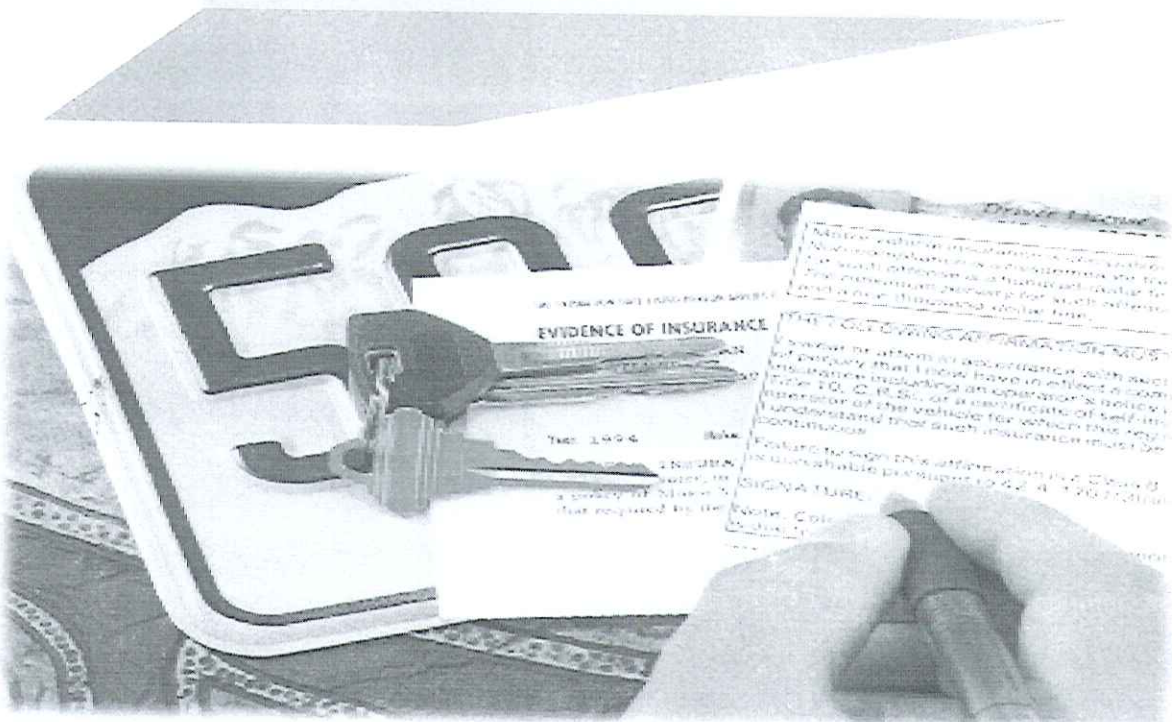


SECURITY LEASING CORPORATION LIMITED



HALF YEARLY DECEMBER 2019



**Security Leasing
Corporation Limited**

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Mission

SLCL is committed to make a positive contribution towards the country's economy by achieving a leading position in the leasing industry.

SLCL intends to achieve its mission by:

- Enhancing value for its shareholders and lenders.
- Providing efficient and professional services to its customers based on the latest technology.
- Developing an efficient and professionally trained human resource.
- Following good and ethical business practices.

Vision

- SLCL has an infrastructure which can cater to substantial business as such SLCL is well poised to avail opportunities which will be available due to an upsurge in the economy.
- The future of the leasing sector is linked to the macro-economic performance of the country's economy. New projects and Investment in Balancing, Modernization & Replacement (BMR) tender more opportunities to generate more business for the leasing sector.



Business Strategy

The objective of the Company is to contribute towards the economic development of the country, while maintaining the progressive growth rate of the Company, by providing lease financing to small and medium sized business enterprises and individuals in the most efficient and effective manner.

The business strategy of the Company is based on the following:

1. Enhancing value for its shareholders and lenders

By investing into a diversified lease portfolio, the Company substantially reduces the risk of potential losses, which in turn promises to shield the shareholders equity and further increase the value of the stakeholders' interests. The Company's Earning Per Share reflects that the Company has not only safeguarded the stakeholders' interests efficiently but has also been successfully able to increase the value of their interests.

2. Providing efficient and professional services to its customers

SLCL is known for its quality service. The main objective of the organization is providing high quality services at economical prices. It has been the company's policy to give a wide variety of options to its customers, in order to facilitate their individual requirements.

3. Developing an efficient and professionally trained human resource

The management philosophy of the Company is to develop and maintain a professional organization with a blend of local culture and management style. The professional staff has been hired on the basis of merit from various business organizations.

4. Following Shariah injunctions for financing activities

The Company is committed towards continued improvement and diversification in its lease portfolio. By adopting an Islamic approach to leasing, the company will be able to improve its image as well as provide innovative ways in leasing to its customers.

Company Information

BOARD OF DIRECTORS

Mr. Muhammad Riaz Khokhar	Chairman
Ms. Farah Azeem	Chief Executive Officer
Mr. Muhammad Ramzan Behrani	Member
Mr. Azim Azfar	Member
Mr. Javed Haleem	Member
Mr. Muhammad Sharif Khawaja	Member
Mr. Ghulam Raza Dheraj	Member

AUDIT COMMITTEE

Mr. Ghulam Raza Dheraj	Chairman
Mr. Azim Azfar	Member
Mr. Muhammad sharif Khawaja	Member

EXECUTIVE COMMITTEE

Mr. Muhammad Riaz Khokhar	Chairman
Ms. Farah Azeem	Chief Executive Officer
Mr. Azim Azfar	Member
Mr. Javed Haleem	Member
Mr. Ghulam Raza Dheraj	Member
Mr. Muhammad Ramzan Behrani	Member

HR & COMPENSATION COMMITTEE

Mr. Ghulam Raza Dheraj	Member
Ms. Farah Azeem	Chief Executive Officer
Mr. Javed Haleem	Member
Mr. Muhammad Ramzan Behrani	Member

COMPANY SECRETARY

Muhammad Farooq

EXTERNAL AUDITORS

J.A.S.B. & Associates
Chartered Accountants

INTERNAL AUDITORS

UHY Hassan Naeem & Co.
Chartered Accountants

LEGAL ADVISORS

M/S Abdul Karim Khan & Company
Advocates, Solicitors & Legal Advisor

TAX CONSULTANTS

UHY Hassan Naeem & Co.
Chartered Accountants

REGISTERED & HEAD OFFICE

Block 'B', 5th Floor, Lakson Square No. 3,
Sarwar Shaheed Road, Karachi 74200
Tel: 35660307-08, 35660312-13 Fax: 021 - 3568 9854
Web: www.seclearse.com e-mail: slcl@seclearse.com

BRANCH

Lahore - North Region
D-802, 8th Floor, City Towers,
6-K, Main Boulevard, Gulberg-II, Lahore-54600.
Phone: 042 - 35788660-62 Fax: 042 - 35788659

SHARE REGISTRAR

F. D. Registrar Services (SMC-Pvt) Ltd.
Office # 1705, 17th Floor, Saima Trade Tower-A,
I.I. Chundrigar Road, Karachi-74000.
Tel: 92-21-35478192-93 / 32271906 Fax: 92-21-32621233
E-mail: fdregistrar@yahoo.com

DIRECTORS' REVIEW

The directors are pleased to present their report on the un-audited financial statements of the company for the period ended December 31st, 2019. The total assets of the company as of 31st December 2019 were Rs.656.05 million compared to Rs.656.77 million as of 30th June 2019. During the half year under review the total revenue of the Company were amounted to Rs.4.96 million compared to Rs.4.87 million during the half year ended 31st December 2018. The Company suffered after tax loss of 8.45 million in a period under review as compared to after tax loss of Rs. 12.87 million during the half year ended December 31st, 2018. The loss per share as of December 31st, 2019 was Rs.0.23 as compared to the loss per share Rs.0.35 as of December 31st, 2018.

The Board of Directors after reviewing the situation afresh has concluded that during the year 2019-20 it will be possible for the company to reduce its institutional indebtedness by making payments to the creditors on the basis of substantial discount in respect of which bulk of the creditors have already agreed in principle for settlement with the company on the basis of substantial discount. your directors are hopeful that with anticipated settlement with the creditors in the coming future the company would show positive trend in the coming periods.

Your directors recognize and appreciate the support of the regulatory authorities and the lending institutions as also the dedicated services rendered by the management and the staff of the Company.

For and on behalf of the Board of Directors



Farah Azeem

Chief Executive Officer

Karachi: February 18, 2020

ڈائیکٹرز کی رپورٹ

آپ کے ڈائریکٹر 31 دسمبر 2019ء کو ختم ہونے والی ششماہی کی ان اوڈیٹڈ (Un-audited) مالی دستاویزات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ 31 دسمبر 2019ء کو کمپنی کے اثاثوں کی مجموعی مالیت 656.05 ملین روپے تھی جب کہ 30 جون 2019ء کو یہ مالیت 656.77 ملین روپے تھی۔ زیر جائزہ مدت کے دوران کمپنی کی آمدنی کی سطح 4.96 ملین رہی جب کہ گزشتہ سال اس مدت میں یہ سطح 4.87 ملین تھی۔ زیر غور مدت میں کمپنی کا بعد از ٹیکس خسارہ 8.45 ملین روپے رہا جب کہ گزشتہ سال اسی مدت میں بعد از ٹیکس خسارہ 12.87 ملین تھا۔ 31 دسمبر 2019ء کو کمپنی کافی حصص نقصان 0.23 روپے رہا جب کہ گزشتہ سال اس مدت میں فی حصص خسارہ 0.35 روپے تھا۔

کمپنی کے ڈائیکٹر ان اس تمام صورت حال کا از سر نو جائزہ لینے کے بعد اس نتیجے پر پہنچے ہیں کہ سال 2019-20 کے دوران مالیاتی اداروں سے حاصل کئے گئے قرضوں کو قابل قدر حد تک کم کرنے میں کامیاب ہو جائیں گے کیونکہ اکثر دیندار کمپنی کو ڈسکاؤنٹ دینے پر تیار ہو چکے ہیں ان تمام عوامل کو مد نظر رکھتے ہوئے اس بات کی قوی امید ہے کہ اگلی ششماہی کے نتائج آمدنی کی بہتر سطح، ایکوٹی میں اضافہ، فی حصص آمدنی میں اضافہ جیسے مثبت رجحان کی نشاندہی کریں گے۔

بورڈ اپنے سرمایہ کار قرض دہندہ اور ریگولیٹری اتھارٹیز کے اس مشکل وقت میں مسلسل تعاون پر نہایت شکرگزار ہیں۔ ساتھ ساتھ اپنے تمام عملے کی کوششوں اور ان کی لگن جس کی وجہ سے کمپنی کے آپریشن کو ان مشکل حالات میں جاری رکھنا ممکن ہو سکا نہایت ممنون ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے۔

فرح عظیم



چیف ایگزیکٹو آفیسر

25 فروری 2020ء



J.A.S.B. & Associates
Chartered Accountants

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I.I. Chundrigar Road
Karachi.
Phone: +92(21)32468154-5
+92(21)32468158
Fax: +92(21)32468157
E-mail: karachi@jasb-associates.com
Website: www.jasb-associates.com

INDEPENDENT AUDITORS' REVIEW REPORT

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Security Leasing Corporation Limited** as at December 31, 2019 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for adverse conclusion

- a) As described in Note 1.2 to the interim financial information, the financial information has been prepared on going concern basis. The Company has incurred a loss of Rs.8.451 million in the current interim period (2018: Rs. 12.878 million). As at interim balance sheet date, accumulated loss of the company was Rs. 531.707 million (June 30, 2019: Rs. 523.721 million) as against the issued, subscribed and paid up capital of Rs. 438.027 million (June 30, 2019: Rs. 438.027 million) and current liabilities of the company exceed its current assets by Rs. 251.547 million (June 30, 2019: Rs. 226.239 million). The Company is, therefore, facing operational and financial problems. There is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation. The going concern assumption used in the preparation of this interim financial information is inappropriate; therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.
- b) The Company has recorded deferred tax asset of Rs. 334.321 million (June 30, 2019: 334.321 million) based on its future plans which projects that future taxable profit would be available against which such deferred tax assets could be utilized. However, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation as discussed in (a) above, therefore, sufficient future taxable profits will not be available against which deferred tax asset could be utilized.

Further, deferred tax asset should be de-recognized. Had the deferred tax asset been de-recognized, deferred tax asset and equity would have been lower by and loss for the period would have been higher by Rs. 334.321 million.



Conclusion

Our Review indicates that, because of the significant matters stated in proceeding paragraphs, this accompanying interim financial information as of and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Basharat Rasool.

A handwritten signature in blue ink, appearing to read 'Basharat Rasool'.

Chartered Accountants

Karachi

Dated:

SECURITY LEASING CORPORATION LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

		Un-audited 31 December 2019	Audited 30 June 2019
		----- (Rupees) -----	
ASSETS	Note		
Current assets			
Cash and bank balances	5	315,751	313,653
Short term finances		54,000,000	54,000,000
Advances, prepayments and other receivables		1,180,304	996,751
Taxation-net		5,355,352	4,939,010
Current maturity of non-current assets	6	197,403,243	197,403,183
Total current assets		258,254,650	257,652,597
Non-current assets			
Long-term deposits		504,500	504,500
Property and equipment	8	62,973,433	64,295,878
Deferred tax asset	9	334,321,869	334,321,869
Total non-current assets		397,799,802	399,122,247
TOTAL ASSETS		656,054,452	656,774,844
LIABILITIES			
Current liabilities			
Accrued and other liabilities		80,625,119	80,241,209
Current maturity of non-current liabilities	10	429,177,401	403,650,528
Total current liabilities		509,802,520	483,891,737
Non-current liabilities			
Long-term finances	11	37,531,106	55,710,997
Total non-current liabilities		37,531,106	55,710,997
TOTAL LIABILITIES		547,333,626	539,602,734
NET ASSETS		108,720,827	117,172,110
REPRESENTED BY SHAREHOLDERS' EQUITY			
Share capital and reserve			
Issued, subscribed and paid-up share capital	12	438,027,750	438,027,750
Reserves	13	(349,840,848)	(341,854,111)
		88,186,902	96,173,639
Surplus on revaluation of fixed assets		20,533,925	20,998,471
Total shareholders' equity		108,720,827	117,172,110
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 17 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


CHAIRMAN

SECURITY LEASING CORPORATION LIMITED
 CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
 FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Half Year Ended		Quarter Ended	
	December 31	December 31	December 31	December 31
	2019	2018	2019	2018
	------(Rupees')-----		------(Rupees')-----	
REVENUE				
Income from:				
Finance lease Contracts	-	87,196	-	8,863
Other operating income	<u>4,965,462</u>	<u>4,788,684</u>	<u>2,482,731</u>	<u>2,388,602</u>
	4,965,426	4,875,880	2,482,731	2,397,465
Unwinding of financial liability	<u>(7,232,203)</u>	<u>(9,624,424)</u>	<u>(3,455,813)</u>	<u>(4,673,007)</u>
	(7,232,203)	(9,624,424)	(3,455,813)	(4,673,007)
	<u>(2,266,741)</u>	<u>(4,748,544)</u>	<u>(973,082)</u>	<u>(2,275,542)</u>
EXPENSES				
Administrative and selling	<u>5,564,337</u>	<u>7,451,393</u>	<u>2,664,626</u>	<u>2,946,904</u>
Finance costs	<u>620,245</u>	<u>661,861</u>	<u>558,970</u>	<u>589,195</u>
	6,184,582	8,113,254	3,223,596	3,536,099
Operating Loss before Income tax	<u>(8,451,323)</u>	<u>(12,861,798)</u>	<u>(4,196,678)</u>	<u>(5,811,641)</u>
Income tax expense				
- current	-	(17,000)	-	-
Loss for the period	<u>(8,451,323)</u>	<u>(12,878,798)</u>	<u>(4,196,678)</u>	<u>(5,811,641)</u>
Loss per share	<u>(0.23)</u>	<u>(0.35)</u>	<u>(0.12)</u>	<u>(0.16)</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 CHAIRMAN

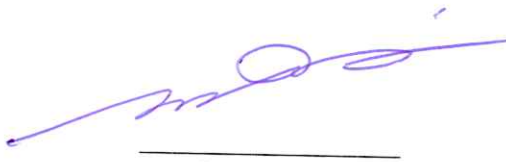

SECURITY LEASING CORPORATION LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Half Year Ended		Quarter Ended	
	December 31 2019	December 31 2018	December 31 2019	December 31 2018
	------(Rupees')-----		------(Rupees')-----	
Loss for the year	(8,451,323)	(12,878,798)	(4,196,678)	(5,811,641)
Other comprehensive income	-	-	-	-
Total Comprehensive loss for the year	<u>(8,451,323)</u>	<u>(12,878,798)</u>	<u>(4,196,678)</u>	<u>(5,811,641)</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER

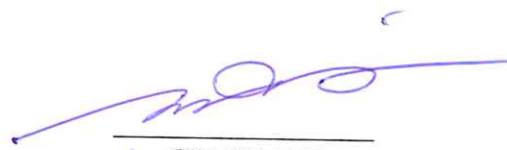

 CHAIRMAN


SECURITY LEASING CORPORATION LIMITED
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

	----- Reserves -----			Total
	Capital	Statutory reserve	Revenue	
	Share Capital		Unappropriated profit	
Balance as at June 30, 2018	438,027,750	181,867,005	(497,454,456)	122,440,299
Change in equity for the year ended December 31, 2018				
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	464,585	464,585
Net income recognised directly in equity	-	-	464,585	464,585
Loss for the year	-	-	(12,878,798)	(12,878,798)
Total recognised expense for the period	-	-	(12,414,213)	(12,414,213)
Balance as at December 31, 2018	438,027,750	181,867,005	(509,868,669)	110,026,086
Change in equity for the year ended June 30, 2019				
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	1,346,628	1,346,628
Net income recognised directly in equity	-	-	1,346,628	1,346,628
Loss for the year	-	-	(27,613,287)	(27,613,287)
Total recognised expense for the period	-	-	(26,266,659)	(26,266,659)
Balance as at June 30, 2019	438,027,750	181,867,005	(523,721,115)	96,173,640
Change in equity for the year ended December 31, 2019				
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	464,587	464,587
Net income recognised directly in equity	-	-	464,587	464,587
Loss for the year	-	-	(8,451,323)	(8,451,323)
Total recognised expense for the period	-	-	(7,986,736)	(7,986,736)
Balance as at December 31, 2019	438,027,750	181,867,005	(531,707,853)	88,186,902


 CHIEF EXECUTIVE OFFICER


 CHIEF FINANCIAL OFFICER


 CHAIRMAN

SECURITY LEASING CORPORATION LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Un-audited December 31, 2019	Audited December 31, 2018
	----- (Rupees) -----	
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax including discontinued operation	(8,451,323)	(12,861,798)
Depreciation	1,322,445	1,332,684
Finance costs	620,245	661,861
Unwinding of financial liability /issue cost of sukuk	7,346,982	9,776,867
	<u>9,289,672</u>	<u>11,771,412</u>
Operating profit/(loss) before working capital changes	838,349	(1,090,386)
Working capital changes		
Decrease in net investment in finance leases	-	20,974,344
Increase in advances, prepayments and other receivables	(183,553)	(79,109)
Decrease in deposits from leases	-	(19,430,000)
Increase / (Decrease) in accrued and other liabilities	383,910	(1,366,398)
	<u>200,357</u>	<u>98,837</u>
Cash generated from/(used in) operations after working capital changes	1,038,706	(991,549)
Financial charges paid	(620,245)	(661,861)
Taxes paid	(416,363)	(759,204)
	<u>(1,036,608)</u>	<u>(1,421,065)</u>
Net cash generated from / (used in) operating activities	2,098	(2,412,614)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	2,098	(2,412,614)
Cash and cash equivalents at beginning of the year	313,653	3,340,121
Cash and cash equivalents at end of the year	315,751	927,507

16

The annexed notes from 1 to 17 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


CHAIRMAN

SECURITY LEASING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Security Leasing Corporation Limited ("the Company") was incorporated in Pakistan on December 6, 1993 and commenced its operations on May 21, 1995. The Company is a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and engaged in the business of leasing.

The registered office of the Company is situated at Block B, 5th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, Pakistan. The Company is listed on Pakistan Stock Exchange.

- 1.2 The Company is licensed to operate as leasing Company by Securities and Exchange Commission of Pakistan (SECP) and its forbearance of the license was extended up to July 2011.

Net shareholder's equity of the Company as at December 31, 2019 is Rs.108.7 million (June 2019: Rs. 117.17 million as compared to the minimum equity level of Rs. 50 million).

Since the start of the financial and economic crisis in Pakistan in October 2008, the financing facilities of the Company were abruptly withdrawn by the banks which resulted in reduction of portfolio of leasing and other finances. The private sector especially NBFCs could not attract any funding in form of either equity or financing facility due to crowding out by high fiscal borrowings of government in the preceding years. The Company was feeling extraordinary pressure on its repayment capacity due to constant reduction of portfolio and absence of sizeable fresh business. Therefore, the Company negotiated on different occasion in last four years with its lenders of long and short term funding for the reprofiling of its financial liabilities and now the Company has requested all its lenders to make full and final settlement by offering Specific leased assets under charge, additional lease assets from the portfolio and all the properties owned by the Company.

Mitigating Factors

The main objective of requesting the lenders for full and final settlements of financial liabilities was to increase cash flows and equity of the Company. In addition to these measures, the Company is also taking drastic steps to reduce the administrative costs by laying off its staff from all cadres as well as revising certain staff benefits. These measures will help operationally for the Company as a going concern entity.

The Management is hopeful that settlement with lenders will assist in reducing losses and improving the equity of the Company. This will make the company attractive for equity participation/merger /acquisition to inject additional equity.

The Company is making efforts to improve equity level through bringing fresh equity. In this regard some positive progress has been made.

The company is constantly looking for options to increase the equity levels by soliciting investor for cash and in kind equity investment. The Board and its management are hopeful that these measures would bring stability to the Company and results would start to improve in the coming periods.

SECURITY LEASING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Security Leasing Corporation Limited ("the Company") was incorporated in Pakistan on December 6, 1993 and commenced its operations on May 21, 1995. The Company is a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and engaged in the business of leasing.

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- 1.2 The Company is licensed to operate as leasing Company by Securities and Exchange Commission of Pakistan (SECP) and its forbearance of the license was extended up to July 2011. The renewal request is submitted with the Commission which is pending.

Net shareholder's equity of the Company as at December 31, 2019 is Rs.108.7 million (June 2019: Rs. 117.17 million as compared to the minimum equity level of Rs. 50 million).

Since the start of the financial and economic crisis in Pakistan in October 2008, the financing facilities of the Company were abruptly withdrawn by the banks which resulted in reduction of portfolio of leasing and other finances. The private sector especially NBFCs could not attract any funding in form of either equity or financing facility due to crowding out by high fiscal borrowings of government in the preceding years. The Company was feeling extraordinary pressure on its repayment capacity due to constant reduction of portfolio and absence of sizeable fresh business. Therefore, the Company negotiated on different occasion in last four years with its lenders of long and short term funding for the reprofiling of its financial liabilities and now the Company has requested all its lenders to make full and final settlement by offering Specific leased assets under charge, additional lease assets from the portfolio and all the properties owned by the Company.

Mitigating Factors

The main objective of requesting the lenders for full and final settlements of financial liabilities was to increase cash flows and equity of the Company. In addition to these measures, the Company is also taking drastic steps to reduce the administrative costs by laying off its staff from all cadres as well as revising certain staff benefits. These measures will help operationally for the Company as a going concern entity.

The Management is hopeful that settlement with lenders will assist in reducing losses and improving the equity of the Company. This will make the company attractive for equity participation/merger /acquisition to inject additional equity.

The Company is making efforts to improve equity level through bringing fresh equity. In this regard some positive progress has been made.

The company is constantly looking for options to increase the equity levels by soliciting investor for cash and in kind equity investment. The Board and its management are hopeful that these measures would bring stability to the Company and results would start to improve in the coming periods.

2. **BASIS OF MEASUREMENT**

These financial statements have been prepared under historical cost convention except for certain property and equipment which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values, cost or amortized cost.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

3. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan and the requirements of the Companies Act, 2017 (Act), the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). Approved accounting standards comprise such International Financial Reporting Standard (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the provisions of the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. Wherever, the requirements of the Act, the Rules and the Regulations differ with the requirements of IFRS, the requirements of the Act, the Rules or the Regulations shall prevail.

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited accounts of the company for the year ended June 30, 2019.

	Un-audited	Audited
	December	June
	31, 2019	30, 2019
	----- (Rupees) -----	
Note		
5. CASH AND BANK BALANCES		
Cash in hand	8,231	-
Balance with State Bank of Pakistan in current account	29,569	29,569
Balances with other banks in:		
- Current accounts	261,467	267,600
- Saving accounts	16,484	16,484
	<u>315,751</u>	<u>313,653</u>
6. CURRENT MATURITY OF NON - CURRENT ASSETS		
Net investments in leases	7 <u>197,403,243</u>	<u>197,403,183</u>
	<u>197,403,243</u>	<u>197,403,183</u>
7. NET INVESTMENT IN FINANCE LEASE		
Net investment in finance leases	197,403,243	197,403,183
Less: current portion of net investment in finance leases	<u>(197,403,243)</u>	<u>(197,403,183)</u>
	<u>-</u>	<u>-</u>

	December 2019			June 2019		
	Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
	------(Rupees')-----					
Lease rentals receivable	294,068,632	-	294,068,632	294,068,632	-	294,068,632
Add: Residual value of leased assets	98,449,557	-	98,449,557	98,449,557	-	98,449,557
Gross investment in finance leases	392,518,189	-	392,518,189	392,518,189	-	392,518,189
Less: Unearned lease income	-	-	-	-	-	-
Income suspended	52,249,368	-	52,249,368	52,249,428	-	52,249,428
	340,268,821	-	340,268,821	340,268,761	-	340,268,761
Provision for potential lease losses	142,865,578	-	142,865,578	142,865,578	-	142,865,578
Net investment in leases	197,403,243	-	197,403,243	197,403,183	-	197,403,183
	197,403,243	-	197,403,243	197,403,183	-	197,403,183

Un-audited December 31, 2019	Audited June 30, 2019
------(Rupees')-----	

Note

8. PROPERTY AND EQUIPMENT

Property and equipment		
- owned	62,973,433	64,295,878
- leased	-	-
	<u>62,973,433</u>	<u>64,295,878</u>
Opening WDV of property and equipment	64,295,878	66,952,302
Additions to property and equipment	-	-
Depreciation charge	64,295,878	66,952,302
Disposals/ transfers made at WDV	1,322,445	2,656,424
Closing WDV of property and equipment	<u>62,973,433</u>	<u>64,295,878</u>

	Un-audited December 31, 2019	Audited June 30, 2019
	------(Rupees')-----	
9. DEFERRED TAX ASSET	<u>334,321,869</u>	<u>334,321,869</u>

Amount shown in deferred taxation represents balances as at June 30, 2019. No further deferred tax has been recognized during the period and shall be recorded in annual financial statements, if applicable.

	Un-audited December 31, 2019	Audited June 30, 2019
	------(Rupees')-----	
	Note	
10. CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Long term finances	11 330,771,475	305,244,602
Long term deposits	<u>98,405,926</u>	<u>98,405,926</u>
	<u>429,177,401</u>	<u>403,650,528</u>
11. LONG-TERM FINANCES – secured		
Other than related party		
Privately Placed SUKUKs	221,757,884	217,188,028
Long-term loans	146,544,697	143,767,571
	368,302,581	360,955,599
Less: Current maturity due but not paid		
Privately Placed SUKUKs	167,578,125	152,343,750
Long-term loans	112,139,600	101,847,103
	279,717,725	254,190,853
Less: Current maturity shown under current liabilities		
Privately Placed SUKUKs	30,468,750	30,468,750
Long-term loans	20,585,000	20,584,999
	51,053,750	51,053,749
	330,771,475	305,244,602
	<u>37,531,106</u>	<u>55,710,997</u>
12. SHARE CAPITAL		
Authorised capital		
75,000,000 (30 June 2019:75,000,000) ordinary shares of Rs.10 each	750,000,000	750,000,000
50,000,000 (30 June 2019: 50,000,000) preference shares of Rs.10 each	500,000,000	500,000,000
	<u>1,250,000,000</u>	<u>1,250,000,000</u>
Issued, subscribed and paid-up share capital		
22,100,000 (30 June 2019: 22,100,000) ordinary shares of Rs.10 each fully paid in cash	221,000,000	221,000,000
14,200,000 (30 June 2019: 14,200,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares	142,000,000	142,000,000
	<u>363,000,000</u>	<u>363,000,000</u>
Preference shares		
7,502,775 (30 June 2019: 7,502,775) preference shares-class A of Rs. 10 each fully paid in cash	75,027,750	75,027,750
	<u>438,027,750</u>	<u>438,027,750</u>

	Un-audited December 31, 2019	Audited June 30, 2019
	------(Rupees')-----	
13. RESERVES		
Capital reserve		
Statutory reserves	181,867,005	181,867,005
Revenue reserve		
Accumulated loss	<u>(531,707,853)</u>	<u>(523,721,116)</u>
	<u>(349,840,848)</u>	<u>(341,851,111)</u>
14. CONTINGENCIES AND COMMITMENTS		
Commitments for lease disbursements	-	-

Note

	Half Year Ended		Quarter Ended	
	December 31 2019	December 31 2018	December 31 2019	December 31 2018
	------(Rupees')-----		------(Rupees')-----	
15. LOSS PER SHARE – Basic and diluted				
Loss attributable to ordinary Shareholders	<u>(8,451,323)</u>	<u>(12,878,798)</u>	<u>(4,196,678)</u>	<u>(5,811,641)</u>
Number of ordinary shares Issued and subscribed	<u>36,300,000</u>	<u>36,300,000</u>	<u>36,300,000</u>	<u>36,300,000</u>
Loss per share-Rupees	<u>(0.23)</u>	<u>(0.35)</u>	<u>(0.12)</u>	<u>(0.16)</u>

Loss per share has been calculated by dividing loss for the year attributable to the ordinary shareholders outstanding at the period end by the weighted average number of shares outstanding during the period.


	Un-audited December 31, 2019	Audited June 30, 2019
	------(Rupees')-----	
16. CASH AND CASH EQUIVALENTS		
Balances with banks	5 <u>315,751</u>	<u>313,653</u>
	<u>315,751</u>	<u>313,653</u>
17. DATE OF AUTHORIZATION		

Note

These financial statements were authorized for issue on February 25th 2020 by the Board of Directors of the Company.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



CHAIRMAN