



**Security Leasing  
Corporation Limited**

**Annual  
Report  
2017**



**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
Ms. Farah Azeem	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
Ms. Farah Azeem	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
Ms. Farah Azeem	Member

### COMPANY SECRETARY

Muhammad Farooq

### EXTERNAL AUDITORS

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

### INTERNAL AUDITORS

UHY Hassan Naeem & Co.  
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 OF THE 24th ANNUAL GENERAL MEETING

Notice is hereby given that due to concurrence of certain unforeseen circumstances the Twenty Fourth Annual General Meeting of the members of Security Leasing Corporation Limited earlier scheduled to be held on **Thursday, 26th October, 2017 at 10:00 a.m.** is postponed and will now be held on **Thursday, 30th November, 2017 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 23rd Annual General Meeting of the Company held on October 27, 2016.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2017 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, 2018.
4. To transact any other business with the permission of the Chair.

By order of the Board

**Muhammad Farooq**  
Company Secretary

Karachi: October 23, 2017

### Notes:

1. The Share Transfer Books of the Company shall remain closed from November 23, 2017 to November 30, 2017 (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 November 22, 2017 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

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, 2017.

## OVERVIEW OF COUNTRY'S ECONOMY

During 2016-17 the country's economy faced considerable challenges represented by underperformance of its export sector, declining reserves, rising fiscal deficit, fall in rupee's exchange rate and the huge decline suffered by Pakistan Stock Exchange. The country's rising indebtedness particularly its foreign debt component is considered to be a source of serious concern. The growing debt burden not only of the federal and provincial governments but also of the public sector enterprises, is considered to have serious implications for the health of the economy. This is particularly so as the colossal losses of the public sector enterprises which are financed by the government through taxes and borrowings, are currently stated to be in the region of Rs. 600 billion annually. Their hemorrhaging effect on the economy is not inconsiderable. The perception is that the situation is not likely to show much improvement in the near future as given the country's uncertain political environment, the government is not likely to take effective remedial measures needed to cure these ills. Notwithstanding all this, the future outlook of country's economy appears to be positive because of the prospective impact of the CPC.

## COMPANY'S OVERVIEW

As shareholders are aware, overtime the company's core problem has been its heavy debt burden which as of 30th June 2015 amounted to Rs. 744 million. All other issues of the company viz. its equity situation, profitability etc emanated directly from the success or failure of its efforts to reach settlement with the creditors on a realistic basis according to its available resources. The success achieved by the company in reaching settlement with the creditors from 2015 to 2017 together with its impact on its equity, profitability, creditors' liabilities and adjustment of unwinding of liabilities under IAS-39, are indicated below.

Year	Creditors' Liabilities 'Rs. in million'	Equity 'Rs. in million'	Profitability 'Rs. in million'	Outstandings relating to unwinding of liabilities under IAS-39 'Rs. in million'
• 2014 - 15	744.15	103.04	(28.52)	289.33
• 2015 - 16	532.86	124.59	15.37	118.02
• 2016 - 17	509.42	92.69	(37.12)	78.39

We are pleased to report that settlement in respect of the outstanding liabilities of PPTFC-III and UBL Fund Managers Limited amounting to Rs. 126 million, had also been reached by the company with the creditors but entries in this regard could not be passed in company's books as of 30th June 2017 because of non receipt of cash from the lessees in time, which hopefully would be done by 31st October / 30th November 2017. As a result, by end October / November 2017 the following should be the picture of creditors' liabilities, company's equity, profitability and outstandings relating to unwinding of liabilities under IAS-39.

Creditors' Liabilities 'Rs. in million'	Equity 'Rs. in million'	Profitability 'Rs. in million'	Outstandings relating to unwinding of liabilities under IAS-39 'Rs. in million'
• 383.17	158.13	65.45	55.58



The management is currently in talks with the creditors of Sukuk-II involving Rs. 232 million for settlement with them. It is also trying to hold discussions with the Bank of Khyber for settlement of its outstandings on a realistic basis. The expectation is that in the first quarter of 2018 the company should have made positive progress towards the settlement of the creditors' remaining outstandings also which is a vital factor in company's parleys with one or two parties who have shown interest as potential investors. Incidentally the above situation was explained in some detail to the External Auditors also in the context of their observations contained in the company's accounts.

The financial results of the Company are summarized below:

	2017 Rupees	2016 Rupees
<b>Profit\Loss after tax</b>	<u>(37,126,591)</u>	<u>15,377,656</u>
<b>Earnings per share - Basic &amp; diluted</b>	<u>(1.02)</u>	<u>0.42</u>
<b>Appropriations:</b>		
<b>Transfer to statutory reserves</b>	<u>-</u>	<u>-</u>

#### **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 2017 stood at Rs. 92.69 million.

#### **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.



## SECURITY LEASING CORPORATION LIMITED

- 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 9 meetings of the Board of Directors and 4 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	09	Mr. Azim Azfar	06
Syed Nauman Akhtar	05	Mr. Abdul Ghafoor	02
Ms. Farah Azeem	08	Mr. Imam Bakhsh Baloch	08
Mr. Muhammad Riaz Khokhar	07	Mr. Ashfaq Ahmed Jumani	07
Mr. M Abdullah	09		

### Audit Committee Meetings

Name of Directors	Meetings attended	Name of Directors	Meetings attended
Mr. Muhammad Riaz Khokhar	03	Mr. Imam Bakhsh Baloch	03
Mr. Azim Azfar	03	Syed Nauman Akhtar	03
Mr. M Abdullah	04	Ms. Farah Azeem	03
Mr. Ashfaq Ahmed Jumani	04		

### PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2017 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

**Farah Azeem**  
Chief Executive Officer

October 16, 2017



# 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

	2017 Rs '000	2016 Rs '000	2015 Rs '000	2014 Rs '000	2013 Rs '000	2012 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	(345,335)	(313,434)	(334,984)	(313,123)	(184,638)	(59,933)
Unrealised loss on Investment	-	-	-	-	-	-
Networth	92,693	124,594	103,044	124,905	253,390	378,095
Surplus on revaluation of Fixed Assets	26,093	29,699	33,465	37,436	41,129	44,193
Certificates of Investment	-	-	-	-	-	-
Borrowings from Financial & Other Institutions	431,029	415,207	466,393	494,973	488,384	517,988
Lease/Musharika disbursements	-	10,000	10,000	58,261	110,383	85,959
Net Investment in Leases	267,675	330,289	380,414	383,150	654,527	898,560
Long Term Finances	-	-	-	450	470	27,808
Fixed Assets	73,636	82,189	93,423	114,967	125,857	136,847
Total Current Assets	261,793	310,295	357,185	514,778	561,933	706,495
Total Assets	752,860	815,101	863,642	918,949	1,168,004	1,452,398
Total Current Liabilities	488,678	443,178	425,126	708,464	350,283	425,202
Total Liabilities	634,074	660,809	727,132	756,609	873,485	1,030,110
Total Assets to Networth (times)	8.12	6.54	8.38	7.36	4.61	3.84
<b>PROFIT &amp; LOSS</b>						
Total Income	12,318	11,286	17,550	36,060	50,066	93,176
Net of Gain on De-recognition and unwinding of Financial Liabilities	(36,678)	19,724	-	(69,786)	(72,979)	166,598
Financial & Other Charges	527	1,144	4,584	3,378	352	65
Admin & Operating Expenses	31,925	38,991	79,895	78,600	77,194	83,379
Provisions & Other Charges	4,049	1,107	(19,863)	17,895	20,395	60,438
Total Expenses	36,501	41,242	64,616	99,873	97,358	143,826
(Loss)/Profit Before Tax	(59,860)	(10,232)	(47,066)	(133,599)	(120,854)	115,894
(Loss)/Profit After Tax	(37,126)	15,378	(28,521)	(134,927)	(128,888)	112,029
Break-up Value (PKR)	2.71	3.52	3.12	3.71	6.72	9.64
Price per share	4.85	1.6	2.9	3.98	3.11	2
<b>KEY RATIOS</b>						
Earning per share - PKR - less preferred dividend	(1.02)	0.42	(0.79)	(3.72)	(3.63)	3.09
Revenue per share - PKR -	0.28	0.26	0.40	0.82	1.14	2.13
Profit before Unwinding of Financial Liabilities, provisions and tax ratio	-163.46%	-255.63%	-381.36%	-127.34%	-54.89%	10.45%
Profit before Tax ratio	-485.96%	-90.67%	-268.18%	-370.49%	-241.39%	124.38%
Price Earning ratio (times)	(4.75)	3.78	(3.67)	(1.07)	(0.86)	0.65
Return on Capital employed market value per share	-17.48%	21.94%	-22.45%	-77.40%	-94.61%	127.88%
Income/ Expense ratio (times)	0.34	0.27	0.27	0.36	0.51	0.65
Current ratio (times)	0.54	0.70	0.84	0.73	1.60	1.66
Long term Debt equity ratio (times)	1.57	1.75	2.93	0.39	2.06	1.60
Return on average equity	-34.17%	13.51%	-25.02%	-71.33%	-40.82%	35.01%
Return on average assets	-4.74%	1.83%	-3.20%	-12.93%	-9.84%	6.62%
Total assets turnover ratio (times)	61.12	72.22	49.21	25.48	23.33	15.59



## Statement of Value Added

	2017 Rupees	2016 Rupees
Revenues from leasing operations	1,866,207	2,596,239
Other income	10,452,458	8,689,392
Gain on de-recognition of financial liabilities	1,000,002	105,985,292
Unwinding of financial liability	(36,677,676)	(86,261,163)
	<u>(23,359,009)</u>	<u>31,009,760</u>
Direct cost of leases and others	(14,185,376)	(17,322,678)
Impairment on Investment	-	-
Value added	<u>(37,544,385)</u>	<u>13,687,083</u>
<b>Distributed as follows</b>		
<b>To Employees</b>		
As remuneration	9,121,257	11,744,686
<b>To Government</b>		
As income tax	355,000	742,000
<b>To Provider of Finance</b>		
Financial charges	527,455	1,144,251
<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, where by 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	Names
Independent Directors	Mr. M. RiazKhokar Mr. Imam BakshBaloch Mr. M. Abdullah Mr. Ashfaq Ahmad Jumani Mr. AzimAzfar
Executive Directors	Ms. Farah Azeem
Non-Executive Directors	Mr. M.R. Khan Mr. Abdul Ghafoor

The independent directors meet the criteria of independence under clause i(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 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
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 the board/shareholders.
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 requirements of director's training program





## SECURITY LEASING CORPORATION LIMITED

10. The board has approved appointment of CFO, Company Secretary. The company has designated one of its employees as a 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 directors' 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 five members, of who 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 members, of whom four are non-executive directors and the chairman of the committee is non-executive director.
18. The board has outsourced the internal audit function to M/s. UHY Hassan Naeem and Co. 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 exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
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.

**FARAH AZEEM**  
Chief Executive Officer



## PATTERN OF SHAREHOLDING OF ORDINARY SHARE CAPITAL AS ON JUNE 30, 2017

Share holding		Number of Shareholders	Total Shares held
From	To		
1	100	83	1104
101	500	100	39093
501	1,000	54	49554
1,001	5,000	130	337266
5,001	10,000	42	340221
10,001	15,000	14	186356
15,001	20,000	10	190000
20,001	25,000	13	311900
25,001	30,000	3	82000
30,001	35,000	2	67000
35,001	40,000	3	117750
40,001	45,000	4	168509
45,001	50,000	4	200000
50,001	55,000	2	108500
55,001	60,000	2	120000
70,001	75,000	1	71500
75,001	80,000	2	155500
95,001	100,000	1	100000
100,001	105,000	2	207048
160,001	165,000	1	163000
185,001	190,000	1	190000
195,001	200,000	1	200000
215,001	220,000	2	435999
220,001	225,000	1	225000
290,001	295,000	1	291526
295,001	300,000	1	300000
350,001	355,000	1	350255
395,001	40,000	1	399500
440,001	445,000	1	443500
455,001	460,000	1	455565
770,001	775,000	1	774000
1,260,001	1,265,000	1	1263240
3,170,001	3,175,000	1	3174435
10,280,001	10,285,000	1	10285000
14495001	14500000	1	14495679
		489	36,300,000

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

	No of Shares	%
M.R. Khan - Chairman	350,255	0.96
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
	353,255	0.97

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

S.M. Nadim Shafiqullah	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

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



PATTERN OF SHAREHOLDING OF PREFERENCE SHARES  
AS ON JUNE 30, 2017

Share holding		Number of Shareholders	Total Shares held	Percentage of Issued capital
From	To			
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
		<u>16</u>	<u>7,502,775</u>	<u>100.00</u>

Categories of Shareholders	Number	Shares Held	Percentage
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
	<u>16</u>	<u>7,502,775</u>	<u>100.00</u>

**Note 1 :** None of Directors, CEO their Spouse and Minor Children held any preference Shares.



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

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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) for the year ended June 30, 2017 prepared by the Board of Directors of **SECURITY LEASING CORPORATION LIMITED** (the company) to comply with the Corporate Governance Rules 2012.

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 provisions 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 part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement of internal control covers all risks 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.

Based on our review, 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2017.



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We draw attention to:

- Paragraph 10 of the statement of compliance which requires that the board to appoint a full time employee other than CFO as head of internal audit. However, during the year board has not appointed any person as a Head of Internal Audit.
- Paragraph 17 of the statement of compliance which requires that the board of directors of every listed company shall establish an Audit and HR & R Committee. However, during the year no meeting of HR & R committee has been conducted.

A handwritten signature in black ink that reads "Jasb &amp; Associates". The signature is written in a cursive, flowing style.

**Chartered Accountants**  
Engagement Partner: **Basharat Rasool**  
Karachi  
Dated: October 16, 2017



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

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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, 2017 and the related profit and loss account, cash flow statement, statement of comprehensive income 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.

### Management's Responsibility

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

### Auditors' Responsibility

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

### Basis for Adverse Opinion

- (a) As described in Note 1.2 to the financial statements, the financial statements have been prepared on going concern basis. The company has suffered a loss of Rs 37.126 million after adjusting deferred tax credit of Rs. 23.089 million (2016: Profit of Rs. 15.337 million after adjusting deferred tax credit of Rs. 26.352 million). As at the balance sheet date, accumulated loss of the company was Rs. 527.202 million (2016: Rs. 495.3 million) as against the issued, subscribed and paid up capital of Rs. 438.027 million (2016: Rs. 438.027 million) and current liabilities of the company exceed its current assets by Rs.226.884 million (2016: Rs. 132.88 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. 400.087 million (2016: Rs. 375.38 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, equity would have been lower by 400.087 million whereas loss for the year would have been higher by 400.087 million.



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## Opinion

In our opinion, due to the significance of the matters discussed above in basis for adverse opinion paragraph, 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, 2017 and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and

## Report on Other Matters required by the Companies Ordinance, 1984

Based on our audit, we further report that in our opinion:

- (a) except for the effects on the financial statement of the matters stated in paragraph (a to c) above, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) 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 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
- (c) the expenditure incurred during the year was for the purpose of the Company's business; and
- (d) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company ; and
- (e) In our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of the Company for the year ended June 30, 2016 were audited by another auditor who had expressed an adverse opinion vide their report dated October 04, 2016.

**Chartered Accountants**  
Engagement Partner: **Basharat Rasool**  
Karachi  
Dated: October 16, 2017



# BALANCE SHEET

AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	5	4,144,334	10,616,928
Short term investments	6	-	-
Short term finances	7	-	10,000,000
Advances, prepayments and other receivables	8	1,503,379	1,663,223
Taxation-net		5,308,521	4,459,818
Current maturity of non-current assets	9	250,837,329	283,555,111
<b>Total current assets</b>		<b>261,793,563</b>	<b>310,295,080</b>
<b>Non-current assets</b>			
Net investment in finance leases	10	16,838,239	46,733,560
Long-term deposits	11	504,500	504,500
Property and equipment	12	73,636,021	82,189,045
Deferred tax asset	13	400,087,713	375,378,859
Total non-current assets		491,066,473	504,805,964
<b>TOTAL ASSETS</b>		<b>752,860,037</b>	<b>815,101,044</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued and other liabilities	14	75,870,814	74,593,000
Current maturity of non-current liabilities	15	412,807,626	368,584,539
<b>Total current liabilities</b>		<b>488,678,440</b>	<b>443,177,539</b>
<b>Non-current liabilities</b>			
Long -term finances	16	144,801,066	192,538,656
Long-term deposits	17	595,110	25,092,471
<b>Total non-current liabilities</b>		<b>145,396,176</b>	<b>217,631,127</b>
<b>TOTAL LIABILITIES</b>		<b>634,074,616</b>	<b>660,808,666</b>
<b>NET ASSETS</b>		<b>118,785,421</b>	<b>154,292,378</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	(345,335,657)	(313,433,987)
		92,692,093	124,593,763
Surplus on revaluation of fixed assets	20	26,093,328	29,698,615
<b>Total shareholders' equity</b>		<b>118,785,421</b>	<b>154,292,378</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
**Farah Azeem**  
 Chief Executive Officer

  
**M R Khan**  
 Chairman





## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>REVENUE</b>			
<b>Income from:</b>			
Finance lease Contracts	22	1,866,207	2,596,239
Other operating income	23	10,452,458	8,689,392
		<u>12,318,665</u>	<u>11,285,631</u>
Gain on de-recognition of financial liabilities		1,000,002	105,985,292
Unwinding of financial liability		(36,677,676)	(86,261,163)
		<u>(35,677,674)</u>	<u>19,724,129</u>
		<u>(23,359,009)</u>	<u>31,009,760</u>
<b>EXPENSES</b>			
Administrative and selling	24	(31,925,137)	(38,990,627)
Finance costs	25	(527,455)	(1,144,251)
Provision & write-offs	26	(4,049,059)	(1,107,309)
		<u>(36,501,651)</u>	<u>(41,242,187)</u>
<b>Operating loss before Income tax</b>		<u>(59,860,660)</u>	<u>(10,232,427)</u>
<b>Taxation</b>			
- current tax expense	27	(355,000)	(742,000)
- deferred tax credit		23,089,069	26,352,082
		<u>22,734,069</u>	<u>25,610,082</u>
<b>Profit / (Loss) for the year</b>		<u>(37,126,591)</u>	<u>15,377,656</u>
<b>Earning / (loss) per share</b>	28	<u>(1.02)</u>	<u>0.42</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Farah Azeem  
Chief Executive Officer

  
M R Khan  
Chairman



# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
(Loss)/profit for the year	(37,126,591)	15,377,656
<b>Total Comprehensive income for the year</b>	<b>(37,126,591)</b>	<b>15,377,656</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
**Farah Azeem**  
 Chief Executive Officer

  
**M R Khan**  
 Chairman



# CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax		(59,860,660)	(10,232,427)
Depreciation	12.1	8,618,504	9,923,263
Gain on disposal of property and equipment	23.2	(99,950)	-
Gain on de-recognition of financial liabilities		(1,000,002)	(105,985,292)
Finance costs	25	527,455	1,144,251
Unwinding of financial liability		37,090,396	87,129,458
Provision for potential lease and other losses	26	1,204,172	1,107,309
		<u>46,340,575</u>	<u>(6,681,011)</u>
<b>Operating (loss) before working capital changes</b>		<b>(13,520,085)</b>	<b>(16,913,438)</b>
<b>Working capital changes</b>			
Decrease in net investment in finance leases	10	61,408,931	49,018,088
Decrease in advances, prepayments and other receivables		159,844	43,094
Decrease in accrued return on investments		-	5,775
(Decrease) in deposits from leases		(43,834,285)	(14,462,129)
(Decrease) / Increase in accrued and other liabilities		1,277,814	(676,264)
		<u>19,012,304</u>	<u>33,928,564</u>
<b>Cash from operations after working capital changes</b>		<b>5,492,219</b>	<b>17,015,127</b>
Financial charges paid	25	(527,455)	(1,144,251)
Taxes paid		(1,203,703)	(1,654,932)
		<u>(1,731,158)</u>	<u>(2,799,183)</u>
<b>Net cash generated from/ (used in) operating activities</b>		<b>3,761,061</b>	<b>14,215,944</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	12.1	(65,520)	(56,021)
Short term finances		11,000,000	-
Proceeds from disposal of property and equipment(net)		100,000	1,366,900
<b>Net cash generated from investing activities</b>		<b>11,034,480</b>	<b>1,310,879</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Borrowings		-	-
Repayment of long term finances		(21,268,135)	(32,329,587)
<b>Net cash (used in) financing activities</b>		<b>(21,268,135)</b>	<b>(32,329,587)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(6,472,594)</b>	<b>(16,802,765)</b>
Cash and cash equivalents at beginning of the year		10,616,928	27,419,693
Cash and cash equivalents at end of the year	29	<u>4,144,334</u>	<u>10,616,928</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
**Farah Azeem**  
 Chief Executive Officer

  
**M R Khan**  
 Chairman




# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Share Capital	Statutory reserve	Accumulated Loss	Total
	Rupees			
Opening balance as at July 01, 2015	438,027,750	181,867,005	(516,850,836)	103,043,919
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>Balance as at June 30, 2016</b>	<u>438,027,750</u>	<u>181,867,005</u>	<u>(495,300,992)</u>	<u>124,593,763</u>
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	5,225,112	5,225,112
Loss for the year	-	-	(37,126,591)	(37,126,591)
Total recognised expense for the year	-	-	(31,901,479)	(31,901,479)
<b>Balance as at June 30, 2017</b>	<u>438,027,750</u>	<u>181,867,005</u>	<u>(527,202,471)</u>	<u>92,692,093</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
**Farah Azeem**  
 Chief Executive Officer

  
**M R Khan**  
 Chairman



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

## 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, 2017 is Rs. 118.785 million (2016: Rs. 154.29 million as compared to the minimum equity level of Rs. 50 million).

Since the start of the financial and economic crisis in Pakistan in October 2008, the financing facilities of the Company were abruptly withdrawn by the banks which resulted in reduction of portfolio of leasing and other finances. The private sector especially NBFCs could not attract any funding in form of either equity or financing facility due to crowding out by high fiscal borrowings of government in the 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. 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.

##### a) Amendments to published standards and interpretations that are effective in 2016

The following amendments to published standards are mandatory for the financial year beginning January 1, 2016 and are relevant to the Company:

- IAS 27 (Amendment) 'Separate financial statements'. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment does not have any impact on the Company's financial statements.
- IFRS 7, 'Financial instruments : Disclosure'. There are two amendments:
  - Servicing contracts - If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The amendment provides guidance about what is meant by continuing involvement . The amendment is prospective with an option to apply retrospectively.
  - IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2016). The amendments provide clarifications on a number of issues, including:
    - Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
    - Disaggregation and subtotals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
    - Notes - confirmation that the notes do not need to be presented in a particular order.
    - ocr arising from investments accounted for under the equity method - the share of ocr arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.



The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations .

**b) Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Company**

The following new standards and amendments to published standards are not effective for the financial year beginning on January 1, 2016 and have not been early adopted by the Company :

- IFRS 9 'Financial instruments' (effective for periods beginning on or after January 1, 2018) . This standard is yet to be notified by the SECP. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. It is unlikely that the standard will have any significant impact on the Company's financial statements.
- IFRS 15, 'Revenue from contracts with customers' (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by the SECP. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue and IAS n 'Construction contracts' and related interpretations. The Company is yet to assess the full impact of the standard.
- IAS 7 'Cashflow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017) . This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. It is unlikely that the amendment will have any significant impact on the Company's financial statements.
- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses (effective for periods beginning on or after January 1, 2017). These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. It is unlikely that the amendment will have any significant impact on the Company's financial statements. IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice . It is unlikely that the interpretation will have any significant impact on the Company's financial statements .

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here .



## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 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:

- a) allowance for potential lease and loan losses (note 4.6);
- b) classification of investments (note 4.7);
- c) determining the residual values and useful lives of depreciable assets (note 4.9 & 4.10);
- d) impairment (note 4.9);
- e) income tax and deferred tax (note 4.15); and
- f) provisions (note 4.17).

### 4.2 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.

### **4.3 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.

### **4.4 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.

### **4.5 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.

### **4.6 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.

### **4.7 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.

### **4.8 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.

### **4.9 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 recognized 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.

### 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	2017 Rupees	2016 Rupees
<b>5 CASH AND BANK BALANCES</b>			
Cash in hand		2,407	1,696
Balance with State Bank of Pakistan in current account		36,235	37,677
Balances with other banks in:			
-Current accounts		4,089,800	10,562,204
-Saving accounts	5.1	15,892	15,351
		<u>4,144,334</u>	<u>10,616,928</u>

5.1 Return on saving account is 3.75% - 4.25% (2016: 4% - 5.5%) per annum.



## 6 SHORT TERM INVESTMENTS - Available for sale

Other than related party	Units/Shares		2017 Rupees	2016 Rupees
	2017	2016		
Listed securities			-	-
Unlisted securities				
Ordinary shares (First Pakistan Securities Limited)	1,399,141	1,399,141	20,000,000	20,000,000
Impairment			(20,000,000)	(20,000,000)
			-	-
			-	-

## 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)
			-	-
Musharika finance- secured - considered good			-	10,000,000
			-	10,000,000

## 8 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Prepayments			944,307	1,022,462
Operating lease rentals receivables - considered doubtful			-	3,702,153
Less: provision for operating lease rental receivables			-	(3,702,153)
			-	-
Other receivables			559,072	640,761
			1,503,379	1,663,223

## 9 CURRENT MATURITY OF NON - CURRENT ASSETS

Net investments in leases		10	250,837,329	283,555,111
			250,837,329	283,555,111

## 10 NET INVESTMENT IN FINANCE LEASE

Net investment in finance leases			267,675,568	330,288,671
Less: current portion of net investment in finance leases			(250,837,329)	(283,555,111)
			16,838,239	46,733,560





## SECURITY LEASING CORPORATION LIMITED

	Note	2017			2016		
		Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Lease rentals receivable		307,962,697	16,297,830	324,260,527	321,774,623	21,970,725	343,745,348
Add: Residual value of leased assets		126,622,509	595,111	127,217,620	145,959,433	25,092,472	171,051,905
Gross investment in finance leases		434,585,206	16,892,941	451,478,147	467,734,056	47,063,197	514,797,253
Less:							
Unearned lease income		274,935	54,702	329,637	894,543	329,637	1,224,180
Income suspended	10.1	55,880,425	-	55,880,425	56,896,057	-	56,896,057
		378,429,846	16,838,239	395,268,085	409,943,456	46,733,560	456,677,016
Provision for potential lease losses	10.2	127,592,517	-	127,592,517	126,388,345	-	126,388,345
Net investment in leases		250,837,329	16,838,239	267,675,568	283,555,111	46,733,560	330,288,671
		250,837,329	16,838,239	267,675,568	283,555,111	46,733,560	330,288,671

### 10.1 Income suspended

Balance at beginning of the year  
Income suspended during the year  
Income reversed during the year  
Balance at end of the year

2017 Rupees	2016 Rupees
56,896,057	56,896,057
-	-
1,015,632	-
55,880,425	56,896,057

### 10.2 Provision for potential lease and other losses

Balance at beginning of the year  
Provision for the year  
Reversed for the year  
Balance at end of the year

2017 Rupees	2016 Rupees
126,388,345	125,281,036
7,742,683	1,107,309
(6,538,511)	-
127,592,517	126,388,345

### 11 LONG TERM DEPOSITS

Others

2017 Rupees	2016 Rupees
504,500	504,500
504,500	504,500

### 12 PROPERTY AND EQUIPMENT

2017 Rupees	2016 Rupees
73,636,021	82,189,045
73,636,021	82,189,045



## 12.1 OPERATING ASSETS - OWNED

Description	2017			2017			Written down value as at June 30, 2017	Depreciation rate in %
	Cost / Revalued amounts			Depreciation				
	As at July 1, 2016	Additions/ Disposals during the year	As at June 30, 2017	As at July 1, 2016	Charge for the year/ (Transfers/ disposal)	As at June 30, 2017		
	Rupees							
Office premises	104,955,000	-	104,955,000	27,550,673	5,247,744	32,798,417	72,156,583	5
Leasehold Improvements	22,274,000	-	22,274,000	17,540,776	3,341,100	20,881,876	1,392,124	15
Furniture and fixtures	6,831,264	(508,243)	6,323,021	6,830,858	-	6,322,664	357	20
Office equipment	1,995,528	65,520	2,061,048	1,993,840	9,488	2,003,328	57,720	36
Computer equipment	2,834,401	-	2,834,401	2,785,049	20,172	2,805,221	29,180	36
Generator and Air Conditioners	3,688,070	(33,120)	3,654,950	3,688,032	(33,119)	3,654,913	37	20
Vehicles	751,775	-	751,775	751,755	-	751,755	20	24-30
<b>Grand Total</b>	<b>143,330,038</b>	<b>65,520 (541,363)</b>	<b>142,854,195</b>	<b>61,140,983</b>	<b>8,618,504 (541,313)</b>	<b>69,218,174 -</b>	<b>73,636,021</b>	

Description	2016			2016			Written down value as at June 30, 2016	Depreciation rate in %
	Cost / Revalued amounts			Depreciation				
	As at July 1, 2015	Additions/ Disposals during the year	As at June 30, 2016	As at July 1, 2015	Charge for the year/ (Transfers/ disposal)	As at June 30, 2016		
	Rupees							
Office premises	104,955,000	-	104,955,000	22,302,928	5,247,750	27,550,678	77,404,322	5
Leasehold Improvements	22,274,000	-	22,274,000	14,199,645	3,341,100	17,540,745	4,733,255	15
Furniture and fixtures	6,831,264	-	6,831,264	5,804,932	1,025,926	6,830,858	406	20
Office equipment	1,995,528	-	1,995,528	1,989,199	4,644	1,993,843	1,685	36
Computer equipment	2,778,380	56,021	2,834,401	2,775,556	9,493	2,785,049	49,352	36
Generator and Air Conditioners	3,688,070	-	3,688,070	3,688,063	-	3,688,063	7	20
Vehicles	4,749,273	(3,997,500)	751,773	3,088,005	294,350 (2,630,600)	751,755	18	24-30
<b>Total</b>	<b>147,271,515</b>	<b>56,021 (3,997,500)</b>	<b>143,330,036</b>	<b>53,848,328</b>	<b>9,923,263 (2,630,600)</b>	<b>61,140,991</b>	<b>82,189,045</b>	

## 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-----							
Furniture							
	541,363	541,313	50	100,000	99,950	BID	Intenational Knitwear
	541,363	541,313	50	100,000	99,950		
	541,363	541,313	50	100,000	99,950		



## SECURITY LEASING CORPORATION LIMITED

	2017 Rupees	2016 Rupees
<b>13 DEFERRED TAX ASSET</b>		
<b>Debit balances arising due to:</b>		
Overdue rentals not taxable in future	93,722,987	96,441,120
Provision for potential lease losses	39,553,680	39,180,387
Provision for other non performing assets	16,740,000	17,887,667
Unabsorbed tax depreciation	293,429,881	286,989,551
Minimum turnover tax	355,000	742,000
	<b>443,801,548</b>	<b>441,240,725</b>
<b>Credit balances arising due to:</b>		
Accelerated tax depreciation	(1,004,849)	(2,037,183)
Net investment in finance lease	(30,985,914)	(50,481,826)
Surplus on revloution of leasehold land and office building	(11,723,072)	(13,342,856)
	<b>(43,713,835)</b>	<b>(65,861,866)</b>
	<b>400,087,713</b>	<b>375,378,859</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	2017 Rupees	2016 Rupees
<b>14 ACCRUED AND OTHER LIABILITIES</b>			
Accrued liabilities		1,068,280	669,033
Advance against leases		69,616,602	68,534,437
Unclaimed dividend		807,122	807,122
Other liabilities		4,378,810	4,582,408
		<b>75,870,814</b>	<b>74,593,000</b>
<b>15 CURRENT MATURITY OF NON- CURRENT LIABILITIES</b>			
Long term finances	16	286,228,747	222,668,736
Long term deposits	17	126,578,879	145,915,803
		<b>412,807,626</b>	<b>368,584,539</b>
<b>16 LONG-TERM FINANCES - secured</b>			
<b>Other than related party</b>			
Privately Placed Term finance certificates	16.4	63,917,333	58,472,461
Privately Placed SUKUKs	16.5	191,665,204	175,232,980
Long-term loans	16.6	175,447,276	181,134,601
Term Finance Certificates	16.7	-	367,350
		<b>431,029,813</b>	<b>415,207,392</b>
Transfer to liabilities directly associated with the assets held for sale		-	-
		<b>431,029,813</b>	<b>415,207,392</b>
Less: Current maturity due but not paid			
Privately Placed Term finance certificates		30,468,750	20,312,500
Privately Placed SUKUK		91,406,250	60,937,500
Long-term loans		92,527,081	66,516,387
Term Finance Certificates		-	-
		<b>214,402,081</b>	<b>147,766,387</b>



	2017 Rupees	2016 Rupees
Less: Current maturity shown under current liabilities		
Privately Placed Term finance certificates	10,156,250	10,156,250
Privately Placed SUKUK	30,468,750	30,468,750
Long-term loans	31,201,666	33,909,999
Term Finance Certificates	-	367,350
	71,826,666	74,902,349
	286,228,747	222,668,736
	144,801,066	192,538,656

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. 20,538,219 (Carrying value: Rs. 15,690,004) 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		2017	2016
From financial institutions						
Privately placed term finance certificates (3rd Issue)	Secured against specific lease rentals receivable and related lease assets	Sep-07	Jan-22	Zero % (2016: Zero)	63,917,333	58,472,461

#### 16.5 Principal terms of SUKUKs

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2017	2016
From financial institutions						
Privately placed SUKUK-2	Secured against specific lease rentals receivable and related lease assets	Mar-09	Jan-22	Zero % (2016: Zero%)	191,665,204	175,232,980



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### 16.6 Principal terms of Long -Term Loans

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2017	2016
United Growth & Income Fund	Clean	Dec-07	Feb-19	Zero % (2016: Zero%)	47,334,490	44,554,650
The Bank of Khyber	Secured against property	Apr-10	Jan-22	Zero % (2016: Zero%)	82,910,622	76,902,541
United Bank Limited	Secured against specific lease rentals receivable and related lease assets	Apr-10	Feb-22	Zero % (2015: Zero%)	-	15,690,004
The Bank of Punjab	Secured against specific lease rentals receivable and related lease assets	Apr-10	Jan-22	Zero % (2016: Zero%)	31,968,406	29,189,984
Soneri Bank Limited	Secured against specific lease rentals receivable and related lease assets	Apr-10	Jan-22	Zero % (2015: Zero%)	13,233,758	14,797,422

### 16.7 Term Finance Certificates

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2017	2016
Dynamic Resources	Secured against motor vehicle	Apr-14	Mar-17	14% (2016: 14%)	settled	367,350

### 17 LONG-TERM DEPOSITS

	Note	2017 Rupees	2016 Rupees
Security deposits against leases		127,173,989	171,008,274
Less: Current maturity of security deposits	15	126,578,879	145,915,803
		<u>595,110</u>	<u>25,092,471</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	2017 Rupees	2016 Rupees
<b>18 SHARE CAPITAL</b>			
<b>Authorised capital</b>			
75,000,000 (2016: 75,000,000) ordinary shares of Rs. 10 each		750,000,000	750,000,000
50,000,000 (2016: 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 (2016: 22,100,000) ordinary shares of Rs. 10 each fully paid in cash		221,000,000	221,000,000
14,200,000 (2016: 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 (2016: 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>

#### 18.1 Movement in number of shares

##### Ordinary shares

Number of the shares at beginning of the year  
Issued during the year  
Number of the shares at end of the year

36,300,000	36,300,000
-	-
<u>36,300,000</u>	<u>36,300,000</u>

##### Preference shares

Number of the shares at beginning of the year  
Redeemed during the year  
Number of the shares at end of the year

7,502,775	7,502,775
-	-
<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



## 18.4 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	2017 Rupees	2016 Rupees
The Company's capital consist of:			
Issued, subscribed and paid-up share capital	18	438,027,750	438,027,750
Reserves	19	(345,335,657)	(339,786,070)
		92,692,093	98,241,681
		<u>92,692,093</u>	<u>98,241,681</u>
<b>19 RESERVES</b>			
Capital reserve			
Statutory reserves	19.1	181,867,005	181,867,005
Revenue reserve			
Accumulated loss		(527,202,662)	(521,653,075)
		<u>(345,335,657)</u>	<u>(339,786,070)</u>
<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		<u>181,867,005</u>	<u>181,867,005</u>
Statutory reserve represents profit set aside to comply with the NBFC Regulations, 2008.			
<b>20 SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Surplus on revaluation of fixed assets	20.1	37,816,360	43,041,472
Deferred tax liability recognised	20.2	(11,723,032)	(13,342,857)
		<u>26,093,328</u>	<u>29,698,615</u>
<b>20.1 Reconciliation of surplus on revaluation of fixed assets</b>			
At the beginning of the year		43,041,472	49,213,660
Surplus during the year		-	-
Surplus realized on account of incremental depreciation -net off tax		(5,225,112)	(6,172,188)
At the end of the year		<u>37,816,360</u>	<u>43,041,472</u>



	Note	2017 Rupees	2016 Rupees
<b>20.2 Deferred tax liability</b>			
At the beginning of the year		13,342,856	15,748,371
Deferred tax liability arise/(adjusted) during the year		727,730	367,497
Deferred tax liability realized on account of incremental depreciation		(2,347,514)	(2,773,012)
At the end of the year		<u>11,723,072</u>	<u>13,342,856</u>
<b>21 CONTINGENCIES AND COMMITMENTS</b>			
21.1 There is no contingencies and commitments as at balance sheet date.			
<b>22 FINANCE LEASE INCOME</b>			
Income from finance lease contracts		1,866,207	2,596,239
		<u>1,866,207</u>	<u>2,596,239</u>
<b>23 OTHER OPERATING INCOME</b>			
Income from financial assets	23.1	180,175	1,582,370
Income from other than financial assets	23.2	10,272,283	7,107,022
		<u>10,452,458</u>	<u>8,689,392</u>
<b>23.1 Income from financial assets</b>			
<b>Loans and receivables</b>			
Profit from bank under cash management scheme		805	767
Profit on musharika		-	7,099
Profit on placements- net off income suspended		179,370	1,574,504
		<u>180,175</u>	<u>1,582,370</u>
<b>23.2 Income from other than financial assets</b>			
Fees, commissions and other charges		11,468	59,182
Gain/Loss on disposal of property and equipment		99,950	-
Operating Lease Income		4,000,000	
Rental income		6,160,865	7,047,840
		<u>10,272,283</u>	<u>7,107,022</u>





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	Note	2017 Rupees	2016 Rupees
<b>24 ADMINISTRATIVE AND SELLING EXPENSES</b>			
Salaries, allowances and benefits	24.1	9,121,257	11,744,686
Directors' fee	24.2	384,000	490,000
Telephone and fax		496,306	630,081
Postage and courier		17,163	27,479
Electricity		865,879	1,151,503
Office maintenance		2,348,435	2,011,910
Software maintenance		227,595	124,900
Insurance		297,703	321,626
Canteen expenses		243,849	285,902
Vehicle running expenses		108,000	404,298
Vehicle insurance		-	91,494
Traveling and conveyance		117,405	436,471
Advertisement expenses		68,260	109,703
Printing and stationery		392,257	437,972
Central depository charges		55,864	56,924
Subscriptions and listing fees		1,035,251	965,926
Legal and professional charges		5,475,495	8,035,254
Auditors' remunerations	24.3	759,100	691,100
Statutory filing fees		16,046	107,245
Depreciation		8,618,504	9,923,263
Rent, rates and taxes		1,276,768	847,747
Miscellaneous		-	95,143
		<b>31,925,137</b>	<b>38,990,627</b>

### 24.1 Remuneration of chief executive and executives

	2017			2016		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
Chairman Advisory Honorarium	1,320,000	-	-	1,344,000	-	-
Managerial remuneration	-	2,117,600	1,100,000	-	2,426,400	2,426,400
Other benefits	-	-	-	1,499,658	-	-
	<b>1,320,000</b>	<b>2,117,600</b>	<b>1,100,000</b>	<b>2,843,658</b>	<b>2,426,400</b>	<b>1,200,000</b>
No. of persons	1	1	1	2	1	1

### 24.2 Directors' fee

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

	Note	2017 Rupees	2016 Rupees
<b>24.3 Auditors' remuneration</b>			
Annual audit		377,000	325,000
Half yearly review		130,000	130,000
Other certifications		116,000	100,000
Out-of-pocket expenses		136,100	136,100
		<b>759,100</b>	<b>691,100</b>



	Note	2017 Rupees	2016 Rupees
<b>25 FINANCE COSTS</b>			
Markup on :			
Term finance certificates & Sukuks		527,455	1,144,251
Finance Lease		-	-
		<u>527,455</u>	<u>1,144,251</u>
<b>26 PROVISION AND WRITE-OFFS</b>			
Provision on leases	10	1,204,172	1,107,309
Write-offs		2,844,887	-
		<u>4,049,059</u>	<u>1,107,309</u>

## 27 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 2016. 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.

### 27.1 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.

	2017 Rupees	2016 Rupees
<b>28 EARNINGS / (LOSS) PER SHARE - basic and diluted</b>		
Profit / (loss) for the year from continuing operations	(37,126,591)	15,377,656
Profit / (loss) for the year from discontinuing operations	-	-
Profit / (loss) attributable to ordinary shareholders	<u>(37,126,591)</u>	<u>15,377,656</u>
	<b>Numbers</b>	<b>Numbers</b>
Number of ordinary shares issued and subscribed	<u>36,300,000</u>	<u>36,300,000</u>
	<b>Rupees</b>	<b>Rupees</b>
Earning / (loss) per share	<u>(1.02)</u>	<u>0.42</u>

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.



## 28.1 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, 2017.

	Note	2017 Rupees	2016 Rupees
<b>29 CASH AND CASH EQUIVALENTS</b>			
Cash and Bank balances	5	4,144,334	10,616,928
		<u>4,144,334</u>	<u>10,616,928</u>

## 30 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, 2017				Total
	Finance lease	Rental Income	Musharika	Others	
	Rupees				
Segment revenues	1,866,207	6,160,865	-	4,291,593	12,318,665
Segment result	(5,330,842)	4,236,657	-	4,291,593	
<b>Unallocated cost</b>					
Finance cost					(527,455)
Administrative and selling exp					(31,925,137)
Unwinding of financial liability					(36,677,676)
Gain on De-recognition of financial liabilities					1,000,002
Provision & write offs					(4,049,059)
<b>Loss before income tax</b>					(59,860,660)
Income tax expense/ credit					22,734,069
<b>Profit for the year</b>					<u>(37,126,591)</u>
<b>Other information</b>					
Segment assets	267,675,568	73,636,021	-	-	341,311,589
Unallocated assets					411,548,448
<b>Total assets</b>	267,675,568	73,636,021	-	-	<u>752,860,037</u>
Segment liabilities	634,074,616				634,074,616
Unallocated liabilities					
<b>Total liabilities</b>	634,074,616				<u>634,074,616</u>
<b>Net assets</b>					<u>118,785,421</u>
Capital expenditure					65,520



	June 30, 2016				
	Finance lease	Rental Income	Musharika	Others	Total
	Rupees				
Segment revenues	2,596,239	7,047,840	7,099	1,634,453	11,285,631
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					(742,000)
Profit for the year					(10,974,427)
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

31 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:

### 31.1 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	2017 Rupees	2016 Rupees
<b>Classes of financial assets - carrying value</b>			
<b>Cash and cash equivalent</b>			
Cash and bank balances	5	4,144,334	10,616,928
<b>Loans and receivables</b>			
Short term finances	7	-	10,000,000
Accrued return on investments		-	-
Long-term deposits	11	504,500	504,500
Net investment in finance leases	10	267,675,568	330,288,671
		<u>272,324,402</u>	<u>351,410,099</u>



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- 31.1.1** The credit risk to cash and cash equivalent is negligible, since the counter parties are reputable banks with high quality external credit rating.
- 31.1.2** Loans and receivables of the Company are secured by collaterals that are disclosed in their relevant notes.
- 31.1.3** 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	2017		2016	
	Rupees	%	Rupees	%
Textile	90,620,221	21.80	92,331,443	20.93
Construction	25,999,520	6.25	25,999,520	5.89
Transport and communication	91,331,677	21.97	98,492,533	22.33
Oil and gas	1,389,056	0.33	1,927,838	0.44
Food and beverages	15,050,210	3.62	15,050,210	3.41
Engineering	22,915,221	5.51	22,915,221	5.19
Consumer leases	6,054,811	1.46	7,956,739	1.80
Health care	10,002,152	2.41	10,002,152	2.27
Travel and tourism	2,808,087	0.68	2,808,087	0.64
Pharmaceutical	425,209	0.10	425,209	0.10
Advertisement	572,569	0.14	785,374	0.18
Auto and allied	39,308,314	9.45	43,697,179	9.90
Publications	9,988,159	2.40	9,988,159	2.26
Glass and ceramics	8,675,504	2.09	8,675,504	1.97
Others	90,641,470	21.80	100,114,858	22.69
<b>Total</b>	<b>415,782,180</b>	<b>100</b>	<b>441,170,026</b>	<b>100</b>

**31.1.4 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	92,935,868	-	92,935,868	-
Past due by more than 30 days but not more than 180 days	1,406,090	-	1,406,090	-
Past due by more than 180 days but not more than 360 days	-	-	-	-
Past due by more than 360	374,926,127	74,000,000	300,926,127	-
	<b>469,268,085</b>	<b>74,000,000</b>	<b>395,268,085</b>	<b>-</b>
<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	201,592,517	74,000,000	127,592,517	-
<b>Total impairment loss</b>	<b>201,592,517</b>	<b>74,000,000</b>	<b>- 127,592,517</b>	<b>-</b>
<b>Net carrying amount</b>	<b>267,675,568</b>	<b>-</b>	<b>267,675,568</b>	<b>-</b>



**31.1.5** 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.

### 31.2 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 7				Total
	Within 6 months	6 months to 1 year	One to five years	Over five years	
Financial Assets	-----Rupees-----				
Cash and cash equivalent	4,144,334	-	-	-	4,144,334
Loans and receivables	54,000,000	-	-	-	54,000,000
Lease receivables	306,607,537	71,822,309	16,838,239	-	395,268,085
	<b>364,751,871</b>	<b>71,822,309</b>	<b>16,838,239</b>	<b>-</b>	<b>453,412,419</b>
Financial liabilities					
Accrued and other liabilities	75,870,814	-	-	-	75,870,814
Long -term finances	250,315,414	35,913,333	144,801,066	-	431,029,813
Long-term deposits	105,321,518	21,257,361	595,110	-	127,173,989
	<b>431,507,746</b>	<b>57,170,694</b>	<b>145,396,176</b>	<b>-</b>	<b>634,074,616</b>
	<b>(66,755,875)</b>	<b>14,651,615</b>	<b>(128,557,937)</b>	<b>-</b>	<b>(180,662,197)</b>
Financial liabilities	2 0 1 6				Total
	Within 6 months	6 months to 1 year	One to five years	Over five years	
Financial Assets	-----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
	<b>469,029,010</b>	<b>5,531,374</b>	<b>46,733,560</b>	<b>-</b>	<b>521,293,944</b>
Financial liabilities					
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
	<b>404,318,441</b>	<b>38,859,100</b>	<b>180,119,737</b>	<b>37,511,389</b>	<b>660,808,666</b>
	<b>64,710,569</b>	<b>(33,327,726)</b>	<b>(133,386,177)</b>	<b>(37,511,389)</b>	<b>(139,514,722)</b>

### 31.3 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.



## SECURITY LEASING CORPORATION LIMITED

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.

### 31.3.1 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 of 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.

## 32 FAIR VALUE OF FINANCIAL ASSETS

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

## 33 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	2017	
			Total value of transaction	Closing balance
			.....Rupees.....	
S Nauman Akhter	CEO	Travelling expense	74,305	-
Abdul Ghafoor	Director	Director Fee	24,000	-
Ashfaq Ahmed	Director	Director Fee	66,000	-
Azim Zafar	Director	Director Fee	30,000	-
Imam Baksh Baloch	Director	Director Fee	66,000	-
M. Abdullah Baloch	Director	Director Fee	84,000	-
M. Riaz Khokar	Director	Director Fee	72,000	-
M.R. Khan	Director/ Chairman	Director Fee	42,000	-
Various	Executives	E.O.B.I	15,600	-
M.R. Khan	Chairman	Advisor Honorarium	1,320,000	-
M. Riaz Khokar	Director	Conveyance Expenses	9,000	-
M. Abdullah Baloch	Director	Conveyance Expenses	11,000	-
Ashfaq Ahmed	Director	Conveyance Expenses	8,000	-
Abdul Ghafoor	Director	Conveyance Expenses	4,000	-
Imam Buksh Baloch	Director	Conveyance Expenses	9,000	-



2016

Name of related party	Nature of relationship	Description of transaction	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	-
Nadeem Shafiqullah	Director/Vice Chairman	Director Fee	54,000	-
M.R. Khan	Chairman	Basic Salary	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	-
Nadeem Shafiqullah	Vice Chairman	Medical Expense	239,726	-
M.R. Khan	Chairman	Club Membership And Subscription	28,964	-
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	-
Nadeem Shafiqullah	Vice Chairman	Petrol Vice Chairman	134,500	-
M.R. Khan	Chairman	Vehicle Maintainance	37,513	-
S.Nauman Akhtar	CEO	Vehicle Maintainance	180,000	-
Nadeem Shafiqullah	Vice Chairman	Vehicle Maintainance	5,000	-
Nadeem Shafiqullah	Vice Chairman	Vehicle Taxes	7,265	-
M.R. Khan	Chairman	Advisor Honorarium	330,000	-
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	-
S.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

	2017	2016
<b>34 NUMBER OF EMPLOYEES</b>		
Number of employees during the period end	10	12

### 34 CORRESPONDING FIGURES

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

### 35 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 16, 2017 by the Board of Directors of the Company.

**Farah Azeem**  
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 November 30, 2017, 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.



## پراکسی فارم

میں مستی / مسماة \_\_\_\_\_ ساکن \_\_\_\_\_  
ضلع \_\_\_\_\_ بحیثیت ممبر سکیورٹی لیزینگ کارپوریشن لمیٹڈ مسماة \_\_\_\_\_  
کو اپنا پراکسی مقرر کرتا ہوں تاکہ وہ کمپنی کے سالانہ اجلاس عام جو بتاریخ 30 نومبر 2017ء بوقت صبح 10:00 بجے منعقد ہو رہا ہے، میں اور اس کے کسی ملٹوی شدہ اجلاس میں ووٹ ڈالے۔

<b>ڈاک ٹکٹ منسلک کریں</b>	دستخط کی تاریخ _____
	ممبر کے دستخط _____
	فولیو نمبر _____
	شیروں کی تعداد _____
گواہوں کے دستخط اور پتے _____	گواہوں کے دستخط اور پتے _____
_____ ۱	_____ ۱
_____ ۲	_____ ۲

### نوٹ:

- ۱۔ اجلاس عام میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کے لیے اپنا پراکسی مقرر کر سکتا ہے پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔
- ۲۔ یہ فارم ممبر یا اس کے اٹارنی کی جانب سے جسے تحریری طور پر اتھارائزڈ کیا گیا ہو، کی جانب سے دستخط کیا جائے۔ اگر ممبر کارپوریشن ہے تو اس کی عام مہر موجود ہونی چاہئے۔
- ۳۔ پراکسی کی تقرری کے دستاویز پاور آف اٹارنی یا دیگر دستاویز جس کے تحت تقرری ہوئی یا پاور آف اٹارنی کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹہ قبل جمع کرانی ہوگی۔
- ۴۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی فارم کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ پراکسی فارم جمع کرانا ہوں گے۔



- ہوں گی، نقد منافع منقسمہ کے استحقاق کے تعین کے لیے بروقت سمجھی جائیں گی۔
- 2- ایک ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا حق رکھتا ہے وہ اپنی جگہ کسی دوسرے فرد کو اجلاس میں شرکت بولتے اور ووٹ دینے کے لیے تحریر طور پر اپنی پراکسی مقرر کر سکتا ہے۔
  - 3- پراکسی مقرر کئے جانے سے متعلق دستاویز Instrument اور پاور آف اٹارنی یا دیگر کوئی اور اتھارٹی جس کے تحت اس پر دستخط کئے گئے ہیں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل کو موثر ہونے کے لیے سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے رجسٹرڈ آفس میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازماً جمع کرادیں۔
  - 4- میران سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتے میں تبدیلی سے اگر کوئی ہو، کمپنی کے شیئر رجسٹر اری میسر ایف ڈی رجسٹرار ڈسروس پرائیویٹ لمیٹڈ آفس نمبر 1705 فلور نمبر 17، صائمہ ٹریڈ ٹاور آئی آئی چندری گروڈ کراچی کو فوری طور پر مطلع کریں ایسی درخواستیں کتب کی بندش سے قبل پہنچ جانا چاہئیں تاکہ استحقاق اگر کوئی ہو تو درست پتہ پر روانہ کیا جاسکے۔
  - 5- سی ڈی سی اکاؤنٹ ہولڈرز کو دیگر قواعد کے ساتھ ساتھ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے مقرر کردہ ہدایات پر عمل کرنا ہوگا جو کہ درج ذیل ہے۔

#### (الف) اجلاس میں شرکت کے لیے:

- 1- انفرادی شیئر ہولڈر ہونے کی صورت میں اکاؤنٹ ہولڈر یا ضمنی اکاؤنٹ ہولڈر اور/یا ایسا فرد جس کی سیکورٹیز گروپ اکاؤنٹ کی صورت میں ہوں اور ان کی رجسٹریشن تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی گئی ہوں وہ اجلاس عام میں شرکت کے موقع پر اپنی شناخت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر کر سکتے ہیں۔
- 2- کارپوریٹ اینٹیٹی کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد کئے جانے والے فرد کے نمونے کے دستخط کے پیش کئے جانے چاہئیں۔ ماسوائے اس کے کہ وہ پہلے ہی فراہم نہیں کئے گئے۔

#### (ب) پراکسی کے تقرر کے لیے:

- 1- ایسا فرد اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا ایسے شخص کو جس کی سیکورٹیز گروپ اکاؤنٹ کی شکل میں ہوں اور ان کی رجسٹریشن کی تفصیلات، ضوابط کے مطابق جمع کروائی گئی ہوں، اجلاس میں شرکت کے لیے درج بالا تقاضوں کے مطابق پراکسی فارم جمع کرانا ہوگا۔
- 2- پراکسی فارم پر کم از کم دو گواہوں کے دستخط مع نام پتہ اور موثر کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ثبت ہونا چاہئے۔
- 3- پراکسی فارم کے ساتھ اصل حقدار اور پراکسی کے موثر کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی منسلک ہونا چاہئیں۔
- 4- اجلاس کے وقت پراکسی کو اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- 5- کارپوریٹ ادارہ کی صورت میں کمپنی کے پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی اگر پہلے سے فراہم نہ کئے گئے ہوں تو جس کے ساتھ دستخط کے نمونے specimen بھی منسلک ہونا چاہئیں۔



## 24واں سالانہ اجلاس عام کے سلسلے میں ممبران کو نوٹس

بذریعہ ہذا مطلع کیا جاتا ہے کہ سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے ممبران کا 24واں سالانہ اجلاس عام جو کہ مورخہ 26 اکتوبر 2017 بروز جمعرات منعقد ہونا تھا چند ناگزیر وجوہات کی وجہ سے اب بتاریخ 30 نومبر 2017 بروز جمعرات یوقت صبح 10 بجے سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے رجسٹرڈ آفس واقع لیکسن اسکوائر بلڈنگ نمبر 3 فلور نمبر 5 سرور شہید روڈ میں درج ذیل امور کی انجام دہی کے لیے منعقد ہوگا۔

### عمومی امور:

- 1- سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے 23 ویں سالانہ اجلاس عام منعقدہ 26 نومبر 2016ء کی کارروائی کی توثیق۔
- 2- 30 جون 2017ء کو ختم ہونے والے مالی سال کی بابت کمپنی کے سالانہ آڈٹ شدہ حسابات (مجموعی و انفرادی) مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی ان پر غور و خوض اور منظوری۔  
سیکورٹی لیزنگ کارپوریشن لمیٹڈ کی سالانہ رپورٹ 2017ء کمپنی کی ویب سائٹ پر اپ لوڈ کر دی گئی ہے۔
- 3- مالی سال 2018ء کے لیے آڈیٹرز J.A.S.B. & Associates` Chartered Accountants کی بطور دوبارہ تقرری اور ان کے لیے مشاہرہ طے کرنا۔

### دیگر امور:

- 4- صدر اجلاس کی اجازت سے کسی بھی دیگر امور کی انجام دہی۔

تاریخ 23 نومبر 2017

بحکم بورڈ

محمد فاروق  
کمپنی سیکریٹری

### نوٹس:

- 1- سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے حصص کی منتقلی کی کتب 23 نومبر 2017ء سے 30 نومبر 2017ء تک دونوں دن شامل ہوں گے بند رہیں گی۔ حصص کی منتقلی کے لیے جو درخواستیں کمپنی کے شیئر رجسٹرار میسرز ایف ڈی رجسٹرار سروس ایس ایم سی پرائیویٹ لمیٹڈ آفس نمبر 1705-17 واں فلور صائمہ ٹریڈ ٹاور A آئی آئی چندری گروڈ کراچی کو 22 نومبر 2017ء کے دفتری اوقات ختم ہونے سے قبل موصول



میٹنگز میں شرکت کی	ڈائریکٹر کا نام	میٹنگز میں شرکت کی	ڈائریکٹر کا نام
03	فرح عظیم	03	جناب محمد ریاض کھوکھر
03	سید نعمان اختر	03	جناب عظیم اظفر
03	جناب امام بخش بلوچ	04	جناب عبداللہ
		04	جناب اشفاق احمد جمالی

#### شیر ہولڈنگ کارجمان

اس رپورٹ کے ساتھ 30 جون 2017 کو شیر ہولڈنگ کے رجحان بطور ضمیمہ منسلک ہے۔

#### اعتراف

بورڈ اپنے سرمایہ کار، قرضہ دہندہ اور ایگزیکیوٹو 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

فرح عظیم

چیف ایگزیکٹو آفیسر

16 اکتوبر 2017



### 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، دیانتداری اور لگن کے ماحول میں کام کریں تاکہ وہ کمپنی اور اس کے شرکاء مفاد کے مشترکہ مقاصد کے مثبت نتائج حاصل کر سکیں۔

### ڈائریکٹرز 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 فلوا اور ایکویٹی میں ردوبدل کی درست تصویر پیش کرتے ہیں۔
- ☆ مناسب طور سے کھاتوں کی یکس 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۔
- ☆ گذشتہ چھ سالوں کا اہم آپریشن 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 9 اور آڈٹ کمیٹی کی 4 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
06	جناب عظیم اظفر	09	جناب ایم آر خان
02	جناب عبدالغفور	05	سید نعمان اختر
08	جناب امام بخش بلوچ	07	جناب محمد ریاض کھوکھر
07	جناب اشفاق احمد جمالی	09	جناب عبداللہ
		08	فرح عظیم



ہے ان میں پی پی ٹی ایف سی III اور یو بی ایل فنڈز مینیجر لمیٹڈ ہیں جن کے قرضوں کی مجموعی مالیت 126 ملین روپے ہے لیکن فنڈز کی عدم دستیابی کی وجہ سے ان تصفیوں کی بدولت ہونے والی انٹریز کا اندراج جون 2017ء کے اکاؤنٹس میں نہیں ہو سکا لیکن انتظامیہ پر امید ہے کہ یہ ادائیگی 31 اکتوبر یا 30 نومبر 2017ء تک ہو جائے گی۔ پی پی ٹی ایف سی III اور یو بی ایل فنڈز مینیجر لمیٹڈ کے ساتھ کامیاب تصفیے کے نتیجے میں قرضوں کی مالیت ایکویٹی، منافع/نقصان کی صلاحیت اور کمپنی کی بقایا ان وائیڈنگ انٹریز کی تفصیل اس طرح سے ہوگی۔

قرض کی رقم روپے ملین میں	ایکوٹی روپے ملین میں	منافع/نقصان روپے ملین میں	ان وائیڈنگ آف لائیبلٹی روپے ملین میں
383.17	158.13	65.45	55.58

کمپنی انتظامیہ نے سکوک II کے شراکت داروں کے ساتھ بھی بات چیت کا مرحلہ جاری رکھا ہوا ہے جس کی مالیت 232 ملین روپے ہے۔ ساتھ ساتھ بینک آف خیبر کے ساتھ قابل عمل تصفیے کی بھی کوشش کی جا رہی ہے انتظامیہ پر امید ہے کہ سال 2018 کی پہلی سہ ماہی تک ان تمام تصفیوں کے مثبت نتائج آئیں گے۔ انتظامیہ پر امید ہے کہ ان تصفیوں کے نتیجے میں متوقع سرمایہ کاروں کی توجہ حاصل کرنے میں کامیاب ہو جائے گی۔ یہ تمام معاملات کے بارے میں کمپنی کے ایکسٹرنل آڈیٹرز کو بھی آگاہ کر دیا گیا ہے۔

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے

سال	2016	2017
نفع/نقصان بعد از ٹیکس	15,377,656	(37,126,591)
آمدنی فی حصص - بنیادی اور کمزور	0.42	(1.02)
مختص کردہ	-	-
دستوری ذخائر میں منتقلی	-	-

شیئر کیپٹل

جیسا کہ بتایا گیا ہے کہ 30 جون 2017 کو کمپنی کی ایکویٹی سیکورٹی ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی معین ایکویٹی جس کی کم سے کم حد 50 ملین ہے کے مقابلے میں 92 اعشاریہ 69 رہی۔

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۔





## ڈائریکٹر کی رپورٹ

آپ کے ڈائریکٹرز 30 جون 2017 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 2016-2017 میں پاکستان کی معیشت کو جن سنجیدہ مسائل کا سامنا کرنا پڑا ان میں برآمدی شعبے کی غیر تسلی بخش کارکردگی، زر مبادلہ کے ذخائر میں کمی، تجارتی خسارہ، روپے کی قدر میں نمایاں کمی اور کیپٹل مارکیٹ میں غیر معمولی کمی تھی۔

ملکی معیشت کا بیرونی قرضوں پر حد درجہ انحصار ایک نہایت سنجیدہ مسئلہ رہا۔ وفاقی اور صوبائی حکومتوں کے ساتھ پرائیویٹ سیکٹر پر بیرونی قرضوں کا بڑھتا ہوا بوجھ ملکی معیشت کے لئے انتہائی تباہ کن ہے۔

سرکاری اداروں کا خسارہ جن کو حکومت قرضوں اور ٹیکس کی وصولی سے پورا کرتی ہے ان کا تخمینہ 600 بلین روپے سالانہ لگایا گیا ہے جس کے معیشت پر ناقابل تلافی اثرات پڑے ہیں جن کو نظر انداز نہیں کیا جاسکتا۔ ملک کی ناقابل یقین سیاسی صورت حال اور معیشت کی بہتری کے سلسلے میں حکومت کی طرف سے سنجیدہ اقدام کا نہ ہونا مستقبل قریب میں کسی بہتری کی نوید نہیں سنارہا ہے۔ ان تمام باتوں کے باوجود سی پیک منصوبے کی بدولت ملکی معیشت مستقبل میں بہت امید افزا ہے۔

### کمپنی کا جائزہ

جیسا کہ تمام شیئرز ہولڈرز کے علم میں ہے کہ آپ کی کمپنی کا سب سے بڑا مسئلہ قرضوں کا غیر معمولی بوجھ ہے جو کہ جون 2015 میں 744 بلین روپے تھا۔ دیگر مسائل میں کمپنی کی ایکویٹی کی سطح کا کم ہونا اور کمپنی کا نفع بخش نہ ہونا شامل ہے لیکن ان تمام مسائل کا تعلق ان تمام کوششوں میں کامیابی یا ناکامی سے ہے جو کہ انتظامیہ اپنے قرض خواہوں کے ساتھ قابل عمل تصفیے کے لئے کر رہی ہے۔ اس معاملے میں انتظامیہ نے سال 2015 سے سال 2017 تک قرض خواہوں کے ساتھ جو کامیاب تصفیے کیے ان کے اثرات ایکویٹی اور منافع پر جس طرح اثر انداز ہوئے ان کا خلاصہ یہ ہے کہ:

سال	قرض کی رقم روپے بلین میں	ایکویٹی روپے بلین میں	منافع / نقصان روپے بلین میں	ان وائیڈنگ آف لائیابلیٹی روپے بلین میں
2014-15	744.15	103.04	(28.52)	289.33
2015-16	532.86	124.59	15.37	118.02
2016-17	509.42	92.69	(37.12)	78.39

انتظامیہ اپنے شیئرز ہولڈرز کو یہ بات بتاتے ہوئے خوشی محسوس کرتی ہے کہ کمپنی جن قرض خواہوں کے ساتھ تصفیے کے تمام مراحل طے کر چکی

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