SAUDI PAK LEASING

Annual Report 2020

OUR VISION

To remain trust worthy to all stakeholders.

OUR MISSION

For our Customer

We will strive to add value for our all stakeholders by offering them win-win solutions.

For Employees

We will provide our employees opportunities for self development in healthy and result oriented friendly environment.

For our Shareholders

We will endeavor to restore the confidence of our shareholders' by optimum utilization of our limited resources.

For our Society

We will maintain ethical standards and act as responsible corporate citizens.

CORPORATE STRATEGY

The Company is optimistic to honor its commitments to stakeholders despite difficult business conditions and severe liquidity crunch being faced due to default of debtors.

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Mr. Ahsanullah Khan

CEO/Managing Director

CORPORATE INFORMATION

BOARD OF DIRECTORS ELECTED ON NOVEMBER 26, 2018

Mr. Niaz Ahmed Khan	Chairman/Non-Executive/ Independent Director
Mr. Ahsanullah	Chief Executive Officer/ Independent Elected Director
Sheikh Aftab Ahmad	Nominee Director
Mr. Zafar Iqbal	Nominee Director
Ms. Fozia Fakhar	Nominee Director
Mr. Muhammad Waqar	Independent Director
Syed Najmul Hasnain Kazmi	Independent Director

AUDIT COMMITTEE ELECTED ON JANUARY 29,2019

Syed Najmul Hasnain Kazmi	Chairman
Sheikh Aftab Ahmad	Member
Ms. Fozia Fakhar	Member
Mr. Muhammad Waqar	Member

HR & REMUNERATION COMMITTEE ELECTED ON JANUARY 29, 2019

Mr. Niaz Ahmed Khan	Chairman
Sheikh Aftab Ahmad	Member
Mr. Zafar Iqbal	Member
Mr. Ahsanullah	Member

CHIEF EXECUTIVE OFFICER
Mr. Ahsanullah

COMPANY SECRETARY
Mr. M. Imtiaz Ali

CHIEF FINANCIAL OFFICER
Mr. Muhammad Siddique Ahmed, FCA

TAX CONSULTANT
Junaid Shoaib Asad
Chartered Accountants

AUDITORS
M/s. Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountant
(appointed on 26-11-2018)
A member of Russell Bedford International

LEGAL ADVISOR
1)M/s. S&B Durrani Law Associates, House No. 5-A/11/11, Sunset Lane,DHA,
Phase – II (Ext.), Karachi
2)M/s. Zafar & Zafar Law Associates, Zafar Cottage, 25, Mason Road, Lahore

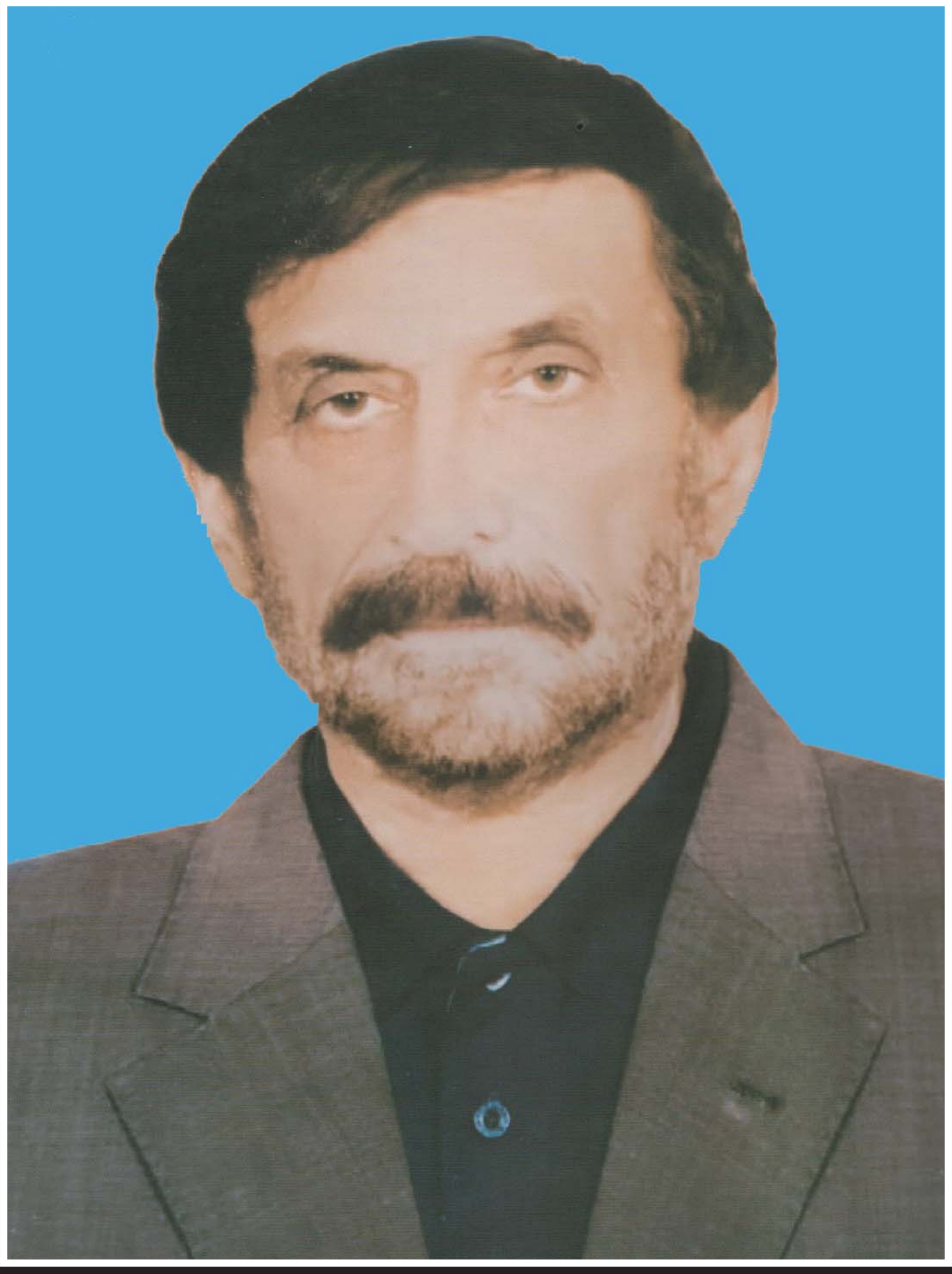
BANKS
MCB Bank Limited
Faysal Bank Limited
National Bank of Pakistan

REGISTERED OFFICE
6TH Floor, Lakson Square Building # 1
Sarwar Shaheed Road, Saddar,
Karchi-74200
Tel: (021) 35655181-82-83
Fax: (021) 35210609

BRANCH
Office 337/338, 4th Floor,
JEFF HEIGHTS
Main Boulevard, Gulberg-III, Lahore
Ph : 042 3576 4964 – 65
(Relocated in 2018)

CONTACT DETAILS
Website: www.saudipakleasing.com
Email : info@saudipakleasing.com

REGISTRAR AND SHARE TRANSFER OFFICE
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block – B
S. M. C. H. S., Main Shahrah-e-Faisal, Karachi
Tel: (021) 111-111-500
Fax: (021) 34326031



Niaz Ahmed Khan

Chairman

CHAIRMAN'S REVEIW

On behalf of the Board of Directors, I would like present the 30th Audited Financial Statements of Saudi Pak Leasing Company Limited together with Auditor's Report to Members and the Directors' Report for the year ended June 30, 2020.

The International Monetary Fund slashed its FY21 growth projection for Pakistan to 2%, holding that the 'Great Lockdown' to combat the COVID-19 outbreak will throw the world economy into the worst recession since the Great Depression in 1930s. The Corona virus pandemic came at a time when Pakistan's economy was already slowing, due to persistent financial sector weaknesses.

The severe disruption of economic activities caused by COVID-19, both through demand and supply shocks, has overtaken the incipient recovery in the Pakistan economy. Assuming a baseline scenario, in which the pandemic fades in the second half of 2020 and containment efforts are gradually unwound, the IMF in its biannual World Economic Outlook projected the global economy to contract sharply by 3% in 2020, much worse than during the 2008-09 financial crises.

Due to COVID-19 affects, Company business also suffered heavily; However, Company continued its operations and took necessary steps to ensure smooth continuation of business. The Company is trying its level best to recover as much as possible from the non performing portfolio. Due to lengthy and complex legal process, the pace of recoveries through courts is slow. Settlement negotiations with several defaulters are underway.

Future prospects of the Company heavily rely upon recoveries through court decrees/out of court settlements, besides other measures that have been mentioned in the Rehabilitation Plan duly approved by the Board of Directors.

Despite inflationary trend in the country the administrative and operating expenses reduced to Rs. 39.721 million in 2020 from Rs.48.032 million in 2019 i.e. reduction of Rs. 8.311 million or 17.3 percent. Owing to focused efforts on recovery and settlements provisions to extent of Rs. 27.467 million were reversed during the year under review.

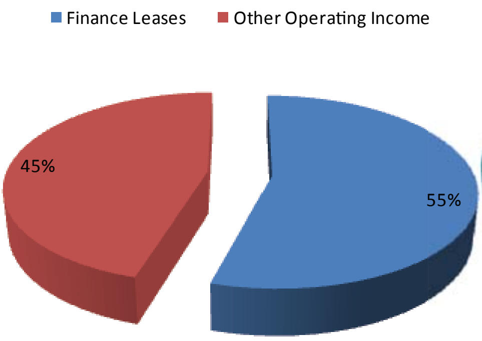
I am pleased to inform you that the required infrastructure and human resources are now in place to support the Company for its revival. The Management is making utmost efforts for capitalization recoveries on one hand and addressing the liability position by evolving settlements through meaningful negotiations with the Company's Creditors.

On behalf of the Board of Directors, I avail this opportunity to acknowledge with thanks the guidance of the Regulatory Authorities particularly the SECP which is genuinely assisting for the revival of the Company besides the support and understanding of COIs/TFC holders and Financial Institutions. I also appreciate the efforts being made by the CEO and his team for revival of the Company.

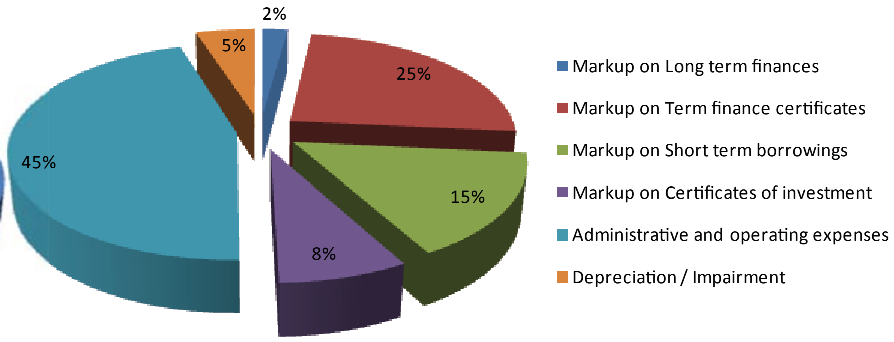
Niaz Ahmed Khan
Chairman
Karachi: November 05, 2020

FINANCIAL HIGHLIGHTS

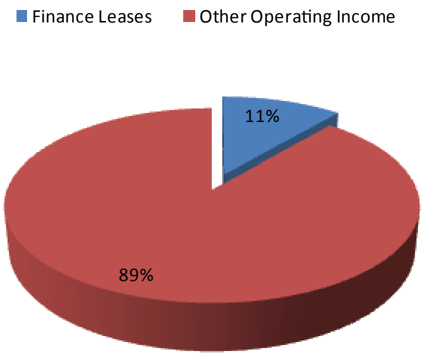
Revenue Analysis - FY 2020



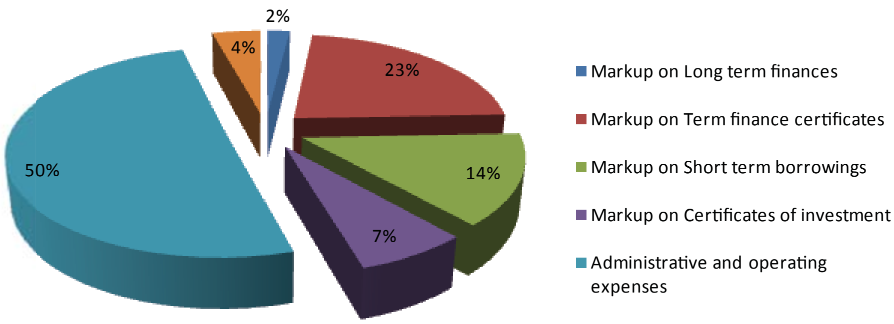
Expenses Analysis - FY 2020



Revenue Analysis - FY 2019



Expenses Analysis - FY 2019



FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016	2015
Operational results						
Total disbursement	-	-	-	-	-	-
Revenues / Gross Income	9	36	12	13	52	61
Profit / (Loss) before tax	(54)	6	(52)	(69)	(118)	(191)
Profit / (Loss) after tax	(53)	7	(53)	(69)	(119)	(193)
Financial charges	(51)	(43)	36	36	39	51
(Reversal) / Provision against non-performing portfolio	27	62	(12)	2	57	132
Cash dividend - ordinary shares	-	-	-	-	-	-
Cash dividend - preference shares	-	-	-	-	-	-
Balance sheet						
Gross lease receivables	1,583	1,614	1,683	1,712	1,736	1,864
Net investment in leases	503	507	480	490	513	641
Net worth	(568)	(517)	(525)	(618)	(561)	(531)
Fixed assets - owned & operating lease	67	67	64	32	43	65
Total assets	822	824	838	726	776	1,014
Long term liabilities including current portion	725	728	770	770	780	975
Long term investments	42	44	45	35	38	50

KEY PERFORMANCE INDICATORS

Financial Year 2020

Ratio	2020	2019	2018	2017	2016	2015
Break up Value	(12.57)	(11.44)	(15.12)	(13.95)	(12.43)	(11.76)
Current Ratio	0.51	0.53	0.47	0.49	0.52	0.61
Debt to Assets Ratio	0.77	0.85	0.94	0.91	0.86	0.72
Dividend per Share	-	-	-	-	-	-
Earnings / (Loss) per Share	(1.18)	0.15	(1.17)	(1.53)	(2.63)	(4.27)
Financial Charges / Total Expenses	56.23	47.49	47.31	44.51	34.55	42.49
Financial Charges / Total Gross Income	565.76	120.66	299.51	266.19	75.79	83.99
Market Value per Share (Rs.)	0.59	-	-	2.43	1.31	1.90
Return on Assets	(6.50)	0.82	(7.50)	(9.54)	(15.31)	(19.03)
Total Assets / Net Worth	(1.45)	(1.59)	(1.03)	(1.15)	(1.38)	(1.91)
Total Financing / Net Worth	(3.36)	(3.71)	(2.88)	(3.12)	(3.53)	(4.00)

NOTICE OF ANNUAL GENERAL MEETING

Notice of 30th AGM of Saudi Pak Leasing Company Limited

Notice is hereby given that the 30th Annual General Meeting of Saudi Pak Leasing Company limited will be held on Friday, 27th November, 2020 at 11:00 a.m. at Registered Office i.e. 6th Floor, Lakson Square Building No 1, Sarwar Shaheed Road, Saddar, Karachi to transact the following business for the respective year.

A. Ordinary Business:

1. To confirm the minutes of 29th Annual General Meeting (AGM) held on 22nd October, 2019.

2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2020 together with the Directors' and Auditors' reports thereon approved by Board of Directors.

3. To appointment M/s. Junaidy, Shoaib, Asad, Chartered Accountants (Morison KSi) as External Auditors for the year 2020-2021 and fix their remuneration recommended by Board of Directors.

B. Special Business:

4. To updated the shareholders regarding the proposal of sale of office premises and investment properties as decision taken by the board of Directors and approved by the shareholders in the 29th AGM held on 22ne October, 2019

5. To update the shareholder regarding SECP Show Notice dated 18.05.2020 and SECP Order 28th September 2020 to meet MER requirement and seeking plan from Major shareholders for injection of equity to meet the mandatory requirement of the MER.

6. To transact any other business with the permission of the Chair.

By Order of the Board

Muhammad Imtiaz Ali
Company Secretary

Karachi. November 6, 2020.

Notes:

i) The Share Transfer Books of the Company will remain closed from November 21, 2020 to November 27, 2020 (both days inclusive).

ii) A member entitled to attend and vote at the Annual General Meeting may appoint another as a Proxy to attend and vote i nstead of him/her save that a company being a member of this Company may appoint as proxy or as its representative under Section 138 of the Companies Act., 2017, any person though not a member of the Company, and the person so appointed shall be entitled to exercise the same powers on behalf of the Company which he represents, as if he was an individual member of the Company.

iii) The instrument appointing a proxy shall be lodged with the Company Secretary not less than 48 hours before the time fixed for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of Saudi Pak Leasing Company Limited (SPLC) are pleased to present the 30th Annual Report together with audited financial statements of the Company for the year ended June 30, 2020.

FINANCIAL INFORMATION	(Rs.in million)	
The financial results of the Company are summarized below:	2020	2019
Income from operating and financial leases	4.917	4.021
Other operating income	4.103	31.985
Financial Cost	(51.039)	(43.443)
Administrative and operating costs	(39.721)	(48.032)
Profit /(loss) before taxation	(54.273)	6.130
Profitl(loss) after taxation	(53.430)	6.757

REVIEW OF OPERATIONS

IMPACT OF PANDEMIC COVID 19

In 2020, the Government of Sindh and the Government of Punjab announced a temporary lock down as a measure to reduce the spread of the COVID–19. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued its operations normally and took all necessary steps to ensure smooth and adequate continuation of its business.

Due to the general slowdown in business and court's proceeding, the recoveries slowed down and consequently the process settlements with creditors also slowed down. The settlements gains with were expected before June 30, 2020 were realized in the early next financial year. The company recorded settlement gains of Rs. 36.3 million by settling Liabilities (Principal and Markup) of one of its TFC Holder by payment of Rs. 2 million. Had the settlement gain been before June 30 2020 as expected the accumulated losses of the company would have come down to Rs. 1.723 billion and the negative equity would have been decreased to Rs. 531.727 million.

OTHER FACTORS

The company has been out of leasing business for the last several years mainly due to severe liquidity crunch. This has led to a situation where the Company has been managing its affairs out of funds generated through settlements and recovery of stuck up portfolio. The Company is trying its level best to recover as much as possible from the non performing portfolio. Due to lengthy and complex legal process, the pace of recoveries through courts is very slow. Therefore, the main factor for the present position of the Company remains slow pace of court's proceedings resultantly affecting the pace of recoveries. Future prospects of the Company heavily rely upon recoveries through court decrees/out of court settlements, besides other measures that have been mentioned in the Rehabilitation Plan submitted to SECP. Settlement negotiations with several defaulters are underway.

FUTURE OUTLOOK

Your company is facing liquidity constraints. Management and BOD are fully cognizant of the prevailing situation. Management is striving hard for settlement with creditors / depositors by capitalizing its drive for recovery of its NPLS. It is a major step towards revival and the management is optimistic about bringing further improvement in the next year's results.

RISK MANAGEMENT

Risk is inherent in all spheres of company's activities. Overall responsibility for establishing the risk management framework rests with the Board of Directors, which is actively involved in review, approval and monitoring the Company's risk management policies and ensuring that an appropriately sound internal control system is in place to manage those risks. This oversight is implemented through independent internal audit reporting to the Audit Committee.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

MANAGEMENTS' COMMENTS ON DISCLAIMER OF OPINION ON (Bases for Disclaimer of Opinion)
The External auditors have expressed their reservation on the apportionment of receivables into markup held in suspense account and principal investment. The Financial Statements clearly show that all principal investment is fully provided except to the extent of FSV benefit taken under law and net residual value which is supported by Security Deposits. Therefore, the net Lease Receivables appearing in the Financial Statements are accurate, valid and complete. The apportionment errors, if any and regardless of any quantum, will not materially impact the decision of user of Financial Statements.

The auditors' reservation regarding difference in the amount of Security Deposits and Residual Values does not cast any impact on the decision of the Financial Statements because the residual values in excess of security deposit are fully provided and net residual value is equal to the security deposit.

Dividend
On account of persistent liquidity crisis together with huge accumulated losses, the Board of Directors of Company did not recommend dividend this year also.

Corporate Governance
To develop highest standards of corporate governance that meet the requirements of the Code of Corporate Governance, the company has established sound and transparent corporate governance system. The Internal Audit function has been outsourced that operationally report directly to the Board Audit Committee which in turn is headed by a Non-Executive Independent Director.

Directors' Declaration
1. The financial statements prepared by the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored and is being improved further.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. The key information as to operating and financial data of the company is available in the annual report. The categories and pattern of shareholding as required by the Companies Ordinance, 1984 are also included in the annual report.
9. No trading in shares of the Company was carried out by the Directors, Executives and their spouses and minor children during the year.
10. Due to present financial and liquidity position, the Company has been facing difficulties in fulfilling its financial obligations. The details of amounts overdue if any are disclosed in relevant notes to the financial statements.
11. The management has introduced structural changes in the organization structure of your Company with a view to consolidate and streamline overall functions into five departments to ensure efficient working environment with better MIS and management & cost controls.
12. During the year seven meetings of the Board of Directors were held during the year to approve the respective accounts for the relevant period, and transact the other routine business of the Company, were held during the year 2019 and 2020.

Name of Directors	Designation	Number of meetings held during the year	Attended
Mr. Niaz Ahmed Khan	Chairman	7	7
Mr. Muhammad Waqar	Director	7	7
Ms. Fozia Fakhar	Director	7	7
Sheikh Aftab Ahmad	Director	7	7
Mr. Zafar Iqbal	Director	7	7
Syed Najmul Hasnain Kazmi	Director	7	7
Mr. Ahsan Ullah	Director	7	7

DIRECTOR’S REPORT TO THE SHAREHOLDERS

Audit Committee
The Audit Committee comprised of four non - executive directors, viz. Syed Najmul Hasnain Kazmi, Sheikh Aftab Ahmad, Mr. Muhammad Waqar and MS. Fozia Fakhar. During the year, Six (6) meetings of the Audit Committee were held to approve the pending accounts for the years and 2019 and 2020

HR & Remuneration Committee
The Board has formed an HR & Remuneration Committee. It comprised of four members, Viz: Mr. Niaz Ahmed Khan (Chairman / Non-Executive Director), Sheikh Aftab Ahmad (Non-Executive Director), and Mr. Ahsan Ullah(Executive Director/ CEO). The HRR Committee held its two meetings during the years

External Auditors
M/s. Rahman, Sarfaraz Rahim, Iqbal Rafique were appointed as auditors of the Company for the year 2020.

Pattern of Shareholding
The pattern of shareholding as required under the Companies Act, 2017 and Clause (xvi) of the Code of Corporate Governance form part of this annual Report.
Six Year s' Operating and Financial Data
Six year financial performance and data of the Company are summarized and annexed to these financial Statements.

Acknowledgement
On behalf of the Board, we would like to express our sincere appreciation to the shareholders for their continued trust and patronage, the Securities and Exchange Commission of Pakistan (SECP) and other Regulatory bodies for their guidance and support.

On behalf of the Board of Directors

Chief Executive Officer	**Director**

November 06, 2020

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

SAUDI PAK LEASING COMPANY LIMITED

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

For the year ended June 30, 2020

M/s. Saudi Pak Leasing Company ('the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019, ('the Regulations') in the following manner:

1. The total number of directors of the Company are seven (07) as follows:

    Male: 06
    Female: 01

2. The composition of the Board of Directors ('the Board') is as follows:

I) Non -Executive Directors	
a. Independent Directors	Mr. Niaz Ahmed Khan; Mr. Muhammad Waqar and Mr. Syed NajmulHasnainKazmi;
b. Other Non -Executive Directors	Mr. Sheikh Aftab Ahmad; Ms. FoziaFakhar; and Mr. Zafar Iqbal
II) Executive Director	Mr. Ahsan Ullah(CEO)

3. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies including the Company;

4. The Company has prepared a "Code of Conduct".However, the same has not been disseminated throughout the Company as it is yet in the process of being reviewed and approved by the Board;

5. The Company has developed its vision/mission statement, overall corporate strategy and significant policies. However, the same are currently under review by the members of the Board who are considering as to whether and, if so, how to update these statements / strategies / policies in light of the Company's present facts and circumstances;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations;

7. 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. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations;

9 The Board has arranged Directors' Training program for all the directors;

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

11. The Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

Audit Committee	
Mr. Syed Najmul Hasnain Kazmi	Chairman
Mr. Shaikh Aftab Ahmad	Member
Ms. Fozia Fakhar	Member
Mr. Muhammad Waqar	Member
HR & Remuneration Committee	
Mr. Niaz Ahmed Khan	Chairman
Mr. Shaikh Aftab Ahmad	Member
Mr. Zafar Iqbal	Member
Mr. AhsanUllah	Member

13. The terms of reference of the aforesaid committees have been formed and documented. However, the same have not been advised to the members of the committees for compliance as the same are yet in the process of being reviewed and approved by the Board;

14. The frequency of meetings of the committees were as follows:

Audit Committee	Quarterly
HR and Remuneration Committee	Annually

15. The Board has outsourced the internal audit function to M/s. Shahid Ahmad & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of the regulations 3, 6, 7, 8,27, 32, 33 and 36 of the Regulations have been complied with; and

19. Except as stated above, there have been no non-compliances with the requirements of non-mandatory provisions of the Regulations.

Niaz Ahmed Khan

Chairman of the Board of Directors
Saudi Pak Leasing Company Limited

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

Plot No. 180, Block-A, S.M.C.H.S.
Karachi-74400, PAKISTAN.
Tel. No. : (021) 34549345-9
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Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Saudi Pak Leasing Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors ('the Board') of **M/s. Saudi Pak Leasing Company Limited** ('the Company') for the year ended **June 30, 2020** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 on 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 Regulations require 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. 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.

Following instances of non-compliance with the requirements of the Regulations were observed which either are **not stated** or **misstated** in the Statement of Compliance:

S. no.	Regulation reference no.	Type of the requirement	Description of non-compliance
(1)	06	Mandatory	In terms of Section 166(1) of the Companies Act, 2017, an independent director to be appointed under any law, rules, regulations or code, shall be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any institute, body or association, as may be notified by the Securities and Exchange Commission of Pakistan (SECP). However, we have not been provided with any satisfactory documentary evidence to the effect that the independent directors elected by the Company (in November 2018) were selected from the aforesaid data bank.
(2)	09(2)	Explanation for non-compliance is required	As per section 192(2) of the Companies Act, 2017, the Board shall clearly define the respective roles and responsibilities of the Chairman of the Board and the Chief Executive Officer. However, no such documented roles and responsibilities could be produced before us by management for our review.
(3)	10(3)(i)	Explanation for non-compliance is required	As contended by management in clause 5 of the Statement of Compliance, the Company has developed its vision / mission statement, overall corporate strategy and significant policies. However, no such documents were produced before us by management for our review.

Cont'd...P/2

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E-Mail : info@rsrir.com
Website: www.rsrir.com
Other Offices at
Lahore - Rawalpindi / Islamabad

S. no.	Regulation reference no.	Type of the requirement	Description of non-compliance
(4)	10(3)(ii)	Explanation for non-compliance is required	As contended by management in clause 4 of the Statement of Compliance, the Company has prepared a Code of Conduct. However, the same was not produced before us by management for our review.
(5)	10(3)(iii)	Explanation for non-compliance is required	No systems and controls for identification and redressal of grievances arising unethical practices have been put in place by the Company.
(6)	10(3)(v)	Explanation for non-compliance is required	The Company has not developed a formal and effective mechanism for an annual evaluation of the Board's own performance, members of the Board and of its committees.
(7)	10(5)	Explanation for non-compliance is required	We have not been provided with any documentary evidence to the effect that the Chairman of the Board, at the beginning of the term of the directors named above (i.e. in November 2018), issued letters to the directors setting out their role, obligations, powers and responsibilities in accordance with the Companies Act, 2017 and the Company's Articles of Association, their remuneration and entitlement.
(8)	12(1)	Explanation for non-compliance is required	As required by section 178(5) of the Companies Act, 2017, the Company has not maintained minutes of the meetings of the Board in hard copy form (for the last 10 years) as well as in soft copy form (for all the years the Company has been in existence – i.e. since its incorporation).
(9)	16	Explanation for non-compliance is required	No formal documented policy or transparent procedure for remuneration of the Company's directors could be produced before us by management for our review.
(10)	20 & 31(6)	Explanation for non-compliance is required	Contrary to what is stated in clause 10 of the Statement of Compliance, the Company has not appointed or designated a full-time employee as the Head of Internal Audit to act as coordinator between the firm providing internal audit services (i.e. M/s. Shahid Ahmad & Co., Chartered Accountants) and the Board.
(11)	27(2)	Mandatory	As per the third proviso to Regulation 27(2) of the Regulations, the Audit Committee shall, at least once a year, meet the members of the internal audit function without the Chief Financial Officer and the external auditors being present. However, we noted that no such meeting was held during the year ended June 30, 2020.
(12)	27(3) & 27(4)	Mandatory	As contended by management in clause 13 of the Statement of Compliance, the terms of reference (TORs) of the Audit Committee have been formed and documented. However, no such TORs could be produced before us by management for our review.
(13)	28(6)	Explanation for non-compliance is required	As contended by management in clause 13 of the Statement of Compliance, the terms of reference (TORs) of the Human Resource & Remuneration Committee have been formed and documented. However, no such TORs could be produced before us by management for our review.
(14)	34(2)(iv)	Explanation for non-compliance is required	The Directors' Report for the year ended June 30, 2019 (issued on October 02, 2019) does not state the remuneration policy of non-executive directors (including independent directors), as approved by the Board (including disclosure of the significant features and elements thereof).

Cont'd...P/3

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **June 30, 2020**.

Rahman Sarfaraz Rahim Iqbal Rafiq

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Karachi.

Date: 05 NOV 2020

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAUDI PAK LEASING COMPANY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of M/s. **Saudi Pak Leasing Company Limited** ('the Company') which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information('the financial statements').

Because of the significance of the matters described in the Bases for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements. Accordingly, we do not express an opinion as to whether the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and, respectively, give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss, total comprehensive loss, its changes in equity and cash flows for the year then ended.

Bases for Disclaimer of Opinion

Investment in finance leases

As reported in Note 11 to the financial statements, the Company's gross and net investment in finance leases as on June 30, 2020 (before considering the effect of provision for non-performing leases) amounted to Rs. 1.583billion (2019: Rs. 1.614 billion) and Rs. 1.358 billion (2019: Rs. 1.385 billion), respectively. We were unable to satisfy ourselves as to the accuracy of such lease receivable balances primarily due to the following reasons:

- We could not obtain any reasonable assuranceover the apportionment of the outstanding gross lease rentals into markup held in suspense and the principal investment since there were no sufficient documentary evidences in relation to the revisions that were incorporated in the scheduled lease receivables in prior years (as reflected in the lease amortization schedules maintained by the Company) either due to repricing of floating interest rates or the re-scheduling of overdue lease rentals. In addition, we noted that the percentage of markup component included in overdue lease rentals recovered during the year ended June 30, 2020 comes to 16.02% (2019: 8.65%) which is not consistent with the percentage of markup component included in overdue lease rentals outstanding as on June 30, 2020 which comes to 14.18% (2019: 14.19%).

- As reported in Note 11 to the financial statements, residual value of leased assets forming part of gross investment in finance leases, as on June 30, 2020, amounted to Rs. 314.953 million (2019: Rs. 319.234 million). In contrast, security deposits payable as reported in Note 22 to the financial statements amounted to Rs. 295.519 million as on June 30, 2020 (2019: Rs. 298.914 million). As per management, this noted discrepancy is due to the fact that there are certain leases where the residual value of the underlying assets is unguaranteed and, hence, in such cases, no corresponding security deposits had been received from lessees upon commencement of those leases. However, no supporting documentary evidences in support of this assertion were made available to us.

In view of the aforementioned limitations, we were unable to determine whether any adjustments might have been found necessary in respect of finance lease receivable balances and the related security deposit balances outstanding as on June 30, 2019 and 2020 as well as markup recovery on finance leases recognized as income in the statement of comprehensive income for the years then ended.

Bases for Disclaimer of Opinion (continued)

Investment in unquoted equity instruments (an accounting issue that, in the absence of disclaimer of opinion, would also have required us to express a qualified opinion on the financial statements)

As on June 30, 2020, the Company had an investment in unquoted ordinary shares of M/s. SPI Insurance Company Limited which has been carried at cost notwithstanding its classification, in the financial statements, as an 'investment carried at fair value through other comprehensive income'. In this connection, we noted that the International Financial Reporting Standard (IFRS) 9 Financial Instruments requires such investments to be revalued and reported at their fair value at the end of each reporting period. We further noted that the published historical financial statements of the above named investee company are readily available and, hence, the fair value of the investment could be measured reliably by employing standard and recognized business valuation models.

However, since the aforesaid valuation was not carried out by management, we were unable to determine whether any adjustments might have been found necessary in respect of the carrying amount of the investment in unquoted equity instruments of M/s. SPI Insurance Company Limited as on June 30, 2020 as well as the corresponding effects of change therein to be recognized in other comprehensive income.

Material Uncertainty relating to Going Concern

We draw attention to Note 1.2 to the financial statements which indicates that, as of June 30, 2020, the accumulated losses of the Company amounted to Rs. 1.760 billion (2019: Rs. 1.707billion), its equity was negative by Rs. 567.757 million (2019: Rs. 516.536million) and its current liabilities exceeded current assets by Rs. 676.733 million (2019: Rs. 626.884million). These events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, accordingly, it may be unable to realize its assets and discharge its obligations in the normal course of business. However, this matter has no bearing on our disclaimer of opinion on the financial statements which we have expressed because of the significance of certain other matters as set out in the Bases of Disclaimer of Opinion section of our report.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing as applicable in Pakistan and to issue an auditor's report. However, because of the matters described in the Bases for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our ethical responsibilities in accordance with these requirements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Because of the significance of the matters described in the Bases for Disclaimer of Opinion paragraph above, we have not been able to obtain sufficient appropriate evidence to provide a basis for an opinion on the following matters as required by the Companies Act, 2017 (XIX of 2017):

(a) whether, in our opinion, proper books of accounts have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017); and

(b) whether, in our opinion, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account and returns.

Accordingly, we do not express an opinion on the matters identified in (a) and (b) above. However, we would like to state that, in our opinion:

(i) the investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(ii) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: Nov. 05, 2020

Karachi

Engagement Partner: Muhammad Waseem

Statement of Financial Position

As at June 30, 2020

	Note	2020	(Restated) June 30, 2019	(Restated) June 30, 2018
			(Rupees)	
ASSETS				
Current assets				
Cash and bank balances	5	**4,978,655**	6,060,252	9,738,553
Short term loans	6	**126,330,635**	119,130,675	124,725,375
Short term investments	7	**29,236,789**	29,515,516	29,401,822
Trade deposits and short term prepayments		**1,134,689**	1,093,160	908,865
Other receivables	8	**313,379**	2,686,100	3,060,827
Taxation-net		**288,243**	-	-
Current maturity of non-current assets	9	**550,573,970**	554,840,748	561,138,139
		712,856,359	713,326,451	728,973,581
Non-current assets				
Long-term loans	10	**-**	-	-
Net investment in finance leases	11	**-**	-	-
Investment properties	12	**42,299,155**	43,717,770	45,135,391
Intangible assets	13	**-**	125,882	-
Property, plant and equipment	14	**66,677,157**	66,504,098	63,655,641
		108,976,312	110,347,750	108,791,032
Total assets		**821,832,671**	823,674,201	837,764,613
LIABILITIES				
Current liabilities				
Borrowings from financial institutions	15	**162,801,588**	162,801,588	173,230,728
Certificates of investment		**43,000,000**	43,000,000	43,000,000
Accrued mark-up	16	**449,025,140**	398,009,594	365,927,128
Provision for taxation - net		**-**	-	194,975
Accrued expenses and other payables	17	**8,501,068**	6,243,132	8,584,062
Current maturity of non-current liabilities	18	**724,600,516**	728,495,116	770,330,572
Unclaimed dividend		**1,661,291**	1,661,291	1,661,291
		1,389,589,603	1,340,210,721	1,362,928,756
Non-current liabilities				
Certificates of investment	19	**-**	-	-
Deferred tax liability - net	20	**-**	-	-
Long term finances	21	**-**	-	-
Security deposits against finance leases	22	**-**	-	-
		-	-	-
Total liabilities		**1,389,589,603**	1,340,210,721	1,362,928,756
NET ASSETS		**(567,756,932)**	(516,536,520)	(525,164,143)
SHARE CAPITAL AND RESERVES				
Authorized share capital				
100,000,000 (2019: 100,000,000) ordinary shares of Rs. 10/- each		**1,000,000,000**	1,000,000,000	1,000,000,000
100,000,000 (2019: 100,000,000) preference shares of Rs. 10/- each		**1,000,000,000**	1,000,000,000	1,000,000,000
		2,000,000,000	2,000,000,000	2,000,000,000
Issued, subscribed and paid-up share capital				
45,160,000 (2019: 45,160,000) ordinary shares of Rs. 10/- each	23	**451,605,000**	451,605,000	451,605,000
52,820,850 (2019: 52,820,850) preference shares of Rs. 10/- each	23	**528,208,500**	528,208,500	528,208,500
		979,813,500	979,813,500	979,813,500
Capital reserves				
Statutory reserves		**179,279,601**	179,279,601	177,928,194
Surplus on revaluation of property, plant and equipment - net of tax	24	**33,840,902**	32,905,207	32,205,543
Accumulated actuarial loss on defined benefit plan-net of tax		**(999,666)**	(999,666)	(999,666)
Unrealised gain on re-measurement carried as at fair value through other comprehensive income		**(5,711)**	417	11,961
		212,115,126	211,185,559	209,146,032
Revenue reserves				
Accumulated loss		**(1,759,685,558)**	(1,707,535,579)	(1,714,123,675)
Total shareholders' equity		**(567,756,932)**	(516,536,520)	(525,164,143)
Contingencies and commitments	25			

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer	**Director**	**Chief Financial Officer**

Statement of Profit or Loss

For the year ended June 30, 2020

	Note	2020	(Restated) 2019
		(Rupees)	
Revenue:			
- Finance leases	26	**4,917,562**	4,021,193
- Operating leases		**-**	-
		4,917,562	4,021,193
Administrative and operating expenses	27	**(39,721,534)**	(48,032,164)
		(34,803,972)	(44,010,971)
Reversal of provision for non-performing exposures	28	**27,466,677**	61,599,878
Operating (loss) / income		**(7,337,295)**	17,588,907
Other operating income	29	**4,103,760**	31,985,153
Finance costs	30	**(51,039,398)**	(43,443,773)
(Loss) / profit before taxation		**(54,272,933)**	6,130,287
Taxation	31	**842,811**	626,750
(Loss) / profit after taxation		**(53,430,122)**	6,757,037
(Loss) / earnings per share:	32		
- Basic		**(1.18)**	0.15
- Diluted		**(0.55)**	0.07

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer	**Director**	**Chief Financial Officer**

Statement of Comprehensive Income

For the year ended June 30, 2020

	Note	2020	(Restated) 2019
		(Rupees)	
(Loss) / profit after taxation		**(53,430,122)**	6,757,037
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Surplus recognized on revaluation of office premises carried out during the year		**3,120,899**	2,650,888
Deferred tax on the above surplus		**(905,061)**	(768,758)
		2,215,838	1,882,130
Unrealised loss on re-measurement of investment as at fair value through other comprehensive income		**(6,128)**	(11,544)
		2,209,710	1,870,586
Total comprehensive (loss) / income for the year		**(51,220,412)**	8,627,623

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer	**Director**	**Chief Financial Officer**

Statement of Cash Flows

For the year ended June 30, 2020

	Note	2020	2019
		------------(Rupees)------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	33	**(28,263,864)**	(40,486,938)
Finance costs paid		**(23,852)**	(33,515)
Taxes paid		**(350,493)**	(336,982)
Finance lease rentals received		**24,773,721**	43,193,544
		24,399,376	42,823,047
Net cash (used in) / generated from operating activities		**(3,864,488)**	2,336,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**-**	(3,037,380)
Short term investments - net (including interest)		**2,060,684**	1,173,431
Proceeds from disposal of property, plant and equipment		**810,000**	348,550
Long term loans - net		**404,411**	493,069
Dividend received		**7,796**	7,920
Net cash generated from / (used in) investing activities		**3,282,891**	(1,014,410)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances		**-**	(2,000,000)
Repayment of certificates of investment		**(500,000)**	(3,000,000)
Net cash used in financing activities		**(500,000)**	(5,000,000)
Net decrease in cash and cash equivalents during the year		**(1,081,597)**	(3,678,301)
Cash and cash equivalents at beginning of the year		**6,060,252**	9,738,553
Cash and cash equivalents at end of the year	5	**4,978,655**	6,060,252

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Statement of Changes in Equity

For the year ended June 30, 2020

	Issued, subscribed and paid-up share capital		Capital reserves				Revenue reserve	
	Ordinary shares	Non-redeemable preference shares	Statutory reserves	Surplus on revaluation of property, plant and equipment - net	Accumulated actuarial gain / loss on defined benefit plan - net of tax	Unrealised gain on re-measurement of investment	Accumulated loss	Total
	Rupees							
Balance as at June 30, 2018 (as previously reported)	451,605,000	528,208,500	177,928,194	11,619,054	(999,666)	11,961	(1,839,191,502)	(670,818,459)
Effect of correction of prior period errors (refer note 39)	-	-	-	20,586,489	-	-	125,067,827	145,654,316
Balance as at June 30, 2018 (as restated)	451,605,000	528,208,500	177,928,194	32,205,543	(999,666)	11,961	(1,714,123,675)	(525,164,143)
Total comprehensive income for the year ended June 30, 2019								
- Profit after taxation (as restated)	-	-	-	-	-	-	6,757,037	6,757,037
- Other comprehensive income (as restated)	-	-	-	1,882,130	-	(11,544)	-	1,870,586
	-	-	-	1,882,130	-	(11,544)	6,757,037	8,627,623
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax (as restated)	-	-	-	(1,182,466)		-	1,182,466	-
Transfer to statutory reserves (as restated)			1,351,407				(1,351,407)	-
Balance as at June 30, 2019 (as restated)	**451,605,000**	**528,208,500**	**179,279,601**	**32,905,207**	**(999,666)**	**417**	**(1,707,535,579)**	**(516,536,520)**
Total comprehensive income for the year ended June 30, 2020								
- Loss after taxation	-	-	-	-	-	-	**(53,430,122)**	**(53,430,122)**
- Other comprehensive income	-	-	-	**2,215,838**	-	**(6,128)**	-	**2,209,710**
	-	-	-	**2,215,838**	-	**(6,128)**	**(53,430,122)**	**(51,220,412)**
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	**(1,280,143)**	-	-	**1,280,143**	-
Balance as at June 30, 2020	**451,605,000**	**528,208,500**	**179,279,601**	**33,840,902**	**(999,666)**	**(5,711)**	**(1,759,685,558)**	**(567,756,932)**

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Notes to the Financial Statements

For the year ended June 30, 2020

1. LEGAL STATUS AND OPERATIONS

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

M/s. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder which, as of June 30, 2020, held 35.06% (2019: 35.06%) of issued ordinary share capital of the Company and 63% (2019: 63%) of issued preference share capital of the Company.

The Company also operates its offices at 337/338, 4th Floor, JEFF Heights, Main Boulevard, Gulberg-III, Lahore.

1.2 As of the reporting date, the Company continues to be exposed to following material uncertainties that casts significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its obligations in due course of business.

- The Company suspended its leasing operations in the year 2010 after its leasing license that had expired on May 18, 2010 was not renewed by SECP as the Company remained unable to meet the conditions laid for its renewal. The Company has not unwritten any lease since then.

- The Company liabilities had previously been restructured by its lenders and the certificate of investment holders by executing agreements with the Company. The Company had then envisaged stream of recoveries from its customers to match its obligation to them that did not subsequently materialize as the period envisaged for recovery from customers through due process of law exceeded estimations. The uncertainty in this regards continues and the lenders and investors have so far extended cooperation to the Company.

- During the year ended June 30, 2020, the Company incurred a loss amounting to Rs. 53.430 million (2019: Profit of Rs. 6.757 million) and accumulated loss as of that date amounted to Rs. 1.760 billion (2019: Rs. 1.707 billion), its equity is negative by Rs. 567.757 million (2019: Rs. 516.536 million) and its current liabilities exceeded current assets by Rs. 676.733 million (2019: Rs. 626.884 million). The loss is mainly attributable to, mark up recognized on liabilities due on balance due to lenders and certificate of investment holders.

- The credit rating of the Company has not been re-assessed since it was last downgraded as in June 2010 and, since then, the Company is not permitted to issue new certificates of investment.

- As disclosed in note 23.4 to these financial statements, the company had then planned to opt for the low MCR requirement of Rs. 50 million set by SECP for non-deposit taking leasing in anticipation of settling the liabilities from expected recovery from customers. The Company is yet non-complaint even with the lower MCR requirement and could not recommence the said leasing as non-deposit taking leasing company.

- Previously, the Company had entered into various agreements with its lenders (including, financial institutions, TFC holders and holders of Certificates of Investment for restructuring of its borrowing facilities with the objective of matching the expected recoveries from customers with its obligations to pay the lenders. However, the Company has defaulted in meeting its financial obligations. As of June 30, 2020, total outstanding principal and accrued markup on which defaults were made amounted to Rs. 634.883 million (2019: Rs. 637.083 million) and Rs. 449.025 million (2019: Rs. 398.009 million), respectively

- On May 13, 2020, the Adjudication Department of the SECP issued a notice to show cause and then passed an order in September 2020 requiring the Company to meet the MER by December 31, 2020 and to demonstrate that it is on the road to revival by payment to depositors for settlement of all their liabilities, equity injection to turn the negative equity positive and then submit application for license after fulfillment of above conditions failing which its license to undertake leasing business shall be cancelled and, in this regard, the Company is required to do all this and provide certificate from statutory auditors about it by January 15, 2021.

- The emergence of COVID-19 during the financial year 2019-20 slowed down the recovery proceeding envisaged in the rehabilitation plan of the Company that delayed the settlement of some creditors that would have resulted in settlement gains. In this regard, the Company was able to make settlement gain amounting to Rs. 36.3 million subsequent to reporting date by settling a creditor through negotiated settlement in line with the rehabilitation plan except that COVID-19 delayed its settlement till September 2020.

  In this regard, during the year the Company submitted a rehabilitation plan to the SECP duly approved by its Board of Directors. The plan envisaged renewal of leasing license as non-deposit taking leasing company and then revival of its operations. To meet this end, the Company had planned to settle certain liabilities from expected proceeds from defaulter and customers through negotiated settlements for which it is making efforts. It has a plan for speeding up recovery during the period 2021-2022 from defaulters owing significant amounts.

Despite the above uncertainties, these financials statements have been prepared using the going concern basis of accounting assumption primarily for the reason that the sponsors of the company are exploring avenues for investors interested in revival of business activity and the management has opened the channel of negotiated settlements with some customers so that the depositor liabilities be settled, and the SECP may then be approached for the renewal of the business license.

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

- Regulation 14(4)(f) - the deposits raised by the NBFC, from individual depositors including sole proprietorships shall not exceed three times of the equity of the NBFC.

- Regulation 17(1) - total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 20% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 15% of the NBFC's equity.

- Regulation 17(2) - total outstanding exposure (fund based and non-fund based) of an NBFC to any group shall not exceed 25% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the equity.

- Regulation 19(g) - an NBFC shall not hold shares on aggregate basis, whether as pledge, mortgagee or absolute owner, of an amount exceeding 15% of the paid-up share capital of that company or 15% of its own equity.

- As per NBFC Regulation 28(a), a leasing company undertaking the business of lease only, shall invest at least 70% of its assets in the business of leasing. As at 30 June 2020, the Company's investment in lease assets was 59% (2019: 64%) of the total assets.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

As mentioned in note 1.2 above, although the Company's license to carry out the business of leasing had expired on May 18, 2010, these financial statements have been prepared in accordance with the format generally followed for financial institutions and the provisioning requirements have been determined in accordance with the requirements of NBFC Regulations, 2008.

The requirements of International Financial Reporting Standard (IFRS-9) Financial Instruments relating to the assessment of impairment loss on non-performing assets have not been followed in the preparation of these financial statements based on a clarification received from the SECP specifying that the requirements of IFRS 9 should only be followed by leasing companies so far as it related to investments made by them.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for plant and machinery which are stated at revalued amounts, investments carried at fair value through other comprehensive income and obligations in respect of gratuity which are measured at present value of defined benefit obligations less fair value of plan assets.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and has been rounded-off to the nearest rupee.

2.4 Use of estimates and judgments

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

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

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

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

- Future financial projections and going concern assumptions;
- Classification of investments and impairment thereon;
- Residual values and useful lives of property, plant, equipment and investment properties;
- Revaluation of property, plant and equipment;
- Recognition and measurement of current and deferred taxes;
- Measurement the present value of defined benefit obligation and the fair value of plan assets;
- Allowance for potential lease, loan losses and other receivables; and
- Classification of investment in leases

3. "NEW ACCOUNTING PRONOUNCEMENTS

3.1 New standards / amendments to existing standards / interpretations that became effective during the year

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates (except for that disclosed in note 3.1.1 below) were not considered to be relevant to the Company's financial reporting, the same have not been disclosed here.

3.1.1 Initial application of IFRS 16 'Leases'

An overview of the new lease accounting requirements for lessees

With effect from July 01, 2019, the Company has adopted the International Financial Reporting Standard (IFRS) 16 Leases which replaced the previous lease accounting requirements contained in IAS 17 Lease, IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC Interpretation 15 Operating Leases—Incentives and SIC Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. However, as permitted by paragraph C14 of IFRS 16, the Company has not made any adjustments or transition for lease in which it is a lessor and has accounted for its investment in finance leases applying IFRS 16 from the date of initial application i.e. July 01, 2019.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The application of the amendment is not likely to have an impact on the Company's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The amendments are not likely to affect the financial statements of the Company.

- Interest rate benchmark reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 01, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has, in turn, led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

(a) "the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and

(c) there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022 clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

- Annual Improvements to IFRS standards 2018-2020:

  The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

  The above amendments are not likely to affect the financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand and balances with banks in current and saving accounts.

4.2 Financial assets

4.2.1 *Initial recognition, classification and measurement*

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized cost.
(b) fair value through other comprehensive income (FVOCI);
(c) fair value through profit or loss (FVTPL); and

(a) *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) *Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when either:

(a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

(b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

4.2.2 Subsequent measurement

(a) ***Financial assets measured at amortized cost***

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

"Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in profit or loss.

(b) ***Financial assets at FVOCI***

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) ***Financial assets at FVTPL***

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit or loss.

4.2.3 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.3 Leases

Net investment in finance leases

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

Operating leases

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

Leased assets repossessed upon termination of leases

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

Provision against non-performing exposures

The allowance for potential lease, loan losses and other receivables is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and loan portfolio which can be reasonably anticipated. The adequacy of allowance is evaluated on the basis of Schedule-X and Schedule-XI of Regulation 25 of NBFC Regulations, 2008 .

Investment properties

Investment properties are accounted for under cost model and are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to profit or loss by applying the straight line method at the rate varying from 2.22% to 5% per annum after taking into account residual value, if any. Depreciation on additions is charged from the date of addition till the date the investment properties are disposed off. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

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

Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to profit or loss using the straight line method in accordance with the rates specified in note 12 to the financial statements. Amortization is charged when an asset is made available for use until the date the asset is disposed off. The residual values, useful life and amortization methods are reviewed at each reporting date and adjusted, if deemed appropriate.

Gain and losses on disposal of such assets, if any, are included in profit or loss.

Property, plant and equipment

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

Depreciation is charged to profit or loss applying the straight line method in accordance with the rates specified in note 13 to the financial statements whereby the cost / revalued amount of an asset is written-off over its estimated useful life. Depreciation on additions is charged from the date an asset is available for use till the date the asset is disposed off.

Any revaluation increase arising on the revaluation of property is recognised in other comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profits. The surplus realized on disposal of revalued fixed assets is credited directly to unappropriated profits.

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

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

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

Financial liabilities

"Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

4.4 Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.9 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.10 Provisions and contingencies

A Provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.11 Revenue recognition

Finance lease income

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

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

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

Operating lease income

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

4.12 Staff retirement benefits

Defined contribution plan

The Company operates a provident fund scheme. Equal monthly contributions at a rate of 10 percent of basic salary for those contract employee who are eligible in terms of employment conditions approved by the Board.

Defined benefit plan
The Company operates a Defined benefit plan for those contract employees who are eligible in terms of their contract of employment duly approved by the Board. The eligibility is subject to the condition of completion of three consecutive years.

Other income

Income on term loans
Income on term loans is recognized using effective yield on a time proportionate basis. However, income on non-performing loan receivables is recognized on receipt basis in accordance with the requirements of the NBFC Regulations, 2008.

Mark-up / return on investments

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

Dividend income

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

Interest income on bank deposits

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

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

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

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

A deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences or their is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividend distribution
Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements for the period in which the dividend is approved by the shareholders.

5. CASH AND BANK BALANCES

	Note	2020	2019
		(Rupees)	
Cash in hand		**46,548**	117,545
Balance with State Bank of Pakistan in current account - local currency		**39,366**	46,977
Balances with other banks:			
- in current account		**5,500**	5,500
- in saving accounts	5.1	**4,887,241**	5,890,230
		4,892,741	5,895,730
		4,978,655	6,060,252

5.1 These represent saving deposit accounts maintained with MCB Bank Limited carrying mark-up at the rates ranging from 6.00% to 11.25% (2019: 7% to 8.5%) per annum.

6. SHORT TERM LOANS - secured

	Note	2020	(Restated) 2019
		(Rupees)	
Term loans to customers - Considered doubtful	6.1	**165,231,135**	165,231,135
Provision for non-performing loans	6.2	**(38,900,500)**	(46,100,460)
		126,330,635	119,130,675

6.1 These represent the balance receivable against short term loan facilities provided to customers. Since such loans are non-performing, markup accrual thereon has been suspended in accordance with the requirements of Regulation 25 and Schedule XI of the NBFC Regulations, 2008.

6.2 Provision for non-performing loans

	Note	2020	(Restated) 2019
		(Rupees)	
Balance at beginning of the year		**46,100,460**	48,721,924
Charge for the year		-	-
Reversal during the year	28	**(7,199,960)**	(2,621,464)
		(7,199,960)	(2,621,464)
Write-offs against provision		-	-
Balance at end of the year	6.2.1	**38,900,500**	46,100,460

6.2.1 The above provision for non-performing loans is net of forced sales value (FSVs) of collaterals amounting to Rs. 126.331 million (2019: Rs. 119.130 million) considered by the Company for the purpose of determination of provisioning requirements.

7. SHORT TERM INVESTMENTS

	Note	2020	2019
		(Rupees)	
At fair value through other comprehensive income	7.1	**14,745,163**	14,751,290
At amortized cost	7.2	**14,491,626**	14,764,226
		29,236,789	29,515,516

	Note	2020	2019
		(Rupees)	
7.1 Investments carried at fair value through other comprehensive income			
Ordinary shares of a listed company	7.1.1	**80,225**	86,352
Ordinary shares of an unlisted public company	7.1.2	**14,664,938**	14,664,938
Membership cards of ACACIA Golf Club	7.1.3	**-**	-
		14,745,163	14,751,290

7.1.1 *Ordinary shares of a listed company*

2020	2019	Name of investee company	2020 Cost	2020 Market value	2019 Cost	2019 Market value
(Number of shares)			(Rupees)			
495	495	MCB Bank Limited	**85,935**	**80,225**	85,935	86,352

7.1.2 *Ordinary shares of an unlisted public company*

2020	2019	Name of investee company	2020 Cost	2020 Market value	2019 Cost	2019 Market value
(Number of shares)			(Rupees)			
3,941,519	3,427,408	SPI Insurance Company Limited	**14,664,938**	**14,664,938**	14,664,938	14,664,938

7.1.3 *Membership cards of ACACIA Golf Club*

2020	2019		2020 Cost	2020 Market value	2019 Cost	2019 Market value
(Number of cards)			(Rupees)			
		Gross carrying amount of the investment	**25,758,520**	**25,758,520**	25,758,520	25,758,520
		Accumulated impairment	**(25,758,520)**	**(25,758,520)**	(25,758,520)	(25,758,520)
57	57		**-**	**-**	-	-

7.2 Investment carried at amortized cost

This represent the investment made by the Company in Government Market Treasury Bills carrying mark-up at a rate of 10.81% (2019: 11.00%) per annum. The investment is due to mature on July 02, 2020.

			2020	(Restated) 2019
8.	**OTHER RECEIVABLES**	*Note*	(Rupees)	
	Operating lease rentals receivables		**-**	11,545,095
	Receivable on termination of finance leases		**65,913,468**	66,427,758
	Staff gratuity - net defined benefit asset		**84,108**	2,390,828
	Receivable from the provident fund	*8.1*	**2,880,000**	2,880,000
	Others		**3,101,421**	3,167,422
			71,978,997	86,411,103
	Provision against doubtful receivables	*8.2*	**(71,665,618)**	(83,725,003)
			313,379	2,686,100

8.1 The ex CEO of the Company completed his term of employment with the Company on June 02, 2017. He drew an amount from the Company towards full and final settlement which was later found to be in excess of his entitlement including accumulated provident fund balance amounting to Rs. 2.88 million. The Company filed a recovery suit against him for unlawful withdrawals which is currently proceeding in the District and Session Court.

			2020	2019
8.2	**Provision against doubtful receivables**	*Note*	(Rupees)	
	Balance at beginning of the year		**83,725,003**	83,725,003
	Charge for the year		**-**	-
	Reversal for the year		**-**	-
			-	-
	Write-offs against provision		**(12,059,385)**	-
	Balance at end of the year		**71,665,618**	83,725,003

			2020	(Restated) 2019
9.	**CURRENT MATURITY OF NON - CURRENT ASSETS**	*Note*	(Rupees)	
	Current maturity of:			
	- Long term loans	*10*	**47,216,607**	47,621,017
	- Net investment in finance leases	*11*	**503,357,363**	507,219,731
			550,573,970	554,840,748
10.	**LONG TERM LOANS - secured**			
	Due from employees - considered good		**191,503**	595,913
	Term loan to customers - considered doubtful	*10.1*	**100,164,030**	100,164,030
			100,355,533	100,759,943
	Provision for non-performing loans	*10.2*	**(53,138,926)**	(53,138,926)
			47,216,607	47,621,017
	Less: current maturity shown under current assets	*9*	**(47,216,607)**	(47,621,017)
			-	-

10.1 These represent the balance receivable against long term loan facilities provided to customers. Since such loans are non-performing, markup accrual thereon has been suspended in accordance with the requirements of Regulation 25 and Schedule XI of the NBFC Regulations, 2008.

			2020	(Restated) 2019
10.2	**Provision for non-performing loans**	*Note*	(Rupees)	
	Balance at beginning of the year		**53,138,926**	57,565,236
	Reversal made during the year - net	*28*	**-**	(4,426,310)
	Balance at end of the year		**53,138,926**	53,138,926

10.2.1 Term loans due from customers are secured against property. The above provision for non-performing long term loans is net of forced sales value (FSVs) of collaterals of Rs. 47.217 million (2019: Rs. 47.621 million) considered by the Company for the purpose of determination of provision requirements.

			(Restated)
11. NET INVESTMENT IN FINANCE LEASES - Non-performing exposure	Note	**2020**	2019
		(Rupees)	
Minimum lease payment receivables		**1,268,215,530**	1,295,194,270
Residual value of leased assets		**314,952,834**	319,234,544
Gross investment in leases		**1,583,168,364**	1,614,428,814
Mark-up held in suspense	*11.2*	**(224,495,717)**	(229,045,598)
Net investment in leases (before provision)		**1,358,672,647**	1,385,383,216
Provision for non-performing leases	*11.3*	**(855,315,284)**	(878,163,485)
Net investment in leases (after provision)		**503,357,363**	507,219,731
Less: current maturity shown under current assets	*9*	**(503,357,363)**	(507,219,731)
		-	-

11.1 Certain lease rentals have been hypothecated against long term finances obtained (refer note 21.1 and 21.3 to these financial statements).

11.2 Mark-up held in suspense	Note	**2020**	2019
		(Rupees)	
Balance as at beginning of the year		**229,045,598**	232,791,861
Suspended income:			
- reversal during the year	*26*	**(4,039,237)**	(3,746,263)
- written-off during the year		**(510,644)**	-
		(4,549,881)	(3,746,263)
Balance at end of the year		**224,495,717**	229,045,598

			(Restated)
11.3 Provision for non-performing leases	Note	**2020**	2019
		(Rupees)	
Balance as at beginning of the year		**878,163,485**	932,715,589
Reversal for the year - net	*28*	**(20,266,717)**	(54,552,104)
Write-offs against provision		**(2,581,484)**	-
Balance at end of the year		**855,315,284**	878,163,485

11.3.1 The provision for non-performing lease losses is net of the forced sales value (FSVs) of leased assets / collaterals amounting to Rs. 503.357 million (2019: Rs. 507.219 million) considered by the Company for the purpose of determining the provisioning requirement.

11.4 Breakup of provision	Note	**2020**	2019
		(Rupees)	
Provision against residual value		**19,433,760**	20,320,870
Provision against minimum lease payment		**835,881,524**	880,565,335
		855,315,284	900,886,205

11.5 Net residual value and security deposit

Residual value	**314,952,834**	319,234,544
Provision against residual value	**(19,433,760)**	(20,320,870)
Net residual value	**295,519,074**	298,913,674
Security deposit against net residual value	**295,519,074**	298,913,674
	-	-

12. INVESTMENT PROPERTIES	Bungalow at DHA Phase VI (note 12.2)	Shops in Famous Mall (note 12.3)	(Restated) Total
		(Rupees)	
As at June 30, 2018			
Cost	51,737,840	14,422,252	66,160,092
Accumulated depreciation	(9,954,360)	(4,264,645)	(14,219,005)
Accumulated impairment	-	(6,805,696)	(6,805,696)
	(9,954,360)	(11,070,341)	(21,024,701)
Net book value	41,783,480	3,351,911	45,135,391
Movement during the year ended June 30, 2019			
Opening net book value	41,783,480	3,351,911	45,135,391
Depreciation charge	(1,147,589)	(270,032)	(1,417,621)
Closing net book value	40,635,891	3,081,879	43,717,770
At as June 30, 2019			
Cost	51,737,840	14,422,252	66,160,092
Accumulated depreciation	(11,101,949)	(4,534,677)	(15,636,626)
Accumulated impairment	-	(6,805,696)	(6,805,696)
	(11,101,949)	(11,340,373)	(22,442,322)
Net book value	40,635,891	3,081,879	43,717,770
Movement during the year ended June 30, 2020			
Opening net book value	**40,635,891**	**3,081,879**	**43,717,770**
Depreciation charge	**(1,148,580)**	**(270,035)**	**(1,418,615)**
Closing net book value	**39,487,311**	**2,811,844**	**42,299,155**
At June 30, 2020			
Cost	**51,737,840**	**14,422,252**	**66,160,092**
Accumulated depreciation	**(12,250,529)**	**(4,804,712)**	**(17,055,241)**
Accumulated impairment	**-**	**(6,805,696)**	**(6,805,696)**
	(12,250,529)	**(11,610,408)**	**(23,860,937)**
Net book value	**39,487,311**	**2,811,844**	**42,299,155**
Rate of depreciation	**2.22%**	**5%**	

12.1 The above real estate properties have been acquired by the Company in settlement of non-performing loans and lease receivables (i.e. repossessed properties).

12.2 Bungalow at DHA Phase VI

12.2.2 The bungalow was last revalued by M/s. Fairwater Properties Valuers & Surveyors (Private) Limited in December 2019. According to such valuation, the fair value and forced sale value of the bungalow, as on December 16, 2019, were assessed to be Rs. 160 million and Rs. 128.055 million, respectively.

12.2.2 The bungalow is in occupancy of a tenant who defaulted in payment after having paid three monthly rentals in the year 2009. The Company filed a recovery suit before the Additional Rent Controller in jurisdiction of Clifton Cantonment Board who passed ejectment order in 2012 against successive default in rent payments. The Additional Controller Rent then, on the Company's application passed an execution order in July 2013 to vacate the premises. The Judgment Debtor objected to execution and was granted injunction against the Decree Holder by the High Court on March 28, 2013 that was vacated by the High Court on January 12, 2017. The Additional Rent Controller then allowed the Execution Application and passed order dated Feb 2017 for ejectment. The JD has neither handed over possession nor made payment of any rent since the last ten years. The tenant subsequently filed a suit in the High Court for relief. The rent income due till June 30, 2020 amounting to Rs. 17.842 million (2019: Rs. 15.083 million), has not been recognised awaiting the outcome of the suit filed by the judgment debtor in the High Court.

12.3 Shops in Famous Mall - Lahore

The shops were last revalued by M/s. Hamid Mukhtar & Co. (Private) Limited in June 2019. According to such valuation, the fair value and forced sales value of the shops, as on June 21, 2019, were assessed to be Rs. 4.163 million and Rs. 3.330 million, respectively.

13. INTANGIBLE ASSETS

	2020	2019
	(Rupees)	
As at the beginning of the year		
Cost	145,950	-
Accumulated amortization	(20,068)	-
	125,882	-
Movement during the year		
Additions	-	145,950
Write off:		
- Cost	(77,718)	-
- Accumulated amortization	(12,390)	-
	(90,108)	-
Amortization charge	(48,164)	(20,068)
	-	125,882
As at the end of the year		
Cost	68,232	145,950
Accumulated amortization	(68,232)	(20,068)
	-	125,882
Rate of amortization (% per annum)	**33%**	33%

14. PROPERTY, PLANT AND EQUIPMENT

2020

	Cost / Revaluation					Accumulated depreciation					Accumulated impairment			Written down value	Rate
	As at July 01, 2019	Additions	Effect of revaluation	Disposals	As at June 30, 2020	As at July 01, 2019	Charge for the year	Effect of revaluation	Reversal on disposal	As at June 30, 2020	As at July 01, 2019	Charge for the year	As at June 30, 2020	As at June 30, 2020	%
	(Rupees)														
Owned assets															
Building improvements	3,526,371	-	-	-	3,526,371	3,526,371	-	-	-	3,526,371	-	-	-	-	20%
Office premises (refer note 14.2.1)	63,005,200	-	1,920,800	-	64,926,000	-	2,436,785	(1,200,099)	-	1,236,686	-	-	-	63,689,314	5%
Furniture, fixtures and fittings	5,983,992	-	-	-	5,983,992	5,983,992	-	-	-	5,983,992	-	-	-	-	20%
Vehicles	4,054,435	-	-	(676,240)	3,378,195	1,664,888	230,520	-	(608,616)	1,286,792	-	-	-	2,091,403	20%
Office equipment	27,237,143	-	-	(703,890)	26,533,253	26,508,192	212,911	-	(703,890)	26,017,213	-	-	-	516,040	20%
	103,807,141	-	1,920,800	(1,380,130)	104,347,811	37,683,443	2,880,216	(1,200,099)	(1,312,506)	38,051,054	-	-	-	66,296,757	
Operating lease assets										(39,774,695)					
Plant and machinery	59,505,000	-	-	-	59,505,000	52,805,000	-	-	-	52,805,000	6,700,000	-	6,700,000	-	10%
Generators	5,448,012	-	-	-	5,448,012	5,067,647	-	-	-	5,067,647	-	-	-	380,400	20%
	64,953,012	-	-	-	64,953,012	57,872,647	-	-	-	57,872,647	6,700,000	-	6,700,000	380,400	
	168,760,153	-	1,920,800	(1,380,130)	169,300,823	95,556,090	2,880,216	(1,200,099)	(1,312,506)	95,923,701	6,700,000	-	6,700,000	66,677,157	

2019

	Cost / Revaluation					Accumulated depreciation					Accumulated impairment			Written down value	Rate
	As at July 01, 2018 (restated)	Additions	Effect of revaluation (restated)	Disposals	As at June 30, 2019	As at July 01, 2018 (restated)	Charge for the year (restated)	Effect of revaluation (restated)	Reversal on disposal	As at June 30, 2019	As at July 01, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	%
	(Rupees)														
Owned assets															
Building improvements	3,526,371	-	-	-	3,526,371	3,526,371	-	-	-	3,526,371	-	-	-	-	20%
Office premises (refer note 14.2.1)	76,832,000	-	(13,826,800)	-	63,005,200	14,178,474	2,302,803	(16,481,277)	-	-	-	-	-	63,005,200	5%
Furniture, fixtures and fittings	5,983,992	-	-	-	5,983,992	5,983,992	-	-	-	5,983,992	-	-	-	-	20%
Vehicles	2,391,630	2,352,595	-	(689,790)	4,054,435	2,152,482	133,217	-	(620,811)	1,664,888	-	-	-	2,389,547	20%
Office equipment	26,698,308	538,835	-	-	27,237,143	26,315,741	192,451	-	-	26,508,192	-	-	-	728,951	20%
	115,432,301	2,891,430	(13,826,800)	(689,790)	103,807,141	52,157,060	2,628,471	(16,481,277)	(620,811)	37,683,443	-	-	-	66,123,698	
Operating lease assets															
Plant and machinery	59,505,000	-	-	-	59,505,000	52,805,000	-	-	-	52,805,000	6,700,000	-	6,700,000	-	10%
Generators	5,448,012	-	-	-	5,448,012	5,067,647	-	-	-	5,067,647	-	-	-	380,400	20%
	64,953,012	-	-	-	64,953,012	57,872,647	-	-	-	57,872,647	6,700,000	-	6,700,000	380,400	
	180,385,313	2,891,430	(13,826,800)	(689,790)	168,760,153	110,029,707	2,628,471	(16,481,277)	(620,811)	95,556,090	6,700,000	-	6,700,000	66,504,098	

14.1 Particulars of the immovable property

Following are the details of the immovable property (i.e. office premises):

Address of the property	Use of the property	Total area (in square feet)	Covered area (in square feet)
6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi	As Head Office	9,604	9,604

14.2 Valuation of the assets

14.2.1 The latest valuation of the office premises has been carried out by M/s. Fairwater Property Valuer and Surveyor (Private) Limited in December 2019.

The effect of the fresh revaluation carried out during the year (and that carried out in the previous year), on the gross carrying amount of the office premises, is as follows:

	2020	(Restated) 2019
	------------- (Rupees) -------------	
Reversal of the gross carrying amount to the extent of accumulated depreciation charged up to the date of revaluation	**(1,200,099)**	(16,481,277)
Revaluation surplus recognized as on the date of revaluation	**3,120,899**	2,650,886
	1,920,800	(13,830,391)

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

	2020				2019 (restated)			
	Cost	**Accumulated depreciation**	**Accumulated impairment**	**Written down value**	Cost	Accumulated depreciation	Accumulated impairment	Written down value
	------------------ **(Rupees)** ------------------							
Office premises	**28,548,042**	**12,205,530**	**-**	**16,342,512**	28,548,042	11,888,200	-	16,659,842
Plant and machinery	**67,000,000**	**60,300,000**	**6,700,000**	**-**	67,000,000	60,300,000	6,700,000	-
Generators	**3,804,000**	**3,423,600**	**-**	**380,400**	3,804,000	3,423,600	-	380,400

	Note	2020	2019
		--------- Rupees --------	
15. BORROWINGS FROM FINANCIAL INSTITUTIONS			
Letter of placements - unsecured			
National Bank of Pakistan	*15.1*	**77,500,000**	77,500,000
Innovative Investment Bank Limited	*15.2*	**60,000,000**	60,000,000
Meezan Bank Limited	*15.3*	**25,301,588**	25,301,588
		162,801,588	162,801,588

15.1 This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on April 01, 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 14 days. Subsequently, the facility was rolled several times up to the total period of 140 days which expired on August 19, 2010. Till to-date, no repayments have made by the Company in respect of this finance. As of June 30, 2020, the Company has accrued a mark-up in this finance amounting to Rs. 88.896 million (2019: Rs. 80.261 million).

15.2 This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on December 03, 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. Due to financial difficulties faced by the Company, this facility was rolled over for a further period of 184 days on March 14, 2011. Since the disbursement of the facility, the Company has an aggregate principal repayment of Rs. 3 million. As of 30 June 2020, the Company has accrued a mark-up on this finance amounting to Rs. 49.578 million (2019: Rs. 44.765 million).

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

The remaining principal obligation of Rs. 69 million was restructured by way of a settlement agreement entered on April 22, 2011 whereby the Company transferred, to the lender, a lease portfolio of Rs. 32 million. On September 03, 2012, a revised settlement agreement was signed according to which the loan was to be settled by way of transferring 27 membership cards of ACACIA Golf Club ('the Club') (then beneficially held by the Company in its own name) to MEBL valuing, in aggregate, Rs. 27 million as well as making a cash payment of Rs. 9.870 million. The said cash payment was made by the Company on September 06, 2012. Meezan Bank was offered membership cards of M/s Acacia Golf Club but they didn't accept these membership cards against settlement due to non-functional status of the club. As per the revised restructuring terms, the finance carries no mark-up.

	2020	2019
	--------- Rupees --------	
16. ACCRUED MARK-UP		
Mark-up on:		
- certificates of investment	**101,330,804**	94,843,283
- long term finances	**46,380,457**	43,732,689
- term finance certificates	**162,769,392**	134,406,068
- short term borrowings from financial institutions	**138,544,487**	125,027,554
	449,025,140	398,009,594

17. ACCRUED EXPENSES AND OTHER PAYABLES

	2020	(Restated) 2019
	--------- Rupees	--------
Accrued expenses	**6,206,071**	4,516,201
Salaries payable	**1,269,846**	-
Others	**1,025,151**	1,726,931
	8,501,068	6,243,132

18. CURRENT MATURITY OF NON- CURRENT LIABILITIES

		2020	2019
		--------- Rupees	--------
Current maturity of:			
- Certificates of investment	*19*	**50,549,000**	51,049,000
- Long term finances	*21*	**378,532,443**	378,532,443
- Security deposits against finance leases	*22*	**295,519,074**	298,913,674
		724,600,516	728,495,116

19. CERTIFICATE OF INVESTMENT - unsecured

Long term certificates of investment		**50,549,000**	51,049,000
Current maturity of certificates of investment	*18*	**(50,549,000)**	(51,049,000)
		-	-

19.1 These certificates of investment are for periods ranging from 1 year to 5 years and interest rates thereon range from 7% to 11.5% (2019: 7% to 11%) per annum.

19.2 One certificate holder filed a Miscellaneous Application 08/2017 for winding up of the Company owing to default in repayment of its deposit claiming Rs 52.8 million. The case was since adjourned till November 2018. Subsequently, the Company and the certificate holder agreed to settle the liability at an amount of Rs. 42 million and the Company then made repayments amounting in aggregate to Rs. 3.5 million and has submitted in Court that it shall to pay the balance amount of Rs. 38.5 million soon upon availability of funds. The proceeding in the matter are continuing.

20. DEFERRED TAXATION

	For the year ended June 30, 2020			
	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
	---------------------------- (Rupees) ------------------------------			
Deferred tax liability in respect of:				
Surplus on revaluation of property, plant and equipment	**13,440,152**	**(522,875)**	**905,061**	**13,822,338**
Accelerated accounting depreciation / impairment	**2,547,392**	**358,133**	**-**	**2,905,525**
	15,987,544	**(164,742)**	**905,061**	**16,727,863**
Deferred tax asset recognized	**(15,987,544)**	**(740,319)**	**-**	**(16,727,863)**
Net deferred tax position	**-**	**(905,061)**	**905,061**	**-**

	Rupees
Details of deferred tax assets	
Provision for lease losses	**248,041,432**
Provision for non-performing short term loans	**11,281,145**
Provision for non-performing long term loans	**15,410,289**
Provision for doubtful other receivables	**20,783,029**
Unused tax losses	**109,084,444**
	404,600,339
Less: Deferred tax asset recognized to the extent of available taxable temporary differences	**(16,727,863)**
Unrecognized deferred tax asset	**387,872,476**

	For the year ended June 30, 2019 (Restated)			
	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at end of the year
	---------------------------- (Rupees) ------------------------------			
Deferred tax liability in respect of:				
Surplus on revaluation of property, plant and equipment	13,154,374	(482,979)	768,757	13,440,152
Accelerated accounting depreciation / impairment	2,282,031	265,361	-	2,547,392
	15,436,405	(217,618)	768,757	15,987,544
Deferred tax asset recognized	(15,436,405)	(551,139)	-	(15,987,544)
Net deferred tax position	-	(768,757)	768,757	-

	(Restated) Rupees
Details of deferred tax assets	
Provision for lease losses	254,667,411
Provision for non-performing short term loans	13,369,133
Provision for non-performing long term loans	15,410,289
Provision for doubtful other receivables	24,280,251
Unused tax losses	97,642,707
	405,369,791
Less: Deferred tax asset recognized to the extent of available taxable temporary differences	(15,987,544)
Unrecognized deferred tax asset	389,382,247

			2020	2019
21.	**LONG TERM FINANCES**	*Note*	**--------- Rupees --------**	
	Long term finances - secured	*21.1*	**149,561,501**	149,561,501
	Long term finances - unsecured		**5,703,696**	5,703,696
		21.2	**155,265,197**	155,265,197
	Term finance certificates - secured	*21.3*	**223,267,246**	223,267,246
			378,532,443	378,532,443
	Current maturity of long term finances	*18*	**(378,532,443)**	(378,532,443)
			-	-

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

21.2 Long term finances

	Tenure		Markup	Note	Principal outstanding	
	From	To			**Jun. 30, 2020**	Jun. 30, 2019
					------------- (Rupees) -------------	
Secured						
National Bank of Pakistan	Mar-05	Mar-10	6 month KIBOR + 1.5% (payable semi annually)	*21.2.1*	**12,500,000**	12,500,000
First Women Bank Limited	Dec-08	Dec-12	Fixed at 12% (payable monthly)	*21.2.2*	**75,061,505**	75,061,505
Soneri Bank Limited	May-13	Sep-14	-	*21.2.3*	**61,999,996**	61,999,996
Un secured						
Silk Bank Limited	Sep-12	Mar-17	-	*21.2.4*	**5,703,696**	5,703,696
					155,265,197	155,265,197

21.2.1 This represents a finance of Rs. 100 million obtained from M/s. National Bank of Pakistan on March 17, 2005 (mainly for lease financing activities). As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from September 17, 2005 to March 17, 2009. However, subsequently, the loan was restructured whereby the maturity date of the loan was extended to March 2010. Up to June 30, 2017, all instalments were paid except for the last instalment due on March 17, 2009 which is yet outstanding. As per the revised agreement, the finance carries mark-up at the rate of 6-month KIBOR + 1.5% payable semi-annually. As of June 30, 2020, the Company had accrued mark amounting to Rs. 15.2371 million (2019: Rs. 13.446 million).

21.2.2 This represents a finance of Rs. 150 million obtained from M/s. First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenor of 1 day. Subsequently, the finance was rolled over several times during the period from October 07, 2008 to December 18, 2008. During this period, the Company managed to partially repay the principal and markup amount. Afterwards, the finance was restructured by way of a settlement agreement dated December 31, 2008 whereby the entire principal was converted into 12-month Money Market Finance facility on markup basis. Since the Company failed to make repayment as per agreed terms, the finance was, once again, restructured by way of a settlement agreement dated March 01, 2010. As per the revised rescheduled terms, the entire principal was payable in unequal monthly instalments up to December 31, 2012. The Company paid the instalments up to December 31, 2010 since when no further repayments have been made. Further, as per the revised agreement, the finance carries mark-up at 12% per annum payable monthly. As of June 30, 2020, the Company had accrued mark-up amounting to Rs. 24.054 million (2019: Rs. 24.054 million).

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

- Rs. 43 million by way of transfer of property (held as collateral of Rs 43 million against the borrower) or a cash payment of Rs. 25 million as full and final settlement of Rs. 43 million.

- Rs 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) situated at Thokar Niaz Baig, Lahore.

- Cash payment of Rs. 5 million in the twelve equal monthly payment of PKR 0.416 million each commencing from the date execution of settlement agreement;

- Remaining principal obligation amounting to Rs. 27.5 million to be waived upon successful transfer of properties / cash payment as referred to above.

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

During the year, the bank filed a petition for recovery suit in Banking Court claiming Rs.79.999 million against default by the company in the implementation of settlement agreement dated May 2013 with the bank. The Company was required to make payment of Rs.39.5 million and waiver of Rs.27 million was to be availed upon full repayment. The company however on payment of agreed instalment up to Rs. 5 million till 2015 subsequently defaulted in repayment of balance amount of Rs 34.5 million. The suit filed is proceeding in the court. The company intends to settle this liability as per the agreement.

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

- Down payment of Rs. 0.707 million; and

- 54 monthly instalments of Rs. 0.204 million each.

Up to November 2014, the Company repaid 26 monthly installments of Rs. 0.204 million each and defaulted thereafter. As of June 30, 2020, the Company had accrued markup amounting to Rs. 7.089 million (2019: Rs. 6.234 million).

21.3 Term finance certificates - secured

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

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

Principal redemption

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

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

Mark-up on payment

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

21.3.2 However, in 2014, due to liquidity issues faced by it, the Company defaulted in making payments to the TFC holders.

Subsequent to the year end, on September 29, 2020, the Company entered into an arrangement with M/s. HBL Asset Management Company Limited, being the management company of HBL Income Fund and HBL Multi Asset Fund, with a view to full and final settlement of the Company's outstanding financial liability in respect of Term Finance Certificates (TFCs) previously issued to them in March 2008.

Presented below is the quantitative analysis of the gain realized by the Company upon settlement of its aforementioned obligation. The said gain will be reported in the Company's financial statements for the next year ending June 30, 2021:

	HBL Income Fund	HBL Multi Asset Fund	Total
	------------------- Rupees -------------------		
Total outstanding principal prior to settlement	5,509,500	16,528,500	22,038,000
Total outstanding markup prior to settlement	4,016,612	12,049,837	16,066,449
	9,526,112	28,578,337	38,104,449
Less: Cash paid on settlement	(555,000)	(1,520,000)	(2,075,000)
	8,971,112	27,058,337	36,029,449

		Note	2020	2019
22.	**LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES**		--------- **Rupees** --------	
	Security deposits against finance leases	*22.1*	**295,519,074**	298,913,674
	Current maturity of deposits against finance leases	*18*	**(295,519,074)**	(298,913,674)
			-	-

22.1 This represents security deposits received from lessees under lease contracts and are adjustable on expiry of the respective lease periods.

23. SHARE CAPITAL

2020	2019		Note	2020	2019
-----(Number of shares)-----				----------- (Rupees) -----------	
		AUTHORISED SHARE CAPITAL			
100,000,000	100,000,000	Ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
100,000,000	100,000,000	Non-cumulative and non-voting, convertible unlisted preference shares of Rs. 10 each		1,000,000,000	1,000,000,000
		ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
		Ordinary shares			
		Issued for cash			
25,180,000	25,180,000	Ordinary shares of Rs. 10 each fully paid in cash	*23.1*	**251,800,000**	251,800,000
		Issued for consideration other than cash			
19,980,500	19,980,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**199,805,000**	199,805,000
45,160,500	45,160,500			**451,605,000**	451,605,000
		Non-cumulative preference shares			
		Issued for consideration other than cash			
52,820,850	52,820,850	Non-cumulative and non-voting, convertible unlisted fully paid preference shares of Rs. 10 each	*23.2*	**528,208,500**	528,208,500

23.1 As of June 30, 2020, M/s. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) held 35.06% (2019: 35.06%) of the issued, subscribed and paid-up ordinary share capital of the Company and 63% (2019: 63%) of the issued preference share capital of the Company.

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

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

23.3 There are no agreements among shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

Capital management policies and procedures

23.4 Capital requirements applicable to the Company are set out and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. SECP extended the minimum equity requirement (MCR) as per NBFC Regulations, 2008 vide SRO 764(I) / 2009 dated September 02, 2009 wherein the Company is required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 700 million by June 30, 2011, June 30, 2012 and June 30, 2014, respectively. Further amendment to Schedule I to Regulation 4 made vide SRO 1160 (1) / 2015 dated November 25, 2015 maintained MCR for existing NBFCs at Rs. 750 million and relaxation of MCR for non-deposit taking NBFCs for leasing etc. at Rs. 50 million. The Company intends to exercise the low MCR requirement option once it has settled liability owed to its depositors. Hence, at the year end, the company is non compliant with the MCR requirement laid down by the SECP (also see note 1.2).

	2020	(Restated) 2019
	-----------------Rupees---------------	

24. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net

	2020	2019
On office premises, plant and machinery and generators		
Gross surplus		
As at beginning of the year	**46,345,359**	45,359,918
Effect of revaluation carried out during the year	**3,120,899**	2,650,886
	49,466,258	48,010,804
Incremental depreciation transferred to unappropriated loss	**(1,803,018)**	(1,665,445)
	47,663,240	46,345,359
Related deferred tax charge		
As at beginning of the year	**(13,440,152)**	(13,154,374)
Effect of revaluation carried out during the year	**(905,061)**	(768,757)
Incremental depreciation transferred to unappropriated loss	**522,875**	482,979
	(13,822,338)	(13,440,152)
	33,840,902	32,905,207

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 "The Company is defending various counter suits filed against it by defaulting customers against whom recovery suits were filed by it between the year 2009 to 2018. The counter suits are mainly for rendition of accounts and damages and or injunction against the company. A counter suit filed by M/s. Goodwill International for Rs. 55 million in 2009 was dismissed in May 2019 with no cost to the plaintiff. These suits are proceeding in the High Court or Banking Court and, in the opinion of the legal counsel, the Company is not likely to suffer any loss or liability on account of these counter suits. The amount claimed in these counter suits as of 30th June 2010 amounted to Rs.178.904 million (2019: 178.904 million).

25.1.2 The Company has been issued with a notice under section 14 of the Federal Excise Act, 2005. In the notice, it has been alleged that the Company has not paid Federal Excise Duty (FED) in terms of section 3 (read with Entry 8 of Table-II of the First Schedule) to the Federal Excise Act, 2005 for the financial years 2007-08, 2008-09 and 2009-10 on services provided including both funded and non-funded services. Accordingly, Rs. 126.205 million has been alleged to be recoverable. The above amount of FED has been imposed on all the incomes of the Company for the said three years including mark-up income earned on finance lease contracts.

According to the Company's tax advisor, FED is applicable in respect of document fee, front end fee and syndicate lease income. These represent services rendered by leasing companies in respect of finance lease which are funded services. However, these services for the periods 2007-08 and 2008-09 are not chargeable to FED because of the reason that, for those years, FED was chargeable on services which were non-funded. However, for the period 2009-10, due to amendment in Entry 8, the said services are chargeable to FED as provisions of the Federal Excise Act, 2005.

The Company filed an appeal before the Commissioner Inland Revenue (Appeals) CIR (A) against the said order. The CIR(A) vide through Appellate Order no 97 of 2012 dated April 30, 2012 constituted that the duty so charged is legally and constitutionally valid under the Federal Excise Act, 2005. However, it also mentioned that the notice issued is barred by time for the period from July 2007 to September 2008 and, accordingly, deleted the levy of FED for the said tax period. Accordingly, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above CIR(A) order which decided the case in favour of the Company.

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

25.1.3 In the year 2016, M/s. First Women Bank Limited (FWBL) filed, before the Honourable High Court of Sindh, a recovery suit against the Company wherein besides the outstanding principal of Rs. 75.062 million and accrued markup of Rs. 24.054 million (refer note 21.2.2), a demand has been raised in respect of cost of funds. However, since the case is yet pending for adjudication before the Honourable High Court of Sindh and because no reasonable estimation can be made of the cost of funds so claimed by FWBL, no provision thereof has been recognized in these financial statements.

25.2 Commitments

As of the reporting date, no financial commitments were known to exist (2019: None).

26. REVENUE FROM FINANCE LEASES

	Note	2020	2019
		-----------Rupees-----------	
Recovery of suspended markup on finance leases	*11.2*	**4,039,237**	3,746,263
Others		**878,325**	274,930
		4,917,562	4,021,193

27. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2020	(Restated) 2019
		-----------Rupees-----------	
Salaries, allowances and benefits		**18,887,635**	18,661,853
Meeting fee and other benefits paid to directors		**3,400,000**	10,379,326
Rent		**820,500**	994,548
Repairs and maintenance		**2,093,531**	2,066,760
Insurance		**182,070**	174,718
Utilities		**767,464**	520,117
Depreciation on investment properties	*12*	**1,418,615**	1,417,621
Amortization of intangible asset	*13*	**48,164**	20,068
Depreciation on property, plant and equipment	*14*	**2,880,216**	2,628,471
Vehicle running expenses		**89,730**	241,307
Printing and stationery		**570,355**	622,061
Telephone and postage		**578,022**	552,469
Travelling and conveyance		**184,053**	417,740
Fee and subscriptions		**1,212,003**	1,954,421
Legal and professional charges		**4,695,448**	3,303,531
Advertising and entertainment		**164,206**	283,411
Auditors' remuneration	*27.1*	**705,000**	605,000
Miscellaneous		**1,024,522**	3,188,742
		39,721,534	48,032,164

27.1 Auditors' remuneration

	2020	2019
	-----------Rupees-----------	
Annual audit fee	**394,000**	350,000
Fee for review of half yearly financial statements	**156,000**	100,000
Other certifications	**50,000**	50,000
Out of pocket expenses	**105,000**	105,000
	705,000	605,000

28. REVERSAL OF PROVISION FOR NON-PERFORMING EXPOSURES

	Note	2020	(Restated) 2019
		----------------Rupees----------------	
Reversal of provision for potential losses on:			
- Short term loans	*6.2*	**7,199,960**	2,621,464
- Long term loans	*10.2*	**-**	4,426,310
- Finance leases	*11.3*	**20,266,717**	54,552,104
		27,466,677	61,599,878

29. OTHER INCOME

	Note	2020	2019
		----------------Rupees----------------	
Dividend income		**7,796**	7,920
Interest income from government securities		**1,788,084**	1,298,669
Interest income from savings accounts		**261,358**	838,911
Gain on sale of property, plant and equipment		**742,376**	279,571
Waiver on settlement of long term finances	*29.1*	**-**	25,344,056
Others		**1,304,146**	4,216,026
		4,103,760	31,985,153

29.1 This represents gain realized on settlement of outstanding short term and long term borrowings previously obtained from M/s. KASB Income Opportunity Fund and M/s. Askari Income Fund, respectively. Presented below is the detailed analysis of the liabilities extinguished and value transferred to the lenders upon execution of the settlement agreements entered into with them

	Short term borrowing from M/s. KASB Income Opportunity Fund	Long term borrowing from M/s. Askari Income Fund	Total
	----------------------	(Rupees)	----------------------
Total outstanding principal prior to settlement	10,429,140	13,500,000	23,929,140
Total outstanding markup prior to settlement	11,331,380	-	11,331,380
	21,760,520	13,500,000	35,260,520
Less: Assets transferred / cash paid on settlement	(7,916,464)	(2,000,000)	(9,916,464)
	13,844,056	**11,500,000**	**25,344,056**

30. FINANCE COSTS

	2020	2019
	----------------Rupees----------------	
Mark-up on:		
- Long term finances	**2,647,768**	1,864,211
- Term finance certificates	**28,363,324**	21,398,729
- Short term borrowings	**13,516,933**	13,480,001
- Certificates of investment	**6,487,521**	6,670,906
Bank charges	**23,852**	29,926
	51,039,398	43,443,773

31. TAXATION	2020	(Restated) 2019
	----Rupees----	
Current	**62,250**	142,007
Deferred	**(905,061)**	(768,757)
	(842,811)	(626,750)

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

31.2 The tax assessments of the Company relating to assessment years before tax year 2002 have been completed and no appeal is being pending in appellate forums. The income tax return for tax years 2003-2019 have been filed which are deemed to be assessed under section 120 of Income Tax Ordinance, 2001 ('the Ordinance') except for the tax year 2007, which has been selected for audit under the provision of section 177 of the Ordinance and tax years 2014-2017, which have been selected for audit under provision of section 214C of the Ordinance. The Company has submitted in this respect all the requisite documents / information with the tax authority. The company did not receive further notice with regards to the said audit proceedings from the tax authorities.

32. (LOSS) / EARNINGS PER SHARE	2020	(Restated) 2019
	---- Rupees ----	
32.1 Basic (loss) / earnings per share		
(Loss) / profit after taxation attributable to ordinary shareholders	**(53,430,122)**	6,757,037
	----Number----	
Weighted average number of ordinary shares outstanding	**45,160,500**	45,160,500
	----Rupees----	
(Loss) / earnings per share - Basic	**(1.18)**	0.15
32.2 Diluted (loss) / earnings per share		
(Loss) / profit after taxation attributable to ordinary shareholders	**(53,430,122)**	6,757,037
	----Number----	
Weighted average number of ordinary shares outstanding	**97,981,350**	97,981,350
	----Rupees----	
32.2.1 (Loss) / earnings per share - Diluted	**(0.55)**	0.07

As at June 30, 2020, the Company had 52.82 million (2019: 52.82 million) convertible preference shares which have been considered for the calculation of diluted loss / earnings per share.

33. CASH USED IN OPERATIONS

	2020	(Restated) 2019
	---Rupees---	
(Loss) / profit before taxation	**(54,272,933)**	6,130,287
Adjustment for non-cash charges and other items :		
- Recovery of suspended markup on finance leases	**(4,039,237)**	(3,746,263)
- Depreciation - owned assets	**2,880,216**	2,628,471
- Depreciation - investment properties	**1,418,615**	1,417,621
- Amortization of intangible assets	**48,164**	20,068
- Write off of intangible assets	**77,718**	-
- Reversal of provision for non-performing exposures	**(27,466,677)**	(61,599,878)
- Dividend income	**(7,796)**	(7,920)
- Interest income from government securities	**(1,788,084)**	(1,298,669)
- Gain on sale of property, plant and equipment	**(742,376)**	(279,571)
- Gain on settlement of short term and long term finances	**-**	(25,344,056)
- Finance costs	**51,039,398**	43,443,773
	21,419,941	(44,766,424)
	(32,852,992)	(38,636,137)
Movement in working capital		
(Increase) / decrease in operating assets		
- Short term loans	**-**	299,700
- Trade deposits and short term prepayments	**(41,529)**	(184,295)
- Other receivables	**2,372,721**	374,727
(Increase) / decrease in operating assets		
- Accrued expenses and other payables	**2,257,936**	(2,340,933)
	4,589,128	(1,850,801)
Cash used in operations	**(28,263,864)**	(40,486,938)

34. STAFF RETIREMENT BENEFITS - Defined benefit plan

34.1 Net defined benefit (asset) / liability as of the reporting date

	2020	2019
	---Rupees---	
Present value of defined benefit obligation	**425,000**	425,000
Fair value of plan assets	**(509,108)**	(2,815,828)
	(84,108)	(2,390,828)

34.2 Movement in defined benefit obligation

	2020	2019
Opening balance	**-**	-
Current service cost	**425,000**	425,000
Interest cost	**-**	-
Repayments made to retiring members	**-**	-
Closing balance	**425,000**	425,000

34.3 Movement in fair value of plan assets

	2020	2019
Opening balance	**2,815,828**	2,815,828
Contributions made during the year	**-**	-
Received during the year	**(2,306,720)**	-
Closing balance	**509,108**	2,815,828

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of Saudi Pak Industrial & Agricultural Investment Company Limited (the major shareholder), directors, key management personnel and employee benefit plan. The transactions between the Company and the related parties are carried out as per agreed terms.

Transactions during the year

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

	2020			
	Major Shareholder	**Directors**	**Key management personnel**	**Other related parties**
	------ (Rupees) ------			
Rent paid	**-**	**-**	**-**	**-**
Contributions to the provident fund	**-**	**-**	**-**	**510,000**
Remuneration	**-**	**3,400,000**	**8,732,010**	**-**

	2019			
	Major Shareholder	Directors	Key management personnel	Other related parties
	------ (Rupees) ------			
Rent paid	300,000	-	-	-
Contributions to provident fund	-	-	-	422,500
Remuneration	-	10,379,326	5,906,177	-

36. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	(Rupees)							
Managerial remuneration	**5,100,000**	4,225,000	**3,400,000**	10,379,326	**1,920,000**	-	**10,420,000**	14,604,326
Housing, utilities etc.	-	-	-	-	-	-	-	-
Retirement benefits	**510,000**	422,500	-	-	-	-	**510,000**	422,500
Leave encashment	**368,333**	425,000	-	-	-	-	**368,333**	425,000
Other perquisites	**833,677**	833,677	-	-	-	-	**833,677**	833,677
	6,812,010	5,906,177	**3,400,000**	10,379,326	**1,920,000**	-	**12,132,010**	16,285,503
Number of persons	**1**	1	**7**	7	**1**	-		

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

36.2 Remuneration to directors represents fee pertaining to 15 meetings of directors and committees (2019: 21 meetings) in connection with the financial statements and other matters.

37. SEGMENT INFORMATION

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

1. Finance lease operations,

2. Operating lease operations,

3. Term loans and
4. Investments

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

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

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

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

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

	2020					
	Finance lease	Operating lease	Term loans	Investments	Others	Total
	(Rupees)					
Segment revenue						
Lease income	4,917,562	-	-	-	-	4,917,562
Interest income	-	-	-	1,788,084	261,358	2,049,442
Other income	-	-	-	7,796	2,046,522	2,054,318
Reversal of provision for doubtful leases, loans and other receivables- net	20,266,717	-	7,199,960	-	-	27,466,677
Segment results	25,184,279	-	7,199,960	1,795,880	2,307,880	36,487,999
Unallocated cost						
Financial charges						(51,039,398)
Administrative and operating expenses						(39,721,534)
						(90,760,932)
Profit before taxation						(54,272,933)
Taxation						842,811
Profit after taxation						(53,430,122)
Other information						
Segment assets	503,357,363	380,400	284,225,914	29,236,789	-	817,200,466
Unallocated assets	-	-	-	-	4,632,206	4,632,206
Total assets						821,832,672
Segment liabilities	295,519,074	-	-	-	-	295,519,075
Unallocated liabilities					1,094,070,528	1,094,070,528
Total liabilities						1,389,589,603
Net Liability						(567,756,932)

	2019 (Restated)					
	Finance lease	Operating lease	Term loans	Investments	Others	Total
	(Rupees)					
Segment revenue						
Lease income	4,021,193	-	-	-	-	4,021,193
Interest income	-	-	-	1,298,669	838,911	2,137,580
Other income	-	-	-	7,920	29,839,653	29,847,573
Direct cost of operating leases	-	-	-	-	-	- -
Reversal of provision for potential lease losses - net	54,552,104					54,552,104
Reversal of provision for potential losses on short term loan - net	2,621,464	-	- 4,426,310	-	-	7,047,774
Segment results	61,194,761	-	4,426,310	1,306,589	30,678,564	97,606,224
Unallocated cost						
Financial charges						(43,443,773)
Administrative and operating expenses						(48,032,164)
						(91,475,937)
Profit before taxation						6,130,287
Taxation						626,750
Profit after taxation						6,757,037
Other information;						
Segment assets	507,219,731	380,400	74,736,931	29,515,516	-	611,852,578
Unallocated assets	-	-	-	-	211,821,623	211,821,623
Total assets						823,674,201
Segment liabilities	298,913,674	-	-	-	-	298,913,674
Unallocated liabilities	-	-	-	-	1,041,297,047	1,041,297,047
Total liabilities						1,340,210,721
						(516,536,520)

38. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

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

38.1 Credit risk

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

38.1.1 Management of credit risk

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

38.1.2 Exposure to credit risk

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

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

	2020	(Restated) 2019
	---------------**Rupees**---------	
Long term loans	**47,216,607**	47,621,017
Net investment in finance leases - net of security deposits held	**207,838,289**	208,306,057
Bank balances	**4,892,741**	5,895,730
Short term loans	**126,330,635**	119,130,675
Trade deposits	**1,033,767**	1,036,767
Other receivables	**229,271**	295,272
	387,541,310	382,285,518

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

	June 30, 2020					
	Net investment in finance leases (Net of security deposits)		**Long term loans**		**Short term loans**	
	Principal	**Provision**	**Gross**	**Provision**	**Gross**	**Provision**
	---------------------------------- **(Rupees)**					
Past due and impaired:						
- 180 to 365 days	-	-	-	-	-	-
- 366 to 730 days	-	-	-	-	-	-
- more than 730 days	**1,063,153,573**	**(855,315,284)**	**100,355,533**	**(53,138,926)**	**165,231,135**	**(38,900,500)**
Total	**1,063,153,573**	**(855,315,284)**	**100,355,533**	**(53,138,926)**	**165,231,135**	**(38,900,500)**

	June 30, 2020					
	Net investment in finance leases (Net of security deposits)		**Long term loans**		**Short term loans**	
	Principal	**Provision**	**Gross**	**Provision**	**Gross**	**Provision**
	---------------------------------- **(Rupees)**					
Past due and impaired:						
- 180 to 365 days	-	-	-	-	-	-
- 366 to 730 days	-	-	-	-	-	-
- more than 730 days	1,086,469,542	(878,163,485)	100,759,943	(53,138,926)	165,231,135	(46,100,460)
Total	1,086,469,542	(878,163,485)	100,759,943	(53,138,926)	165,231,135	(46,100,460)

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

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

	Rating as of June 30, 2020 Short term		**Rating Agency**	**2020**	2019
				----------- **(Rupees)**	-----------
Faysal Bank Limited	A-1+	AA	JCR VIS	**29,353**	26,574
Silk Bank Limited	A-2	A-	JCR VIS	**-**	5,527
Samba Bank Limited	A-1	AA	JCR VIS	**10,341**	10,341
MCB Bank Limited	A1+	AAA	PACRA	**4,847,546**	5,847,788
National Bank of Pakistan	A-1+	AAA	JCR VIS	**5,500**	5,500
				4,892,740	5,895,730

38.1.5 Concentration of credit risk

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

38.2 Liquidity risk

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

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

	June 30, 2020						
	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months	3 months 1 year	1 - 5 years	More than 5 years
	(Rupees)						
Financial liabilities							
Borrowings from financial institutions	162,801,588	162,801,588	162,801,588	-	-	-	-
Certificates of investment	93,549,000	93,549,000	93,549,000	-	-	-	-
Accrued mark-up	449,025,140	449,025,140	449,025,140	-	-	-	-
Accrued expenses and other payables	8,501,068	8,501,068	8,501,068	-	-	-	-
Long term finances	378,532,443	378,532,443	378,532,443	-	-	-	-
	1,092,409,239	1,092,409,239	1,092,409,239	-	-	-	-

	June 30, 2019 (restated)						
	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months	3 months 1 year	1 - 5 years	More than 5 years
	(Rupees)						
Financial liabilities							
Borrowings from financial institutions	164,501,588	164,501,588	164,501,588	-	-	-	-
Certificates of investment	94,049,000	94,049,000	94,049,000	-	-	-	-
Accrued mark-up	398,009,594	398,009,594	398,009,594	-	-	-	-
Accrued expenses and other payables	6,243,132	6,243,132	6,243,132				
Long term finances	378,532,443	378,532,443	378,532,443				-
	1,041,335,757	1,041,335,757	1,041,335,757	-	-	-	-

38.2.1 Breach of loan agreements

Due to liquidity crunch, as of June 30, 2020, the Company had been in default in making repayments in respect of certain short term and long term financing arrangements. As of the reporting date, the total outstanding principal and accrued markup in default amounted to Rs. 634.883 million (2019: Rs. 637.083 million) and Rs. 449.025 million (2019: Rs. 398.009 million), respectively.

38.3 Market risk

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

Interest rate risk

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

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

	(Restated) Carrying amount	
	June 30, 2020	June 30, 2019
	----------- (Rupees) -----------	
Fixed rate instruments		
Financial assets	**14,491,626**	14,764,226
Financial liabilities	**(306,110,505)**	(309,373,009)
	(291,618,879)	(294,608,783)
Variable rate instruments		
Financial assets	**1,333,435,979**	1,357,754,937
Financial liabilities	**(235,767,246)**	(235,767,246)
	1,097,668,733	1,121,987,691

Fair value sensitivity for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The Company holds profit earning savings accounts with various banks exposing the Company to cash flow interest rate risk (as detailed in note 5).

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

	Effect on loss before tax 100 bp	
	Increase	**(Decrease)**
	(Rupees)	
As at June 30, 2020		
Cash flow sensitivity - Variable rate instruments	**10,976,687**	(10,976,687)
As at June 30, 2019		
Cash flow sensitivity - Variable rate instruments	11,219,877	(11,219,877)

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As of the reporting date, the Company was not exposed to any foreign exchange risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. As of the reporting date, the Company was not exposed to any material other price risk.

38.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset are paid to transfer a liability in any orderly transaction between market participants at the measurement date. The management is of the view that the fair values of the financial assets and liabilities are not significantly different from their carrying values in the financial statements.

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

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

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

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

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

		2020	
	Level 1	**Level 2**	**Level 3**
		(Rupees)	
Office premises and generators	**-**	**64,069,714**	**-**
Investment in ordinary shares	**74,514**	**-**	**14,664,938**
	74,514	**64,069,714**	**14,664,938**

		2019	
	Level 1	Level 2	Level 3
		(Rupees)	
Office premises and generators	-	63,385,600	-
Investment in ordinary shares	86,352	-	14,664,938
	86,352	63,385,600	14,664,938

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

38.5 Financial instrument by categories

	2020	(Restated) 2019
Financial assets	**(Rupees)**	
Amortized cost		
Cash and bank balances	**4,978,655**	6,060,252
Short term loans	**126,330,635**	119,130,675
Trade deposits	**1,134,689**	1,093,160
Other receivables	**229,271**	295,272
Long term loans	**47,216,607**	47,621,017
Net investment in finance leases	**503,357,363**	507,219,731
Fair value through Other Comprehensive Income		
Short term investments	**14,745,163**	14,751,290
Fair value through profit or loss		
Short term investments	**14,491,626**	14,764,226
Financial liabilities		
At amortised cost		
Long term finances	**378,532,443**	378,532,443
Security deposits against finance leases	**295,519,074**	298,913,674
Certificates of investment	**93,549,000**	94,049,000
Borrowings from financial institutions	**162,801,588**	164,501,588
Accrued mark-up	**449,025,140**	398,009,594
Accrued expenses and other payables	**8,501,068**	6,243,132

38.4 CORRECTION OF PRIOR PERIOD ERRORS

Revision in useful lives of the office premises and the bungalow

During the year, the Company reviewed the useful lives of its office premises (classified under property, plant and equipment) and its bungalow located at 25th Street, Khayaban-e-Rahat, Phase-6, DHA, Karachi (classified under investment properties). As outcome of this exercise, the revised remaining useful lives of the office premises and the bungalow, as of December 31, 2019, were determined to be 25 years and 35 years, respectively (which can be collaborated from the valuation reports of the office premises and bungalow issued by M/S Fairwater Property, valuers and Surveyors (Pvt) Limited in December 2019) as against the previously determined remaining useful lives of 1.25 years and 10 years, respectively. However, it was noted that the aforesaid increase in remaining useful lives was not on account of any recent new developments (such as major overhauls or structural changes to the office premises and the bungalow); instead, the increase was solely attributable to the initial incorrect estimate of such useful lives i.e. the initial estimates of the useful lives of the office premises and the bungalow were erroneously determined to be 20 years instead of 45 years.

Preference dividend payable

The financial statements of the Company reflects preference dividend payable to SAPICO and Bank of Khyber amounting to Rs. 5,774,153. The dividend was declared in the year 2014 and still not paid nor claimed. The management examined the matter and found that, in 2014, the Company had Rs. 1.5 billion of carry forward losses and, under such condition, no preference dividend is payable. The Company sought advice of ICAP's Technical Committee which informed the Company that while a written advice will follow after the same is approved by the Committee, the preference dividend declaration in the presence of carry forward losses appears contrary to the law. The Company has, therefore, corrected this error with retrospective effect.

Adjustment of receivable of Rs. 1.7 million from Meezan Bank against its liability

The management while scrutinizing the accounts found that Rs. 1.7 million paid to M/s. Meezan Bank Limited which was paid against liabilities in seventeen equal installments of Rs. 100,000 each was erroneously recorded as receivable and subsequently provision was also created against such receivable. Therefore, the asset was adjusted against the liability and provision of was reversed to exhibit the true picture. The impact of reversal of provision of Rs. 1.7 million has been taken retrospectively to comply with the requirement of IAS 8.

Reversal of long outstanding provision

The management while scrutinizing the account balances, found an adhoc provision of Rs. 2,359,304 and provision of Rs. 776,365, without substance, outstanding for more than six years. Since, no supporting document or reasoning, backing such provision was found, therefore, the management reversed the provision taking the effect retrospectively. Consequently, the opening balance of loss has been reduced by Rs. 3,135,669.

Revision of Provision for non-performing assets

During the year, the management carried out a fresh exercise to reassess the adequacy of amount of provisioning made against non-performing assets as per the requirement of applicable prudential regulations. The exercise revealed cases where the FSV benefit was restricted to lowest ever valuation whenever done disregarding valuation done in intervening period that resulted in over provisioning in previous years, excess provisioning observed based on valuation though fresh valuation as required to be obtained in three years was not available at that date, subjective valuation resulted in change in provisioning depending on quality of the mortgaged assets at earlier reporting dates. The result of the exercise had impact on previous financials and hence these were restated in accordance with the requirement of IAS 8.

The retrospective correction of the above errors has its effects on the corresponding figures presented in these financial statements as follows:

Effects on the statement of financial position	Property, plant and equipment	Investment Properties	Accumulated loss	Surplus on revaluation of property, plant and equipment - net of tax	Deferred tax liability - net	Receivable on termination of finance leases	Provision against doubtful receivables	Borrowings From Financial Institutions	Accrued expenses and other payables	Statutory reserves	Preference dividend payable	Provision for non-performing leases	Provision for non-performing short term loans	Provision for non-performing long term loans
	Rupees													
Balance as at June 30, 2018 (as previously reported)	21,541,364	32,670,020	(1,839,191,502)	11,619,054	-	68,127,758	82,545,003	174,930,728	11,719,731	177,928,194	5,774,153	970,078,595	85,424,664	66,844,336
Effects of restatement as on June 30, 2018														
Increase in property, plant and equipment	42,114,277	-	13,119,224	-	-	-	-	-	-	-	-	-	-	-
Increase in surplus on revaluation of property, plant and equipment	-	-	-	28,995,053	-	-	-	-	-	-	-	-	-	-
Increase in deferred tax liability on surplus on revaluation of property, plant and equipment	-	-	-	(8,408,564)	8,408,564	-	-	-	-	-	-	-	-	-
Increase in deferred tax liability on accelerated accounting depreciation / impairment	-	-	(2,282,031)	-	2,282,031	-	-	-	-	-	-	-	-	-
Increase in recognized deferred tax asset	-	-	10,690,595	-	(10,690,595)	-	-	-	-	-	-	-	-	-
Increase in investment properties	-	12,465,371	12,465,371	-	-	-	-	-	-	-	-	-	-	-
Decrease in provision for Receivable on termination of finance leases	-	-	1,700,000	-	-	-	(1,700,000)	-	-	-	-	-	-	-
Decrease in provision for Receivable from the provident fund	-	-	(2,880,000)	-	-	-	2,880,000	-	-	-	-	-	-	-
Decrease in borrowing from financial institutions	-	-	-	-	-	(1,700,000)		(1,700,000)	-	-	-	-	-	-
Decrease in Accrued Expenses and Other Payables	-	-	3,135,669	-	-	-	-	-	(3,135,669)	-	-	-	-	-
Decrease in provision for non-performing assets	-	-	83,344,846	-	-	-	-	-	-	-	-	(37,363,006)	(36,702,740)	(9,279,100)
Decrease in preference dividend payable	-	-	5,774,153	-	-	-	-	-	-	-	(5,774,153)	-	-	-
	42,114,277	12,465,371	125,067,827	20,586,489	-	(1,700,000)	1,180,000	(1,700,000)	(3,135,669)	-	(5,774,153)	(37,363,006)	(36,702,740)	(9,279,100)
Balance as at June 30, 2018 (as restated)	**63,655,641**	**45,135,391**	**(1,714,123,675)**	**32,205,543**	**-**	**66,427,758**	**83,725,003**	**173,230,728**	**8,584,062**	**177,928,194**	**-**	**932,715,589**	**48,721,924**	**57,565,236**
Balance as at June 30, 2019 (as previously reported)	66,504,098	29,587,556	(1,811,991,302)	42,783,336	-	68,127,758	82,545,003	164,501,588	9,378,798	183,361,290	5,774,153	900,886,204	78,308,200	66,844,336
Effects of restatement as on June 30, 2019														
Decrease in surplus on revaluation of property, plant and equipment	-	-	13,912,859	(13,912,859)	-	-	-	-	-	-	-	-	-	-
Decrease in deferred tax liability on surplus on revaluation of property, plant and equipment	-	-	-	4,034,730	(4,034,730)	-	-	-	-	-	-	-	-	-
Increase in deferred tax liability on accelerated accounting depreciation / impairment	-	-	(2,547,392)	-	2,547,392	-	-	-	-	-	-	-	-	-
Decrease in recognized deferred tax asset	-	-	(1,487,338)	-	1,487,338	-	-	-	-	-	-	-	-	-
Increase in investment properties	-	14,130,214	14,130,214	-	-	-	-	-	-	-	-	-	-	-
Increase in statutory reserves	-	-	(480,281)	-	-	-	-	-	-	480,281	-	-	-	-
Decrease in other receivables	-	-	-	-	-	-	-			-	-	-	-	-
Decrease in provision for receivable on termination of finance leases	-	-	1,700,000	-	-	-	(1,700,000)	-	-	-	-	-	-	-
Decrease in provision for receivable from the provident fund			(2,880,000)	-	-	-	2,880,000			-	-	-	-	-
Decrease in borrowing from financial institutions	-		-	-	-	(1,700,000)		(1,700,000)	-	-	-	-	-	-
Decrease in Accrued Expenses and Other Payables	-	-	3,135,669	-	-	-	-	-	(3,135,669)	-	-	-	-	-
Decrease in provision for non-performing assets	-	-	68,635,869	-	-	-	-	-	-	-	-	(22,722,719)	(32,207,740)	(13,705,410)
Decrease in preference dividend payable	-	-	5,774,153	-	-	-	-	-	-	-	(5,774,153)	-	-	-
	-	14,130,214	99,893,753	(9,878,129)	-	(1,700,000)	1,180,000	(1,700,000)	(3,135,669)	480,281	(5,774,153)	(22,722,719)	(32,207,740)	(13,705,410)
Balance as at June 30, 2019 (as restated)	**66,504,098**	**43,717,770**	**(1,712,097,549)**	**32,905,207**	**-**	**66,427,758**	**83,725,003**	**162,801,588**	**6,243,129**	**183,841,571**	**-**	**878,163,485**	**46,100,460**	**53,138,926**

Effects on the statement of comprehensive income for the year ended June 30, 2019

	(Rupees)
Effects on profit or loss	
Decrease in administrative and operating expenses - Depreciation charge	8,494,186
Decrease in reversal of provision for non-performing exposures	(14,708,977)
Increase in profit before taxation	**(6,214,791)**
Decrease in deferred tax income	(14,193,650)
Decrease in profit after taxation	**(20,408,441)**
Decrease in earnings per share - basic	**(0.45)**
Decrease in earnings per share - diluted	**(0.21)**

	2020	2019
	----------- (Numbers) -----------	
40. GENERAL		
40.1 Number of employees		
As at end of the year	**17**	22
Average for the year	**19**	28

40.2 Impact of COVID-19 on the financial statements

The pandemic of COVID-19 that rapidly spread all across the world, not only endangered human lives but also adversely impacted the global economy. On 23 March 2020, the Government of Sindh announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Company temporarily slowed down its operations. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations normally and took all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance.

Due to the general slowdown in business and court's proceeding the recoveries slowed down and consequently the process settlements with creditors slowed down. The settlements gains with were expected before June 30, 2020 were witnessed in the early next year and the company recorded settlement gains of Rs. 36.03 million by settling Liabilities (Principal and Markup) of CDC - TRUSTEE HBL INCOME FUND Rs. 9.6 million and CDC - TRUSTEE HBL MULTI - ASSET FUND Rs. 28.58 million against payment of Rs. 2 million. Had the settlement gain been before June 30 2020 as expected the accumulated losses of the company would have come down to Rs. 1,723,656,109 and the negative equity would have been decreased to Rs. 531,727,483.

40.3 Date of authorization of the financial statements

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

05 November 2020

40.4 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.

Chief Executive Officer **Director** **Chief Financial Officer**

PATTERN OF SHAREHOLDING

# Of Shareholders	Shareholdings'Slab			Total Shares Held
470	1	to	100	11,980
361	101	to	500	111,673
187	501	to	1000	153,949
495	1001	to	5000	1,321,526
130	5001	to	10000	1,029,288
46	10001	to	15000	611,792
29	15001	to	20000	519,521
17	20001	to	25000	384,851
11	25001	to	30000	303,066
10	30001	to	35000	333,406
7	35001	to	40000	273,325
7	40001	to	45000	302,191
7	45001	to	50000	334,272
11	50001	to	55000	575,174
3	55001	to	60000	171,341
4	60001	to	65000	255,008
1	65001	to	70000	69,000
3	70001	to	75000	221,016
2	75001	to	80000	156,695
3	80001	to	85000	251,356
4	90001	to	95000	367,072
6	95001	to	100000	600,000
3	100001	to	105000	314,000
1	105001	to	110000	110,000
1	120001	to	125000	124,000
1	125001	to	130000	129,500
1	135001	to	140000	137,500
3	145001	to	150000	449,000
1	155001	to	160000	157,796
2	165001	to	170000	334,100
1	170001	to	175000	175,000
1	180001	to	185000	184,553
1	210001	to	215000	210,745
2	215001	to	220000	431,261
3	225001	to	230000	681,604
2	245001	to	250000	496,764
1	260001	to	265000	263,431
1	265001	to	270000	270,000
1	270001	to	275000	272,500
1	280001	to	285000	283,940
1	310001	to	315000	314,000
1	315001	to	320000	318,255
1	345001	to	350000	347,752
1	450001	to	455000	451,080
1	460001	to	465000	460,500
1	465001	to	470000	470,000

PATTERN OF SHAREHOLDING

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	495001	to	500000	500,000
1	510001	to	515000	511,432
1	585001	to	590000	585,500
1	920001	to	925000	923,211
1	1215001	to	1220000	1,218,536
1	1520001	to	1525000	1,522,920
1	1805001	to	1810000	1,806,420
1	1995001	to	2000000	1,997,822
1	4510001	to	4515000	4,514,473
1	15835001	to	15840000	15,835,403
1857				45,160,500

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
NIAZ AHMED KHAN	1	500	0.00
AHSANULLAH	1	500	0.00
SHEIKH AFTAB AHMAD	1	500	0.00
SYED NAJMUL HASNAIN KAZMI	1	500	0.00
MUHAMMAD WAQAR	1	500	0.00
Associated Companies, undertakings and related parties			
SAUDI PAK IND. & AGR. INV. CO.(PVT) LTD	1	15,835,403	35.06
PREMIER MERCANTILE SERVICES (PVT.) LTD.	2	4,516,048	10.00
MARINE SERVICES (PVT.) LIMITED	2	914,352	2.02
HAROON IHSAN PIRACHA & FAMILY	2	4,547,876	10.07
Public Sector Companies and Corporations	5	1,336,275	2.96
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	4	1,069,020	2.37
Mutual Funds	1	372,752.00	0.83
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST			
	1783	15,554,663	34.44
General Public			
	26	1,011,611	2.24
OTHERS			
Totals	**1831**	**45,160,500**	**100.00**
SAUDI PAK IND. & AGR. INV. CO.(PVT) LTD		15,835,403	35.06
PREMIER MERCANTILE SERVICES (PRIVATE) LIMITED		4,516,048	10.00
HAROON IHSAN PIRACHA & FAMILY		4547876	10.07

PROXY FROM

I/We ______________________________ of ______________________________

______________________________ (full address) being member(s)

of Saudi Pak Leasing Company Limited hereby appoint Mr./Ms. ______________________________

______________________________ of ______________________________

(full address) or falling him/her Mr. / Ms. ______________________________

of ______________________________ (full address) (being member of the Company as my / our Proxy to attend, act and vote for me/us and on my/our behalf at the **30th Annual General Meeting** of the Company to be held on **November 27, 2020** and at any adjournment thereof.

As witness my/our hand this ______________ day of ______________ 2020

Signed by ______________________________

In presence of ______________________________

Signature and address of witness

Please affix Rs.5/- revenue stamp

Signature of Member(s)

Shareholder's Folio No. ______________________________

Number of Shares held ______________________________

A member entitled to attend and vote at a general Meeting is entitled to appoint a proxy to attend and vote for him/her. A proxy must be a member of the Company.

The instrument appointing a proxy shall be in written under the hand of the appointer of his/her attorney duly authorized in writing, if the appointer is a corporation, under its common seal of the hand of any officer or attorney duly authorized.

The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarized certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the Meeting.