



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. M R Khan	Chairman
Mr. Syed Nauman Akhtar	Chief Executive Officer
Mr. Muhammad Riaz Khokhar	
Mr. Abdul Ghafoor	
Mr. Azim Azfar	
Mr. Imam Bakhsh Baloch	
Mr. M. Abdullah	
Mr. Ashfaq Ahmed Jumani	

### AUDIT COMMITTEE

Mr. Muhammad Riaz Khokhar	Chairman
Mr. M. Abdullah	Member
Mr. Azim Azfar	Member
Mr. Imam Bakhsh Baloch	Member
Mr. Ashfaq Ahmed Jumani	Member

### EXECUTIVE COMMITTEE

Mr. M R Khan	Chairman
Mr. Syed Nauman Akhtar	Member
Mr. Muhammad Riaz Khokhar	Member
Mr. Abdul Ghafoor	Member
Mr. Azim Azfar	Member
Mr. Imam Bakhsh Baloch	Member

### HR & COMPENSATION COMMITTEE

Mr. Abdul Ghafoor	Chairman
Mr. Imam Bakhsh Baloch	Member
Mr. M. Abdullah	Member
Mr. Ashfaq Ahmed Jumani	Member
Mr. Syed Nauman Akhtar	Member

### COMPANY SECRETARY

Farah Azeem

### EXTERNAL AUDITORS

RSM Avais Hyder Liaquat Nauman  
Chartered Accountants

### INTERNAL AUDITORS

Grant Thornton Anjum Rahman,  
Chartered Accountants

### LEGAL ADVISORS

Ali Raza Habb & Co.  
Advocates, Solicitors & Legal Advisor

### TAX CONSULTANTS

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

# Company Information

## REGISTERED & HEAD OFFICE

Block 'B', 5th Floor, Lakson Square No. 3, Sarwar Shaheed Road, Karachi 74200

Tel: UAN 021 - 111-111-902 PRI 021-35205379 Fax: 021 - 3568 9854

Web: [www.seclearse.com](http://www.seclearse.com) e-mail: [slcl@seclearse.com](mailto: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](mailto:fdregistrar@yahoo.com)

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Third Annual General Meeting of the members of Security Leasing Corporation Limited will be held on Thursday, 27th October, 2016 at 10:00 a.m. at the registered office of the Company situated at Block B, 5th Floor, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi 74200, to transact the following business:

### Ordinary Business:

1. To confirm the minutes of the Annual General Meeting of the Company held on November 26, 2015.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2016 and the reports of the Directors and the auditors thereon.
3. To appoint auditors M/s J.A.S.B. & Associates, Chartered Accountants and fix their remuneration for the year ending June 30, 2017.
4. To transact any other business with the permission of the Chair.

By order of the Board  
Farah Azeem  
Company Secretary

Karachi: October 5, 2016

### Notes:

1. The Share Transfer Books of the Company shall remain closed from October 20, 2016 to October 27, 2016 (both days inclusive). Transfers received in order at the office of our Shares Registrar M/s F.D. Registrar Services (SMC-Pvt.) Ltd., Office # 1705, 17th Floor, Saima Trade Tower, I. I. Chundrigar Road, Karachi - 74000, by the close of the business on October 19, 2016 will be treated in time for the purpose of attending the meeting.
2. A Member entitled to be present and vote at the meeting may appoint another Member as proxy to attend, speak and vote instead of him.
3. The instrument appointing a proxy, duly stamped and signed, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or authority must be deposited Registered Office of the Company, B-501, 5th Floor, Lakson Square # 3, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting. A form of proxy is enclosed.
4. Shareholders are requested to notify any change of address immediately to the Share Registrars M/s F.D. Registrar Services (SMC-Pvt.) Ltd., Office # 1705, 17th Floor, Saima Trade Tower, I. I. Chundrigar Road, Karachi - 74000.

5. The CDC account holders will have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

**A. For attending the meeting:**

- (i) In case of individuals, the account holders or sub-account holders and / or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending the meeting.
- (ii) In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

**B. For appointing proxies:**

- (i) In case of individuals, the account holders or sub-account holders and / or persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations, shall submit the proxy forms accordingly.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy forms.
- (iv) The proxy shall produce their original CNIC or original passport at the time of the meeting.
- (v) In case of corporate entities, the Board of Directors resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



# REPORT OF THE DIRECTORS

## REPORT OF THE DIRECTORS

Your directors are pleased to present the Annual Report of the company including Financial Statement and the Audit Report for the year ended June 30, 2016.

## OVERVIEW OF THE ECONOMY

During 2015-16 Pakistan economy registered some positive developments. These were comprised of a very low rate of inflation, sizable increase in country's foreign exchange reserves and huge surge in the capital market. Under the IMF extended loan program a number of important macro economic reforms were introduced by the government to stabilize the economy. In this the economy was helped significantly by low international oil prices. Any sizable upward movement of oil prices, however, can create serious challenges for the country in the future. The other areas of concern to country's economy were stated to be the continuous increase in country's debt burden, continued fiscal deficit of a high order although it registered slight decline during 2015-16 and the hemorrhaging effects of colossal losses of the public sector enterprises which reportedly amount to Rs. 500 billion a year. The perception has been that unless problems of this nature are addressed effectively it will be difficult to achieve a high rate of economic growth. Notwithstanding all this the general outlook remained buoyant during the year largely because of projected socio economic benefits of the CPEC project and the results of the campaign launched by the country to eliminate terrorism from its soil.

## COMPANY OVERVIEW

The non-availability of credit lines from banks and other DFIs remain the reason for shrinking income level during the year. This has led to a situation where the Company has been managing its affairs not through revenue generated through its core leasing business but out of funds generated through settlement and recovery of badly stuck up portfolio. 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. These measures will help operationally for the Company as a going concern entity.

In respect of auditor's adverse opinion for company's accounts 2015-2016 the board has had extensive discussion with them. Auditors felt that the company could not yet be treated as a going concern as it has sizable liabilities and the prospect of a new investor coming in was not in sight. During in 2015-16 the company effected settlement with the creditors in respect of Sukuk I involving Rs. 192.54 million as also with KASB Fund Managers involving an amount of Rs. 18.75 million. It was also able to enhance its equity to Rs. 124.59 million, more than double the amount prescribed by Securities and Exchange Commission of Pakistan (SECP).

Presently the management is in advanced stage of negotiation with the creditors for settlement of their outstanding amounting to Rs. 166 million. The expectation is that with the cooperation of the creditors, the company would be able to effect settlement of this amount in the coming months which should enhance its equity in the region of Rs. 231 million and hence negate the auditor's going concern related skepticism.

The Board was convinced that following the settlement with the creditors and induction of new equity the company would be able to generate profits gradually and make use of its deferred taxes. The Board members observed that the party who would inject new capital into the company would be looking forward to generating profits rather than losses as apprehended by the auditors.

Previous year the Board observed that the efforts that were underway to reach settlement with the creditors it had decided that the passing of adjusting entries in respect of 'unwinding of liabilities under IAS-39' awaited the outcome of company's negotiations with the creditors. During the year under review the company was able to effect settlement with various creditors in respect of their outstanding liabilities and as a result it passed all the outstanding deferred adjusting entries relating to 'unwinding of liabilities under IAS-39'

The revenue from leasing business is substantially reduced due to continuous reduction in leasing portfolio during the year. Furthermore to utilize effectively its other assets especially office premises, the company rented out a sizable portion of its offices in Karachi and Lahore to earn extra cash flow.



As regard to the confirmation of outstanding liabilities amounting to Rs.532.86 million, it is submitted that the creditors did not respond to our conformation requests and in addition there is no change in the liabilities amount from the previous year since there were no repayments made to the creditors. Hence the balances can reliably be assumed to remain the same as last years.

The company is trying to recover as much as is possible from the non performing portfolio and therefore, offered concessions to customers for encouraging them to pay early. This policy helped in arriving at settlement with customers and few of them settled in full while others have agreed in repayment of amount in installments.

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.

The financial results of the Company are summarized below:

	2016 Rupees	2015 Rupees
<b>Profit\Loss after tax</b>	<b>15,377,656</b>	<b>(28,521,421)</b>
<b>Earnings per share - Basic &amp; diluted</b>	<b>0.42</b>	<b>(0.79)</b>
<b>Appropriations:</b>		
<b>Transfer to statutory reserves</b>	<b>-</b>	<b>-</b>

#### SHARE CAPITAL & LICENSING

As indicated above against the minimum equity prescribed by the Securities & Exchange Commission of Pakistan (SECP) the company's equity as of 30th June 2016 stood at Rs. 124.59 million. The management is very hopeful that company's license which has been awaiting renewal by SECP, will be renewed in the coming few months.

#### CORPORATE SOCIAL RESPONSIBILITY

In the past your company has taken pride in demonstrating responsible corporate citizen by participating directly and indirectly in various social causes. During earthquake, floods or other natural calamities, the Company directly or by the voluntary help of its staff supported work for the betterment of the underprivileged and people in need with cash and in kind.

#### BUSINESS ETHICS

The Code of conduct of the Company provides a clear guiding framework for the Directors as well as the employees to operate in the environment of integrity, honesty and dedication towards the common goal of achieving positive results for the Company and its various stakeholders.

#### DIRECTORS' DECLARATION

The Directors have implemented the revised Code of Corporate Governance and are pleased to report as under:

The financial statements of the company prepared by the management presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored
- Reasons for significant with deviations in the Company's operating results during the year ended June 30, 2016 have been explained in the Directors' Report.
- Key operating and financial data for the last six years in summarized form is given as annexure to this report.
- No trading in shares of the Company was carried out by the Directors, Executives and their spouses and minor children during the year.
- During the year 7 meetings of the Board of Directors and 3 meetings of the Audit Committee were held. The detail of attendance of each member of the Board is given below:

## Board of Directors' Meetings

Name of Directors	Meetings attended	Name of Directors	Meetings attended
Mr. M R Khan	07	Mr. Azim Azfar	07
Syed Nauman Akhtar	07	Mr. Abdul Ghafoor	03
Mr. Muhammad Riaz Khokhar	04	Mr. Imam Bakhsh Baloch	03
Mr. M Abdullah	03	Mr. S.M. NadimShafiqullah	03
Mr. Ashfaq Ahmed Jumani	01	Mr. Shafiqur Rehman	04

## Audit Committee Meetings

Name of Directors	Meetings attended	Name of Directors	Meetings attended
Mr. Muhammad Riaz Khokhar	02	Mr. S.M. NadimShafiqullah	01
Mr. Azim Azfar	02	Syed Nauman Akhtar	03
Mr. M Abdullah	01	Mr. Ashfaq Ahmed Jumani	01
Mr. NaeemShafi	01	Mr. Abdul Ghafoor	02

## PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2016 is attached as annexure to this report.

## ACKNOWLEDGEMENT

The Board expresses its gratitude to the investors, lenders and the regulatory authorities for their understanding and continuous support to the company in these challenging times and for their assistance in enabling it to meet the regulatory requirements. The Board also places on record its deep appreciation of the efforts put in and dedication shown by all personnel of the company which enabled it to conduct its operations in a very difficult environment during the year.

For and on behalf of the Board of Directors



**Syed Nauman Akhtar**  
Chief Executive Officer

October 4, 2016

# Code of Conduct

The Code of Conduct of Security Leasing Corporation Limited (SLC) reflects our standard for proper behavior and corporate values. It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest professional, ethical and legal standards. This Code of Conduct applies to all the people relating to SLC including Directors, Officers and Employees.

The Code fosters the culture that each member of the Board and staff is responsible to reflect integrity and leadership with the provisions of the Mission, Vision, Company policies and all applicable statutory guidelines for the Company.

It encourages the employees to work proficiently with due diligence in following the internal policies of the Company for dealing with each other, customers and all third parties related directly or indirectly with the Company.

The Salient features of the Code are explained below:

## 1. Conflict of Interest

Each Director and employee should exercise its judgment in order to avoid association with any other activity, person or company that conflicts with or appear to conflict with the best interests of the Company. Any situation which may involve a conflict of interest or reasonably expected to involve such conflict should be disclosed promptly.

## 2. Protection of the Proprietary information

All the trade secrets, other proprietary information and business data of the Company are valuable assets. All the Directors and employees who are entrusted with such information are responsible to properly safeguard and do not disclose such information, data and knowledge to any person except such information which is made public in compliance with statutory requirement by the Company or is given proper authority in writing to disclose such information for any specific purpose.

## 3. Honesty, integrity and ethical standards

All Directors and employees must act honestly, fairly and exhibit highest level of integrity and ethical standards in dealing with all the stakeholders of the Company. Employees must deal ethically with all the customers, suppliers and other parties with fair consideration and without any personal favour. During the course of any business interaction, the employees should ensure that SLC name, integrity and reputation should not be damaged if such interaction becomes public in any manner.

## 4. Political contribution

No funds or assets of the Company may be contributed to any political party or organization or any person who holds an office of public importance.

## 5. Bribes

No amount may be paid or received in cash or in kind on account of bribes or for any such matter which helps in influencing any decision relating to the Company interests or compromise independent judgment to government staff or customer.

## Code of Conduct

### **6. Compliance with laws and regulations**

All Directors and employees must ensure to comply with all the laws, guidelines, regulations and directives as issued by Securities & Exchange Commission of Pakistan, Stock Exchanges and other bodies relating to the Company.

### **7. Charity and voluntary work**

The Company encourages the culture of mutual help, assistance, charity and voluntary work in time of need of any person or community. All Directors and employees are encouraged to participate in such activities of national calamity like floods, earthquake or other social work.

### **8. Communication and disclosure**

The Directors should take steps to ensure that employees are encouraged to communicate with their seniors or any other appropriate person in regard to ethical practices or when in doubt about a course of action in any particular situation. Employees must be encouraged to report violation of rules, regulations, laws or internal policies of the Company without any fear of retaliation or retribution.

### **9. Family connections and employment of relatives**

Any dealing with any customer or third party or organization where the employee has a direct or indirect or family connection must be promptly disclosed to the Company.

### **10. General Discipline**

No assets of the Company or belongings of the employees should be used without specific permission. All employees must adhere to the Services' Rules of the Company.

## Six Years Financial Summary

	2016 Rs '000	2015 Rs '000	2014 Rs '000	2013 Rs '000	2012 Rs '000	2011 Rs '000
<b>BALANCE SHEET</b>						
Ordinary share capital outstanding	363,000	363,000	363,000	363,000	363,000	363,000
Preference share capital outstanding	75,028	75,028	75,028	75,028	75,028	75,028
Shareholders' Fund	438,028	438,028	438,028	438,028	438,028	438,028
Reserves	(313,434)	(334,984)	(313,123)	(184,638)	(59,933)	-176,145
Unrealised loss on Investment	-	-	-	-	-	-170
Networth	124,594	103,044	124,905	253,390	378,095	261,883
Surplus on revaluation of Fixed Assets	29,699	33,465	37,436	41,129	44,193	48,376
Certificates of Investment	-	-	-	-	-	-
Borrowings from Financial & Other Institutions	415,207	466,393	494,973	488,384	517,988	986,549
Lease/Musharika disbursements	10,000	10,000	58,261	110,383	85,959	265,184
Net Investment in Leases	330,289	380,414	383,150	654,527	898,560	1,249,425
Long Term Finances	-	-	450	470	27,808	31,338
Fixed Assets	82,189	93,423	114,967	125,857	136,847	145,434
Total Current Assets	310,295	357,185	514,778	561,933	706,495	1,097,058
Total Assets	815,101	863,642	918,949	1,168,004	1,452,398	1,934,087
Total Current Liabilities	443,178	425,126	708,464	350,283	425,202	700,660
Total Liabilities	660,809	727,132	756,609	873,485	1,030,110	1,598,998
Total Assets to Networth (times)	6.54	8.38	7.36	4.61	3.84	7.39
<b>PROFIT &amp; LOSS</b>						
Total Income	11,286	17,550	36,060	50,066	93,176	117,239
Net Of Gain on De-recognition and unwinding of Financial Liabilities	19,724	-	(69,786)	(72,979)	166,598	258,241
Financial & Other Charges	1,144	4,584	3,378	352	65	45,808
Admin & Operating Expenses	38,991	79,895	78,600	77,194	83,379	86,112
Provisions & Other Charges	1,107	(19,863)	17,895	20,395	60,438	26,829
Total Expenses	41,242	64,616	99,873	97,358	143,826	158,124
(Loss)/Profit Before Tax	(10,232)	(47,066)	(133,599)	(120,854)	115,894	216,731
(Loss)/Profit After Tax	15,378	(28,521)	(134,927)	(128,888)	112,029	205,845
Break-up Value (PKR)	3.52	3.12	3.71	6.72	9.64	7.08
Price per share	1.6	2.9	3.98	3.11	2	2
<b>KEY RATIOS</b>						
Earning per share - PKR - less preferred dividend	0.42	(0.79)	(3.72)	(3.63)	3.09	5.67
Revenue per share - PKR -	0.26	0.40	0.82	1.14	2.13	2.68
Profit before Unwinding of Financial Liabilities, provisions and tax ratio	-255.63%	-381.36%	-127.34%	-54.89%	10.45%	-12.52%
Profit before Tax ratio	-90.67%	-268.18%	-370.49%	-241.39%	124.38%	184.86%
Price Earning ratio (times)	3.78	-3.67	-1.07	-0.86	0.65	0.35
Return on Capital employed market value per share	21.94%	-22.45%	-77.40%	-94.61%	127.88%	234.97%
Income/ Expense ratio (times)	0.27	0.27	0.36	0.51	0.65	0.74
Current ratio (times)	0.70	0.84	0.73	1.60	1.66	1.57
Long term Debt equity ratio (times)	1.75	2.93	0.39	2.06	1.60	3.43
Return on average equity	13.51%	-25.02%	-71.33%	-40.82%	35.01%	120.15%
Return on average assets	1.83%	-3.20%	-12.93%	-9.84%	6.62%	8.79%
Total assets turnover ratio (times)	72.22	49.21	25.48	23.33	15.59	16.50

# Statement of Value Added

	2016 Rupees	2015 Rupees
Revenues from leasing operations	2,596,239	9,185,657
Other income	8,689,392	8,364,226
Gain on de-recognition of financial liabilities	105,985,292	-
Unwinding of financial liability	-86,261,163	-
	<u>31,009,760</u>	<u>17,549,883</u>
Direct cost of leases and others	-17,322,678	-17,537,678
Impairment on Investment	-	-
Value added	<u><u>13,687,083</u></u>	<u><u>12,205</u></u>
<b>Distributed as follows</b>		
<b>To Employees</b>		
As remuneration	11,744,686	49,877,846
<b>To Government</b>		
As income tax	742,000	428,000
<b>To Provider of Finance</b>		
Financial charges	1,144,251	4,583,695
<b>To Depositors</b>		
As profit on investments	-	-
<b>To Shareholders</b>		
Dividends	-	-
<b>Retained in business</b>		
As reserves and retained profits	-	-



# Statement Of Compliance With Code Of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive Directors and Directors representing minority interests on its board of directors. At present the board includes:

Category	Name of Directors
Non Executive Directors	Mr. M. R. Khan Mr. Abdul Ghafoor
Executive Directors	Syed Nauman Akhtar
Independent Directors	Mr. Azim Azfar Mr. Riaz Khokhar Mr. Imam Bakhsh Baloch Mr. M. Abdullah Mr. Ashfaq Ahmed Jumani

The independent directors meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the Directors is a member of any of the Stock Exchanges.
4. No casual vacancy occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a Director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified in clause 5.19.7 of CCG, the Directors are exempted from the requirement of Director's Training Program.



10. The existing CFO & Company Secretary continue to serve as per their terms of appointment as approved by the Board of Directors. The Company has designated one of its employees as Head of Internal Audit to act as coordinator between the firm providing internal audit services and the Audit Committee of the Board of Directors.
11. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of four (4) members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of five (5) members, of whom four (4) are non-executive directors and the Chairman of the Committee is non-executive director.
18. The board has outsourced the Internal Audit function and M/s Anjum, Asim, Shahid, Rahman, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and Stock Exchanges.
22. Material/price sensitive information has been disseminated among all the market participants at once through Stock Exchanges.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list
24. We confirm that all other material principles enshrined in the CCG have been complied with.



**SYED NAUMAN AKHTAR**  
Chief Executive Officer

October 04, 2016

## PATTERN OF SHAREHOLDING OF ORDINARY SHARE CAPITAL AS ON JUNE 30, 2016

Share holding		Number of Shareholders	Total Shares held	Percentage of Issued capital
From	To			
1	100	74	966	0.00
101	500	71	24,901	0.07
501	1,000	31	25,369	0.07
1,001	5,000	96	233,889	0.64
5,001	10,000	34	274,362	0.76
10,001	15,000	12	163,001	0.45
15,001	20,000	8	145,502	0.40
20,001	25,000	9	204,754	0.56
25,001	30,000	1	29,500	0.08
30,001	35,000	2	69,000	0.19
35,001	40,000	3	116,250	0.32
40,001	45,000	4	169,009	0.47
45,001	50,000	4	197,987	0.55
50,001	55,000	1	55,000	0.15
60,001	65,000	3	183,503	0.51
65,001	70,000	5	340,500	0.94
85,001	90,000	1	90,000	0.25
95,001	100,000	2	200,000	0.55
100,001	105,000	1	103,048	0.28
105,001	110,000	1	110,000	0.30
110,001	115,000	1	113,000	0.31
125,001	130,000	1	128,010	0.35
215,001	220,000	1	219,999	0.61
255,001	260,000	1	255,750	0.70
295,001	300,000	1	300,000	0.83
320,001	325,000	1	321,026	0.88
350,001	355,000	1	350,255	0.96
455,001	460,000	1	455,565	1.26
1,260,001	1,265,000	1	1,263,240	3.48
2,200,001	2,205,000	1	2,201,500	6.06
3,170,001	3,175,000	1	3,174,435	8.75
10,280,001	10,285,000	1	10,285,000	28.33
14,495,001	14,500,000	1	14,495,679	39.93
		376	36,300,000	100.00

### Categories of Shareholders

	Number	Shares Held	Percentage
Directors, CEO their Spouse and Minor Children(Note 1)	10	801,653	2.21
Individuals	342	20,894,093	57.56
Investment Companies	3	536	0.00
Insurance Companies	1	455,565	1.26
Modarabas & Mutual Funds	2	322,814	0.89
Joint Stock Companies	12	3,277,712	9.03
Cooperative Societies	1	219,999	0.61
Financial Institutions	1	251	0.00
Charitable Trusts	1	74	0.00
Foreign Investors	1	10,285,000	28.33
Others	2	42,303	0.12
	376	36,300,000	100.00

**Note 1 :** Directors, CEO their Spouse and Minor Children

M.R. Khan - Chairman	350,255	0.96
Ms. Asma Rasheed Rafiqui	300,350	0.83
Mr. Humayun R.Khan	103,048	0.28
Ms. Shireen .H. Khan	45,000	0.12
Mr. Azim Azfar	500	0.00
Mr. Abdul Ghafoor	500	0.00
Mr. Muhammad Riaz Khokhar	500	0.00
Mr. Muhammed Abdullah	500	0.00
Mr. Ashfaq Ahmed Jumani	500	0.00
Mr. Imam Bakhsh Baloch	500	0.00
	801,653	2.21

**Note 2 :** Shareholders holding five percent or more voting interest in the Company

S.M. Nadim Shafiqullah - Vice Chairman	14,495,679	39.93
Merrill, Lynch, Pierce, Fenner, Smith, Inc. USA	10,285,000	28.33
First Pakistan Securities Limited	3,174,435	8.75
Azneem Bilwani	2,201,500	6.06

**Note 3 :** Chief financial officer (CFO) & Company Secretary does not hold any shares.

**PATTERN OF SHAREHOLDING OF PREFERENCE SHARE CAPITAL  
AS ON JUNE 30, 2016**

<b>Share holding</b>		<b>Number of Shareholders</b>	<b>Total Shares held</b>	<b>Percentage of Issued capital</b>
<b>From</b>	<b>To</b>			
1	100	3	13	0.00
101	500	2	748	0.01
501	1,000	4	2,874	0.04
1,001	5,000	2	4,200	0.06
95,000	100,000	1	99,001	1.32
495,001	500,000	1	500,000	6.66
1,000,001	1,005,000	1	1,001,489	13.35
2,445,001	2,450,000	1	2,449,200	32.64
3,445,001	3,450,000	1	3,445,250	45.92
		<b>16</b>	<b>7,502,775</b>	<b>100.00</b>

<b>Categories of Shareholders</b>	<b>Number</b>	<b>Shares Held</b>	<b>Percentage</b>
Individuals	10	7,273	0.10
Mutual Funds	2	4,446,739	59.27
Joint Stock Companies	2	2,449,762	32.65
Financial Institutions	1	500,000	6.66
Provident Fund	1	99,001	1.32
	<b>16</b>	<b>7,502,775</b>	<b>100.00</b>

Note 2 :

None of the Directors, Chief Executive Officer, their spouse & minor children hold any preference shares.



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## REVIEW REPORT TO THE MEMBERS OF SECURITY LEASING CORPORATION LIMITED ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Security Leasing Corporation Limited for the year ended June 30, 2016 to comply with the requirements of listing regulations No. 5.19.24 of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provision of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risk and controls or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Code requires the company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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RSM Avais Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



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Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- i. No mechanism has been put in place for an annual evaluation of the Board's own performance.
- ii. No recommendation by HR Committee has been made in connection with the evaluation to the position of Head of Finance & Accounts, Company Secretary, Compliance Officer and Head of Internal Audit.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Chartered Accountants  
Karachi.

Dated: October 04, 2016

Engagement Partner: Adnan Zaman

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## AUDITORS' REPORT TO THE MEMBERS OF SECURITY LEASING CORPORATION LIMITED

We have audited the annexed balance sheet of SECURITY LEASING CORPORATION LIMITED (the "Company") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) As described in Note 1.2 to the financial statements, the financial statements have been prepared on going concern basis. The company has generated income of Rs. 15.37 million after adjusting deferred tax credit of Rs. 26.35 million (2015: loss of Rs. 28.52 million after adjusting deferred tax credit of Rs. 18.972 million). As at the balance sheet date, accumulated loss of the company was Rs. 495.3 million (2015: Rs. 516.85 million) as against the issued, subscribed and paid up capital of Rs. 438.027 million (2015: Rs. 438.027 million) and current liabilities of the company exceed its current assets by Rs. 132.88 million (2015: Rs. 67.94 million). The Company is 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. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate and 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. 375.38 million (2015: Rs. 346.62 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, in our view, 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. In our view, deferred tax asset should be de-recognised. Had the deferred tax asset been de-recognised, deferred tax asset and equity would have been lower by and profit for the year would have been lower by Rs. 375.38 million.

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- (c) The Company has recorded cumulative unwinding expense of Rs. 86.261 million on long term finances in the current year which comprises of Rs. 45.052 million & Rs. 45.209 million for the years 2016 & 2015 respectively. In 2015, the Company has not recorded such unwinding expense on financial liabilities. Had this expense been recorded in correct periods, profit for the year 2016 would have increased by and loss for the year 2015 would have increased by Rs. 45.209 million.
- (d) Financial liabilities of Rs. 532.86 million (principal amount) remains unconfirmed as of the date of audit report and we are unable to verify its existence by alternative means.
- (e) in our opinion, except for the effects on the financial statements of the matters stated in paragraphs (a), (b),(c)&(d) above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (f) in our opinion, due to effects on the financial statements of the matters stated in paragraphs (a),(b),(c)&(d) above:
- i. the balance sheet and profit and loss account together with the notes thereon have not been drawn up in conformity with the Companies Ordinance, 1984. However, the balance sheet and profit and loss account are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (g) in our opinion, due to the significance of the matters discussed in paragraph (a) to (d) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (h) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980

Karachi  
Dated: October 04, 2016

CHARTERED ACCOUNTANTS  
Engagement Partner: Adnan Zaman

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# BALANCE SHEET

AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	5	10,616,928	27,419,693
Short term investments	6	-	-
Short term finances	7	10,000,000	10,000,000
Advances, prepayments and other receivables	8	1,663,223	1,706,317
Accrued return on investments		-	5,775
Taxation-net		4,459,818	3,546,886
Current maturity of non-current assets	9	283,555,111	314,506,319
<b>Total current assets</b>		<b>310,295,080</b>	<b>357,184,990</b>
<b>Non-current assets</b>			
Net investment in finance leases	10	46,733,560	65,907,739
Long-term deposits	11	504,500	504,500
Property and equipment	12	82,189,045	93,423,187
Deferred tax asset	13	375,378,859	346,621,262
<b>Total non-current assets</b>		<b>504,805,964</b>	<b>506,456,688</b>
<b>Total assets</b>		<b>815,101,044</b>	<b>863,641,678</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued and other liabilities	14	74,593,000	75,269,264
Current maturity of non-current liabilities	15	368,584,539	349,856,601
<b>Total current liabilities</b>		<b>443,177,539</b>	<b>425,125,865</b>
<b>Non-current liabilities</b>			
Long -term finances	16	192,538,656	272,327,773
Long-term deposits	17	25,092,471	29,678,831
<b>Total non-current liabilities</b>		<b>217,631,127</b>	<b>302,006,604</b>
<b>Total liabilities</b>		<b>660,808,666</b>	<b>727,132,469</b>
<b>NET ASSETS</b>		<b>154,292,378</b>	<b>136,509,208</b>
<b>REPRESENTED BY SHAREHOLDERS' EQUITY</b>			
<b>Share capital and reserve</b>			
Issued, subscribed and paid-up share capital	18	438,027,750	438,027,750
Reserves	19	(313,433,987)	(334,983,829)
		124,593,763	103,043,921
Surplus on revaluation of fixed assets	20	29,698,615	33,465,287
<b>Total shareholders' equity</b>		<b>154,292,378</b>	<b>136,509,208</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes from 1 to 34 form an integral part of these financial statements.



**Syed Nauman Akhtar**  
Chief Executive Officer



**M R Khan**  
Chairman

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
<b>REVENUE</b>			
<b>Income from:</b>			
Finance lease Contracts		2,596,239	9,185,657
Other operating income	22	8,689,392	8,364,226
		<u>11,285,631</u>	<u>17,549,883</u>
Gain on de-recognition of financial liabilities		105,985,292	-
Unwinding of financial liability		(86,261,163)	-
		<u>19,724,129</u>	<u>-</u>
		<u>31,009,760</u>	<u>17,549,883</u>
<b>EXPENSES</b>			
Administrative and selling	23	(38,990,627)	(79,894,885)
Finance costs	24	(1,144,251)	(4,583,695)
Provision & write-offs	25	(1,107,309)	19,862,565
		<u>(41,242,187)</u>	<u>(64,616,015)</u>
<b>Operating loss before Income tax</b>		<u>(10,232,427)</u>	<u>(47,066,132)</u>
<b>Taxation</b>			
- current tax expense	26	(742,000)	(428,000)
- deferred tax credit		26,352,082	18,972,713
		<u>25,610,082</u>	<u>18,544,713</u>
<b>Profit / (Loss) for the year</b>		<u>15,377,656</u>	<u>(28,521,419)</u>
<b>Earning / (loss) per share</b>	27	<u>0.42</u>	<u>(0.79)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.



**Syed Nauman Akhtar**  
Chief Executive Officer



**M R Khan**  
Chairman

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Profit / (Loss) for the year	15,377,656	(28,521,419)
<b>Total Comprehensive income for the year</b>	<b>15,377,656</b>	<b>(28,521,419)</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.



**Syed Nauman Akhtar**  
Chief Executive Officer



**M R Khan**  
Chairman

# CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax		(10,232,427)	(47,066,132)
Depreciation	12.1	9,923,263	12,479,362
Loss on disposal of property and equipment	22.2	-	2,365,135
Gain on de-recognition of financial liabilities		(105,985,292)	-
Finance costs	24	1,144,251	4,583,695
Unwinding of financial liability		87,129,458	988,269
Provision for potential lease and other losses	25	1,107,309	(19,862,565)
		(6,681,011)	553,896
<b>Operating (loss) before working capital changes</b>		<b>(16,913,438)</b>	<b>(46,512,237)</b>
<b>Working capital changes</b>			
Decrease in net investment in finance leases	10	49,018,088	21,619,037
Decrease in advances, prepayments and other receivables		43,094	1,030,141
Decrease in accrued return on investments		5,775	202,586
(Decrease) in deposits from leases		(14,462,129)	(5,434,632)
(Decrease) / Increase in accrued and other liabilities		(676,264)	7,513,047
		33,928,564	24,930,179
<b>Cash from operations after working capital changes</b>		<b>17,015,127</b>	<b>(21,582,058)</b>
Financial charges paid	24	(1,144,251)	(4,583,695)
Taxes paid		(1,654,932)	(1,408,289)
		(2,799,183)	(5,991,984)
<b>Net cash generated from/ (used in) operating activities</b>		<b>14,215,944</b>	<b>(27,574,042)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	12.1	(56,021)	(37,000)
Long term finance		-	43,959,707
Proceeds from disposal of property and equipment(net)		1,366,900	6,736,351
Long term deposits		-	315,150
<b>Net cash generated from investing activities</b>		<b>1,310,879</b>	<b>50,974,208</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term finances		(32,329,587)	(32,542,979)
<b>Net cash (used in) financing activities</b>		<b>(32,329,587)</b>	<b>(32,542,979)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(16,802,765)</b>	<b>(9,142,813)</b>
Cash and cash equivalents at beginning of the year		27,419,693	36,562,506
<b>Cash and cash equivalents at end of the year</b>	28	<b>10,616,928</b>	<b>27,419,693</b>



**Syed Nauman Akhtar**  
Chief Executive Officer



**M R Khan**  
Chairman

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

	Share Capital	Reserves			Total
		Capital	Revenue	Unrealised (loss)/gain on remeasurement of available for sale Investment	
	Statutory reserve	Unappropriated profit/ (loss)			
	Rupees				
Balance as at July 01, 2014	438,027,750	181,867,005	(494,990,202)	-	124,904,553
<b>Change in equity for the year ended June 30, 2015</b>					
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)"	-	-	6,660,787	-	6,660,787
Loss for the year	-	-	(28,521,421)	-	(28,521,421)
<b>Total recognised expense for the year</b>	-	-	(21,860,634)	-	(21,860,634)
<b>Balance as at June 30, 2015</b>	<u>438,027,750</u>	<u>181,867,005</u>	<u>(516,850,836)</u>	<u>-</u>	<u>103,043,919</u>
<b>Change in equity for the year ended June 30, 2016</b>					
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	6,172,186	-	6,172,186
Profit for the year	-	-	15,377,656	-	15,377,656
<b>Total recognised expense for the year</b>	-	-	21,549,842	-	21,549,842
<b>Balance as at June 30, 2016</b>	<u>438,027,750</u>	<u>181,867,005</u>	<u>(495,300,992)</u>	<u>-</u>	<u>124,593,763</u>



**Syed Nauman Akhtar**  
Chief Executive Officer



**M R Khan**  
Chairman

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

## 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. The renewal request is submitted with the Commission which is pending.

Net shareholder's equity of the Company as at June 30, 2016 is Rs.154.29 million (2015: Rs. 136.509 million as compared to the minimum equity level of Rs. 50 million (2015: Rs. 700 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 last 4 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 Ordinance, 1984 (the Ordinance), 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 Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever, the requirements of the Ordinance, the Rules and the Regulations differ with the requirements of IFRS, the requirements of the Ordinance, the Rules or the Regulations shall prevail.

#### 3.1 Standards or interpretations that are effective in current year but not relevant to the Company.

The following new standards have been issued by the International Accounting Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Company has adopted these accounting standards which do not have significant impact on the Company's financial statements.

Accounting standards and interpretations:		Effective date (Annual period beginning on or after)
IFRS 10	Consolidated Financial Statements	January 01, 2015
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	Fair Value Measurement	January 01, 2015
IAS 27	Separate Financial Statements (Revised 2011)	January 01, 2015
IAS 28	Investments in Associates and Joint Ventures (Revised 2011)	January 01, 2015

#### Amendment no yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Accounting standards and interpretations:		Effective date (Annual period beginning on or after)
IFRS 2	Share-based Payments - Amendments to clarify the classification and measurement of share-based payment transactions.	January 01, 2018
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations Amendments resulting from September 2014 Annual Improvements to IFRSs.	January 01, 2016
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (Servicing Contracts and Applicability of the offsetting amendments in condensed interim financial statements).	January 01, 2016



Accounting standards and interpretations:		Effective date (Annual period beginning on or after)
IFRS 9	Financial Instruments - Amendments for incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 14	Regulatory Deferral Accounts, To recognize Regulatory Deferred Accounts balances arise from rate-regulated activities	January 01, 2016
IFRS 15	Revenue from Contracts with Customers (Superseded IAS 11), To recognize revenue for the transfer of promised goods or services to the customer under the contract	January 01, 2018
IFRS 16	Leases (Superseding IAS 17), To report all lease assets and lease liabilities on the balance sheet, initially measured at the present value of future lease payments as it eliminated classification of leases as Operating or Finance Leases for lessee	January 01, 2019
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendment regarding the recognition of deferred tax assets for unrealized losses	January 01, 2017
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable method of depreciation and bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual improvements to IFRS's	January 01, 2016
IAS 27	Consolidated and Separate Financial Statements - Amendment reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associated in an entity separate financial statements	January 01, 2016
IAS 28	Investment in Associates and Joint Ventures - Amendment regarding the application of consolidation exception	January 01, 2016

Accounting standards and interpretations:		Effective date (Annual period beginning on or after)
IAS 34	Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plant into the scope of IAS 16	January 01, 2016

### 3.2 Standards or interpretation not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

The effects IFRS - 15 Revenue from Contract with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have significant effect on the Company's future financial statements.

The management anticipates that the adoption of the above standards and amendments in future periods will no material impact on the Company's financial statements.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.01 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, the Regulations and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

In the process of applying the Company's accounting policies, management has made the following estimates and judgment which are significant to the financial statements:

- allowance for potential lease and loan losses (note 4.06);
- classification of investments (note 4.07);
- determining the residual values and useful lives of depreciable assets (note 4.09 & 4.10);
- impairment (note 4.09);
- income tax and deferred tax (note 4.15); and
- provisions (note 4.17).

## 4.02 Revenue recognition

### Finance lease and hire purchase income

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Income from finance leases and hire purchases is suspended if rent is past due by the minimum criteria prescribed by the Regulations.

Front end fee and other lease related income is recognised as income on receipt.

### Operating lease income

Rental income from operating leases is recognised on accrual basis over the term of the lease contract.

### Return on investments

Markup/Return on loans, advances and investments is recognised on accrual basis using the effective interest method.

Fees and commission income are recognised on accrual basis when the service has been provided.

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

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

Return on deposits, short term placements and other money market securities is recognised on a time proportion basis.

## 4.03 Long term loans and finances

These are initially recognized at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are stated at amortized cost using the effective interest method.

## 4.04 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those that the Company intends to sell immediately or in the near term, which shall be classified as held-for-trading, and those that the Company upon initial recognition designates as at fair value through profit or loss account; (b) those that the Company upon initial recognition designates as available-for-sale; or (c) those for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Subsequent to initial measurement loans and receivables are measured at amortized cost using the effective interest method. Gains/Losses arising on remeasurement of loans and receivables are taken to the profit and loss account.

Gain or loss is also recognized in profit and loss account when loans and receivables are derecognised or impaired, and through the amortization process.

## 4.05 Net investment in finance lease

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

#### 4.06 Provision for potential lease losses and provision for other doubtful loans and receivables

The provision for potential leases and provision for other doubtful loans and receivables are made based on the appraisal of each lease or loan that takes into account the Regulations issued by SECP from time to time.

Developing the allowance for potential leases and doubtful loans and other receivables is subject to numerous judgments and estimates. In evaluating the adequacy of allowance, management considers various factors, including the requirements of the Regulations, the nature and characteristics of the obligator, current economic conditions, credit concentrations or deterioration in pledged collateral, historical loss experience, delinquencies and present value of future cash flows expected to be received. Lease installment, loans and other receivables are charged off, when in the opinion of management, the likelihood of any future collection is believed to be minimal.

#### 4.07 Investments

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the asset.

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement (IAS-39)" at the time of purchase and re-evaluates this classification on a regular basis. The investments of the Company have been categorised as per the requirements of IAS 39 as follows:

##### At fair value through profit or loss

- a) These are classified as 'held-for-trading' if (a) acquired or incurred principally for the purpose of selling or re-purchasing it in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).
- b) Upon initial recognition these are designated by the Company as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value can not be reliably measured.

##### Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

##### Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held-to-maturity investments, or

(c) financial assets at fair value through profit or loss.

All quoted investments except 'at fair value through profit or loss' and held-for-trading are initially recognised at cost inclusive of transaction costs. Investments at fair value through profit or loss and held for trading are initially recognised at cost. All quoted investments are subsequently marked to market using the year end bid prices obtained from stock exchange quotations or quotes from brokers. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Investments in delisted / unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

Unrealised gains / losses on investments classified as at fair value through profit or loss are taken to profit and loss account while unrealised gains / losses on investments classified as available for sale are taken to equity until these are derecognised, at which time the cumulative gain or loss previously recognised in equity is taken to profit and loss account.

Gain or loss is also recognized in profit and loss account when held-to-maturity investments are derecognised or impaired, and through the amortization process.

Impairment of investments is recognised in profit and loss account when there is a permanent diminution in their value. On impairment of available-for-sale investments, cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit and loss account even though the investments have not been derecognised. Impairment losses recognised in profit and loss account for an investment in equity instrument classified as available-for-sale are not reversed through profit and loss account. Impairment loss related to investments carried at cost is not reversed.

### **Derecognition**

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

#### **4.08 Repurchase and resale transactions**

The Company enters into transactions of re-purchase (repo) and re-sale (reverse repo) of securities at contracted rates for a specified period of time following the trade date accounting. These transactions are recorded as follows:

- a) in case of sale under re-purchase obligations, the securities remain on the balance sheet and a liability is recorded in respect of the consideration received as 'Borrowing'. Charges arising from the differential in sale and re-purchase values are accrued on a prorata basis; and
- b) in case of purchases under re-sale obligations, the securities are not recognized on the balance sheet and the consideration paid is recorded as 'Placement' and the differential of the purchase price and contracted re-sale price is recognized over the period of the contract.

#### **4.09 Property and equipment**

##### **Owned**

##### **Initial recognition**

An item of property and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

##### **Measurement subsequent to initial recognition**

##### **Carried at revaluation model**

Office premises, leasehold improvements and furniture & fixture are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined by professional valuers with sufficient regularity such that the carrying amount does not differ materially from fair value at the balance sheet date.

##### **Carried at cost model**

Property and equipment other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses.



**Depreciation**

All items of property and equipment are depreciated on a straight line basis at rates which will write off their cost or revalued amount over their expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions during the year is charged from the month of acquisition. No depreciation is charged in the month of disposal.

Subsequent expenditure relating to an item of property and equipment is capitalized to the initial cost of the item when the expenditure meets the recognition criteria. All other subsequent expenditure is expensed in the period in which it is incurred.

Profit and loss on disposal of property and equipment is included in income currently.

**Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

**Capital work - in - progress**

Capital work-in-progress are carried at cost, less any recognized impairment loss. These expenditures are transferred to relevant category of property and equipments as and when assets start operation.

**Leased**

Assets subject to finance lease are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and fair value of assets acquired. The related obligations under the lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged in a manner similar to owned assets.

**4.10 Intangible Assets**

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the company and that the cost of such assets can also be measured reliably.

Generally, cost associated with the development or maintenance of computer software programmes are recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognized as an intangible assets. Direct costs include the purchase cost of software and related overhead cost. Computer software costs that are directly associated with the computer and computer controlled machines, which cannot operate without the related specific software, are included in the costs of the respective assets. When the software is not an integral part of the related hardware, it is classified an intangible asset. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditures, which enhance or extend the performance of computer software beyond their original specification and useful life are recognized as capital improvement and added to the original cost of the software.

### 4.11 Compensated absences

The Company provides its employees with non-accumulated compensated absences that are recognized when the absences occur.

### 4.12 Foreign currency translation

Transactions in foreign currencies are accounted for in rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the balance sheet date are expressed in rupees at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange gains and losses are included in income currently.

### 4.13 Financial instruments

Financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value for the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs incurred on financial assets and liabilities classified as 'at fair value through profit or loss' and held-for-trading and that may be incurred on disposal. The particular recognition methods adopted for the measurement of financial assets and liabilities subsequent to initial measurement are disclosed in the policy statements associated with each item.

Financial assets carried on the balance sheet include cash and bank balances, advances and deposits. Loans and receivables, finance leases and investments have been stated as per the policies mentioned in note 4.05, 4.06 and 4.07 respectively.

Financial liabilities carried on the balance sheet include certificates of investment, deposits, accrued and other payables. Loans and finances have been stated as per the policies mentioned in note 4.04.

### 4.14 Off-setting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognised amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 4.15 Taxation

#### Current tax

The charge of current tax is based on taxable income at the applicable rate of taxation after taking into account available tax credits and rebates. Income for the purpose of computing current taxation is determined under the provisions of tax laws.

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable



income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **4.16 Related parties transactions**

All transactions with related parties, if any, are recorded at an arm's length price except as defined in note 12.2.1.

#### **4.17 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.18 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash with banks, running finance facilities availed by the Company, which are payable on demand (if any) and short term investments realisable within three months (if any) are included as part of cash and cash equivalent for the purpose of statement of cash flow.

#### **4.19 Repossessed leased assets**

These are stated at lower of the original cost of the related asset, exposure to the Company and the net realisable value of the assets repossessed. Gain or losses on the disposal of such assets are recognized in the profit and loss account.

#### **4.20 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

#### **4.21 Certificate of investments**

Return on certificate of investments issued by the Company is recognised on a time proportion basis.

#### **4.22 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 Board of Directors of the Company.

#### **4.23 Segmental reporting**

A business segment is a distinguishable component of the Company that is engaged in providing an individual product or service or a group of related products or services and that is subject to risk and returns that are different from those of other business segments. As the risk and rate of return are predominantly affected by difference in these products or services, the primary format for reporting segment information is based on business segment.

#### **4.24 Discontinued operations**

"A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held

for sale. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation had been discontinued from the start of the comparative period.

Non-current (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

## 4.25 General

Figures have been rounded-off to nearest Pakistani Rupee.

	Note	2016 Rupees	2015 Rupees
<b>5 CASH AND BANK BALANCES</b>			
Cash in hand		1,696	1,691
Balance with State Bank of Pakistan in current account		37,677	16,089
Balances with other banks in:			
-Current accounts		10,562,204	27,386,830
-Saving accounts	5.1	15,351	15,083
		<b>10,616,928</b>	<b>27,419,693</b>

5.1 Return on saving account is 4 %- 5.5% (2015: 6.64 %-8%) per annum.

## 6 SHORT TERM INVESTMENTS - Available for sale

Other than related party	Units/Shares		2016 Rupees	2015 Rupees
	2016	2015		
Listed securities			-	-
Unlisted securities				
Ordinary shares (First Pakistan Securities Limited)	1,399,141	1,399,141	20,000,000 (20,000,000)	20,000,000 (20,000,000)
Impairment			-	-

## 7 SHORT TERM FINANCES

Other than related party		
Placement- considered doubtful	54,000,000	54,000,000
Less:Provision	(54,000,000)	(54,000,000)
	<b>10,000,000</b>	<b>10,000,000</b>
Musharika finance- secured - considered good	10,000,000	10,000,000

	Note	2016 Rupees	2015 Rupees
<b>8 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Prepayments		1,022,462	1,064,750
Operating lease rentals receivables - considered doubtful		3,702,153	3,702,153
Less: provision for operating lease rental receivables		(3,702,153)	(3,702,153)
		-	-
Other receivables		640,761	641,567
		<u>1,663,223</u>	<u>1,706,317</u>
<b>9 CURRENT MATURITY OF NON - CURRENT ASSETS</b>			
Net investments in leases	10	283,555,111	314,506,319
		<u>283,555,111</u>	<u>314,506,319</u>
<b>10 NET INVESTMENT IN FINANCE LEASE</b>			
Net investment in finance leases		330,288,671	380,414,058
Less: current portion of net investment in finance leases		(283,555,111)	(314,506,319)
		<u>46,733,560</u>	<u>65,907,739</u>

	Note	2016			2015		
		Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Lease rentals receivable		321,774,623	21,970,725	343,745,348	346,965,435	36,580,075	383,545,510
Add: Residual value of leased assets		145,959,433	25,092,472	171,051,905	154,295,202	31,221,932	185,517,134
Gross investment in finance leases		<u>467,734,056</u>	<u>47,063,197</u>	<u>514,797,253</u>	<u>501,260,637</u>	<u>67,802,007</u>	<u>569,062,644</u>
Less:							
Unearned lease income		894,543	329,637	1,224,180	4,577,225	1,894,258	6,471,483
Income suspended	10.1	56,896,057	-	56,896,057	56,896,057	-	56,896,057
		<u>409,943,456</u>	<u>46,733,560</u>	<u>456,677,016</u>	<u>439,787,355</u>	<u>65,907,749</u>	<u>505,695,104</u>
Provision for potential lease losses	10.2	126,388,345	-	126,388,345	125,281,036	-	125,281,036
Net investment in leases		<u>283,555,111</u>	<u>46,733,560</u>	<u>330,288,671</u>	<u>314,506,319</u>	<u>65,907,749</u>	<u>380,414,058</u>

# SECURITY LEASING CORPORATION LIMITED

	Note	2016 Rupees	2015 Rupees
<b>10.1 Income suspended</b>			
Balance at beginning of the year		56,896,057	56,896,057
Income suspended during the year		-	-
Income reversed during the year		-	-
Balance at end of the year		<u>56,896,057</u>	<u>56,896,057</u>
<b>10.2 Provision for potential lease and other losses</b>			
Balance at beginning of the year		125,281,036	144,164,306
Provision for the year		1,107,309	-
Reversed for the year		-	(18,883,270)
Balance at end of the year		<u>126,388,345</u>	<u>125,281,036</u>
<b>11 LONG TERM DEPOSITS</b>			
Others		504,500	504,500
		<u>504,500</u>	<u>504,500</u>
<b>12 PROPERTY AND EQUIPMENT</b>			
Property and equipment - owned	12.1	82,189,045 <u>82,189,045</u>	93,423,187 <u>93,423,187</u>

## 12.1 OPERATING ASSETS

Description	Cost / Revalued amounts			2016 Depreciation				Written down value as at June 30, 2016	Depreciation rate in %
	As at July 1, 2015	Additions (deletions) during the year	Transfers *	As at June 30, 2016	As at July 1, 2015	Charge for the year/ (Transfers/ disposal)	Transfers *	As at June 30, 2016	
<b>OWNED</b>	Rupees								
Office premises	104,955,000	-	-	104,955,000	22,302,928	5,247,750	-	27,550,678	5
Leasehold Improvements	22,274,000	-	-	22,274,000	14,199,645	3,341,100	-	17,540,745	15
Furniture and fixtures	6,831,264	-	-	6,831,264	5,804,932	1,025,926	-	6,830,858	20
Office equipment	1,995,528	-	-	1,995,528	1,989,199	4,644	-	1,993,843	36
Computer equipment	2,778,380	56,021	-	2,834,401	2,775,556	9,493	-	2,785,049	36
Generator and air conditioners	3,688,070	-	-	3,688,070	3,688,063	-	-	3,688,063	7
Vehicles	4,749,273	-	-	751,773	3,088,005	294,350	-	751,755	18
		(3,997,500)				(2,630,600)			24-30
<b>Grand Total</b>	<b>147,271,515</b>	<b>56,021</b> <b>(3,997,500)</b>	<b>-</b>	<b>143,330,036</b>	<b>53,848,328</b>	<b>9,923,263</b> <b>(2,630,600)</b>	<b>-</b>	<b>61,140,991</b>	<b>82,189,045</b>

Description	Cost / Revalued amounts				2015 Depreciation				Written down value as at June 30, 2015	Depreciation rate in %
	As at July 1, 2014	Additions (deletions) during the year	Transfers *	As at June 30, 2015	As at July 1, 2014	Charge for the year/ (Transfers/ disposal)	Transfers *	As at June 30, 2015		
	Rupees									
OWNED										
Office premises	104,955,000	-	-	104,955,000	17,055,178	5,247,750	-	2,302,928	82,652,072	5
Leasehold Improvements	22,274,000	-	-	22,274,000	10,858,545	3,341,100	-	14,199,645	8,074,355	15
Furniture and fixtures	8,676,264	-	-	6,831,264	5,207,126	1,478,543	-	5,804,932	1,026,332	20
Office equipment	2,267,328	(1,845,000) 37,000	-	1,995,528	2,176,544	(880,737) 31,925	-	1,989,199	6,329	36
Computer equipment	2,778,380	(308,800) -	-	2,778,380	2,771,018	(219,270) 4,538	-	2,775,556	2,824	36
Generator and air conditioners	3,688,070	-	-	3,688,070	3,688,063	-	-	3,688,063	7	20
Vehicles	19,649,598	- (18,051,825)	3,151,500	4,749,273	10,527,614	2,123,386 (10,004,205)	441,210	3,088,005	1,661,268	24-30
Subtotal - owned assets	164,288,640	37,000 (20,205,625)	3,151,500	147,271,515	52,284,088	12,227,242 (11,104,212)	441,210	53,848,328	93,423,187	
LEASED ASSETS										
Vehicles	3,151,500		(3,151,500)	-	189,090	252,120	(441,210)	-	-	24-30
Subtotal - leased assets	3,151,500		(3,151,500)	-	189,090	252,120	(441,210)	-	-	
Grand Total	167,440,140	37,000 (20,205,625)	-	147,271,515	52,473,178	12,479,362 (11,104,212)	-	53,848,328	93,423,187	

\* Transferred to owned assets

## 12.2 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of Buyers
-----Rupees-----							
Vehicles							
	1,895,000	1,705,500	189,500	189,500	-	Term of Employment	M R Khan
	2,102,500	925,100	1,177,400	1,177,400	-	Term of Employment	Nadeem Shafiqullah
	3,997,500	2,630,600	1,366,900	1,366,900	-		
	3,997,500	2,630,600	1,366,900	1,366,900	-		

12.2.1 These related party transactions were approved by Board of Directors and incurred at non arm's length price. Further, as per new employment compensation policy, vehicles will not be provided to employees of company.

	Note	2016 Rupees	2015 Rupees
<b>13 DEFERRED TAX ASSET</b>			
<b>Debit balances arising due to:</b>			
Overdue rentals not taxable in future		96,441,120	100,106,627
Provision for potential lease losses		39,180,387	40,089,932
Provision for other non performing assets		17,887,667	18,464,689
Unabsorbed tax depreciation		286,989,551	287,944,420
Minimum turnover tax		742,000	428,000
		<b>441,240,725</b>	<b>447,033,668</b>
<b>Credit balances arising due to:</b>			
Accelerated tax depreciation		(2,037,183)	(1,964,936)
Net investment in finance lease		(50,481,826)	(82,699,099)
Surplus on revlaution of leasehold land and office building		(13,342,856)	(15,748,371)
		<b>(65,861,866)</b>	<b>(100,412,406)</b>
		<b>375,378,859</b>	<b>346,621,262</b>

13.1 This represents the probable benefits expected to be realized in future years determined on the projected financial statements under prevailing circumstances for the next few years.

	Note	2016 Rupees	2015 Rupees
<b>14 ACCRUED AND OTHER LIABILITIES</b>			
Accrued liabilities		669,033	964,273
Advance against leases		68,534,437	70,202,380
Unclaimed dividend		807,122	807,122
Other liabilities		4,582,408	3,295,489
		<b>74,593,000</b>	<b>75,269,264</b>
<b>15 CURRENT MATURITY OF NON- CURRENT LIABILITIES</b>			
Long term finances	16	222,668,736	194,065,029
Long term deposits	17	145,915,803	155,791,572
		<b>368,584,539</b>	<b>349,856,601</b>
<b>16 LONG-TERM FINANCES - secured</b>			
<b>Other than related party</b>			
Privately Placed Term finance certificates	16.4	58,472,461	45,704,734
Privately Placed SUKUKs	16.5	175,232,980	251,006,870
Long-term loans	16.6	181,134,601	158,113,751
Term Finance Certificates	16.7	367,350	11,567,447
		<b>415,207,392</b>	<b>466,392,802</b>
Transfer to liabilities directly associated with the assets held for sale		-	-
		<b>415,207,392</b>	<b>466,392,802</b>

Note	2016 Rupees	2015 Rupees
Less: Current maturity due but not paid		
Privately Placed Term finance certificates	20,312,500	10,156,250
Privately Placed SUKUK	60,937,500	55,859,373
Long-term loans	66,516,387	27,314,799
Term Finance Certificates	-	-
	<b>147,766,387</b>	<b>93,330,422</b>
Less: Current maturity shown under current liabilities		
Privately Placed Term finance certificates	10,156,250	10,156,250
Privately Placed SUKUK	30,468,750	55,859,373
Long-term loans	33,909,999	26,418,132
Privately Placed Term finance certificates	367,350	8,300,852
	<b>74,902,349</b>	<b>100,734,607</b>
	<b>222,668,736</b>	<b>194,065,029</b>
	<b>192,538,656</b>	<b>272,327,773</b>

- 16.1 In January 2012, in view of the difficult financial situation with no bright prospects of new funding in form of direct equity or financing, the Company requested the lenders to modify the terms of the long term finance by extending the repayment period from 4 years to 10 years with effect from February 2012. In order to reflect the impact of this extension in the tenure according to the Para 40 of International Accounting Standard 39 - Financial Instruments, the Company has recomputed the accounting effect on derecognition of all the financial liabilities to record the gain and unwinding of the related liabilities accordingly.
- 16.2 The amount of gain arisen due to difference between the existing carrying amount of original financial liability and new financial liability recognised was recorded as income through both equity and Profit & loss account. This amount would be amortized as unwinding of financial liability over the repayment term.
- 16.3 The financial liabilities amounting to Rs. 211,295,945( Carrying value: Rs. 127,151,901) has been settled during the year.

#### 16.4 Principal terms of term finance certificates (TFCs)

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2015	2014
From financial institutions					2015	2014
Privately placed term finance certificates (3rd Issue)	Secured against specific lease rentals receivable and related lease assets	Sep-07	Jan-22	Zero % (2015: Zero)	58,472,461	45,704,734



# SECURITY LEASING CORPORATION LIMITED

## 16.5 Principal terms of SUKUKs

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2016	2014
From financial institutions						
Privately placed SUKUK-1	Secured against specific lease rentals receivable and related lease assets	Dec-08	Jan-22	Zero % (2015: Zero%)	- (Settled)	113,889,204
Privately placed SUKUK-2	Secured against specific lease rentals receivable and related lease assets	Mar-09	Jan-22	Zero % (2015: Zero%)	175,232,980	137,117,666

## 16.6 Principal terms of Long -Term Loans

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2016	2015
United Growth & Income Fund	Clean	Dec-07	Feb-19	Zero % (2015: Zero%)	44,554,650	36,022,857
The Bank of Khyber	Secured against property	Apr-10	Jan-22	Zero % (2015: Zero%)	76,902,541	62,591,420
United Bank Limited	Secured against specific lease rentals receivable and related lease assets	Apr-10	Feb-22	Zero % (2015: Zero%)	15,690,004	12,337,276
The Bank of Punjab	Secured against specific lease rentals receivable and related lease assets	Apr-10	Jan-22	Zero % (2015: Zero%)	29,189,984	22,687,717
Soneri Bank Limited	Secured against specific lease rentals receivable and related lease assets	Apr-10	Jan-22	Zero % (2015: Zero%)	14,797,422	11,654,003
KASB Funds	Clean	Jul-12	Jun-20	Zero % (2015: Zero%)	- (Settled)	12,820,478

## 16.7 Term Finance Certificates

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2016	2015
Dynamic Resources	Secured against motor vehicle	Apr-14	Mar-17	14% (2014: 14%)	367,350	11,567,447

	Note	2016 Rupees	2015 Rupees
<b>17 LONG-TERM DEPOSITS</b>			
Security deposits against leases		171,008,274	185,470,403
Less: Current maturity of security deposits	15	145,915,803	155,791,572
		<u>25,092,471</u>	<u>29,678,831</u>

17.1 These represent interest free security deposits received against lease contracts and are refundable/adjustable at the expiry/termination of the respective leases.

	Note	2016 Rupees	2015 Rupees
<b>18 SHARE CAPITAL</b>			
<b>Authorised capital</b>			
75,000,000 (2015: 75,000,000) ordinary shares of Rs. 10 each		750,000,000	750,000,000
50,000,000 (2015: 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>
<b>Issued, subscribed and paid-up share capital</b>			
22,100,000 (2015: 22,100,000) ordinary shares of Rs. 10 each fully paid in cash		221,000,000	221,000,000
14,200,000 (2015: 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>
<b>Preference shares</b>			
7,502,775 (2015: 7,502,775) preference shares-class A of Rs. 10 each fully paid in cash	18.2	75,027,750	75,027,750
		<u>438,027,750</u>	<u>438,027,750</u>

	Note	2016 Number	2015 Number
<b>18.1 Movement in number of shares</b>			
<b>Ordinary shares</b>			
Number of the shares at beginning of the year		36,300,000	36,300,000
Issued during the year		-	-
Number of the shares at end of the year		<u>36,300,000</u>	<u>36,300,000</u>
<b>Preference shares</b>			
Number of the shares at beginning of the year		7,502,775	7,502,775
Redeemed during the year	18.2	-	-
Number of the shares at end of the year		<u>7,502,775</u>	<u>7,502,775</u>

- 18.2** The Company raised additional equity of Rs. 150 million through right issue of 15 million non-convertible and non-cumulative preference shares - class A of Rs. 10 each in September 2003. These preference shares carry preferred right to dividend computed @ 35% of profit after tax and statutory reserves subject to a maximum profit of Rs. 40 million. The Company has the option to redeem these shares after 12 months from the date of the issue. The preference shareholders have the right to exercise the put option in tranches by giving three months advance notice as per the following schedule:

Percentage of redemption	Period to exercise put option	
	From	To
3,750,000 shares (1st redemption)	June-07	November-07
3,750,000 shares (2nd redemption)	June-08	November-08
3,750,000 shares (3rd redemption)	June-09	November-09
3,750,000 shares (4th redemption)	June-10	November-10

## 18.3 Capital management policies and procedures

The Company's objective for managing capital is to safeguard its ability to continue as a going concern in order to continue providing returns to its shareholders. Further, the Company ensures to comply with all the regulatory requirements regarding capital and its management. Capital requirements applicable to the Company are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis.

	Note	2016 Rupees	2015 Rupees
The Company's capital consist of:			
Issued, subscribed and paid-up share capital	18	438,027,750	438,027,750
Reserves	19	(313,433,987)	(334,983,831)
		124,593,763	103,043,919
		124,593,763	103,043,919
<b>19 RESERVES</b>			
Capital reserve			
Statutory reserves	19.1	181,867,005	181,867,005
Revenue reserve		(495,300,992)	(516,850,834)
Accumulated loss		(313,433,987)	(334,983,829)
<b>19.1 Movement in statutory reserves</b>			
Balance at beginning of the year		181,867,005	181,867,005
Transferred during the year		-	-
Balance at end of the year		181,867,005	181,867,005

Statutory reserve represents profit set aside to comply with the NBFC Regulations, 2008.

	Note	2016 Rupees	2015 Rupees
<b>20 SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Surplus on revaluation of fixed assets	20.1	43,041,472	49,213,660
Deferred tax liability recognised	20.2	(13,342,857)	(15,748,371)
		<u>29,698,615</u>	<u>33,465,287</u>
<b>20.1 Reconciliation of surplus on revaluation of fixed assets</b>			
At the beginning of the year		49,213,660	55,874,447
Surplus during the year		-	-
Surplus realized on account of incremental depreciation -net off tax		(6,172,186)	(6,660,787)
At the end of the year		<u>43,041,472</u>	<u>49,213,660</u>
<b>20.2 Deferred tax liability</b>			
At the beginning of the year		15,748,371	18,438,568
Deferred tax liability arise/(adjusted) during the year		367,497	444,291
Deferred tax liability realized on account of incremental depreciation		(2,773,012)	(3,134,488)
At the end of the year		<u>13,342,856</u>	<u>15,748,371</u>
<b>21 CONTINGENCIES AND COMMITMENTS</b>			
21.1 There is no contingencies and commitments as at balance sheet date.			
<b>22 OTHER OPERATING INCOME</b>			
Income from financial assets	22.1	1,582,370	4,241,247
Income from other than financial assets	22.2	7,107,022	4,122,979
		<u>8,689,392</u>	<u>8,364,226</u>
<b>22.1 Income from financial assets</b>			
Loans and receivables		767	3,211
Profit from bank under cash management scheme		7,099	2,426,696
Profit on musharika		-	11,680
Mark-up on house finance to staff		1,574,504	1,629,660
Profit on placements- net off income suspended		<u>1,582,370</u>	<u>4,241,247</u>
<b>22.2 Income from other than financial assets</b>			
Fees, commissions and other charges		59,182	541,700
Loss on disposal of property and equipment		-	(2,365,135)
Rental income		7,047,840	5,946,414
		<u>7,107,022</u>	<u>4,122,979</u>

	Note	2016 Rupees	2015 Rupees
<b>23 ADMINISTRATIVE AND SELLING EXPENSES</b>			
Salaries, allowances and benefits	23.1	11,744,686	49,877,846
Directors' fee	23.2	490,000	414,000
Telephone and fax		630,081	1,057,547
Postage and courier		27,479	38,391
Electricity		1,151,503	985,132
Office maintenance		2,011,910	1,396,769
Software maintenance		124,900	107,670
Insurance		321,626	396,677
Business promotion expenses		-	825,120
Canteen expenses		285,902	400,606
Vehicle running expenses		404,298	2,946,694
Vehicle insurance		91,494	708,567
Traveling and conveyance		436,471	548,169
Advertisement expenses		109,703	94,500
Printing and stationery		437,972	727,061
Central depository charges		56,924	61,646
Subscriptions and listing fees		965,926	1,157,936
Legal and professional charges		8,035,254	3,203,243
Auditors' remunerations	23.3	691,100	670,550
Statutory filing fees		107,245	1,542,011
Depreciation		9,923,263	12,479,362
Rent, rates and taxes		847,747	238,460
Miscellaneous		95,143	16,928
		<b>38,990,627</b>	<b>79,894,885</b>

**23.1 Remuneration of chief executive and executives**

	2016			2015		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
Chairman Advisory Honorarium	1,344,000	-	-	1,356,000	-	-
Managerial remuneration	-	2,426,400	1,200,000	-	13,947,655	3,927,294
Other benefits	1,499,658	-	-	965,392	-	282,480
	<b>2,843,658</b>	<b>2,426,400</b>	<b>1,200,000</b>	<b>2,321,392</b>	<b>13,947,655</b>	<b>4,209,774</b>
No. of persons	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>4</b>

**23.2 Directors' fee**

This represents remuneration paid to the non-executive directors of the Company for attending meetings of the Board and Board's committees.

**23.3 Auditors' remuneration**

	2016 Rupees	2015 Rupees
Annual audit	325,000	325,000
Half yearly review	130,000	130,000
Other certifications	100,000	100,000
Out-of-pocket expenses	136,100	115,550
	<u>691,100</u>	<u>670,550</u>

**23.4.** As per new employment compensation policy, any benefit other than salary is not provided to employees of the company.

	Note	2016 Rupees	2015 Rupees
<b>24 FINANCE COSTS</b>			
Markup on :			
Term finance certificates & Sukuks		1,144,251	4,350,451
Finance Lease		-	233,244
		<u>1,144,251</u>	<u>4,583,695</u>
<b>25 PROVISION AND WRITE-OFFS</b>			
Provision on leases	10	1,107,309	(18,883,270)
		<u>1,107,309</u>	<u>(18,883,270)</u>

**26 INCOME TAX EXPENSE****Current**

The tax charge for the current year represents minimum charge at 1 % of gross income under section 113 of the Income Tax Ordinance, 2001

Assessments of the Company have been finalized upto the tax year 2015. Returns are deemed to be an assessment order passed by the Commissioner of Income Tax under section 120 of Income Tax Ordinance, 2001. The said returns have so far not been selected for audit by the tax department.

**26.1 Effective tax rate reconciliation**

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under section 113 of the Income Tax Ordinance, 2001 related to minimum tax. The Company's tax computation gives rise to a tax loss due to unabsorbed tax depreciation.



	Note	2015 Rupees	2014 Rupees
<b>27 EARNINGS / (LOSS) PER SHARE - basic and diluted</b>			
Profit / (loss) for the year from continuing operations		<b>15,377,656</b>	(28,521,419)
Profit / (loss) for the year from discontinuing operations		-	-
Profit / (loss) attributable to ordinary shareholders		<b>15,377,656</b>	(28,521,419)
		<b>Numbers</b>	<b>Numbers</b>
Number of ordinary shares issued and subscribed		<b>36,300,000</b>	36,300,000
		<b>Rupees</b>	<b>Rupees</b>
Earning / (loss) per share		<b>0.42</b>	(0.79)

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

#### **Diluted earnings per share**

There is no dilution effect on the basic earning per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2016.

#### **28 CASH AND CASH EQUIVALENTS**

Cash and Bank balances	5	<b>10,616,928</b>	27,419,693
		<b>10,616,928</b>	27,419,693

#### **29 SEGMENT INFORMATION**

The primary sources of revenue segments are Finance Lease ,Musharika business and Capital Market Operations based on the nature of business and related risk associated with each type of business segment. Other operations, which are not deemed by the management to be sufficiently significant to disclose as separate items are reported under Others.

Segment assets and liabilities included all assets and liabilities related to the segment and relevant proportion of the assets and liabilities allocated to the segment on reasonable basis.

Segment revenue and expenses included all revenue and expenses related to the segment and relevant proportion of the revenue and expenses allocated to the segment on reasonable basis.

	June 30, 2016			
	Finance lease	Rental Income	Musharika	Others
	Rupees			
Segment revenues	2,596,239	7,047,840	7,099	1,634,453
Segment result	(6,592,334)	4,768,995	(270,170)	1,634,453
Unallocated cost				
Finance cost				(1,144,251)
Administrative and selling exp				(38,990,627)
Unwinding of financial liability				(86,261,163)
Gain on De-recognition of financial liabilities				105,985,292
Provision & write offs				(1,107,309)
Loss before income tax				(10,232,427)
Income tax expense/ credit				25,610,082
Profit for the year				15,377,656
Other information				
Segment assets	330,288,671	82,189,045	10,000,000	422,477,716
Unallocated assets				392,623,328
Total assets	330,288,671	82,189,045	10,000,000	815,101,044
Segment liabilities	660,808,666			660,808,666
Unallocated liabilities				
Total liabilities	660,808,666			660,808,666
Net assets				154,292,378
Capital expenditure				56,021
	June 30, 2015			
	Finance lease	Rental Income	Musharika	Others
	Rupees			
Segment revenues	9,185,657	5,946,414	2,426,696	(8,884)
Segment result	(30,208,711)	(4,867,558)	1,363,079	2,363,250
Unallocated cost				
Finance cost				(4,583,695)
Administrative and selling exp				(48,544,945)
Unwinding of financial liability				-
Provision & write offs				19,862,565
Loss before income tax				(47,066,132)
Income tax expense/credit				18,544,713
Loss for the year				(28,521,419)
Other information				
Segment assets	380,414,058	99,315,277	10,000,000	489,729,335
Unallocated assets				373,912,343
Total assets	380,414,058	99,315,277	10,000,000	863,641,678
Segment liabilities	727,132,469			727,132,469
Unallocated liabilities				
Total liabilities	727,132,469			727,132,469
Net assets				136,509,209
Capital expenditure				37,000

### 30 RISK MANAGEMENT

The Company is primarily exposed to credit risk, liquidity risk and market risk. The Company has designed and implemented a framework of controls to identify, monitor and manage these risks as follows:

#### 30.1 Credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economics, political and other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company manages its credit risk by monitoring credit exposure, limiting transaction with specific counter party and continually assessing the credit worthiness of counter parties. Management considers that all the financial assets that are neither past due nor impaired are of good credit quality. The maximum exposure of the Company to credit risk at reporting date without taking account any collateral held or other credit enhancements is as follows:

	Note	2016 Rupees	2015 Rupees
<b>Classes of financial assets - carrying value</b>			
<b>Cash and cash equivalent</b>			
Cash and bank balances	5	10,616,928	27,419,693
<b>Loans and receivables</b>			
Short term finances	7	10,000,000	10,000,000
Accrued return on investments		-	5,775
Long-term deposits	11	504,500	504,500
Net investment in finance leases	10	330,288,671	380,414,058
		<b>351,410,099</b>	<b>418,344,026</b>

30.1.1 The credit risk to cash and cash equivalent is negligible, since the counter parties are reputable banks with high quality external credit rating.

30.1.2 Loans and receivables of the Company are secured by collaterals that are disclosed in their relevant notes.

30.1.3 The Company manages concentration of credit risk exposure through diversification of activities to avoid undue concentrations of risks with individuals, groups of specific industry segment. An analysis by class of business of the Company's net investments in finance leases, hire purchase contracts, investment and other financial assets is given below:

Sector	2016		2015	
	Rupees	%	Rupees	%
Textile	92,331,443	20.93	147,748,943	30.18
Construction	25,999,520	5.89	25,999,520	5.31
Transport and communication	98,492,533	22.33	101,795,336	20.79
Oil and gas	1,927,838	0.44	2,398,924	0.49
Food and beverages	15,050,210	3.41	15,050,210	3.07
Engineering	22,915,221	5.19	22,915,221	4.68
Consumer leases	7,956,739	1.80	10,160,890	2.08
Health care	10,002,152	2.27	12,816,430	2.62
Travel and tourism	2,808,087	0.64	2,808,087	0.57
Pharmaceutical	425,209	0.10	19,007,997	3.88
Advertisement	785,374	0.18	962,470	0.20
Auto and allied	43,697,179	9.90	43,697,179	8.93
Publications	9,988,159	2.26	9,988,159	2.04
Glass and ceramics	8,675,504	1.97	8,675,504	1.77
Others	100,114,858	22.69	65,551,444	13.39
Total	<b>441,170,026</b>	<b>100</b>	<b>489,576,314</b>	<b>100</b>

## 30.1.4 Analysis of financial assets that are past due:

	Total	Loans and receivables	Net investment in finance lease	Operating lease receivables
	.....R u p e e s .....			
<b>Gross carrying amount</b>				
Not past due	145,576,628	-	145,576,628	-
Past due by more than 30 days but not more than 180 days	899,120	-	899,120	-
Past due by more than 180 days but not more than 360 days	-	-	-	-
Past due by more than 360	397,903,421	84,000,000	310,201,268	3,702,153
	544,379,169	84,000,000	456,677,016	3,702,153
<b>Impairment loss on</b>				
Past due by more than 180 days	-	-	-	-
Past due by more than 180 days but not more than 360 days	-	-	-	-
Past due by more than 360 days	204,090,498	74,000,000	126,388,345	3,702,153
<b>Total impairment loss</b>	204,090,498	74,000,000	126,388,345	3,702,153
<b>Net carrying amount</b>	340,288,671	10,000,000	330,288,671	-

30.1.5 Financial assets that are past due and impaired are disclosed in notes. Impairment is determined after considering the forced sale value of the collateral held.

## 30.2 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 could be required to pay its liabilities earlier than expected or difficulties 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 reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding impact of netting agreements:

Financial liabilities	2 0 1 6				Total
	Within 6 months	6 months to 1 year	One to five years	Over five years	
<b>Financial Assets</b>	-----Rupees-----				
Cash and cash equivalent	10,616,928	-	-	-	10,616,928
Loans and receivables	54,000,000	-	-	-	54,000,000
Lease receivables	404,412,082	5,531,374	46,733,560	-	456,677,016
	469,029,010	5,531,374	46,733,560	-	521,293,944
<b>Financial liabilities</b>					
Accrued and other liabilities	74,593,000	-	-	-	74,593,000
Long-term finances	185,033,888	37,634,850	155,027,266	37,511,389	415,207,392
Long-term deposits	144,691,553	1,224,250	25,092,471	-	171,008,274
	404,318,441	38,859,100	180,119,737	37,511,389	660,808,666
	64,710,569	(33,327,726)	(133,386,177)	(37,511,389)	(139,514,722)

Financial liabilities	2015				Total
	Within 6 months	6 months to 1 year	One to five years	Over five years	
Financial Assets	-----Rupees-----				
Cash and cash equivalent	27,419,693	-	-	-	27,419,693
Loans and receivables	54,000,000	-	-	-	54,000,000
Lease receivables	393,510,436	46,276,919	65,907,749	-	505,695,104
	<b>474,930,129</b>	<b>46,276,919</b>	<b>65,907,749</b>	<b>-</b>	<b>587,114,797</b>
Financial liabilities					
Accrued and other liabilities	75,269,264	-	-	-	75,269,264
Long-term finances	30,359,633	20,750,817	220,541,742	194,740,610	466,392,802
Long-term deposits	125,443,647	16,803,258	43,223,598	-	185,470,503
	<b>231,072,544</b>	<b>37,554,075</b>	<b>263,765,340</b>	<b>194,740,610</b>	<b>727,132,569</b>
	<b>297,857,585</b>	<b>8,772,845</b>	<b>(197,857,591)</b>	<b>(194,740,610)</b>	<b>(140,017,772)</b>

## 30.3 Market risk

Market risk is the risk that the value of a financial instruments will fluctuate as a result of changes in interest rates or market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, activities, supply and demand of securities and liquidity in the market. The Company is not exposed to currency risk as it is not involved in foreign currency transactions. However, it is exposed to interest rate risk and market price risk.

### 30.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to restructuring of the long & short term borrowings the Company, the rate of markup is now zero percent for the next 12 months and therefore, the Company is exposed to changes in market interest rates only for net investment in lease.

#### Cash flow sensitivity analysis for variable rate instruments

Due to restructuring of the long & short term borrowings of the Company, the rate of markup is now zero percent for the next 12 months and therefore, the sensitivity analysis is not performed.

## 31 FAIR VALUE OF FINANCIAL ASSETS

The fair value of all other financial assets and financial liabilities is estimated to approximate their carrying value.

## 32 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company include staff provident fund, staff gratuity fund, directors, key management personnel and companies in which directors are common or a director hold office. Transactions with directors and key management personnel are disclosed in their relevant notes. Transactions with other related parties and the balances outstanding at the year end are given below:

Name of related party	Nature of relationship	Description of transaction	2016	
			Total value of transaction	Closing balance
			.....Rupees.....	
MR Khan	Chairman	Advance For Expenses	68,421	68,421
MR Khan	Chairman	Advance	32,039	-
S Nauman Akhter	CEO	Travelling expense	110,000	-
MR Khan	Chairman	Disposal Of Honda Civic	189,500	-
Nadeem shafiqullah	Vice chairman	Disposal Of Toyota Altis	1,177,400	-
Abdul Ghafoor	Director	Director Fee	78,000	-
Ashfaq Ahmed	Director	Director Fee	37,000	-
Azim Zafar	Director	Director Fee	55,000	-
Imam Baksh Baloch	Director	Director Fee	25,000	-
M. Abdullah Baloch	Director	Director Fee	25,000	-
M. Riaz Khokar	Director	Director Fee	42,000	-
M.R. Khan	Director/ Chairman	Director Fee	102,000	-
Shafiq Ur Rehman	Director	Director Fee	18,000	-
Naeem Shafi	Director	Director Fee	54,000	-
SM Nadeem Shafiqullah	Director/Vice Chairman	Director Fee	54,000	-
M.R. Khan	Chairman	Advisor Honorarium	900,000	-
Various	Executies	Basic Salary	3,263,760	-
M.R. Khan	Chairman	Utilities	365,399	-
M.R. Khan	Chairman	Medical Expense	894,533	-
Various	Executies	Medical Expense	362,640	-
SM Nadeem Shafiqullah	Vice Chairman	Medical Expense	239,726	-
M.R. Khan	Chairman	Club Membership And Subscription	28,964	-
SM Nadeem Shafiqullah	Vice Chairman	Club Membership And Subscription	22,702	-
M.R. Khan	Chairman	Domestic Staff Allowance	117,000	-
Various	Executies	E.O.B.I	21,600	-
M.R. Khan	Chairman	Petrol Chairman	39,253	-
SM Nadeem Shafiqullah	Vice Chairman	Petrol Vice Chairman	134,500	-
M.R. Khan	Chairman	Vehicle Maintainance	37,513	-
Syed Nauman Akhtar	CEO	Vehicle Maintainance	180,000	-
SM Nadeem Shafiqullah	Vice Chairman	Vehicle Maintainance	5,000	-
SM Nadeem Shafiqullah	Vice Chairman	Vehicle Taxes	7,265	-
M.R. Khan	Chairman	Advisor Honorarium	330,000	-
SM Nadeem Shafiqullah	Vice Chairman	Entertainment - Vice Chairman	74,075	-
Shafiq ur Rehman	Director	Travelling Expense - Lahore	114,273	-
Azim Zafar	Director	Travelling Expense - Lahore	97,395	-
Syed Nauman Akhtar	CEO	Travelling Expenses	199,403	-
M. Riaz Khokar	Director	Travelling Expenses	5,000	-
M. Abdullah Baloch	Director	Travelling Expenses	3,000	-
Ashfaq Ahmed	Director	Travelling Expenses	5,000	-
Abdul Ghafoor	Director	Travelling Expenses	2,000	-
Imam Buksh Baloch	Director	Travelling Expenses	3,000	-



# SECURITY LEASING CORPORATION LIMITED

2015

Name of related party	Nature of relationship	Description of transaction	Total value of transaction	Closing balance
			.....Rupees.....	
Mohammed Khalid Ali	CEO	Domestic Staff Allowance	150,000	-
Mohammed Khalid Ali	CEO	Disposal of Vehicle	2,626,578	-
Mohammed Khalid Ali	CEO	Disposal of Furniture	536,956	-
Mohammed Khalid Ali	CEO	Disposal of Mobile Phone	33,280	-
Mohammed Khalid Ali	CEO	Vehicle Maintainance	211,094	-
Mohammed Khalid Ali	CEO	Medical Expense	469,691	-
Mohammed Khalid Ali	CEO	Petrol	335,693	-
Mohammed Khalid Ali	CEO	Club Membership And Subscription	41,086	-
Mohammed Khalid Ali	CEO	Leave fare assistance	900,000	-
Abdul Ghafoor	Director	Director Fee	114,000	-
M.R. Khan	Chairman	Director Fee	120,000	-
Shafiq Ur Rehman	Director	Director Fee	18,000	-
Naeem Shafi	Director	Director Fee	108,000	-
SM Nadeem Shafiqullah	Vice Chairman	Director Fee	54,000	-
M.R. Khan	Chairman	Advisor Honorarium	1,200,000	-
Various	Executies	Basic Salary	3,512,959	-
M.R. Khan	Chairman	Utilities	488,671	-
M.R. Khan	Chairman	Medical Expense	234,586	-
Various	Executies	Medical Expense	313,501	-
SM Nadeem Shafiqullah	Vice Chairman	Medical Expense	208,364	-
M.R. Khan	Chairman	Club Membership And Subscription	36,010	-
SM Nadeem Shafiqullah	Vice Chairman	Club Membership And Subscription	33,771	-
M.R. Khan	Chairman	Domestic Staff Allowance	156,000	-
Various	Executies	E.O.B.I	20,880	-
M.R. Khan	Chairman	Petrol Chairman	153,905	-
SM Nadeem Shafiqullah	Vice Chairman	Petrol Vice Chairman	262,000	-
M.R. Khan	Chairman	Vehicle Maintainance	227,273	-
SM Nadeem Shafiqullah	Vice Chairman	Vehicle Maintainance	25,868	-
SM Nadeem Shafiqullah	Vice Chairman	Vehicle Taxes	3,600	-
SM Nadeem Shafiqullah	Vice Chairman	Entertainment - Vice Chairman	104,942	-
Shafiq ur Rehman	Director	Travelling Expense - Lahore	154,099	-
Provident fund	Other related party	Contribution paid	112,440	-

## 33 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However no significant reclassification has been made.

## 34 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 04, 2016 by the Board of Directors of the Company.



**Syed Nauman Akhtar**  
Chief Executive Officer



**M R Khan**  
Chairman

# FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_  
 being a member **Security Leasing Corporation Limited** do hereby appoint  
 \_\_\_\_\_ of \_\_\_\_\_ or failing him/her  
 \_\_\_\_\_ of \_\_\_\_\_ or failing him/her  
 \_\_\_\_\_ of \_\_\_\_\_

to be proxy and to vote for me at the Annual General Meeting of the Company to be held on October 27, 2016, at 10:00 a.m. and at any adjournment thereof in the same manner as I / We would vote if personally present at such meeting.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

Signature: \_\_\_\_\_

Rupees 5/-  
Revenue Stamp

Address: \_\_\_\_\_

Total Shares Held: \_\_\_\_\_ Folio/CDC A/c No. \_\_\_\_\_

Holder of Share Nos. From: \_\_\_\_\_ To \_\_\_\_\_

**Witness:**

**Witness:**

Name: \_\_\_\_\_ Name: \_\_\_\_\_

CNIC: \_\_\_\_\_ CNIC: \_\_\_\_\_

Signature: \_\_\_\_\_ Signature: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

## NOTE:

1. Signature should agree with specimen registered with the company.
2. Proxy to be valid must be deposited with the Company at its registered office not less than forty-eight hours before the meeting.
3. Proxy need not be a member.

## For CDC Account Holders/ Corporate Entities:

In addition to the above the following have to be met:

- i) The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his/her original CNIC or passport at the time of the Meeting.
- iv) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has provided earlier) alongwith proxy form of the Company.



## شیئر ہولڈنگ کارحمان

اس رپورٹ کے ساتھ 30 جون 2016 کو شیئر ہولڈنگ کے رحرمان بطور ضمیمہ منسلک ہے۔

### اعتراف

بورڈ اپنے سرمایہ کار، قرضہ دہندہ اور ایگولیٹری اتھارٹیز کے اس چیلنجنگ وقت میں کمپنی کے ساتھ مسلسل تعاون اور ادراک کے لیے ان کے ساتھ ممنونیت کا اظہار کرنا چاہتا ہے جس کی وجہ سے ضابطوں پر عملدرآمد کو ممکن بنا سکے۔ بورڈ اس بات کو بھی رکارڈ پر لانا چاہتا ہے کہ وہ اپنے تمام عملے کی کوششوں اور ان کی لگن کی وجہ سے کمپنی کے لیے سال کے دوران مشکل حالات میں آپریشن کو جاری رکھنا ممکن ہو سکا۔

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے



سید نعمان اختر

چیف ایگزیکٹو آفیسر

14 اکتوبر 2016

☆ 30 جون 2016 کو اختتام پذیر سال کے دوران کمپنی کے آپریشن کے نتائج سے انحراف کی ڈائریکٹر کی رپورٹ میں وضاحت کی گئی ہے۔

☆ گذشتہ چھ سالوں کا اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ بطور ضمیمہ منسلک ہے۔

☆ سال کے دوران کمپنی کیڈائریکٹرز، اس کے عہدے دار، ان کے شریک حیات اور نابالغ بچوں نے شیئرز کا کوئی لین دین نہیں کیا۔

☆ سال کے دوران بورڈ آف ڈائریکٹرز کی سات اور آڈٹ کمیٹی کی تین میٹنگز منعقد ہو چکی ہیں۔ میٹنگ میں ہر رکن کی حاضری کی تفصیلات درج ذیل ہیں۔

### بورڈ آف ڈائریکٹرز کی میٹنگز

میٹنگز میں شرکت کی	ڈائریکٹر کا نام	میٹنگز میں شرکت کی	ڈائریکٹر کا نام
07	جناب عظیم اظفر	07	جناب ایم آر خان
03	جناب عبدالغفور	07	سید نعمان اختر
03	جناب امام بخش بلوچ	04	جناب محمد ریاض کھوکھر
04	جناب اشفاق احمد جمالی	03	جناب عبداللہ
03	جناب شفیق الرحمان	01	جناب ایس ایم ندیم شفیق اللہ

### آڈٹ کمیٹی میٹنگز

میٹنگز میں شرکت کی	ڈائریکٹر کا نام	میٹنگز میں شرکت کی	ڈائریکٹر کا نام
01	جناب ایس ایم ندیم شفیق اللہ	02	جناب محمد ریاض کھوکھر
03	سید نعمان اختر	02	جناب عظیم اظفر
01	جناب نعیم شفیع	01	جناب عبداللہ
02	جناب عبدالغفور	01	جناب اشفاق احمد جمالی

## کارپوریٹ سماجی ذمہ داری

ماضی میں کمپنی نے بطور ایک ذمہ دار کارپوریٹ شہری کے، بلواسطہ یا بلاواسطہ، متعدد سماجی کاموں میں حصہ لیا۔ زلزلہ، سیلاب اور دیگر قدرتی آفات میں کبھی بلواسطہ اور کبھی رضا کارانہ طور، نقد رقم اور/یا جنس کی صورت میں، ان کی اور دیگر کم مراعات یافتہ لوگوں بشمول کمپنی کے ملازمین کی فلاح و بہبود کے لیے مدد کی۔

## کاروباری اقدار

کمپنی کا کوڈ آف کنڈکٹ ڈائریکٹرز کے ساتھ ساتھ ملازمین کے لیے ایک واضح رہنمائی کا ڈھانچہ فراہم کرتا ہے کہ وہ سالمیت، دیانتدار اور لگن کے ماحول میں کام کریں تاکہ وہ کمپنی اور اس کے شرکاء مفاد کے مشترکہ مقاصد کے مثبت نتائج حاصل کر سکیں۔

## ڈائریکٹر کا اعلان

ڈائریکٹرز ترمیم شدہ کوڈ آف کارپوریٹ گورننس کا نفاذ کر چکے ہیں جس کو درج ذیل پیش کرتے ہوئے خوشی محسوس کرتے ہیں

☆ مینجمنٹ کے تیار کردہ مالیاتی اسٹیٹمنٹس معاملات، آپریشن کے نتائج، کیش فلو اور ایکویٹی میں رد و بدل کی درست تصویر پیش کرتے ہیں۔

☆ مناسب طور سے کھاتوں کی بکس رکھی گئی ہیں۔

☆ مالیاتی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو استعمال کیا گیا ہے اور اکاؤنٹنگ تخمینوں کی بنیاد مناسب اور محفوظ اندازے ہیں۔

☆ مالیاتی اسٹیٹمنٹس کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز ہیں ان پر عملدرآمد کیا گیا اور ان پر عملدرآمد نہ ہونے کی صورت میں ان کو مناسب طور پر ظاہر کیا ہے۔

☆ اندرونی نگرانی نظام کا ڈیزائن مضبوط ہے اور اس کا موثر طور پر نفاذ کیا جا چکا ہے اور اس کی موثر نگرانی کی جاتی ہے۔



لیزنگ کے معاملات کے ذریعے کی جانے والی آمدنی کی سطح میں کمی کی بنیادی وجہ پورٹ فولیو میں مسلسل کمی ہے تاہم اپنے معاملات کو چلانے کے لیے کمپنی نے پراپرٹی کا کچھ حصہ کرائے پر دے دیا ہے تاکہ روزمرہ امور کو چلانے کے لیے رقم کی فراہمی کو یقینی بنایا جاسکے۔

قرض خواہوں کی جانب سے اپنے بقایا واجبات جن کی مالیت 532.86 ملین روپے کی ہے تصدیق نہ ہوسکی اس کی وجہ ان کی جانب سے تصدیقی خطوط کا جواب نہ دینا ہے لیکن چونکہ پچھلے سال یہ تصدیق ہو چکی ہے اور 2015-16 میں قرض خواہوں کو کوئی رقم ادا نہیں کی گئی ہے تو اس قرضوں کی مجموعی مالیت کو پچھلے سال کی مالیت کے برابر سمجھنے میں کوئی قباحت نہیں ہے۔

کمپنی اپنے دینداروں (Debtors) سے رقم کی وصولی کے لیے ان کو مناسب رعایت بھی پیش کر رہی ہے جس کی وجہ سے کچھ دیندار رقم کی یکمشت ادائیگی اور کچھ قسطوں میں دینے کا وعدہ کر چکے ہیں۔

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2015	2016	
(28,521,421)	15,377,656	نفع/نقصان بعد از ٹیکس
(0.79)	0.42	آمدنی فی حصص - بنیادی اور کمزور
-	-	مختص کردہ
-	-	دستوری ذخائر میں منتقلی

### شیئر کیپیٹل اور لائسنس کی تجدید

جیسا کہ بتایا گیا ہے کہ 30 جون 2016 کو کمپنی کی ایکویٹی سکیورٹی ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی معین ایکویٹی جس کی کم سے کم حد 50 ملین ہے کے مقابلے میں 124 اعشاریہ 59 رہی۔ مینجمنٹ بہت پر امید ہے کہ کمپنی کے لائسنس کی تجدید کی درخواست جو ایس ای سی پی کے پاس ہے اس کی تجدید کی منظوری اگلے چند ماہ میں ہو جائے گی۔

قرض خواہوں کے ساتھ تصفیے کا بنیادی مقصد آمدنی کے ساتھ ساتھ ایکوٹی میں اضافہ بھی رہا ان اقدامات کے علاوہ کمپنی نے اپنی انتظامی لاگت میں بھی انتہائی کمی کی ہے ہمیں یقین ہے کہ اس کے نتیجے میں کمپنی کے مستقبل میں جاری رہنے کے امکانات بڑھ جائیں گے۔

جہاں تک ہمارے آڈیٹرز کی کمپنی کے مستقبل کے حوالے سے منفی رائے کا تعلق ہے بورڈ کے ممبران نے تفصیلی بحث کی ہے تاہم آڈیٹرز قرضوں کی موجودہ مالیت اور کسی نئے سرمایہ کار کی آمد کا واضح ثبوت نہ ہونے کی وجہ سے کمپنی کے مستقبل کے بارے میں منفی رائے رکھتے ہیں۔

سال 2015-16 میں کمپنی نے قرض خواہوں کے ساتھ جو معاملات طے کئے ہیں ان میں سکوک فنڈ کا تصفیہ جو کہ 192.54 ملین روپے تھا اور KASB Fund کے ساتھ تصفیہ جو 18.75 ملین روپے تھا شامل ہیں جس کی وجہ سے کمپنی کی ایکوٹی کی سطح 124.59 ملین روپے ہوگئی جو کہ سیکورٹی ایکس چینج کمیشن کی متعین کردہ حد کے مقابلے میں دوگنا ہے۔

موجودہ وقت میں کمپنی کی انتظامیہ اپنے قرض خواہوں کے ساتھ تصفیے کے اگلے مراحل میں ہے جن کی مالیت 166 ملین روپے ہے اور انتظامیہ پر اُمید ہے کہ قرض خواہوں کے تعاون اور کامیاب مذاکرات کے ذریعے یہ معاملات طے پا جائیں گے جس کی بدولت کمپنی کی ایکوٹی کی سطح 231 ملین روپے ہو جائے گی اور کمپنی کے مستقبل کے بارے میں آڈیٹرز کی رائے تبدیل ہو جائے گی۔

انتظامیہ کو اس بات کا بھی یقین ہے کہ قرض خواہوں کے ساتھ تصفیے اور نئی ایکوٹی شامل ہونے سے کمپنی کے مالی معاملات اور آمدنی کی سطح رفتہ رفتہ بڑھنی شروع ہو جائے گی۔ اور ہمارے Deferred Tax Asset کو استعمال میں لانے کے قابل ہو جائیں گے۔ بورڈ ممبران کو قوی امید ہے کہ متوقع سرمایہ کار مستقبل میں آمدنی کی سطح کو بڑھتے دیکھ کر متوجہ ہو جائیں گے۔

پچھلے سال یعنی 2014-15 میں قرض خواہوں کے ساتھ پر اُمید اور کامیاب تصفیے کو مد نظر رکھتے ہوئے آئی ایس 39 کے تحت کی جانے والی وائینڈنگ آف لائیبلیٹیز کی کچھ انٹریز کا اندراج روک دیا گیا تھا لیکن چونکہ 2015-16 میں ہم نے مختلف قرض خواہوں کے ساتھ تصفیہ کامیابی سے کر لیا ہے تو ان غیر وضاحت شدہ انٹریز کا اندراج بھی کر دیا گیا ہے۔

## ڈائریکٹر کی رپورٹ

آپ کے ڈائریکٹرز 30 جون 2016 کو اختتام پذیر سال کی کمپنی کی سالانہ رپورٹ بشمول مالیاتی دستاویزات اور آڈیٹڈ رپورٹ پیش کر کے خوشی محسوس کرتے ہیں

### معیشت کا جائزہ

سال 2015-2016 میں پاکستان کی معیشت میں مثبت پیش رفت ہوئی۔ ان میں شامل تھیں افراط زر کے انتہائی کم نرخ، ملک کے زرمبادلہ کے ذخائر میں کافی زیادہ اضافہ اور کیپٹل مارکیٹ میں یکدم غیر معمولی اضافہ۔ آئی ایم ایف قرضہ کے توسیعی منصوبے کے تحت حکومت نے قومی سطح کی معیشت کے استحکام کے لیے کافی تعداد میں اصلاحات کیں۔ اس سلسلے میں بین الاقوامی تیل کی قیمتوں میں کمی کی وجہ سے بھی معیشت کو کافی مدد ملی۔ مستقبل میں تیل کی قیمتوں میں اضافے کا رجحان ملک کے لیے سنجیدہ چیلنجز (مسائل) پیدا کر سکتا ہے۔ ملک معیشت کے لیے دیگر اہمیت کے حامل معاملات میں شامل ہیں ملک کے قرضہ جات میں مسلسل اضافہ، مالیاتی خسارے میں مسلسل بہت زیادہ اضافہ، جبکہ 2015 تا 2016 میں معمولی کمی دیکھی گئی، اور پبلک سیکٹر اداروں میں 500 ارب روپے سالانہ کے تباہ کن نقصانات کے ناقابل تلافی اثرات۔ یہ سمجھا جاتا ہے کہ جب تک اس نوعیت کے مسائل کا مؤثر حل نہیں نکالا جاتا اس وقت تک یہ مشکل ہوگا کہ معیشت میں تیز ترقی حاصل ہو سکے گی۔ ان تمام باتوں کے باوجود سال کے دوران مستقبل بہت امید افزا ہے جس کی وجہ سے پیک سماجی و معاشی فوائد اور حکومت کی ملک سے دہشت گردی کو ختم کرنے کی کوششیں ہیں۔

### کمپنی کا جائزہ

رواں سال بینک اور دیگر مالیاتی اداروں کی جانب سے فنڈز کی عدم دستیابی کی وجہ سے کمپنی نے اپنے امور چلانے کے لیے قرض خواہوں کے ساتھ تصفیے اور دینداروں سے رقم کی وصولی پر انحصار کیا جس کی وجہ سے کمپنی کی آمدنی کی سطح بری طرح متاثر ہوئی۔