11	(488,072,454)	(489,875,488)
		<u>-</u>	<u>-</u>
<b>13.1</b>			
The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% (June 30, 2017: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finances obtained (refer note 17.1.1).			
		<b>December 31, 2017 Rupees (Un-audited)</b>	June 30, 2017 Rupees (Audited)
<b>13.2 Mark-up held in suspense</b>			
Balance at beginning of the period / year		329,686,891	332,201,737
Suspended income realised during the period / year		(6,087,120)	(2,514,846)
Balance at the end of the period / year		<u>323,599,771</u>	<u>329,686,891</u>

	<b>December 31, 2017 Rupees (Un-audited)</b>	<b>June 30, 2017 Rupees (Audited)</b>
<b>13.3 Provision for lease losses</b>		
Balance at beginning of the period / year	892,835,055	890,401,010
Charge for the period / year	-	18,940,640
Reversal for the period / year	(9,594,435)	(16,506,595)
	(9,594,435)	2,434,045
Balance at end of the period / year	<u>883,240,620</u>	<u>892,835,055</u>
<b>14. INVESTMENT PROPERTIES</b>		<u><b>Rupees</b></u>
<b>As at July 01, 2016</b>		
Cost		66,160,092
Accumulated depreciation		(21,420,623)
Accumulated impairment		(6,805,696)
<b>Net book value</b>		<u>37,933,773</u>
<i>Movement during the period ended December 31, 2016</i>		
Opening net book value		37,933,773
Depreciation charge		(1,654,002)
<b>Closing net book value</b>		<u>36,279,771</u>
<b>As at December 31, 2016</b>		
Cost		66,160,092
Accumulated depreciation		(23,074,625)
Accumulated impairment		(6,805,696)
<b>Net book value</b>		<u>36,279,771</u>
<b>As at July 01, 2017</b>		
Cost		<b>66,160,092</b>
Accumulated depreciation		<b>(24,008,507)</b>
Accumulated impairment		<b>(6,805,696)</b>
<b>Net book value</b>		<u><b>35,345,889</b></u>
<i>Movement during the period ended December 31, 2017</i>		
Opening net book value		<b>35,345,889</b>
Depreciation charge		<b>(1,654,002)</b>
<b>Closing net book value</b>		<u><b>33,691,887</b></u>
<b>At December 31, 2017</b>		
Cost		<b>66,160,092</b>
Accumulated depreciation		<b>(25,662,509)</b>
Accumulated impairment		<b>(6,805,696)</b>
<b>Net book value</b>		<u><b>33,691,887</b></u>
Rate of depreciation (per annum)		<u><b>5%</b></u>
<b>15. PROPERTY, PLANT AND EQUIPMENT</b>		
Property, plant and equipment - own use	25,805,503	30,590,746
Property, plant and equipment - operating lease	984,770	1,528,725
	<u>26,790,273</u>	<u>32,119,471</u>
<b>Additions for the period / year- at cost</b>		
<i>Owned assets</i>		
Office equipment	37,147	43,300
<b>Total additions</b>	<u>37,147</u>	<u>43,300</u>
<b>Disposals for the period / year- at net book value</b>		
<i>Owned assets</i>		
Vehicles	-	217,600
<b>Total disposals</b>	<u>-</u>	<u>217,600</u>

		<b>December 31, 2017 Rupees (Un-audited)</b>	June 30, 2017 Rupees (Audited)
<b>16. BORROWINGS FROM FINANCIAL INSTITUTIONS</b>			
<b>Letter of placements - Unsecured</b>			
National Bank of Pakistan	16.1	<b>77,500,000</b>	77,500,000
Innovative Investment Bank Limited	16.2	<b>60,000,000</b>	60,000,000
Meezan Bank Limited	16.3	<b>27,001,588</b>	27,001,588
KASB Income Opportunity Fund	16.4	<b>10,429,140</b>	10,429,140
		<b>174,930,728</b>	174,930,728

**16.1** 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.

**16.2** 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.

**16.3** 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

**16.4** 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.

		<b>December 31, 2017 Rupees (Un-audited)</b>	June 30, 2017 Rupees (Audited)
<b>17. ACCRUED MARK-UP</b>			
<i>Mark-up on:</i>			
- certificates of investment		<b>84,846,935</b>	81,466,375
- long term finances		<b>41,145,644</b>	40,429,575
- term finance certificates		<b>105,818,255</b>	98,767,597
- short term borrowings from financial institutions		<b>116,194,330</b>	109,398,932
		<b>348,005,164</b>	330,062,479

18. CURRENT MATURITY OF NON- CURRENT LIABILITIES	Note	December 31,	June 30,
		2017 Rupees (Un-audited)	2017 Rupees (Audited)
Certificate of investment		54,049,000	54,049,000
Long term finances	19	392,032,443	392,032,443
Security deposits against finance leases		324,249,129	324,249,129
		<u>770,330,572</u>	<u>770,330,572</u>
<b>19. LONG TERM FINANCES</b>			
Long term finances - secured	19.1.1	163,061,501	163,061,501
Long term finances - unsecured		5,703,696	5,703,696
	19.1	<u>168,765,197</u>	<u>168,765,197</u>
Term finance certificates - secured	19.2	223,267,246	223,267,246
		<u>392,032,443</u>	<u>392,032,443</u>
Current maturity of long term finances	18	<u>(392,032,443)</u>	<u>(392,032,443)</u>
		<u>-</u>	<u>-</u>

#### 19.1 Long term finances

	Tenure		Markup	Note	Principal Outstanding	
	From	To			Dec. 31, 2017	Jun. 30, 2017
					----- (Rupees) -----	
<b>Secured</b>						
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
<b>Un secured</b>						
Silk Bank Limited	Sep-12	Mar-17	-	19.1.6	5,703,696	5,703,696
					<u>168,765,197</u>	<u>168,765,197</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 December 31, 2017, 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.

**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.

**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 managed to pay instalments up to June 2011 since when no repayments have been made. Further, as per rescheduled terms, the Company is liable to pay liquidated damages / penalty amounting to Rs. 10.8 million.

**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) at Thokar Niaz Baig, Lahore. However, this property has not been transferred to Soneri Bank Limited due to legal complications and the company is considering to offer alternate property of the same value acceptable to Soneri Bank Limited;
- Cash payment of Rs. 5 million in 12 equal monthly instalments of Rs. 0.416 million each commencing from the date of execution of settlement agreement; 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

**19.1.6** 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.

**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" 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. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended June 30, 2017.

	December 31, 2017	December 31, 2016
	(Rupees)	
<b>21. INCOME FROM FINANCE LEASES</b>		
Markup recovery on finance lease contracts	6,084,225	178,795
Gain on termination of finance lease contracts	685,670	347,642
	<u>6,769,895</u>	<u>526,437</u>
<b>22. OTHER OPERATING INCOME</b>		
<b>Income from financial assets:</b>		
- Dividend income	1,980	3,960
- Interest income from government securities	440,839	425,367
- Interest income from savings accounts	95,114	213,423
	<u>537,933</u>	<u>642,750</u>
<b>Income from other sources:</b>		
- Waiver on settlement of long term finances	-	3,602,958
- Others	30,000	22,000
	<u>30,000</u>	<u>3,624,958</u>
	<u>567,933</u>	<u>4,267,708</u>
<b>23. FINANCE COST</b>		
Mark-up on:		
- Long term finances	716,069	756,341
- Term finance certificates	7,050,658	7,022,888
- Short term borrowings	6,795,398	6,875,624
Return on certificates of investment	3,380,560	3,380,560
Bank charges	11,721	22,570
	<u>17,954,406</u>	<u>18,057,983</u>

		December 31, 2017	December 31, 2016
		(Rupees)	
<b>24. ADMINISTRATIVE AND OPERATING EXPENSES</b>	<i>Note</i>		
Salaries, allowances and benefits	29	7,332,349	10,669,905
Rent		470,994	459,030
Repairs and maintenance		109,667	702,978
Insurance		63,684	69,024
Utilities		324,060	551,889
Vehicle running expenses		878,594	304,554
Printing and stationery		53,368	53,260
Telephone and postage		339,753	376,140
Travelling and conveyance		42,602	158,750
Fee and subscriptions		1,077,680	374,854
Legal and professional charges		1,029,348	1,350,890
Advertising and entertainment		102,226	245,906
Auditors' remuneration		156,500	156,500
Depreciation		6,476,393	6,684,187
Miscellaneous	29	386,234	324,483
		<b>18,843,452</b>	<b>22,482,350</b>
		<b>2017</b>	<b>2016</b>
<b>25. LOSS PER SHARE - BASIC AND DILUTED</b>		(Rupees)	
Loss after taxation attributable to ordinary shareholders		(20,122,298)	(52,351,746)
		(Number)	
Weighted average number of ordinary shares - Basic		45,160,500	45,160,500
		(Rupees)	
<b>Loss per share - Basic</b>		<b>(0.45)</b>	<b>(1.16)</b>

**25.1** At December 31, 2017, the Company has 52.82 million (30 June 2017: 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.

**26. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS**

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

**Transactions during the period**

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

	December 31, 2017	December 31, 2016
	(Rupees)	
<b>Major shareholder</b>		
Rent paid	279,510	279,510
<b>Key management personnel</b>		
Remuneration to key management personnel	3,932,500	3,540,000
<b>Other related parties</b>		
Payments to provident fund	240,000	240,000

**Balances outstanding as of the end of the reporting period**

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

	December 31, 2017	June 30, 2017
	(Rupees)	
<b>Major shareholder</b>		
Preference dividend payable	5,774,153	5,774,153

## 27. SEGMENT INFORMATION

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

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

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

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

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

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

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

December 31, 2017						
	Finance lease	Operating lease	Term loans	Investments	Others	Total
(Rupees)						
<b>Segment revenue</b>						
Lease income	6,769,895	693,333	-	-	-	7,463,228
Interest income	-	-	-	440,839	95,114	535,953
Other income	-	-	-	1,980	30,000	31,980
Direct cost of operating leases	-	(543,959)	-	-	-	(543,959)
(Provisions) / reversals against assets	9,569,307	-	-	-	-	9,569,307
<b>Segment results</b>	16,339,202	149,374	-	442,819	125,114	17,056,509
<b>Unallocated cost</b>						
Financial charges						(17,954,406)
Administrative / operating expenses						(18,843,452)
						(36,797,858)
<b>Loss before taxation</b>						(19,741,349)
Taxation						(380,949)
<b>Loss after taxation</b>						(20,122,298)
<b>Other information</b>						
Segment assets	488,072,454	984,770	122,623,469	29,386,954	-	641,067,647
Unallocated assets	-	-	-	-	83,734,356	83,734,356
<b>Total assets</b>						724,802,003
Segment liabilities	168,765,197	-	-	-	-	168,765,197
Unallocated liabilities	-	-	-	-	1,206,244,415	1,206,244,415
<b>Total liabilities</b>						1,375,009,612
<b>Net assets</b>						(650,207,609)

December 31, 2016						
	Finance lease	Operating lease	Term loans	Investments	Others	Total
(Rupees)						
<b>Segment revenue</b>						
Lease income	526,437	1,700,000	-	-	-	2,226,437
Interest income	-	-	-	425,367	213,423	638,790
Other income	-	-	-	3,960	3,624,958	3,628,918
Direct cost of operating leases	-	(1,002,443)	-	-	-	(1,002,443)
(Provisions) / reversals against assets	(17,002,619)	-	-	-	-	(17,002,619)
<b>Segment results</b>	(16,476,182)	697,557	-	429,327	3,838,381	(11,510,917)
<b>Unallocated cost</b>						
Financial charges						(18,057,983)
Administrative / operating expenses						(22,482,350)
Write-offs						-
						(40,540,333)
<b>Loss before taxation</b>						(52,051,250)
Taxation						(300,496)
<b>Loss after taxation</b>						(52,351,746)

	June 30, 2017					
	Finance lease	Operating lease	Term loans	Investments	Others	Total
	(Rupees)					
<b>Other information</b>						
Segment assets	489,875,488	1,528,725	122,659,130	29,557,182	-	643,620,525
Unallocated assets	-	-	-	-	82,574,703	82,574,703
<b>Total assets</b>						<u>726,195,228</u>
Segment liabilities	168,765,197	-	-	-	-	168,765,197
Unallocated liabilities	-	-	-	-	1,187,748,775	1,187,748,775
<b>Total liabilities</b>						<u>1,356,513,972</u>
<b>Net assets</b>						<u>(630,318,744)</u>

## 28. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The management is of the view that 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
	(Rupees)		
<i>As on December 31, 2017</i>			
Office premises and generators	-	10,459,825	-
Investment in ordinary shares	96,936	-	14,664,938
<i>As on June 30, 2017</i>			
Office premises and generators	-	31,196,528	-
Investment in ordinary shares	104,163	-	14,664,938

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

29. CORRESPONDING FIGURES


The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassifications have been made:


Reclassified from component	Reclassified to component	<u>Rupees</u>
Others (Accrued expenses and other payables)	Provident fund payable (Disclosed on the face of statement of financial position)	<u>79,998</u>
Unclaimed dividend (Accrued expenses and other payables)	Unclaimed dividend (Disclosed on the face of statement of financial position)	<u>1,661,291</u>
Miscellaneous (Administrative and operating expenses)	Salaries, allowances and benefits (Administrative and operating expenses)	<u>255,000</u>

30. DATE OF AUTHORIZATION

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

  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Chief Financial Officer

