



SAUDI PAK LEASING COMPANY LIMITED

FINANCIAL STATEMENTS (UN-AUDITED)

(3RD QUARTER)

FOR THE PERIOD ENDED

MARCH 31, 2021

Quarterly Report March 31, 2021

DIRECTORS'REVIEW

The Directors of Saudi Pak Leasing Company Limited are pleased to present the un-audited condensed Interim Financial Information of the Company for the nine months period ended March 31, 2021.

Operating and Financial Results

	March 31,2021 Rupees	March 31,2020 Rupees
Income from finance and operating leases	3,317,470	3,631,134
Other operating income	38,031,332	2,399,457
Total income	41,348,802	6,030,591
Finance cost	(27,879,543)	(39,512,173)
Administrative and other operating expenses	(26,901,170)	(25,989,150)
Write-offs against loans and leases	-	-
Operating (loss) / profit before provisions	(13,431,911)	(59,470,732)
Reversal / (provision) against leases, loans, receivables and investment properties	15,204,229	11,263,120
(Loss) / Profit before taxation	1,772,317	(48,207,612)
(Loss) / Profit after taxation	1,741,051	(47,348,503)
(Loss) / Earnings per share - basic	0.04	(1.05)

The total income earned during the period ended March 31, 2021 registered an increase of 85.42% as compared to the income earned during corresponding period of 2020. The operating loss before provisions stood at Rs 13.43 million during the period under consideration (operating loss of Rs 59.47 million in 2020).

The Company has been facing serious challenges on account of stuck up and non-performing loans/leases and is facing liquidity issues. No fresh leasing business has been undertaken since 2008 and the company is concentrating on recoveries through settlements and salvaging the investments. However, it is encouraging that the company's NPLs are largely secured and can fetch good recoveries whereof the financial position of the company can improve in future. The company has filed legal suits in the respective courts and is also making concerted efforts and opting for out of court settlements as far as possible.

The company has been able to substantially reduce its book size and maintain its operations with the help of internal resources. The company is making intensive efforts to initiate negotiations for the settlements of its loan portfolio/other liabilities with the sole objective of seeking remissions; write offs and long term deferment of payments to the creditors. The said restructuring and rescheduling is likely to bring much needed improvement in overall financial health of the company. However, due to consecutive chronic and deadly waves of Covid-19 Pandemic, crisis and new challenges can be faced by almost all the commercial institutions in the country and world-wide. In these force majeure circumstances some regulatory relieves are expected from the regulators to help sustain these institutions. In these challenges, the company is endeavoring to follow its rehabilitation Plan duly approved by the Board of Directors and submitted to SECP. The financial position of the Company is expected to improve in the near future.

For and on behalf of the Board

Ahsanullah Khan
Director

Karachi: 27 April 2021

	Note	March 31, 2021 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
		----- (Rupees) -----	
ASSETS			
Current assets			
Cash and bank balances	5	1,182,691	4,978,655
Short term loans	6	126,330,635	126,330,635
Short term investments	7	28,682,295	29,236,789
Trade deposits and short term prepayments		1,185,478	1,134,689
Other receivables	8	313,379	313,379
Taxation-net		538,645	288,243
Current maturity of non-current assets	9	537,614,172	550,573,970
Total current assets		695,847,294	712,856,359
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	41,235,196	42,299,155
Intangible assets		-	-
Property, plant and equipment	13	64,433,636	66,677,157
Total non-current assets		105,668,831	108,976,312
Total Assets		801,516,126	821,832,671
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	14	162,801,592	162,801,588
Certificates of investment	15	43,000,000	43,000,000
Accrued mark-up	16	460,530,589	449,025,140
Accrued expenses and other payables	17	5,186,436	8,501,068
Current maturity of non-current liabilities	18	694,339,886	724,600,516
Unclaimed dividend		1,661,291	1,661,291
Preference dividend payable		-	-
Total current liabilities		1,367,519,794	1,389,589,603
Non-current liabilities			
Deferred tax liability - net		-	-
Long term finances	19	-	-
Total non-current liabilities		-	-
Total liabilities		1,367,519,794	1,389,589,603
NET ASSETS		(566,003,670)	(567,756,932)
FINANCED BY			
Authorized Share Capital			
100,000,000 (June 30, 2019: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2019: 100,000,000) preference shares of Rs. 10/-each		1,000,000,000	1,000,000,000
		2,000,000,000	2,000,000,000
Issued, subscribed and paid-up share capital - ordinary shares		451,605,000	451,605,000
Issued, subscribed and paid-up share capital - preference shares		528,208,500	528,208,500
Capital reserves		179,279,601	179,279,601
Accumulated loss		(1,756,964,918)	(1,759,685,558)
Surplus on revaluation of property, plant and equipment - net of tax	21	32,861,313	33,840,902
Unrealised gain on re-measurement as at fair value through other comprehensive income		6,500	(5,711)
Accumulated actuarial (loss) / gain on defined benefit plan-net of tax		(999,666)	(999,666)
		(566,003,670)	(567,756,932)
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

	Note	Nine months period ended March 31,		Three months period ended March 31,	
		2021	2020	2021	2020
----- (Rupees) -----					
Revenue					
Income from:					
Finance leases	23	3,317,470	3,631,134	816,160	2,258,093
Operating leases		-	-	-	-
		3,317,470	3,631,134	816,160	2,258,093
Other operating income	25	38,031,332	2,399,457	309,222	527,321
TOTAL INCOME		41,348,802	6,030,591	1,125,382	2,785,414
Expenses					
Finance cost	26	27,879,543	39,512,173	8,726,452	13,083,664
Administrative and operating expenses	27	23,690,106	22,727,576	7,515,366	6,501,292
Depreciation	28	3,211,064	3,261,574	1,069,638	1,247,394
Amount written-off directly against loans and lease receivables		-	-	-	-
Direct cost of operating leases		-	-	-	-
		54,780,713	65,501,323	17,311,456	20,832,350
Operating (Loss) / Profit before provisions		(13,431,911)	(59,470,732)	(16,186,074)	(18,046,936)
Reversals / (Provisions) for doubtful leases, loans and other receivables		15,204,229	11,263,120	7,431,657	1,626,827
Reversal / (impairment) on investment properties		-	-	-	-
		15,204,229	11,263,120	7,431,657	1,626,827
Profit / (Loss) before taxation		1,772,317	(48,207,612)	(8,754,418)	(16,420,109)
Taxation					
- Current		(31,266)	(45,952)	-	(28,442)
- Deferred		-	905,061	-	-
		(31,266)	859,109	-	(28,442)
Profit / (Loss) for the period		1,741,051	(47,348,503)	(8,754,418)	(16,448,551)
(Loss) / Earnings per share - basic	31	0.04	(1.05)	(0.19)	(0.36)
(Loss) / Earnings per share - diluted	31	0.02	(0.48)	(0.09)	(0.17)

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

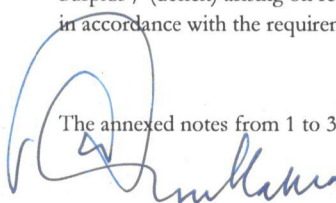
Saudi Pak Leasing Company Limited
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the quarter ended March 31, 2021

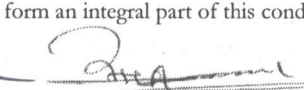


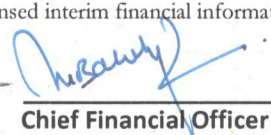
	Nine months period ended 31 March		Three months period ended 31 March	
	2021	2020	2021	2020
(Loss) / profit after taxation	1,741,051	(47,348,503)	(8,754,418)	(16,448,551)
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Unrealised (loss) / gain on re-measurement of available for sale investments	12,211	(417)	721	1,662
Surplus recognized on revaluation of office premises carried out during the period	-	-	-	-
Deferred tax on above surplus	-	-	-	-
Total comprehensive income for the year	1,753,262	(47,348,920)	(8,753,697)	(16,446,889)

Surplus / (deficit) arising on revaluation of certain classes of property, plant and equipment has been reported in accordance with the requirements of the Companies Act, 2017, as a separate line item below equity.

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

Saudi Pak Leasing Company Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the quarter ended March 31, 2021

	Issued, subscribed and paid-up share capital					Reserves			Surplus on revaluation of property, plant and equipment - net	Total
	Ordinary Shares	Non-redemable Preference shares	Statutory reserves	Unrealised gain on re-measurement of available for sale investments	Accumulated actuarial gain / loss on defined benefit plan- net of tax	Accumulated loss				
Balance as at July 1, 2019 (as restated)	451,605,000	528,208,500	183,361,290	417	(999,666)	(1,787,982,959)	32,905,207	(592,902,211)		
Total comprehensive income for the period	-	-	-	(417)	-	(47,348,503)	2,215,838,290	(47,348,503)		
- Loss after taxation	-	-	-	-	-	-	-	-	2,215,421.29	
- Other comprehensive income	-	-	-	-	-	953,137	-	(953,137)	-	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	(417)	-	(46,395,366)	1,262,701	(45,133,082)	-	
Balance as at 31 March 2020	451,605,000	528,208,500	183,361,290	-	(999,666)	(1,834,378,325)	34,167,908	(638,035,293)		
Balance as at July 1, 2020	451,605,000	528,208,500	179,279,601	(5,711)	(999,666)	(1,759,685,558)	33,840,902	(567,756,932)		
Total comprehensive income for the period	-	-	-	12,211	-	1,741,051	-	1,741,051	1,741,051	
- Loss after taxation	-	-	-	-	-	-	-	-	12,211	
- Other comprehensive income	-	-	-	-	-	979,589	-	(979,589)	-	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-	2,720,640	(979,589)	(979,589)	1,753,262	
Balance as at 31 March 2021	451,605,000	528,208,500	179,279,601	6,500	(999,666)	(1,756,964,918)	32,861,313	(566,003,670)		

Balance as at 31 March 2021

This annexed notes from 1 to 33 form an integral part of this condensed interim financial information.

Chief Executive

Chief Financial Officer

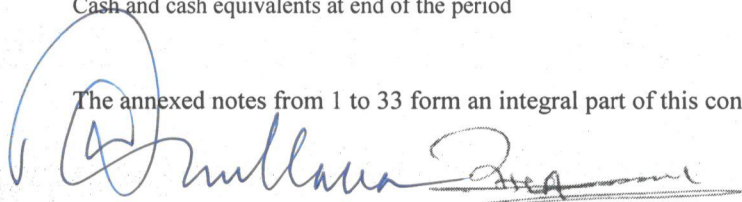
Director

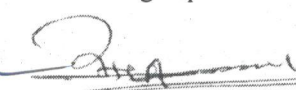
Saudi Pak Leasing Company Limited
 Condensed Interim Statement of Cash Flows (Un-audited)
 For the quarter ended March 31, 2021



	Note	Quarter Ended	
		March 31, 2021	March 31, 2020
		-----Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES	29	(25,666,207)	(23,930,725)
Finance cost paid		(28,179)	(19,201)
Taxes paid		(219,136)	(266,406)
Finance lease rentals received		22,705,264	18,661,806
		22,457,949	18,376,199
<i>Net cash flows from operating activities</i>		(3,208,258)	(5,554,526)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant, equipment and vehicle		-	-
Short term investments - net		794,917	1,733,857
Proceeds from sale of property, plant, equipment and vehicle		709,100	862,066
Repayment of long term loans / Employees Advances		(24,149)	(5,350)
Dividend received		7,425	5,631
<i>Net cash (used in) / from investing activities</i>		1,487,293	2,596,204
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		(2,075,000)	-
Repayment of certificates of investment		-	(500,000)
<i>Net cash used in financing activities</i>		(2,075,000)	(500,000)
Net decrease in cash and cash equivalents during the period		(3,795,965)	(3,458,322)
Cash and cash equivalents at beginning of the period		4,978,655	6,060,252
Cash and cash equivalents at end of the period		1,182,691	2,601,931

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.


 Chief Executive


 Director


 Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

- 1.1 Saudi Pak Leasing Company Limited ('the Company') was incorporated in Pakistan on 08 January 1991 under the Companies Ordinance, 1984 (now repealed with the enactment of the Company Act, 2017 on May 30, 2017) and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi. The main business activity of the Company is leasing of assets. The Company's license to carry out the business of leasing had expired on 18 May 2010 and renewal is pending with the Securities and Exchange Commission of Pakistan (SECP).

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 31 March, 2021 held 35.06% (June 30, 2020: 35.06%) of issued ordinary share capital of the Company and as of 31 March, 2021 held 63% (June 30, 2019: 63%) of issued preference share capital of the Company.

The Company also operates its office at Office No. 337/338, 4th Floor, JEFF Heights, Commercial Plaza, 77-E-1, Gulberg III, Lahore.

- 1.2 The country's weak economic fundamentals has had a pessimistic impact on the local economy. The country is facing serious challenges for the last several years on account of numerous factors.

Leasing companies are facing liquidity crunch, consequently affected the Company as well. The Company was thus trapped in the mud of defaults wherein recovery from customers has become an uphill task. The management is trying its level best to recover stuck up funds as much as possible from the available means.

Although uncertainty still exists due to the above factors, the management of the Company is confident that due to steps / measures as explained in the next paragraphs which are in line with the Board's approved rehabilitation plan for capital management and the approved financial projections, the going concern assumption is appropriate and has as such prepared these financial statements on a going concern basis. Further, in order to improve the financial health including equity position of the Company, the major share holder(s) are in the process of identifying strategic investors to inject funds into the Company. This will generally help to revive the liquidity position of the Company.

The Company submitted its rehabilitation plan duly approved by its Board of Directors to the SECP. The plan envisages the revival of operation upon renewal of its license by SECP based on MER of Rs. 50 million upon meeting the condition.

2. BASIS OF PREPERATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard - 34 (IAS 34), 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and provisions of, and directives issued under, the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and regulation) Rules, 2003 (NBFC Rules, 2003), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008). In case requirements differ, the provisions or directives issued under the Companies Act, 2017, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

These condensed interim financial statements have been prepared in accordance with the format generally followed for financial institutions and the provisioning requirements have been determined in accordance with requirements of the NBFC Regulations, 2008.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and has been rounded-off to the nearest rupee.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The significant accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2020 except that with effect from July 01, 2020, the Company has adopted the International Financial Reporting Standard (IFRS) 16 Leases which replaced the previous leases standard IAS 17 Leases. However, as permitted by paragraph C14 of IFRS 16, the Company has not made any adjustments on transition for leases in which it is a lessor and has accounted for its investment in finance leases applying IFRS 16 from the date of initial application i.e. July 01, 2020.

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the annual financial statements for the year ended June 30, 2020.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at and for the year ended 30 June 2020.

		March 31, 2021 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
5. CASH AND BANK BALANCES	Note		
Cash in hand		50,000	46,548
Balance with State Bank of Pakistan in current account - local currency		39,366	39,366
Balances with other banks:			
- in current account		5,500	5,500
- in saving accounts		1,087,825	4,887,241
		<u>1,182,691</u>	<u>4,978,655</u>
5.1	This represents saving deposit accounts maintained with various commercial banks at mark-up rate ranging from 7% to 8.5% (30 June 2020: 6% to 11.25%) per annum.		
6. SHORT TERM LOANS - Secured	Note	March 31, 2021 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
Term loan to customers			
- Considered doubtful	6.1	165,231,135	165,231,135
Provision for non-performing loans		(38,900,500)	(38,900,500)
		<u>126,330,635</u>	<u>126,330,635</u>
6.1	This represents term finance facilities provided to customers and carries mark-up ranging from 12.25% to 15.25% (30 June 2020: 16.25% to 25%) per annum. However, the accrual of such markup is suspended as required by prudential regulations.		
7. SHORT TERM INVESTMENTS	Note	March 31, 2021 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
At fair value through other comprehensive income	7.1	14,757,372	14,745,163
At amortized cost	7.2	13,924,923	14,491,626
		<u>28,682,295</u>	<u>29,236,789</u>
7.1 Investments at fair value through other comprehensive income			
Ordinary shares of listed companies	7.1.1	85,935	80,225
Ordinary shares of unlisted companies- at cost	7.1.2	14,671,438	14,664,938
Other investment- at cost		25,758,520	25,758,520
		<u>40,515,893</u>	40,503,683
Unrealised gain on re-measurement of investments		-	-
Accumulated impairment		(25,758,520)	(25,758,520)
		<u>14,757,372</u>	<u>14,745,163</u>
7.1.1	The investments in the listed equity securities held as available-for-sale are valued at prices quoted on the Pakistan Stock Exchange.		
7.1.2	Detail of investment in the ordinary shares of unlisted companies is as follows:		
SPI Insurance Company Limited		<u>14,664,938</u>	14,664,938
7.2 Investment at amortized cost			
	This represents investment in Government Market Treasury Bill having maturity on 3rd June 2021 and carries effective mark-up at a rate of 7.32% (30 June 2020: 10.81%) per annum.		

		March 31, 2021 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
8. OTHER RECEIVABLES	Note		
Operating lease rentals receivables		-	-
Receivable on termination of finance leases -		65,913,468	65,913,468
Staff gratuity- net defined benefit asset		84,108	84,108
Receivable from Ex-CEO (Mr. Tariq Masud)		2,880,000	2,880,000
Others		3,101,421	3,101,421
		<u>71,978,997</u>	<u>71,978,997</u>
Provision against doubtful receivables		<u>(71,665,618)</u>	<u>(71,665,618)</u>
		<u>313,379</u>	<u>313,379</u>
9. CURRENT MATURITY OF NON - CURRENT ASSETS			
Current portion of:			
Long term loans	10	47,240,756	47,216,607
Net investment in finance leases	11	490,373,415	503,357,363
		<u>537,614,172</u>	<u>550,573,970</u>
10. LONG TERM LOANS - secured			
Related party			
Due from employees - considered good		215,652	191,503
Other than related party			
Term loan to customers			
- Considered doubtful	10.1	100,164,030	100,164,030
		<u>100,379,682</u>	<u>100,355,533</u>
Provision for non-performing loans	10.2	<u>(53,138,926)</u>	<u>(53,138,926)</u>
		47,240,756	47,216,607
Current maturity of long term loans	9	<u>(47,240,756)</u>	<u>(47,216,607)</u>
		-	-
10.1			
Term loans due from customers are secured against assets. The rate of return on these loans ranges from 16.00% to 22.66% (30 June 2020: 16.00% to 22.66%) per annum.			
10.2			
The above provision for non-performing long term loans is net of forced sales value (FSVs) of collaterals of Rs. 47.217 million (2020: Rs. 47.217 million) considered by the Company for the purpose of determination of provision requirements.			
		March 31, 2021 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
11. NET INVESTMENT IN FINANCE LEASES	Note		
Minimum lease payments receivable		1,236,537,184	1,268,215,530
Add: Residual value of leased assets		315,703,285	314,952,834
Gross investment in finance leases		<u>1,552,240,469</u>	<u>1,583,168,364</u>
Less: Mark-up held in suspense	11.2	<u>221,755,999</u>	<u>(224,495,717)</u>
Net investment in finance leases		<u>1,330,484,470</u>	<u>1,358,672,647</u>
Less: Provision for potential lease losses	11.3	<u>840,111,055</u>	<u>(855,315,284)</u>
		490,373,415	503,357,363
Less: Current portion of net investment in finance leases	9	<u>(490,373,415)</u>	<u>(503,357,363)</u>
		-	-
11.1			
The internal rate of return on old leases disbursed by the Company ranges from 12.50% to 20.01% (June 30 2020: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finances obtained.			
11.1.1			
During 2020, the management initiated an exercise to verify the existence of selected portfolio of leased assets on periodic basis. The management carried out inspection for selected portfolio against which FSV benefit has been recognised in the financial statements and its impact has been accounted for accordingly.			
11.2			
Mark-up held in suspense			
Balance at beginning of the year		224,495,717	229,045,598
Income suspended during the period		-	-
		<u>224,495,717</u>	<u>229,045,598</u>
- realised / received during the period		<u>(2,739,718)</u>	<u>(4,039,237)</u>
- written-off during the period		-	(510,644)
		<u>(2,739,718)</u>	<u>(4,549,881)</u>
Balance at the end of the period		<u>221,755,999</u>	<u>224,495,717</u>

11.3 Provision for lease losses		
Balance at beginning of the year	855,315,284	878,163,485
Charge for the period	-	-
Reversal for the period	(14,292,669)	(20,266,717)
	(14,292,669)	(20,266,717)
Write-offs against provision	(911,560)	(2,581,484)
Balance at end of the period	<u>840,111,055</u>	<u>855,315,284</u>

12. INVESTMENT PROPERTIES

Rupees

As at July 01, 2019

Cost	66,160,092
Accumulated depreciation	(15,636,626)
Accumulated impairment	(6,805,696)
Net book value	<u>43,717,770</u>

Movement during the period ended March 31, 2020

Opening net book value	43,717,770
Depreciation charge	(1,063,959)
Closing net book value	<u>42,653,811</u>

As At March 31, 2020

Cost	66,160,092
Accumulated depreciation	(16,700,585)
Accumulated impairment	(6,805,696)
Net book value	<u>42,653,811</u>

As at July 01, 2020

Cost	66,160,092
Accumulated depreciation	(17,055,241)
Accumulated impairment	(6,805,696)
Net book value	<u>42,299,155</u>

Movement during the period ended March 31, 2021

Opening net book value	42,299,155
Depreciation charge	(1,063,959)
Closing net book value	<u>41,235,196</u>

As At March 31, 2021

Cost	66,160,092
Accumulated depreciation	(18,119,200)
Accumulated impairment	(6,805,696)
Net book value	<u>41,235,196</u>
Rate of depreciation (per annum)	<u>5%</u>

	Note	March 31, 2021 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
13. PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment - own use		64,053,258	66,296,757
Property, plant and equipment - operating lease		380,378	380,400
		<u>64,433,636</u>	<u>66,677,157</u>
Disposals - Cost			
<i>Owned assets</i>			
Vehicle		(964,000)	(676,240)
Office equipment		-	(703,890)
Total disposals		<u>(964,000)</u>	<u>(1,380,130)</u>
14. BORROWINGS FROM FINANCIAL INSTITUTIONS			
Letter of placements - Unsecured			
National Bank of Pakistan	14.1	77,500,000	77,500,000
Innovative Investment Bank Limited	14.2	60,000,000	60,000,000
Meezan Bank Limited	14.3	25,301,592	25,301,588
		<u>162,801,592</u>	<u>162,801,588</u>
14.1	This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on 01 April 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 40 days. The Company has not paid any amount in respect of this finance. As of 31 March 2021, the Company has accrued a mark-up of Rs. 95.55 million.		
14.2	This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on 3 December 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. The facility was rolled over for a further period of 184 days on 14 March 2011. Since the disbursement of facility, the Company has paid an amount of Rs. 3 million on account of principal repayment. As of 31 March 2021, the Company has accrued a mark-up of Rs. 53.25 million.		
14.3	This represents finance of Rs. 150 million obtained from Meezan Bank Limited (MEBL) on 20 September 2008, under Murabaha arrangement at a rate of 12% per annum. The Company paid Rs. 81 million on various dates from September 2008 to June 2011. The remaining amount of Rs. 69 million was restructured by way of settlement agreement on 22 April 2011 whereby the Company transferred a lease portfolio of Rs. 32 million. On 03 September 2012, a revised settlement agreement was signed according to which loan to be settled by way of transferring of Company's assets / collateral held by the Company against one of its non-performing borrowers and cash payment of Rs. 9.870 million as down payment. The Company made the down payment on 06 September 2012 and the collateral held by the Company against the non-performing borrower is to be transferred after the execution of a tripartite agreement between the Company, MEBL and the said borrower. The management is currently under a negotiation for an early execution of the said agreement. As per the restructuring terms, the finance carries no mark-up.		
15. CERTIFICATE OF INVESTMENT		<u>43,000,000</u>	<u>43,000,000</u>
16. ACCRUED MARK-UP			
<i>Mark-up on:</i>			
- certificates of investment		106,180,976	101,330,804
- long term finances		47,765,382	46,380,457
- term finance certificates		157,920,510	162,769,392
- short term borrowings from financial institutions		148,663,721	138,544,487
		<u>460,530,589</u>	<u>449,025,140</u>
17. ACCRUED EXPENSES AND OTHER PAYABLES			
Accrued expenses		4,154,665	6,206,071
Salaries payable		-	1,269,846
Others		1,031,771	1,025,151
		<u>5,186,436</u>	<u>8,501,068</u>

	Note	March 31, 2021 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
18. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current portion of:			
Certificate of investment		50,549,000	50,549,000
Long term finances	19	356,494,443	378,532,443
Security deposits against finance leases	20	287,296,444	295,519,074
		<u>694,339,886</u>	<u>724,600,516</u>
19. LONG TERM FINANCES			
Long term finances - secured	19.1	149,561,501	149,561,501
Long term finances - unsecured		<u>5,703,696</u>	<u>5,703,696</u>
Term finance certificates - secured	19.2	155,265,197	155,265,197
	19.3	<u>201,229,246</u>	<u>223,267,246</u>
		356,494,443	378,532,443
Current maturity of long term finances	18	<u>(356,494,443)</u>	<u>(378,532,443)</u>
		<u>-</u>	<u>-</u>
19.2 Long term finances		Principal Outstanding	
		March 31, 2020	June 30, 2019
		----- (Rupees) -----	
Secured			
National Bank of Pakistan - II	19.2.1	12,500,000	12,500,000
First Women Bank Limited	19.2.2	75,061,505	75,061,505
Soneri Bank Limited	19.2.3	61,999,996	61,999,996
Un-secured			
Silk Bank Limited	19.2.4	<u>5,703,696</u>	<u>5,703,696</u>
		<u>155,265,197</u>	<u>155,265,197</u>

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

19.2.1 This represents finance of Rs. 100 million obtained from National Bank of Pakistan on 17 March 2005 mainly for lease financing activities. As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from 17 September 2005 to 17 March 2009. The agreement was amended with the maturity date to March 2010. As of 31 March 2021, all instalments were paid except for the last instalment which was due on 17 March 2009 and is still outstanding. As per agreement the finance carries mark-up at 6 month KIBOR + 1.5%, payable semi-annually. As of 31 March 2021, the Company has accrued mark up of Rs. 16.17 million.

19.2.2 This represents a finance of Rs. 150 million obtained from First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenor of 1 day. Subsequently, the finance was rolled over several times during the period from October 07, 2008 to December 18, 2008. During this period, the Company managed to partially repay the principal and markup amount. Afterwards, the finance was restructured by way of a settlement agreement dated December 31, 2008 whereby the entire principal was converted into 12-month Money Market Finance facility on markup basis. Since the Company failed to make repayment as per agreed terms, the finance was, once again, restructured by way of a settlement agreement dated March 01, 2010. As per the revised rescheduled terms, the entire principal was payable in unequal monthly instalments up to December 31, 2012. The Company paid the instalments up to December 31, 2010 since when no further repayments have been made. Further, as per the revised agreement, the finance carries mark-up at 12% per annum, payable monthly. However, the accrual of markup has been stopped as the result of confirmation of liability received by external auditor. As of 31 March 2021, the Company has accrued mark up of Rs. 24.05 million.

19.2.3 This represents finance of Rs. 115 million obtained from Soneri Bank Limited on 22 March 2010 mainly for lease financing activities. The finance was restructured by way of settlement agreement on 22 December 2010. As per the rescheduling terms the entire principal was payable in monthly instalments of Rs. 1 million starting from November 2010. The Company paid the instalments upto 16 March 2011. The Company restructured the loan by way of settlement agreement on 7 May 2013 to settle the loan through following terms:

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

- Rs. 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) at Thokar Niaz Baig, Lahore.
- Cash payment of Rs. 5 million in 12 equal monthly instalments of Rs. 0.416 million each commencing from the date of execution of settlement agreement.

The Company has settled the loan amounting to Rs. 43 million by way of cash payment of Rs. 25 million on 28 August 2013 (and has recognised a waiver of Rs 18 million against the said payment). The Company has also paid the instalments on due dates. As per the revised restructuring terms, this finance carries no mark-up.

19.2.4 This represents finance of Rs. 15.7 million obtained from Silk Bank Limited on 27 April 2009 against issuance of irrevocable letter of comfort to Silk Bank on account of Uni-Link International for opening of letter of credit. The Company has paid Rs. 4 million upto 31 March 2011. The finance has been restructured by way of a settlement agreement dated 12 September 2012. As per the agreement loan was to be settled by making down payment of Rs. 0.707 million and balance of Rs. 11 million was to be paid in 54 equal monthly instalments of Rs. 0.204 million per month. Five monthly instalments of Rs. 0.204 million each were paid by the Company upto November 2014 and since then the Company has not paid any amount. As of 31 March 2021, the Company has accrued a mark up of Rs. 7.541 million.

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

The issue was first restructured by way of "Supplemental Declaration of Trust" dated 13 September 2010 and was further restructured by way of "Second Supplemental Declaration of Trust" dated 13 January 2012. To make the second proposed restructuring terms of Supplemental Declaration of Trust effective, an extra ordinary resolution has been passed by at least by 75% of the aggregate amount outstanding to TFC holders. The trustee obtained necessary approval of TFC holders. The revised terms and conditions of the issue after rescheduling are as follows:

During current period, on September 29, 2020, the company entered into an agreement with M/s .HBL Asset Management Company Limited, being the management company of HBL Income Fund and HBL Multi Asset Fund , full settlement of outstanding financial liability in respect of Term Finance Certificates (TFCs) previously issued to them in March 2008 .

Principal redemption

The principal redemption of TFCs is structured to be in 63 un-equal monthly instalments starting from 13 January 2012 as follows:

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

Mark-up on TFCs

- The issue carries return at 6% per annum for first 36 months (from 13 January 2012 to 13 December 2014).
- One month's KIBOR per annum for remaining 27 months (from 13 January 2015 to 13 March 2017).
- Mark-up shall be paid on monthly basis starting from 25th month till the maturity of the TFC.
- Mark-up payments on TFCs for first 24 months is deferred till 13 December 2013. Deferred mark-up is the sum of deferred mark-up payments for the first 24 months and the outstanding deferred mark-up (relating to first restructuring as of 13 December 2013) and amounts to Rs. 25.368 million.
- Mark-up on TFCs is deferred till 13 December 2013 and is payable in 3 equal instalments in December 2014, 2015 and 2016.

Trustee

In order to protect the interests of TFC holders, First Dawood Investment Bank Limited has been appointed as trustee under a trust deed with power to enforce the Company's obligations in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Declaration of Trust.

The Company defaulted in making payments to TFC holders in 2014 due to liquidity issues faced by the Company.

		March 31, 2021 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
20. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES	Note		
Security deposits against finance leases	20.1	287,296,444	295,519,074
Current maturity of deposits against finance leases	18	<u>(287,296,444)</u>	<u>(295,519,074)</u>
		<u>-</u>	<u>-</u>
20.1	This represents security deposits received from lessees under lease contracts and are adjustable on maturity of the respective leases.		
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of property, plant and equipment		<u>32,861,313</u>	<u>33,840,902</u>
		<u>32,861,313</u>	<u>33,840,902</u>
22. CONTINGENCIES AND COMMITMENTS			
There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended June 30, 2020.			
23. INCOME FROM FINANCE LEASES		March 31, 2021 (Unaudited) Rupees	March 31, 2020 (Unaudited) Rupees
Income from finance lease contracts		2,739,718	2,765,344
Gain on termination of finance lease contracts		577,752	865,790
		<u>3,317,470</u>	<u>3,631,134</u>
24. CAPITAL MANAGEMENT POLICIES AND PROCEDURES			
Capital requirements applicable to the Company are set out and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. SECP extended the minimum equity requirement as per NBFC Regulations, 2008 vide SRO 764(I) / 2009 dated 2 September 2009 wherein the Company is required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 750 million by 30 June 2011, 30 June 2012 30 June 2014 and 30 June 2015 respectively.			
25. OTHER OPERATING INCOME		March 31, 2021 (Unaudited) Rupees	March 31, 2020 (Unaudited) Rupees
Income from financial assets:			
- Dividend income		7,425	5,631
- Interest income from government securities		748,818	1,404,291
- Interest income from savings accounts		174,814	195,093
		<u>931,057</u>	<u>1,605,015</u>
Income from non-financial assets:			
- Gain on sale of property, plant and equipment		709,100	742,376
- Waiver on settlement of short/long term finances	25.1	36,308,915	-
- Others		82,260	52,066
		<u>37,100,275</u>	<u>794,442</u>
		<u>38,031,332</u>	<u>2,399,457</u>
25.1	This represents waiver of aggregate principal Rs. 19.963 million and waiver of aggregate markup of Rs. 16.346 million, received on settlement of term finance certificates held by M/s HBL Income Fund and M/s HBL Multi-Asset Fund.		
26. FINANCE COST			
Mark-up on:			
- Long term finances		1,384,925	1,726,117
- Term finance certificates		11,497,033	22,733,991
- Short term borrowings		10,119,234	10,156,166
Return on certificates of investment		4,850,172	4,876,697
Bank charges		28,179	19,202
		<u>27,879,543</u>	<u>39,512,173</u>

	Note	March 31, 2021 Rupees (Un-audited)	March 31, 2020 Rupees (Un-audited)
27. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, Allowances and Benefits		13,301,863	13,577,043
Expenses on meetings of Board of Directors		2,550,000	1,796,553
Rent		519,329	447,669
Repairs and maintenance		1,734,629	1,540,758
Insurance		279,398	131,869
Utilities		422,978	549,099
Vehicle running expenses		279,468	75,500
Printing and stationery		104,441	424,502
Telephone and postage		387,062	469,362
Travelling and conveyance		469,312	145,410
Fee and subscriptions		67,990	960,312
Legal and professional charges		2,234,370	1,427,346
Advertising and entertainment		37,220	123,180
Auditors' remuneration		176,500	156,500
Miscellaneous		1,125,546	902,473
		<u>23,690,106</u>	<u>22,727,576</u>
28. DEPRECIATION			
Depreciation on owned assets		2,147,102	2,197,613
Depreciation on investment properties		1,063,962	1,063,961
		<u>3,211,064</u>	<u>3,261,574</u>
29. CASH GENERATED FROM OPERATIONS			
(Loss) / profit for the period before taxation		1,772,317	(48,207,612)
Adjustment for non cash charges and other items :			
Depreciation - owned assets		2,147,102	2,197,613
Depreciation - investment properties		1,063,962	1,753,105
Income on finance lease contracts		(2,739,718)	(2,765,344)
Financial charges and other charges		27,879,543	39,512,173
Provision / (reversals) for doubtful leases, loans and other receivables		(15,204,229)	(11,263,120)
Dividend income		(7,425)	(5,631)
Interest income from government securities		(748,818)	(1,404,291)
Gain on sale of property, plant & equipment		(709,100)	(742,376)
Gain on settlement of loans		(36,308,915)	-
		<u>(24,627,598)</u>	<u>27,282,129</u>
(Loss)/profit before working capital changes		<u>(22,855,280)</u>	<u>(20,925,483)</u>
Working capital changes			
Short term loans		-	-
Short Term Investments		554,494	317,039
Trade deposits and short term prepayments / other receivables		(50,789)	(70,787)
Accrued and other payables		(3,314,632)	(3,251,493)
		<u>(2,810,926)</u>	<u>(3,005,241)</u>
Cash (used in) / generated from operations after working capital changes		<u>(25,666,207)</u>	<u>(23,930,725)</u>

30. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS

Aggregate transactions with related parties and associated undertakings which are not disclosed in respective notes are as follows:

	Note	March 31, 2021 Rupees (Un-audited)	March 31, 2020 Rupees (Un-audited)
Major Shareholder			
Rent paid		-	-
Key management personnel			
Remuneration to key management personnel		4,632,292	6,290,828
Other related parties			
Payments to provident fund		382,500	382,500

	Note	March 31, 2021 Rupees (Un-audited)	March 31, 2020 Rupees (Un-audited)
31. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED			
(Loss) / Profit after taxation attributable to ordinary shareholders		<u>1,741,051</u>	<u>(47,348,503)</u>
		(Number)	
Weighted average number of ordinary shares		<u>45,160,500</u>	<u>45,160,500</u>
		(Rupees)	
(Loss) / Earnings per share - Basic		<u>0.04</u>	<u>(1.05)</u>
(Loss) / Profit after taxation attributable to ordinary shareholders - net of dilution effect		<u>1,741,051</u>	<u>(47,348,503)</u>
		(Number)	
Weighted average number of ordinary shares - net of dilution effect		<u>97,981,350</u>	<u>97,981,350</u>
		(Rupees)	
(Loss) / Earnings per share - Diluted		<u>0.02</u>	<u>(0.48)</u>

32. COMPARATIVE FIGURES
 Corresponding figures have been rearranged and reclassified, if necessary, to reflect more appropriate presentation of events and transactions for the purposes of comparisons.

33. DATE OF AUTHORIZATION
 This condensed interim financial information (un-audited) was authorized for issue on _____ by the Board of Directors.

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.

Chief Executive

Director

Chief Financial Officer