



Security Leasing
Corporation Limited

**ANNUAL
REPORT
2018**



**Security Leasing
Corporation Limited**

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Mission

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

SLCL intends to achieve its mission by:

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

Vision

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



Business Strategy

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

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

1. Enhancing value for its shareholders and lenders

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

2. Providing efficient and professional services to its customers

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

3. Developing an efficient and professionally trained human resource

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

4. Following Shariah injunctions for financing activities

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



Company Information

BOARD OF DIRECTORS

Mr. M R Khan	Chairman
Ms. Farah Azeem	Chief Executive Officer
Mr. Muhammad Riaz Khokhar	Director
Mr. Javed Haleem	Director
Mr. Azim Azfar	Director
Mr. Sharif Khawaja	Director
Mr. Ghulam Raza Dahraj	Director
Mr. Abdul Ghafoor	Director

AUDIT COMMITTEE

Mr. Muhammad Riaz Khokhar	Chairman
Mr. Azim Azfar	Member
Mr. Sharif Khawaja	Member
Mr. Ghulam Raza Dahraj	Member

EXECUTIVE COMMITTEE

Mr. M R Khan	Chairman
Ms. Farah Azeem	Chief Executive Officer
Mr. Muhammad Riaz Khokhar	Member
Mr. Abdul Ghafoor	Member
Mr. Azim Azfar	Member
Mr. Javed Haleem	Member
Mr. Ghulam Raza Dahraj	Member

HR & COMPENSATION COMMITTEE

Mr. Abdul Ghafoor	Chairman
Mr. Javed Haleem	Member
Mr. Ghulam Raza Dahraj	Member
Ms. Farah Azeem	Chief Executive Officer

COMPANY SECRETARY

Muhammad Farooq

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

UHY Hassan Naeem & Co.
Chartered Accountants

LEGAL ADVISORS

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

TAX CONSULTANTS

UHY Hassan Naeem & Co.
Chartered Accountants



Company Information

REGISTERED & HEAD OFFICE

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

BRANCH

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

SHARE REGISTRAR

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



NOTICE OF THE 25th ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of **Security Leasing Corporation Limited** will be held on Wednesday, 24th October, 2018 at 9:00a.m. at the registered office of the Company situated at Block B, 5th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi 74200, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting of the Company held on November 30, 2017.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2018 and the reports of the Directors and the auditors thereon.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2019.
4. To transact any other business with the permission of the Chair.

By order of the Board

Muhammad Farooq
Company Secretary

Karachi: October 02, 2018

Notes:

1. The Share Transfer Books of the Company shall remain closed from October 17, 2018 to October 24, 2018 (both days inclusive). Transfers received in order at the office of our Shares Registrar M/s F.D. Registrar Services (SMC-Pvt.) Ltd., Office # 1705, 17th Floor, Saima Trade Tower, I. I. Chundrigar Road, Karachi - 74000, by the close of the business on October 16, 2018 will be treated in time for the purpose of attending the meeting.
2. A Member entitled to be present and vote at the meeting may appoint another Member as proxy to attend, speak and vote instead of him.
3. The instrument appointing a proxy, duly stamped and signed, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or authority must be deposited Registered Office of the Company, B-501, 5th Floor, Lakson Square # 3, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting. A form of proxy is enclosed.
4. Shareholders are requested to notify any change of address immediately to the Share Registrars M/s F.D. Registrar Services (SMC-Pvt.) Ltd., Office # 1705, 17th Floor, Saima Trade Tower, I. I. Chundrigar Road, Karachi - 74000.
5. The CDC account holders will have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:



NOTICE OF THE 25th ANNUAL GENERAL MEETING

A. For attending the meeting:

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

B. For appointing proxies:

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



REPORT OF THE DIRECTORS

Your directors are pleased to present the Annual Report of the company including Financial Statement and the Audit Report for the year ended June 30, 2018.

OVERVIEW OF COUNTRY'S ECONOMY

Although the country's GDP registered a growth of 5.8% during the year under review, the general state of the economy was characterized by precipitate fall in the exchange rate, sharp decline in foreign exchange reserves, huge fiscal and current account deficits, tremendous increase in country's debt burden particularly its foreign component and colossal losses continuously being piled up by public sector enterprises year after year which are funded by the government through taxes and increased borrowings. There has been apparent lack of preparedness on the part of the authorities to tackle these problems seriously whose hemorrhaging effect on the economy has indeed been huge. The perception now is that with the advent of the new government there will be full determination to meet various challenges headon and adopt effective measures without further loss of time to put the country's economy on an even keel.

COMPANY'S OVERVIEW

The following is a summary of the company's attainments during the year under review in the matter of reaching settlement with the creditors, reduction of its indebtedness and improvement of its equity and profitability etc:

	30 June 2017 Rupees	30 June 2018 Rupees
● Equity	92,692,093	122,440,299
● Profitability	(37,126,591)	25,999,828
● Company's indebtedness to Institutional creditors	509,422,158	383,178,998
● Adjustments entries in respect of the unwinding of liabilities under IAS-39	78,392,345	40,604,763

The Board of Directors after reviewing the situation afresh has concluded that over the next 1½ years it will be possible for the company to reach settlement with the remaining creditors also on the basis of discounted cash payments to them in line with its cash inflow. The SECP has been kept fully in the picture in this regard.

The financial results of the Company are summarized below:

	2017 Rupees	2018 Rupees
Profit\Loss after tax	<u>(37,126,591)</u>	<u>25,999,828</u>
Earnings per share - Basic & diluted	(1.02)	0.72
Appropriations:		
Transfer to statutory reserves	<u>-</u>	<u>-</u>



SHARE CAPITAL & LICENSING

As indicated above against the minimum equity of Rs. 50 million prescribed by the Securities & Exchange Commission of Pakistan (SECP) the company's equity as of 30th June 2018 stood at Rs. 122.44 million.

CORPORATE SOCIAL RESPONSIBILITY

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

BUSINESS ETHICS

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

DIRECTORS' DECLARATION

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

- The financial statements of the company prepared by the management presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- Key operating and financial data for the last six years in summarized form is given as annexure to this report.
- During the year 8 meetings of the Board of Directors and 4 meetings of the Audit Committee were held. The detail of attendance of each member of the Board is given below:



Board of Directors' Meetings

Name of Directors	Meetings attended	Name of Directors	Meetings attended
Mr. M. R. Khan	8	Mr. AzimAzfar	7
Mr. Javed Haleem	3	Mr. Abdul Ghafoor	1
Ms. Farah Azeem	8	Mr.Imam Bakhsh Baloch	3
Mr. Muhammad Riaz Khokhar	6	Mr.Ashfaq Ahmed Jumani	4
Mr. M Abdullah	4	Mr. Muhammad Sharif Khawaja	3
Mr. Ghulam Raza Dharaj	3		

Audit Committee Meetings

Name of Directors	Meetings attended	Name of Directors	Meetings attended
Mr. Muhammad Riaz Khokhar	2	Mr. Imam Bakhsh Baloch	2
Mr. Azim Azfar	2	Ms. Farah Azeem	4
Mr. M Abdullah	2	Mr. Ashfaq Ahmed Jumani	2
Mr. Muhammad Sharif Khawaja	1		

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2018 is attached as annexure to this report.

ACKNOWLEDGEMENT

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

Farah Azeem
Chief Executive Officer

October 02, 2018



Code of Conduct

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

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

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

The Salient features of the Code are explained below:

1. **Conflict of Interest**

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

2. **Protection of the Proprietary information**

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

3. **Honesty, integrity and ethical standards**

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

4. **Political contribution**

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

5. **Bribes**

No amount may be paid or received in cash or in kind on account of bribes or for any such matter which helps in influencing any decision relating to the Company interests



Code of Conduct

6. Compliance with laws and regulations

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

7. Charity and voluntary work

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

8. Communication and disclosure

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

9. Family connections and employment of relatives

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

10. General Discipline

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



Six Years Financial Summary

	2018 Rs'000	2017 Rs'000	2016 Rs'000	2015 Rs'000	2014 Rs'000	2013 Rs'000
BALANCE SHEET						
Ordinary share capital outstanding	363,000	363,000	363,000	363,000	363,000	363,000
Preference share capital outstanding	75,028	75,028	75,028	75,028	75,028	75,028
Shareholders' Fund	438,028	438,028	438,028	438,028	438,028	438,028
Reserves	(315,587)	(345,335)	(313,434)	(334,984)	(313,123)	(184,638)
Unrealised loss on Investment		-	-	-	-	-
Networth	122,440	92,693	124,594	103,044	124,905	253,390
Surplus on revaluation of Fixed Assets	22,345	26,093	29,699	33,465	37,436	41,129
Certificates of Investment	-	-	-	-	-	-
Borrowings from Financial & Other Institutions	342,574	431,029	415,207	466,393	494,973	488,384
Lease/Musharika disbursements	-	0	10,000	10,000	58,261	110,383
Net Investment in Leases	219,073	267,675	330,289	380,414	383,150	654,527
Long Term Finances		-	-	-	450	470
Fixed Assets	66,952	73,636	82,189	93,423	114,967	125,857
Total Current Assets	268,559	261,793	310,295	357,185	514,778	561,933
Total Assets	685,879	752,860	815,101	863,642	918,949	1,168,004
Total Current Liabilities	452,630	488,678	443,178	425,126	708,464	350,283
Total Liabilities	541,094	634,074	660,809	727,132	756,609	873,485
Total Assets to Networth (times)	5.60	8.12	6.54	8.38	7.36	4.61
PROFIT & LOSS						
Total Income	12,989	12,318	11,286	17,550	36,060	50,066
Net Of Gain on De-recognition and unwinding of Financial Liabilities	76,185	(35,678)	19,724	-	(69,786)	(72,979)
Financial & Other Charges	557	527	1,144	4,584	3,378	352
Admin & Operating Expenses	24,336	31,925	38,991	79,895	78,600	77,194
Provisions & Other Charges	(28,012)	4,049	1,107	(19,863)	17,895	20,395
Total Expenses	50,881	36,501	41,242	64,616	99,873	97,358
(Loss)/Profit Before Tax	92,293	(59,860)	(10,232)	(47,066)	(133,599)	(120,854)
(Loss)/Profit After Tax	25,999	(37,126)	15,378	(28,521)	(134,927)	(128,888)
Break-up Value (PKR)	3.31	2.71	3.52	3.12	3.71	6.72
Price per share	11.60	4.85	1.6	2.9	3.98	3.11
KEY RATIOS						
Earning per share - PKR - less preferred dividend	0.72	(1.02)	0.42	(0.79)	(3.72)	(3.63)
Revenue per share - PKR -	0.30	0.28	0.26	0.40	0.82	1.14
Profit before Unwinding of Financial Liabilities, provisions and tax ratio	-91.65%	-163.46%	-255.63%	-381.36%	-127.34%	-54.89%
Profit before Tax ratio	710.55%	-485.96%	-90.67%	-268.18%	-370.49%	-241.39%
Price Earning ratio (times)	16.11	(4.75)	3.78	(3.67)	(1.07)	(0.86)
Return on Capital employed market value per share	5.12%	-17.48%	21.94%	-22.45%	-77.40%	-94.61%
Income/ Expense ratio (times)	0.26	0.34	0.27	0.27	0.36	0.51
Current ratio (times)	0.59	0.54	0.70	0.84	0.73	1.60
Long term Debt equity ratio (times)	0.72	1.57	1.75	2.93	0.39	2.06
Return on average equity	24.17%	-34.17%	13.51%	-25.02%	-71.33%	#REF!
Return on average assets	3.61%	-4.74%	1.83%	-3.20%	-12.93%	#REF!
Total assets turnover ratio (times)	52.80	61.12	72.22	49.21	25.48	23.33



Statement of Value Added

	2018	2017
Revenues from leasing operations	3,795,932	1,866,207
Other income	9,193,852	10,452,458
Gain on de-recognition of financial liabilities	103,267,120	1,000,002
Unwinding of financial liability	(27,081,635)	(36,677,676)
	89,175,269	(23,359,009)
Direct cost of leases and others	(11,039,334)	(14,185,376)
Impairment on Investment	-	-
Value added	78,135,935	(37,544,385)
Distributed as follows		
To Employees		
As remuneration	6,613,061	9,121,257
To Government		
As income tax	527,836	355,000
To Provider of Finance		
Financial charges	557,203	527,455
To Depositors		
As profit on investments	-	-
To Shareholders		
Dividends	-	-
Retained in business		
As reserves and retained profits	-	-



Statement of Compliance With Code of Corporate Governance

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eight (8) as per the following:
 - a. Male: 7
 - b. Female: 1
2. The composition of board is as follows:
 - a) Independent Directors 5
 - b) Other Non-executive Director 2
 - c) Executive Directors 1
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has not arranged Directors' Training program.
10. The board has approved appointment of CFO, Company Secretary. The company has designated one its employee as a Secretary to Audit Committee, to act as Coordinator between the firm providing internal audit services and the Audit Committee of the board of Directors.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) Audit Committee :

Mr. Muhammad Riaz Khokhar	Chairman
Mr. Azim Azfar	Member
Mr. Sharif Khawaja	Member
Mr. Ghulam Raza Dahraj	Member



b) HR and Remuneration Committee :

Mr. Abdul Ghafoor	Chairman
Mr. Javed Haleem	Member
Mr. Ghulam Raza Dahraj	Member
Ms. Farah Azeem	Member

c) Executive Committee :

Mr. M.R.Khan	Chairman
Ms. Farah Azeem	Member
Mr. Muhammad Riaz Khokhar	Member
Mr. Abdul Ghafoor	Member
Mr. Azim Azfar	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee: Once in a quarter
 - b) HR and Remuneration Committee: Once in a Financial Year
15. The board has set up an effective internal audit function/ or has outsourced the internal audit function to UHY Hussain Naeem and Company (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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these 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 other requirements of the Regulations have been complied with.

M.R. Khan
Chairman



PATTERN OF SHAREHOLDING OF ORDINARY SHARE CAPITAL AS ON JUNE 30, 2018

Share Holding		Number of Share Holders	Total Shares Held
From	To		
86	1	100	1057
80	101	500	30217
33	501	1000	28942
101	1001	5000	261989
22	5001	10000	173940
5	10001	15000	60001
8	15001	20000	152000
6	20001	25000	143900
1	30001	35000	31500
1	35001	40000	37000
3	40001	45000	124009
4	45001	50000	196500
1	50001	55000	54500
1	55001	60000	58000
1	70001	75000	74026
2	95001	100000	200000
1	100001	105000	105000
1	105001	110000	105500
1	110001	115000	113500
1	135001	140000	136500
1	145001	150000	147500
1	155001	160000	155500
2	195001	200000	400000
1	205001	210000	210000
1	225001	230000	228000
1	235001	240000	237500
1	370001	375000	372500
1	455001	460000	455565
1	775001	780000	780000
1	820001	825000	824500
1	1180001	1185000	1182500
1	1260001	1265000	1263240
1	3170001	3175000	3174435
1	10280001	10285000	10285000
1	14495001	14500000	14495679
			36,300,000

Note 1 : Directors, CEO their Spouse and Minor Children

	No of Shares	%
M.R. Khan - Chairman	500	0.00
Mr. Azim Azfar	500	0.00
Mr. Abdul Ghafoor	500	0.00
Mr. Muhammad Riaz Khokhar	500	0.00
Mr. Ghulam Raza	500	0.00
Mr. Muhammad Sharif Khawaja Mehta	500	0.00
Mr. Javed Haleem	500	0.00
	3,500	0.01

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

S.M. Nadim Shafiqullah	14,495,679	39.93
Merrill, Lynch, Pierce, Fenner, Smith, Inc. Usa	10,285,000	28.33
First Pakistan Securities Limited	3,174,435	8.75
Muhammad Shoaib	2,987,000	8.23

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

**PATTERN OF SHAREHOLDING OF PREFERENCE SHARE CAPITAL
AS ON JUNE 30, 2018**

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

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

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



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Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Security Leasing Corporation Limited

Review Report on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Security Leasing Corporation Limited for the year ended June 30, 2018 to comply with the requirements of section 156 of the Act.

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

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

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

The management has informed us that the company has designated one of it's employee as a secretary to Audit Committee to also act as coordinator between the firm providing internal audit services and the Audit Committee of the Board of Directors; whereas Regulation 32 (2)(b) of Listed Companies (Code of Corporate Governance) Regulations 2017 requires that in case internal audit function is outsourced by company, the company shall designate a fulltime employee other than chief financial officer, as head of internal audit holding equivalent qualification prescribed under the code, to act as a coordinator between firm providing internal audit services and the board.

Based on our review except for above non-compliance with Regulation 32 (2)(b), nothing has come



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to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2018.

A handwritten signature in black ink that reads 'Jasb & Associates'.

Chartered Accountants

Engagement Partner: **Basharat Rasool**

Karachi

Dated: October 02, 2018



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SECURITY LEASING CORPORATION LIMITED

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Security Leasing Corporation Limited, which comprise the statement of financial position as at June 30, 2018 and the statement of profit or loss and other 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, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and do not give information required by the Companies Act, 2017, in the manner so required and respectively do not give true and fair view of the state of Company's affairs as at June 30, 2018 and of the profit or loss and other comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- a) As described in Note 12 to the financial statements, the financial statements have been prepared on going concern basis. As at the balance sheet date, accumulated loss of the company was Rs. 492.454 million (2017: Rs. 527.202 million) as against the issued, subscribed and paid up capital of Rs. 438.027 million (2017: Rs. 438.027 million) and current liabilities of the company exceed its current assets by Rs. 184.071 million (2017: Rs. 226.885 million). The Company is facing operational and financial problems. There is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate and the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.
- b) The Company has recorded deferred tax asset of Rs. 334.321 million (2017: Rs. 400.087 million) based on its future plans which projects that future taxable profit would be available against which such deferred tax assets could be utilized. However, in our view, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation as discussed in (a) above, therefore, sufficient future taxable profits will not be available against which deferred tax asset could be utilized. In our view, deferred tax asset should be de-recognized. Had the deferred tax asset been de-recognized, would have been lower by 334.321 million.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.



Information Other than the Financial Statements and Auditor's Report I hereon Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 approved accounting standards as applicable in Pakistan and requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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 as 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.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based in the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other 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 Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns and are further in accordance with the accounting policies consistently applied.
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

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

Chartered Accountants

Engagement Partner: **Basharat Rasool**

Karachi

Dated: October 02, 2018

**BALANCE SHEET**

AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Current assets			
Cash and bank balances	5	3,340,121	4,144,334
Short term finances	7	54,000,000	-
Advances, prepayments and other receivables	8	1,192,987	1,503,379
Taxation-net		6,494,261	5,308,521
Current maturity of non-current assets	9	203,532,424	250,837,329
Total current assets		268,559,793	261,793,563
Non-current assets			
Net investment in finance leases	10	15,541,259	16,838,239
Long-term deposits	11	504,500	504,500
Property and equipment	12	66,952,302	73,636,021
Deferred tax asset	13	334,321,869	400,087,713
Total non-current assets		417,319,930	491,066,473
Total assets		685,879,723	752,860,037
LIABILITIES			
Current liabilities			
Accrued and other liabilities	14	80,169,061	75,870,814
Current maturity of non-current liabilities	15	372,461,849	412,807,626
Total current liabilities		452,630,910	488,678,440
Non-current liabilities			
Long-term finances	16	88,383,407	144,801,066
Long-term deposits	17	80,008	595,110
Total non-current liabilities		88,463,415	145,396,176
Total liabilities		541,094,325	634,074,616
NET ASSETS		144,785,398	118,785,421
REPRESENTED BY SHAREHOLDERS' EQUITY			
Share capital and reserve			
Issued, subscribed and paid-up share capital	18	438,027,750	438,027,750
Reserves	19	(315,587,451)	(345,335,657)
		122,440,299	92,692,093
Surplus on revaluation of fixed assets	20	22,345,099	26,093,328
Total shareholders' equity		144,785,398	118,785,421
CONTINGENCIES AND COMMITMENTS	21		

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

Farah Azeem
Chief Executive Officer**Muhammad Farooq**
Chief Financial Officer**M R Khan**
Chairman



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
REVENUE			
Income from:			
Finance lease Contracts		3,795,932	1,866,207
Other operating income	22	9,193,852	10,452,458
		12,989,784	12,318,665
Gain on de-recognition of financial liabilities		103,267,120	1,000,002
Reversal of provision against short term loan		54,000,000	
Unwinding of financial liability		(27,081,635)	(36,677,676)
		130,185,485	(35,677,674)
		143,175,269	(23,359,009)
EXPENSES			
Administrative and selling	23	(24,336,174)	(31,925,137)
Finance costs	24	(557,203)	(527,455)
Provision & write-offs	25	(25,988,384)	(4,049,059)
		(50,881,761)	(36,501,651)
Operating loss before Income tax		92,293,508	(59,860,660)
Taxation			
- current tax expense	26	(527,836)	(355,000)
- deferred tax credit		(65,765,845)	23,089,069
		(66,293,681)	22,734,069
Profit / (Loss) for the year		25,999,828	(37,126,591)
Earning / (loss) per share	27	0.72	(1.02)

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


Farah Azeem
 Chief Executive Officer


Muhammad Farooq
 Chief Financial Officer


M R Khan
 Chairman



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Profit / (Loss) for the year		25,999,828	(37,126,591)
Total Comprehensive income for the year		<u>25,999,828</u>	<u>(37,126,591)</u>

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

Farah Azeem
Chief Executive Officer

Muhammad Farooq
Chief Financial Officer

M R Khan
Chairman



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		92,293,508	(59,860,660)
Depreciation	12.1	6,683,631	8,618,504
Gain on disposal of property and equipment	22.2	(134,912)	(99,950)
Gain on de-recognition of financial liabilities		(103,267,120)	(1,000,002)
Finance costs	24	557,203	527,455
Unwinding of financial liability		27,435,947	37,090,396
Provision for potential lease and other losses	25	(38,726,939)	1,204,172
		(107,452,190)	46,340,575
Operating (loss) before working capital changes		(15,158,682)	(13,520,085)
Working capital changes			
Decrease in net investment in finance leases	10	33,328,824	61,408,931
Decrease in advances, prepayments and other receivables		310,392	159,844
Decrease in accrued return on investments		-	-
(Decrease) in deposits from leases		(8,822,961)	(43,834,285)
(Decrease) / Increase in accrued and other liabilities		4,298,247	1,277,814
		29,114,502	19,012,304
Cash from operations after working capital changes		13,955,820	5,492,219
Financial charges paid	24	(557,203)	(527,455)
Taxes paid		(1,713,430)	(1,203,703)
		(2,270,633)	(1,731,158)
Net cash generated from/ (used in) operating activities		11,685,187	3,761,061
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	12.1	-	(65,520)
Short term finances		-	11,000,000
Proceeds from disposal of property and equipment(net)		135,000	100,000
Net cash generated from investing activities		135,000	11,034,480
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings		-	-
Repayment of long term finances		(12,624,400)	(21,268,135)
Net cash (used in) financing activities		(12,624,400)	(21,268,135)
Net (decrease) in cash and cash equivalents		(804,213)	(6,472,594)
Cash and cash equivalents at beginning of the year		4,144,334	10,616,928
Cash and cash equivalents at end of the year	28	3,340,121	4,144,334

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

Farah Azeem
Chief Executive Officer

Muhammad Farooq
Chief Financial Officer

M R Khan
Chairman

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Reserves Capital Statutory reserve	Revenue Unappropriated profit / (loss)	Unrealised (loss) / gain on remeasurement of available for sale investments	Total
	Rupees				
Balance as at July 01, 2016	438,027,750	181,867,005	(516,850,836)	-	103,043,919
Change in equity for the year ended June 30, 2016					
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	6,172,186	-	6,172,186
Profit for the year	-	-	15,377,656	-	15,377,656
Balance as at June 30, 2016	438,027,750	181,867,005	(495,300,994)	-	124,593,761
Change in equity for the year ended June 30, 2017					
Transferred from surplus on revaluation of fixed assets incremental depreciation (net of tax)	-	-	5,225,112	-	5,225,112
Profit for the year	-	-	(37,126,591)	-	(37,126,591)
Balance as at June 30, 2017	438,027,750	181,867,005	(527,202,473)	-	92,692,282
Change in equity for the year ended June 30, 2018					
Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax)	-	-	3,748,189	-	3,748,189
Profit for the year	-	-	25,999,828	-	25,999,975
Balance as at June 30, 2018	438,027,750	181,867,005	(497,454,456)	-	122,440,299

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

Farah Azeem
Chief Executive Officer**Muhammad Farooq**
Chief Financial Officer**M R Khan**
Chairman



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

- 1.2** The Company is licensed to operate as leasing Company by Securities and Exchange Commission of Pakistan (SECP) . The renewal request is submitted with the Commission which is pending.

Net shareholder's equity of the Company as at June 30, 2018 is Rs.144.79 million (2017: Rs. 118.78 million as compared to the minimum equity level of Rs. 50 million.

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

Mitigating Factors

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

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

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

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



2 BASIS OF MEASUREMENT

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

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

3 STATEMENT OF COMPLIANCE

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

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

The following amendments to published standards are mandatory for the financial year beginning January 1, 2017

Accounting standards and interpretations:		Effective date (Annual period beginning on or after)
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendment regarding the recognition of deferred tax assets for unrealized losses	January 01, 2017
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2017 are considered not to be relevant or have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

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

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



Accounting standards and interpretations:	Effective date (Annual period beginning on or after)
IFRS 2 Share-based Payments - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IAS 40 Investment Property - Amendments to clarify transfers of property to, or from, investment property	January 01, 2018
IFRS 9 Financial Instruments - Amendments for incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 1 & IAS 28 Annual Improvements to IFRSs 2014-2016	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2018
Annual Improvements to IFRSs 2014-2016	January 01, 2019
IFRS 15 Revenue from Contracts with Customers (Superseded IAS 11), To recognize revenue for the transfer of promised goods or services to the customer under the contract	January 01, 2018
IFRS 16 Leases (Superseding IAS 17), To report all lease assets and lease liabilities on the balance sheet, initially measured at the present value of future lease payments as it eliminated classification of leases as Operating or Finance Leases for lessee	January 01, 2019
IAS 28 Investment in Associates and Joint Ventures	January 01, 2018

The standards highlighted above may impact the financial statements of the Company on adoption. The Management is currently in the process of assessing the full impact on the financial statements of the Company.

3.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Accounting standards and interpretations:	IASB effective date (Annual period beginning on or after)
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 16 Leases	January 01, 2019
IFRS 17 Insurance Contracts	January 01, 2021



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, the Regulations and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

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

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

4.2 Revenue recognition

Finance lease and hire purchase income

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

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

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

Operating lease income

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



Return on investments

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

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

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

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

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

4.3 Long term loans and finances

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

4.4 Loans and receivables

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

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

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

4.5 Net investment in finance lease

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

4.6 Provision for potential lease losses and provision for other doubtful loans and receivables

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

Developing the allowance for potential leases and doubtful loans and other receivables is



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

4.7 Investments

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

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

At fair value through profit or loss

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

Held-to-maturity

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

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

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



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

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

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

Derecognition

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

4.8 Repurchase and resale transactions

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

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

4.9 Property and equipment

Owned

Initial recognition

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

Measurement subsequent to initial recognition

Carried at revaluation model

Office premises, leasehold improvements and furniture & fixture are stated at their revalued



amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined by professional valuers with sufficient regularity such that the carrying amount does not differ materially from fair value at the balance sheet date.

Carried at cost model

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

Depreciation

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

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

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

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

Impairment

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

Capital work - in - progress

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

Leased

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



4.10 Intangible Assets

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

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

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

4.11 Compensated absences

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

4.12 Foreign currency translation

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

4.13 Financial instruments

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

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

Financial assets carried on the balance sheet include cash and bank balances, advances and



deposits. Loans and receivables, finance leases and investments have been stated as per the policies mentioned in note 4.05, 4.06 and 4.07 respectively.

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

4.14 Off-setting

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

4.15 Taxation

Current tax

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.16 Related parties transactions

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

4.17 Provisions

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

4.18 Cash and cash equivalents

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



4.19 Repossessed leased assets

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

4.20 Functional and presentation currency

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

4.21 Certificate of investments

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

4.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognized in the financial statements in the period in which the dividend is approved by the Board of Directors of the Company.

4.23 Segmental reporting

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

4.24 Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation had been discontinued from the start of the comparative period.

"

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

4.25 General

Figures have been rounded-off to nearest Pakistani Rupee.



	Note	2018 Rupees	2017 Rupees
5 CASH AND BANK BALANCES			
Cash in hand		9,608	2,407
Balance with State Bank of Pakistan in current account		31,457	36,235
Balances with other banks in:			
-Current accounts		3,282,572	4,089,800
-Saving accounts	5.1	16,484	15,892
		<u>3,340,121</u>	<u>4,144,334</u>
5.1 Return on saving account is 3.75 %- 3.95% (2017: 3.75 % -4.25%) per annum.			
6 SHORT TERM INVESTMENTS - Available for sale			
Other than related party	Units/Shares		
	2018	2017	
Listed securities			
Unlisted securities			
Ordinary shares			
(First Pakistan Securities Limited)	1,399,141	1,399,141	20,000,000
Impairment			(20,000,000)
			-
			-
			-
7 SHORT TERM FINANCES			
Other than related party			
Placement- considered doubtful		54,000,000	54,000,000
Less:Provision		-	(54,000,000)
		54,000,000	-
Musharika finance- secured - considered good		-	-
		<u>54,000,000</u>	<u>-</u>
8 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		745,038	944,307
Other receivables		447,949	559,072
		<u>1,192,987</u>	<u>1,503,379</u>



	Note	2018 Rupees	2017 Rupees
9 CURRENT MATURITY OF NON - CURRENT ASSETS			
Net investments in leases	10	<u>203,532,424</u>	<u>250,837,329</u>
		<u>203,532,424</u>	<u>250,837,329</u>

10 NET INVESTMENT IN FINANCE LEASE

Net investment in finance leases		219,073,683	267,675,568
Less: current portion of net investment in finance leases		(203,532,424)	(250,837,329)
		<u>15,541,259</u>	<u>16,838,239</u>

	Note	2018			2017		
		Not Later than one year	Later than one year	Total	Not Later than one year	Later than one year	Total
Lease rentals receivable		280,385,742	15,462,990	295,848,732	307,962,697	16,297,830	324,260,527
Add: Residual value of leased assets		118,314,650	80,009	118,394,659	126,622,509	595,111	127,217,620
Gross investment in finance leases		<u>398,700,392</u>	<u>15,542,999</u>	<u>414,243,391</u>	<u>434,585,206</u>	<u>16,892,941</u>	<u>451,478,147</u>
Less:							
Unearned lease income		52,962	1,740	54,702	274,935	54,702	329,637
Income suspended	10.1	<u>52,249,428</u>	-	<u>52,249,428</u>	<u>55,880,425</u>	-	<u>55,880,425</u>
		<u>346,398,002</u>	<u>15,541,259</u>	<u>361,939,261</u>	<u>378,429,846</u>	<u>16,838,239</u>	<u>395,268,085</u>
Provision for potential lease losses	10.2	<u>142,865,578</u>	-	<u>142,865,578</u>	<u>127,592,517</u>	-	<u>127,592,517</u>
Net investment in leases		<u>203,532,424</u>	<u>15,541,259</u>	<u>219,073,683</u>	<u>250,837,329</u>	<u>16,838,239</u>	<u>267,675,568</u>
		<u>203,532,424</u>	<u>15,541,259</u>	<u>219,073,683</u>	<u>250,837,329</u>	<u>16,838,239</u>	<u>267,675,568</u>

	Note	2018 Rupees	2017 Rupees
10.1 Income suspended			
Balance at beginning of the year		55,880,425	56,896,057
Income suspended during the year		1,798	-
Income reversed during the year		(3,632,795)	(1,015,632)
Balance at end of the year		<u>52,249,428</u>	<u>55,880,425</u>

10.2 Provision for potential lease and other losses

Balance at beginning of the year		127,592,517	126,388,345
Provision for the year		21,696,540	7,742,683
Reversed for the year		(6,423,479)	(6,538,511)
Balance at end of the year		<u>142,865,578</u>	<u>127,592,517</u>

11 LONG TERM DEPOSITS

Others		504,500	504,500
		<u>504,500</u>	<u>504,500</u>



12 PROPERTY AND EQUIPMENT

Property and equipment
- owned

12.1	<u>66,952,302</u>	<u>73,636,021</u>
	<u>66,952,302</u>	<u>73,636,021</u>

12.1 OPERATING ASSETS

	2018									
	Cost / Revalued amounts			Depreciation			Written down value as at June 30, 2018	Depreciation rate in %		
	As at July 1, 2017	Additions/ Disposals during the year	Transfer *	As at June 30, 2018	As at July 1, 2017	Charges for the year / (Transfer / disposal)			Transfer	As at June 30, 2018
	Rupees									
OWNED										
Office premises	104,955,000	-	-	104,955,000	32,798,417	5,247,744	-	38,046,161	66,908,839	5
Leasehold Improvements	22,274,000	-	-	22,274,000	20,881,876	1,392,123	-	22,273,999	1	15
Furniture and fixtures	6,323,021	(842,714)	-	5,480,307	6,322,664	(842,693)	-	5,479,971	336	20
Office equipment	2,061,048	(788,342)	-	1,272,706	2,003,328	23,592 (788,309)	-	1,238,611	34,095	36
Computer equipment	2,834,401	(852,023)	-	1,982,378	2,805,221	20,172 (852,004)	-	1,973,389	8,989	36
Generator and air conditioners	3,654,950	(594,276)	-	3,060,674	3,654,913	(594,263)	-	3,060,650	24	20
Vehicles	751,775	(64,200)	-	687,575	751,755	(64,198)	-	687,557	18	24-30
Subtotal - owned assets	142,854,195	- (3,141,555)	-	139,712,640	69,218,174	6,683,631 (3,141,467)	-	72,760,338	66,952,302	
Grand Total	142,854,195	- (3,141,555)	-	139,712,640	69,218,174	6,683,631 (3,141,467)	-	72,760,338	66,952,302	

	2017									
	Cost / Revalued amounts			Depreciation			Written down value as at June 30, 2017	Depreciation rate in %		
	As at July 1, 2016	Additions/ Disposals during the year	Transfer *	As at June 30, 2017	As at July 1, 2016	Charges for the year / (Transfer / disposal)			Transfer	As at June 30, 2017
	Rupees									
OWNED										
Office premises	104,955,000	-	-	104,955,000	27,550,673	5,247,744	-	32,798,417	72,156,583	5
Leasehold Improvements	22,274,000	-	-	22,274,000	17,540,776	3,341,100	-	20,881,876	1,392,124	15
Furniture and fixtures	6,831,264	(508,243)	-	6,323,021	6,830,858	(508,194)	-	6,322,664	357	20
Office equipment	1,995,528	65,520	-	2,061,048	1,993,840	9,488	-	2,003,328	57,720	36
Computer equipment	2,834,401	-	-	2,834,401	2,785,049	20,172	-	2,805,221	29,180	36
Generator and air conditioners	3,688,070	(33,120)	-	3,654,950	3,688,032	(33,119)	-	3,654,913	37	20
Vehicles	751,775	-	-	751,775	751,755	-	-	751,755	20	24-30
Total	143,330,038	65,520 (541,363)	-	142,854,195	61,140,983	8,618,504 (541,313)	-	69,218,174	73,636,021	



12.2 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (Loss) on disposal	Mode of disposal	Particulars of buyers
-----Rupees-----							
OFFICE EQUIPMENT	852,542	852,507	35	19,716	19,681	BID	MEHMOOD/ ZAFAR
COMPUTERS	852,023	852,004	19	14,452	14,433	BID	MEHMOOD/ ZAFAR
AIR CONDITIONERS	594,276	594,263	13	71,651	71,638	BID	ZAFAR
FURNITURE	842,714	842,693	21	29,181	29,160	BID	MEHMOOD
	3,141,555	3,141,467	88	135,000	134,912		

12.2.1 These related party transactions were approved by Board of Directors and incurred at non arm's length price .

	Note	2018 Rupees	2017 Rupees
13 DEFERRED TAX ASSET			
Debit balances arising due to:			
Overdue rentals not taxable in future		83,722,987	93,722,987
Provision for potential lease losses		-	39,553,680
Provision for other non performing assets		-	16,740,000
Unabsorbed tax depreciation		293,429,881	293,429,881
Minimum turnover tax		882,836	355,000
		378,035,704	443,801,548
Credit balances arising due to:			
Accelerated tax depreciation		(1,004,849)	(1,004,849)
Net investment in finance lease		(30,985,914)	(30,985,914)
Surplus on revloution of leasehold land and office building		(11,723,072)	(11,723,072)
		(43,713,835)	(43,713,835)
		334,321,869	400,087,713

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



	Note	2018 Rupees	2017 Rupees
14 ACCRUED AND OTHER LIABILITIES			
Accrued liabilities		1,394,475	1,068,280
Advance against leases		63,785,597	69,616,602
Unclaimed dividend		638,283	807,122
Other liabilities		14,350,706	4,378,810
		80,169,061	75,870,814
15 CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Long term finances	16	254,190,829	286,228,747
Long term deposits	17	118,271,020	126,578,879
		372,461,849	412,807,626
16 LONG-TERM FINANCES - secured			
Other than related party			
Privately Placed Term finance certificates	16.4	-	63,917,333
Privately Placed SUKUKs	16.5	205,771,934	191,665,204
Long-term loans	16.6	136,802,302	175,447,276
		342,574,236	431,029,813
Transfer to liabilities directly associated with the assets held for sale		-	-
		342,574,236	431,029,813
Less: Current maturity due but not paid			
Privately Placed Term finance certificates		-	30,468,750
Privately Placed SUKUK		121,875,000	91,406,250
Long-term loans		81,262,080	92,527,081
Term Finance Certificates		-	-
		203,137,080	214,402,081
Less: Current maturity shown under current liabilities			
Privately Placed Term finance certificates		-	10,156,250
Privately Placed SUKUK		30,468,750	30,468,750
Long-term loans		20,584,999	31,201,666
Term Finance Certificates		-	-
		51,053,749	71,826,666
		254,190,829	286,228,747
		88,383,407	144,801,066



16.1 In January 2012, in view of the difficult financial situation with no bright prospects of new funding in form of direct equity or financing, the Company requested the lenders to modify the terms of the long term finance by extending the repayment period from 4 years to 10 years with effect from February 2012. In order to reflect the impact of this extension in the tenure according to the Para 40 of International Accounting Standard 39 - Financial Instruments, the Company has recomputed the accounting effect on derecognition of all the financial liabilities to record the gain and unwinding of the related liabilities accordingly.

16.2 The amount of gain arisen due to difference between the existing carrying amount of original financial liability and new financial liability recognised was recorded as income through both equity and Profit & loss account. This amount would be amortized as unwinding of financial liability over the repayment term.

16.3 The financial liabilities amounting to Rs. 126,243,161 (Carrying value: Rs.115,891,525) has been settled during the year.

16.4 Principal terms of term finance certificates (TFCs)

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2018	2017
From financial institutions						
Privately placed term finance certificates (3rd Issue)	Secured against specific lease rentals receivable and related lease assets	Sep-07	Jan-22	Zero % (2017: Zero)	-	63,917,333

16.5 Principal terms of SUKUKs

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2018	2017
From financial institutions						
Privately placed SUKUK-2	Secured against specific lease rentals receivable and related lease assets	Mar-09	Jan-22	Zero % (2017: Zero%)	205,771,934	191,665,204

16.6 Principal terms of Long -Term Loans

Particulars	Security	Repayment period		Profit rate per annum	Amount outstanding (Rupees)	
		from	to		2018	2017
United Growth & Income Fund	Clean	Dec-07	Feb-19	Zero % (2016: Zero%)	-	47,334,490
The Bank of Khyber	Secured against property	Apr-10	Jan-22	Zero % (2016: Zero%)	88,060,078	82,910,622
United Bank Limited	Secured against specific lease rentals receivable and related lease assets	Apr-10	Feb-22	Zero % (2015: Zero%)	-	-
The Bank of Punjab	Secured against specific lease rentals receivable and related lease assets	Apr-10	Jan-22	Zero % (2016: Zero%)	34,360,980	31,968,406
Soneri Bank Limited	Secured against specific lease rentals receivable and related lease assets	Apr-10	Jan-22	Zero % (2015: Zero%)	14,381,244	13,233,758



	Note	2018 Rupees	2017 Rupees
17 LONG-TERM DEPOSITS			
Security deposits against leases		118,351,028	127,173,989
Less: Current maturity of security deposits	15	<u>118,271,020</u>	<u>126,578,879</u>
		<u>80,008</u>	<u>595,110</u>

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

	Note	2018 Rupees	2017 Rupees
18 SHARE CAPITAL			
Authorised capital			
75,000,000 (2015: 75,000,000) ordinary shares of Rs. 10 each		750,000,000	750,000,000
50,000,000 (2015: 50,000,000) preference shares of Rs. 10 each		500,000,000	500,000,000
		<u>1,250,000,000</u>	<u>1,250,000,000</u>
Issued, subscribed and paid-up share capital			
22,100,000 (2016: 22,100,000) ordinary shares of Rs. 10 each fully paid in cash		221,000,000	221,000,000
14,200,000 (2016: 14,200,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares		142,000,000	142,000,000
		<u>363,000,000</u>	<u>363,000,000</u>
Preference shares			
7,502,775 (2016: 7,502,775) preference shares-class A of Rs. 10 each fully paid in cash	18.2	75,027,750	75,027,750
		<u>438,027,750</u>	<u>438,027,750</u>

		2018 Number	2017 Number
18.1 Movement in number of shares			
Ordinary shares			
Number of the shares at beginning of the year		36,300,000	36,300,000
Issued during the year		-	-
Number of the shares at end of the year		<u>36,300,000</u>	<u>36,300,000</u>
Preference shares			
Number of the shares at beginning of the year		7,502,775	7,502,775
Redeemed during the year	18.2	-	-
Number of the shares at end of the year		<u>7,502,775</u>	<u>7,502,775</u>

18.2 The Company raised additional equity of Rs. 150 million through right issue of 15 million non-convertible and non-cumulative preference shares - class A of Rs. 10 each in September 2003. These preference shares carry preferred right to dividend computed @ 35% of profit after tax and statutory



reserves subject to a maximum profit of Rs. 40 million. The Company has the option to redeem these shares after 12 months from the date of the issue. The preference shareholders have the right to exercise the put option in tranches by giving three months advance notice as per the following schedule:

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

18.3 Capital management policies and procedures

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

	Note	2018 Rupees	2017 Rupees
The Company's capital consist of:			
Issued, subscribed and paid-up share capital	18	438,027,750	438,027,750
Reserves	19	(315,587,451)	(345,335,657)
		122,440,299	92,692,093
		122,440,299	92,692,093

19 RESERVES

Capital reserve			
Statutory reserves	19.1	181,867,005	181,867,005
Revenue reserve			
Accumulated loss		(497,454,456)	(527,202,662)
		(315,587,451)	(345,335,657)

19.1 Movement in statutory reserves

Balance at beginning of the year	181,867,005	181,867,005
Transferred during the year	-	-
Balance at end of the year	181,867,005	181,867,005

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



	Note	2018 Rupees	2017 Rupees
20 SURPLUS ON REVALUATION OF FIXED ASSETS			
Surplus on revaluation of fixed assets	20.1	34,068,171	37,816,360
Deferred tax liability recognised	20.2	(11,723,072)	(11,723,032)
		<u>22,345,099</u>	<u>26,093,328</u>
20.1 Reconciliation of surplus on revaluation of fixed assets			
At the beginning of the year		37,816,360	43,041,472
Surplus during the year		-	-
Surplus realized on account of incremental depreciation -net off tax		(3,748,189)	(5,225,112)
At the end of the year		<u>34,068,171</u>	<u>37,816,360</u>
20.2 Deferred tax liability			
At the beginning of the year		11,723,072	13,342,856
Deferred tax liability arise/(adjusted) during the year			727,730
Deferred tax liability realized on account of incremental depreciation			(2,347,514)
At the end of the year		<u>11,723,072</u>	<u>11,723,072</u>
21 CONTINGENCIES AND COMMITMENTS			
21.1 There is no contingencies and commitments as at balance sheet date.			
	Note	2018 Rupees	2017 Rupees
Income from finance lease contracts		3,795,932	1,866,207
		<u>3,795,932</u>	<u>1,866,207</u>
22 OTHER OPERATING INCOME			
Income from financial assets	22.1	50,368	180,175
Income from other than financial assets	22.2	9,143,484	10,272,283
		<u>9,193,852</u>	<u>10,452,458</u>



	Note	2018 Rupees	2017 Rupees
22.1 Income from financial assets			
Loans and receivables			
Profit from bank under cash management scheme		658	805
Profit on placements- net off income suspended		49,710	179,370
		50,368	180,175
22.2 Income from other than financial assets			
Fees, commissions and other charges		-	11,468
Gain/Loss on disposal of property and equipment		134,912	99,950
Operating Lease Income		-	4,000,000
Rental income		9,008,572	6,160,865
		9,143,484	10,272,283

23 ADMINISTRATIVE AND SELLING EXPENSES

Salaries, allowances and benefits	23.1	6,613,061	9,121,257
Directors' fee	23.2	306,000	384,000
Telephone and fax		398,822	496,306
Postage and courier		9,897	17,163
Electricity		650,284	865,879
Office maintenance		1,600,168	2,348,435
Software maintenance		435,409	227,595
Insurance		243,537	297,703
Canteen expenses		248,059	243,849
Vehicle running expenses		-	108,000
Vehicle insurance		-	-
Traveling and conveyance		27,300	117,405
Advertisement expenses		64,800	68,260
Printing and stationery		435,330	392,257
Central depository charges		58,195	55,864
Subscriptions and listing fees		1,175,462	1,035,251
Legal and professional charges		3,372,060	5,475,495
Auditors' remunerations	23.3	759,100	759,100
Statutory filing fees		109,075	16,046
Depreciation		6,683,631	8,618,504
Rent, rates and taxes		1,145,984	1,276,768
Miscellaneous		-	-
		24,336,174	31,925,137

23.1 Remuneration of directors, chief executive and executives:

	2018			2017		
	Directors	Chief executive	Executives	Directors	Chief executive	Executives
Chairman Advisory Honorarium	1,320,000	-	-	1,320,000	-	-
Managerial remuneration	-	1,500,000	900,000	-	2,117,600	1,100,000
Other benefits	-	-	-	-	-	-
	1,320,000	1,500,000	900,000	1,320,000	2,117,600	1,100,000
No. of persons	1	1	1	2	1	1



23.2 Directors' fee

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

	Note	2018 Rupees	2017 Rupees
23.3 Auditors' remuneration			
Annual audit		377,000	377,000
Half yearly review		130,000	130,000
Other certifications		116,000	116,000
Out-of-pocket expenses		136,100	136,100
		<u>759,100</u>	<u>759,100</u>

24 FINANCE COSTS

Markup on :

Term finance certificates & Sukuks		557,203	527,455
Finance Lease		-	-
		<u>557,203</u>	<u>527,455</u>

25 PROVISION AND WRITE-OFFS

Provision on leases	10	15,273,061	1,204,172
Provision on other financing			-
Write-offs		10,715,323	2,844,887
		<u>25,988,384</u>	<u>4,049,059</u>

26 INCOME TAX EXPENSE

Current

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

Assessments of the Company have been finalized upto the tax year 2016. Returns are deemed to be an assessment order passed by the Commissioner of Income Tax under section 120 of Income Tax Ordinance, 2001. The said returns have so far not been selected for audit by the tax department.

26.1 Effective tax rate reconciliation

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



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	Note	2018 Rupees	2017 Rupees
27 EARNINGS / (LOSS) PER SHARE - basic and diluted			
Profit / (loss) for the year from continuing operations		25,999,828	(37,126,591)
Profit / (loss) for the year from discontinuing operations		-	-
Profit / (loss) attributable to ordinary shareholders		<u>25,999,828</u>	<u>(37,126,591)</u>
		Numbers	Numbers
Number of ordinary shares issued and subscribed		<u>36,300,000</u>	<u>36,300,000</u>
		Rupees	Rupees
Loss per share from continuing business		0.72	(1.02)
Earnings per share from discontinue business		-	-
Earning / (loss) per share		<u>0.72</u>	<u>(1.02)</u>

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

Diluted earnings per share

There is no dilution effect on the basic earning per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2018.

	Note	2018 Rupees	2017 Rupees
28 CASH AND CASH EQUIVALENTS			
Cash and Bank balances	5	<u>3,340,121</u>	<u>4,144,334</u>
		<u>3,340,121</u>	<u>4,144,334</u>

29 SEGMENT INFORMATION

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

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

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



	June 30, 2018				Total
	Finance lease	Rental Income	Musharika	Others	
----- Rupees -----					
Segment revenues	3,795,932	9,008,572	-	185,280	12,989,784
Segment result	(1,269,159)	7,460,602	-	185,280	
Unallocated cost					
Finance cost					(557,203)
Administrative and selling exp					(24,336,174)
Unwinding of financial liability					(27,081,635)
Gain on De-recognition of financial liabilities					103,267,120
Provision & write offs					28,011,616
Loss before income tax					92,293,508
Income tax expense/ credit					(66,293,681)
Profit for the year					25,999,828
Other information					
Segment assets	219,073,683	66,952,302	-		286,025,985
Unallocated assets					399,853,738
Total assets	219,073,683	66,952,302	-	-	685,879,723
Segment liabilities	541,094,325				541,094,325
Unallocated liabilities					
Total liabilities	541,094,325				541,094,325
Net assets					144,785,398
Capital expenditure					-

	June 30, 2017				Total
	Finance lease	Rental Income	Musharika	Others	
----- Rupees -----					
Segment revenues	1,866,207	6,160,865	-	4,291,593	12,318,665
Segment result	(5,330,842)	4,236,657	-	4,291,593	
Unallocated cost					
Finance cost					(527,455)
Administrative and selling exp					(31,925,137)
Unwinding of financial liability					(36,677,676)
Gain on De-recognition of financial liabilities					1,000,002
Provision & write offs					(4,049,059)
Loss before income tax					(59,860,660)
Income tax expense/ credit					22,734,069
Profit for the year					(37,126,591)
Other information					
Segment assets	267,675,568	73,636,021	-		341,311,589
Unallocated assets					411,548,445
Total assets	267,675,568	73,636,021	-	-	752,860,034
Segment liabilities	634,074,613				634,074,613
Unallocated liabilities					
Total liabilities	634,074,613				634,074,613
Net assets					118,785,421
Capital expenditure					65,520

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



30 Credit risk

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

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

	Note	2018 Rupees	2017 Rupees
Classes of financial assets - carrying value			
Cash and cash equivalent			
Cash and bank balances	5	3,340,121	4,144,334
Loans and receivables			
Short term finances	7	54,000,000	-
Accrued return on investments		-	-
Long-term deposits	11	504,500	504,500
Net investment in finance leases	10	219,073,683	267,675,568
		<u>276,918,304</u>	<u>272,324,402</u>

- 30.1** The credit risk to cash and cash equivalent is negligible, since the counter parties are reputable banks with high quality external credit rating.
- 30.2** Loans and receivables of the Company are secured by collaterals that are disclosed in their relevant notes.
- 30.3** The Company manages concentration of credit risk exposure through diversification of activities to avoid undue concentrations of risks with individuals, groups of specific industry segment. An analysis by class of business of the Company's net investments in finance leases, hire purchase contracts, investment and other financial assets is given below:



Sector	2018		2017	
	Rupees	%	Rupees	%
Textile	90,620,221	26.92	90,620,221	21.80
Construction	25,999,520	7.72	25,999,520	6.25
Transport and communication	91,331,677	27.13	91,331,677	21.97
Oil and gas	772,848	0.23	1,389,056	0.33
Food and beverages	15,050,210	4.47	15,050,210	3.62
Engineering	22,915,221	6.81	22,915,221	5.51
Consumer leases	5,772,618	1.71	6,054,811	1.46
Health care	10,002,197	2.97	10,002,152	2.41
Travel and tourism	2,808,087	0.83	2,808,087	0.68
Pharmaceutical	425,209	0.13	425,209	0.10
Advertisement	572,569	0.17	572,569	0.14
Auto and allied	3,308,314	0.98	39,308,314	9.45
Publications	9,988,159	2.97	9,988,159	2.40
Glass and ceramics	8,675,504	2.58	8,675,504	2.09
Others	58,390,089	16.84	90,641,470	21.80
Total	346,632,443	100	415,782,180	100

30.4 Analysis of financial assets that are past due:

	Total	Loans and receivables	Net investment in finance lease	Operating lease receivables
Rupees.....			
Gross carrying amount				
Not past due	82,388,359	-	82,388,359	-
Past due by more than 30 days but not more than 180 days	583,480	-	583,480	-
Past due by more than 180 days but not more than 360 days	291,740		291,740	-
Past due by more than 360	298,675,682	20,000,000	278,675,682	-
	381,939,261	20,000,000	361,939,261	-
Impairment loss on				
Past due by more than 180 days	-	-	-	-
Past due by more than 180 days but not more than 360 days	-	-	-	-
Past due by more than 360 days	162,865,578	20,000,000	142,865,578	-
Total impairment loss	162,865,578	20,000,000	142,865,578	-
Net carrying amount	219,073,683	-	219,073,683	-

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



30.6 Liquidity risk

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

	2018				Total
	Within 6 month	6 month to 1 year	One to five years	Over five years	
Rupees.....				
Financial Assets					
Cash and cash equivalent	3,340,121	-	-	-	3,340,121
Loans and receivables	54,000,000	-	-	-	54,000,000
Lease receivables	227,939,472	118,458,530	15,541,259	-	361,939,261
	285,279,593	118,458,530	15,541,259	-	419,279,382
Financial liabilities					
Accrued and other liabilities	80,169,061	-	-	-	80,169,061
Long-term finances	276,438,955	25,526,875	40,608,407	-	342,574,236
Long-term deposits	117,755,918	515,102	80,008	-	118,351,028
	474,363,934	26,041,977	40,688,415	-	541,094,325
	(189,084,341)	92,416,554	(25,147,156)	-	(121,814,943)
2017					
	Within 6 month	6 month to 1 year	One to five years	Over five years	Total
Rupees.....				
Financial Assets					
Cash and cash equivalent	4,144,334	-	-	-	4,144,334
Loans and receivables	54,000,000	-	-	-	54,000,000
Lease receivables	306,607,537	71,822,309	16,838,239	-	395,268,085
	364,751,871	71,822,309	16,838,239	-	453,412,419
Financial liabilities					
Accrued and other liabilities	75,870,811	-	-	-	75,870,811
Long-term finances	250,315,414	35,913,333	144,801,066	-	431,029,813
Long-term deposits	105,321,518	21,257,361	595,110	-	127,173,989
	431,507,743	57,170,694	145,396,176	-	634,074,613
	(66,755,872)	14,651,615	(128,557,937)	-	(180,662,194)

30.7 Market risk

Market risk is the risk that the value of a financial instruments will fluctuate as a result of changes in interest rates or market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, activities, supply and demand of securities



and liquidity in the market. The Company is not exposed to currency risk as it is not involved in foreign currency transactions. However, it is exposed to interest rate risk and market price risk.

30.7.1 Interest rate risk

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

Cash flow sensitivity analysis for variable rate instruments

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

31 FAIR VALUE OF FINANCIAL ASSETS

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

32 TRANSACTIONS WITH RELATED PARTIES

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

Name of related party	Nature of relationship	Description of transaction	2018	
			Total value of transaction	Closing balance
		Rupees.....	
Ashfaq Ahmed	Director	Director Fee	36,000	-
Azim Zafar	Director	Director Fee	60,000	-
Imam Baksh Baloch	Director	Director Fee	24,000	-
M. Abdullah Baloch	Director	Director Fee	36,000	-
M. Riaz Khokar	Director	Director Fee	48,000	-
M.R. Khan	Director/ Chairman	Director Fee	42,000	-
Ghulam Raza Dahraj	Director	Director Fee	18,000	-
M.Sharif Khawaja	Director	Director Fee	24,000	-
Javed Haleem	Director	Director Fee	18,000	-
Various	Executives	E.O.B.I	17,160	-
M.R. Khan	Chairman	Advisor Honorarium	1,320,000	-
M. Riaz Khokar	Director	Travelling Expenses	6,000	-
M. Abdullah Baloch	Director	Travelling Expenses	4,000	-
Ashfaq Ahmed	Director	Travelling Expenses	4,000	-
Imam Buksh Baloch	Director	Travelling Expenses	2,000	-
Ghulam Raza Dahraj	Director	Travelling Expenses	3,000	-
M.Sharif Khawaja	Director	Travelling Expenses	3,000	-
Javed Haleem	Director	Travelling Expenses	3,000	-



SECURITY LEASING CORPORATION LIMITED

2017

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

33 NUMBER OF EMPLOYEES

The number of employees as at year end are 11. (2017: 10) and average number of employees during are 11.(2017: 10).

34 CORRESPONDING FIGURES

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

35 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 02, 2018 by the Board of Directors of the Company.

Farah Azeem
Chief Executive Officer

Muhammad Farooq
Chief Financial Officer

M R Khan
Chairman



FORM OF PROXY

I/We.....of
 being a member of **SECURITY LEASING CORPORATION LTD.**, holding of
 ordinary share(s), hereby Appoint Mr./Mrs./Miss
 as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the Annual General Meeting of the Company to be held at Karachi on **Wednesday, October 24, 2018 at 09:00 a.m.** and at any adjournment thereof.

Signed under my / our hand thisday of2018.

**(Member's Signature on
 Rs. 5.00 Revenue Stamp)**

(Signature should agree with
 the specimen signature
 negotiated with the Company)

Shareholders folio

No.....

CDC A/c

No.....

CNIC

No.....

Signed by the said (Name) in the presence of:

Witnesses

1, Signature
 Name
 CNIC / Passport No.
 Address

2, Signature
 Name
 CNIC / Passport No.
 Address

Note:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint another member as Proxy to attend and vote instead of him/her. A Corporation or a company being a member of the Company may appoint any of its officers, though not a member of the Company.
2. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.
3. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.
4. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting:

- a) In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with participant ID number and the Account number at the time of attending the meeting.
- b) In case of corporate entity, the Boards resolution / power of attorney with specimen signature of the nominee shall be produce [unless it has been provide earlier] at the time of the Meeting.

B. For appointing Proxies :

- a) In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulation, shall submit the proxy form as per above requirements.
- b) The proxy form shall witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.



سیکورٹی لیزنگ کارپوریشن لمیٹڈ

پراکسی فارم

میں مستی / مسماة _____ ساکن _____
ضلع _____ بحیثیت ممبر سکیورٹی لیزنگ مسمی / مسماة _____
کو اپنا پراکسی مقرر کرتا ہوں تاکہ وہ کمپنی کے سالانہ اجلاس عام جو بتاریخ 24 اکتوبر
2018ء بوقت 9 بجے صبح منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

ڈاک ٹکٹ منسلک کریں

دستخط کی تاریخ _____

ممبر کے دستخط _____

فولیو نمبر _____

شیروں کی تعداد _____

گواہوں کے دستخط اور پتے _____

۱

۲

نوٹ:

۱۔ اجلاس عام میں شرکت اور رائے دی کا اہل ممبر اپنی جانب سے شرکت اور رائے دی کے لیے اپنا پراکسی مقرر کر سکتا ہے پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔

۲۔ یہ فارم ممبر یا اس کے اٹارنی کی جانب سے جسے تحریری طور پر اتھارائزڈ کیا گیا ہو، کی جانب سے دستخط کیا جائے۔ اگر ممبر کارپوریشن ہے تو اس کی عام مہر موجود ہونی چاہئے۔

۳۔ پراکسی کی تقرری کے دستاویز پاور آف اٹارنی یا دیگر دستاویز جس کے تحت تقرری ہوئی یا پاور آف اٹارنی کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹہ قبل جمع کرانی ہوگی۔

۴۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی فارم کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ پراکسی فارم جمع کرانا ہوں گے۔



5- سی ڈی سی اکاؤنٹ ہولڈرز کو دیگر قواعد کے ساتھ ساتھ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے مقرر کردہ ہدایات پر عمل کرنا ہوگا جو کہ درج ذیل ہے۔

(الف) اجلاس میں شرکت کے لیے:

1- انفرادی شیئر ہولڈر ہونے کی صورت میں اکاؤنٹ ہولڈر یا ضمنی اکاؤنٹ ہولڈر اور/یا ایسا فرد جس کی سیکورٹیز گروپ اکاؤنٹ کی صورت میں ہوں اور ان کی رجسٹریشن تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ کی گئی ہوں وہ اجلاس عام میں شرکت کے موقع پر اپنی شناخت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر کر سکتے ہیں۔

2- کارپوریٹ اینٹیٹی کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد کئے جانے والے فرد کے نمونے کے دستخط کے پیش کئے جانے چاہئیں۔ ماسوائے اس کے کہ وہ پہلے ہی فراہم نہیں کئے گئے۔

(ب) پراکسی کے تقرر کے لیے:

1- ایسا فرد اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا ایسے شخص کو جس کی سیکورٹیز گروپ اکاؤنٹ کی شکل میں ہوں اور ان کی رجسٹریشن کی تفصیلات، ضوابط کے مطابق جمع کروائی گئی ہوں، اجلاس میں شرکت کے لیے درج بالا تقاضوں کے مطابق پراکسی فارم جمع کرانا ہوگا۔

2- پراکسی فارم پر کم از کم دو گواہوں کے دستخط مع نام پتہ اور موثر کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ثبت ہونا چاہئے۔

3- پراکسی فارم کے ساتھ اصل حقدار اور پراکسی کے موثر کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی منسلک ہونا چاہئیں۔

4- اجلاس کے وقت پراکسی کو اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

5- کارپوریٹ ادارہ کی صورت میں کمپنی کے پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی اگر پہلے سے فراہم نہ کئے گئے ہوں تو جس کے ساتھ دستخط کے نمونے specimen بھی منسلک ہونا چاہئیں۔



25 واں سالانہ اجلاس عام کے سلسلے میں ممبران کو نوٹس

بذریعہ ہذا مطلع کیا جاتا ہے کہ سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے ممبران کا 25 واں سالانہ اجلاس عام بتاریخ 24 اکتوبر 2018 بروز بدھ بوقت صبح 09 بجے سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے رجسٹرڈ آفس واقع لیکن اسکوائر بلڈنگ نمبر 3 فلور نمبر 5 سرور شہید روڈ میں درج ذیل امور کی انجام دہی کے لیے منعقد ہوگا۔

عمومی امور:

- 1- سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے 24 ویں سالانہ اجلاس عام منعقدہ 30 نومبر 2017ء کی کارروائی کی توثیق۔
- 2- 30 جون 2018 کو ختم ہونے والے مالی سال کی بابت کمپنی کے سالانہ آڈٹ شدہ حسابات (مجموعی و انفرادی) مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی ان پر غور و خوض اور منظوری۔
- سیکورٹی لیزنگ کارپوریشن لمیٹڈ کی سالانہ رپورٹ 2018ء کمپنی کی ویب سائٹ پر اپ لوڈ کر دی گئی ہے۔
- 3- مالی سال 2019ء کے لیے آڈیٹرز J.A.S.B. & Associates` Chartered Accountants کی بطور دوبارہ تقرری اور ان کے لیے مشاہرہ طے کرنا۔

دیگر امور:

بحکم بورڈ
محمد فاروق
کمپنی سیکریٹری

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

تاریخ 02 اکتوبر 2018

نوٹس:

- 1- سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے حصص کی منتقلی کی کتاب 17 اکتوبر 2018ء سے 24 اکتوبر 2018ء تک دونوں دن شامل ہوں گے بند رہیں گی۔ حصص کی منتقلی کے لیے جو درخواستیں کمپنی کے شیئر رجسٹرار میسرز ایف ڈی رجسٹرار سروس ایس ایم سی پرائیویٹ لمیٹڈ آفس نمبر 1705-17 واں فلور صائمہ ٹریڈ ٹاور A آئی آئی چندری گروڈ کراچی کو 16 اکتوبر 2018ء کے دفتری اوقات ختم ہونے سے قبل موصول ہوں گی، نقد منافع منقسمہ کے استحقاق کے تعین کے لیے بروقت سمجھی جائیں گی۔
- 2- ایک ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا حق رکھتا ہے وہ اپنی جگہ کسی دوسرے فرد کو اجلاس میں شرکت بولنے اور ووٹ دینے کے لیے تحریری طور پر اپنی پراکسی مقرر کر سکتا ہے۔
- 3- پراکسی مقرر کئے جانے سے متعلق دستاویز Instrument اور پاور آف اٹارنی یا دیگر کوئی اور اتھارٹی جس کے تحت اس پر دستخط کئے گئے ہیں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل کو موثر ہونے کے لیے سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے رجسٹرڈ آفس میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازماً جمع کرادیں۔
- 4- ممبران سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتے میں تبدیلی سے اگر کوئی ہو، کمپنی کے شیئر رجسٹرار میسرز ایف ڈی رجسٹرار سروس پرائیویٹ لمیٹڈ، آفس نمبر 1705 فلور نمبر 17، صائمہ ٹریڈ ٹاور آئی آئی چندری گروڈ کراچی کو فوری طور پر مطلع کریں ایسی درخواستیں کتب کی بندش سے قبل پہنچ جانا چاہئیں تاکہ استحقاق اگر کوئی ہو تو درست پتہ پر روانہ کیا جاسکے۔



کاروباری اقدار

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

ڈائریکٹر کا اعلان

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

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

☆ مناسب طور سے کھاتوں کی بکس رکھی گئی ہیں۔

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

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

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

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

☆ سال کے دوران بورڈ آف ڈائریکٹرز کی 8 اور آڈٹ کمیٹی کی 4 میٹنگز منعقد ہو چکی ہیں۔ میٹنگ میں ہر رکن کی حاضری کی تفصیلات درج ذیل ہیں۔

بورڈ آف ڈائریکٹرز کی میٹنگز

میٹنگز میں شرکت کی	ڈائریکٹر کا نام	میٹنگز میں شرکت کی	ڈائریکٹر کا نام
07	جناب عظیم انظفر	08	جناب ایم آر خان



کمپنی کے ڈائریکٹران اس تمام صورت حال کا از سر نو جائزہ لینے کے بعد اس نتیجے پر پہنچے ہیں کہ تمام دینداروں کے ساتھ ایک کامیاب اور رعایتی تصفیے تک پہنچنے میں ایک سے ڈیڑھ سال کا عرصہ لگ جائے گا۔
ان تمام معاملات سے سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کو بھی آگاہ کر دیا گیا ہے۔

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے

2018	2017	سال
روپے	روپے	
25,999,828	(37,126,591)	نفع/نقصان بعد از ٹیکس
0.72	(1.02)	آمدنی فی حصص - بنیادی اور کمزور
-	-	مختص کردہ
-	-	دستوری ذخائر میں منتقلی
		شیر کیپٹل

جیسا کہ بتایا گیا ہے کہ 30 جون 2018 کو کمپنی کی ایکویٹی سیکورٹی ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی معین ایکویٹی جس کی کم سے کم حد 50 ملین ہے کے مقابلے میں 122 اعشاریہ 44 رہی۔

کارپوریٹ سماجی ذمہ داری

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



ڈائریکٹر کی رپورٹ

آپ کے ڈائریکٹرز 30 جون 2018ء کو اختتام پذیر سال کی کمپنی کی سالانہ رپورٹ بشمول مالیاتی دستاویزات اور آڈیٹڈ رپورٹ پیش کر کے خوشی محسوس کرتے ہیں۔

معیشت کا جائزہ

اگرچہ کہ سال 2017-2018ء کے دوران مجموعی ملکی پیداوار میں اضافہ کی شرح 5.8 فیصد رہی تاہم ملکی معیشت جن اہم مسائل سے دوچار رہی ان میں روپے کی قدر اور زر مبادلہ کے ذخائر میں نمایاں کمی مالیاتی اور تجارتی خسارے میں بھاری اضافہ، قرضوں کا بوجھ خاص طور پر بیرونی قرضوں میں مسلسل اضافہ، سرکاری اداروں کی غیر تسلی بخش کارکردگی اور اس کے نتیجے میں جمع شدہ خسارہ جس کو گزشتہ حکومتیں ٹیکس کی وصولی اور مزید قرضوں کی مدد سے پورا کرتی رہی ہیں شامل ہیں مندرجہ بالا عوامل کے ملکی معیشت پر تباہ کن اثرات مرتب ہوئے ہیں دوسری طرف متعلقہ حکام کی جانب سے ان مسائل سے نمٹنے اور ان کا تدارک کرنے کے لیے درکار تیار اور صلاحیت کا فقدان بھی نظر آتا ہے۔ موجودہ حکومت کے آنے کے بعد اس بات کی قوی امید ہے کہ حکومت ان مسائل کو حل کرنے کے لیے فوری طور پر ایسے اقدامات اٹھائے گی جو معاشی صورت حال کی بہتری میں معاون ثابت ہوں گے۔

کمپنی کا جائزہ

درج ذیل گوشوارہ سال 2017-18 میں کمپنی انتظامیہ کی ان کاوشوں کو ظاہر کرتا ہے جو اس نے کمپنی کی ایکویٹی کو بڑھانے، قرضوں کی ادائیگی اور منافع کی سطح کو بڑھانے کے لیے کئے ہیں

30 جون 2018ء	30 جون 2017ء	
روپے	روپے	
122,440,299	92,692,093	ایکوٹی
25,999,828	(37,126,591)	نفع / نقصان
383,178,998	509,422,158	قرضہ جات (مالیاتی اداروں کے)
40,604,763	78,392,345	IAS-39 کے تحت ان وائینڈنگ آف لائیبلٹیوں کی انٹیٹرکانڈراج

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- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



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