

**MARCH 31
2023**

**SAUDI PAK
LEASING**

**3rd QUARTERLY
Report**

OUR VISION

To remain trust worthy to all stakeholders.

OUR MISSION For our Customer

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

For Employees

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

For our Shareholders

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

For our Society

We will maintain ethical standards and act as responsible corporate citizens

CORPORATE STRATEGY

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS ELECTED ON NOVEMBER 26, 2018

Mr. Niaz Ahmed Khan	Chairman/Non-Executive/ Independent Director
Mr. Ahsanullah	Chief Executive Officer/ Independent Elected Director
Mr. Muhammad Waqar	Independent Director
Syed Najmul Hasnain Kazmi	Independent Director

AUDIT COMMITTEE ELECTED ON JANUARY 29, 2019

Syed Najmul Hasnain Kazmi	Chairman
Mr. Muhammad Waqar	Member
Mr. Niaz Ahmed Khan	Member (Appointed on 28-09-22)

HR & REMUNERATION COMMITTEE ELECTED ON JANUARY 29, 2019

Mr. Niaz Ahmed Khan	Chairman
Mr. Ahsanullah	Member
Syed Najmul Hasnain Kazmi	Member (Appointed on 28-09-22)

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Mr. Ahsanullah

COMPANY SECRETARY

Mr. M. Imtiaz Ali

CHIEF FINANCIAL OFFICER

Mr. Amir Rasool

HEAD OF INTERNAL AUDIT & COMPLIANCE

Mr. Haider Ali

TAX CONSULTANT

M/s. UHY Hassan Naeem & Co
Chartered Accountants

AUDITORS

M/s. UHY Hassan Naeem & Co
Chartered Accountant
(appointed on 28-10-2021)
A member of UHY International Independent Member

LEGAL ADVISOR

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

BANKS

MCB Bank Limited
Faysal Bank Limited
Samba Bank Limited

REGISTERED OFFICE

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

BRANCH

Office 337/338, 4th Floor,
JEFF HEIGHTS
Main Boulevard, Gulberg-III, Lahore
Ph : 042 3576 4964 – 65
Contact Person Mr. Tahir - Deputy Manager
(Relocated in 2018)

CONTACT DETAILS

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

REGISTRAR AND SHARE TRANSFER OFFICE

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

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, 2023

Operating and Financial Results:

	March 31,2023	March 31,2022
	----- (Rupees) -----	
Income from finance and operating leases	63,377,430	19,884,813
Other operating income	4,645,823	2,215,838
Total income	68,023,253	22,100,651
Finance cost	(33,183,079)	(28,759,244)
Administrative and other operating expenses	(32,383,966)	(32,760,141)
Write-offs against loans and leases	-	-
Operating (loss) / profit before provisions	2,456,208	(39,458,734)
Reversal / (provision) against leases, loans, receivables and investment properties	-	-
(Loss) / Profit before taxation	5,360,170	(20,692,547)
(Loss) / Profit after taxation	7,816,378	(60,151,281)
(Loss) / Profit after taxation	14,051,927	(60,397,397)
(Loss) / Earnings per share - basic	0.31	(1.34)

The total income earned during the period ended March 31, 2023 registered an increase of 32.490% as compared to the income earned during corresponding period of 2022. The operating profit before provisions stood at Rs 2.456 million during the period under consideration (operating loss of Rs 39.459 million in 2022).

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 out of court settlements. 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 recourses. 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. It may kindly be noted that major shareholder SAPICO is at advance stage of the process of divestment and the matter is under review of Supervision Department of SECP and they are reportedly optimistic to conclude the deal with the new investor, who will submit their own plan for revival of the company.

For & on behalf of the Board



Ahsanullah Khan
Director / CEO

Karachi: 19 April 2023

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION UN-AUDITED

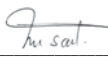
FOR THE PERIOD ENDED 31 MARCH 2023

		March 31, 2023 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
	Note	(Rupees)	(Rupees)
ASSETS			
Current assets			
Cash and bank balances	5	26,499,979	253,806
Short term loans	6	118,355,176	136,636,011
Short term investments	7	46,866,885	54,220,500
Trade deposits and short term prepayments		1,171,726	979,871
Other receivables	8	15,677,390	-
Taxation-net		1,822,717	1,250,545
Current maturity of non-current assets	9	463,431,730	489,385,960
Total current assets		673,825,603	682,726,693
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	38,397,962	39,461,923
Intangible assets		-	-
Property, plant and equipment	13	81,039,048	61,172,944
Total non-current assets		119,437,009	100,634,867
Total Assets		793,262,612	783,361,560
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	14	162,801,588	162,801,588
Certificates of investment	15	43,000,000	43,000,000
Accrued mark-up	16	545,189,134	512,034,439
Accrued expenses and other payables	17	6,728,078	5,773,867
Current maturity of non-current liabilities	18	607,638,797	669,638,793
Unclaimed dividend		1,661,291	1,661,291
Preference dividend payable		-	-
Total current liabilities		1,367,018,888	1,394,909,978
Non-current liabilities			
Deferred tax liability - net		-	-
Long term finances	19	-	-
Total non-current liabilities		-	-
Total liabilities		1,367,018,888	1,394,909,978
NET ASSETS		(573,756,275)	(611,548,418)
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		179,549,025	179,549,025
Accumulated loss		(1,806,104,087)	(1,821,135,601)
Surplus on revaluation of property, plant and equipment - net of tax	21	45,745,624	31,228,670
Unrealised gain on re-measurement as at fair value through other comprehensive income		28,239,329	19,995,654
Accumulated actuarial (loss) / gain on defined benefit plan-net of tax		(999,666)	(999,666)
		(573,756,275)	(611,548,418)
CONTINGENCIES AND COMMITMENTS			
	22		

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT PROFIT OR LOSS UN-AUDITED

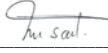
FOR THE PERIOD ENDED 31 MARCH 2023

	Note	Nine months period ended March 31,		Three months period ended March 31,	
		2023	2022	2023	2022
(Rupees)					
Revenue					
Income from:					
Finance leases	23	63,377,430	19,844,813	55,908,921	211,944
Operating leases		-	-	-	-
		63,377,430	19,844,813	55,908,921	211,944
Other operating income	25	4,645,823	2,215,838	(2,206,634)	530,033
TOTAL INCOME		68,023,253	22,060,651	53,702,287	741,977
Expenses					
Finance cost	26	33,183,079	28,759,244	10,227,859	10,559,117
Administrative and operating expenses	27	28,771,451	29,097,819	9,607,781	5,662,374
Depreciation	28	3,612,515	3,662,322	1,381,914	1,068,342
Amount written-off directly against loans and lease receivables		-	-	-	-
Direct cost of operating leases		-	-	-	-
		65,567,045	61,519,385	21,217,554	17,289,833
Operating (Loss) / Profit before provisions		2,456,208	(39,458,734)	32,484,733	(16,547,856)
Reversals / (Provisions) for doubtful leases, loans and other receivables		5,360,170	(20,692,547)	995,886	(22,642,711)
Reversal / (impairment) on investment properties		-	-	-	-
		5,360,170	(20,692,547)	995,886	(22,642,711)
Profit / (Loss) before taxation		7,816,378	(60,151,281)	33,480,619	(39,190,567)
Taxation					
- Current		(94,024)	(246,116)	(94,024)	-
- Deferred		6,329,573	-	-	-
		6,235,549	(246,116)	(94,024)	-
Profit / (Loss) for the period		14,051,927	(60,397,397)	33,386,595	(39,190,567)
(Loss) / Earnings per share - basic	31	0.31	(1.34)	0.74	(0.87)
(Loss) / Earnings per share - diluted	31	0.14	(0.62)	0.34	(0.40)

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


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME UN-AUDITED

FOR THE PERIOD ENDED 31 MARCH 2023


	Nine months period ended 31 March		Three months period ended 31 March	
	2023	2022	2023	2022
	-----Rupees-----			
(Loss) / profit after taxation	14,051,927	(60,397,397)	33,386,595	(39,190,567)
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	8,243,675	(7,015)	8,243,675	(18,505)
Surplus recognized on revaluation of office premises carried out during the period	21,826,114	-	-	-
Deferred tax on above surplus	(6,329,573)	-	-	-
	15,496,541	-	-	-
Total comprehensive income for the year	37,792,142	(60,404,412)	41,630,270	(39,209,072)

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 Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY UN-AUDITED

Issued, subscribed and paid-up share capital	Reserves					Total	
	Non-rottenable Shares	Preference shares	Statutory reserves	Unrealized gain on re-measurement of assets for sale investments	Accumulated actuarial gain/ loss on defined benefit plan net of tax		Accumulated loss
451,605,000	528,208,500	179,549,025	20,013,895	(999,660)	(1,757,301,748)	32,534,786	(546,390,208)
-	-	-	-	-	(60,397,397)	-	(60,397,397)
-	-	-	(7,015)	-	-	-	(7,015)
-	-	-	-	-	979,587	(979,587)	-
-	-	-	(7,015)	-	(59,417,810)	(979,587)	(60,404,412)
451,605,000	528,208,500	179,549,025	20,006,880	(999,660)	(1,816,719,538)	31,555,199	(606,394,020)
451,605,000	528,208,500	179,549,025	19,995,654	(999,660)	(1,821,135,600)	31,228,670	(611,548,418)
-	-	-	-	-	14,051,927	-	14,051,927
-	-	-	8,243,075	-	-	15,496,541	23,740,216
-	-	-	-	-	979,587	(979,587)	-
-	-	-	8,243,075	-	15,031,514	14,516,964	37,792,142
451,605,000	528,208,500	179,549,025	28,239,929	(999,660)	(1,806,104,087)	45,245,624	(573,756,270)

Balance as at July 1, 2021

Total comprehensive income for the period
 - Loss after taxation
 - Other comprehensive income
 Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation
 - net of deferred tax

Balance as at 31 March 2022

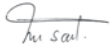
Total comprehensive income for the period
 - Profit after taxation
 - Other comprehensive income
 Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation
 - net of deferred tax

Balance as at 31 March 2023

The annexed notes from 1 to 35 form an integral part of this condensed interim financial information.


 Chief Executive Officer


 Director


 Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

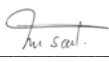
FOR THE PERIOD ENDED 31 MARCH 2023

	Quarter Ended		
	March 31, 2023	March 31, 2022	
	-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES	29	41,569,042	(12,048,669)
Finance cost paid	(28,384)	(22,596)	
Taxes paid	(478,148)	(286,336)	
Security deposits paid to lessees	-	-	
Interest receivable from Govt. Securities - T-Bills	29,267	-	
Finance lease rentals received	37,247,488	13,053,506	
	<u>36,770,222</u>	<u>12,744,574</u>	
<i>Net cash flows from operating activities</i>	78,339,264	695,905	
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(659,200)	(1,366,730)	
Short term investments - net	10,558,684	195,133	
Proceeds from disposal of short term investments	-	0	
Proceeds from sale of property, plant and equipment	-	1,328,570	
Repayment of long term loans / Employees Advances	-	-	
Dividend received	7,424	7,177	
	<u>9,906,908</u>	<u>164,150</u>	
<i>Net cash (used in) / from investing activities</i>			
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances	(61,999,999)	-	
Repayment of certificates of investment	-	-	
	<u>(61,999,999)</u>	<u>-</u>	
<i>Net cash used in financing activities</i>			
Net decrease in cash and cash equivalents during the period	26,246,172	860,055	
Cash and cash equivalents at beginning of the period	253,806	1,571,466	
Cash and cash equivalents at end of the period	26,499,979	2,431,522	

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


Chief Executive Officer


Director


Chief Financial Officer

SELECTED NOTES TO THE FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED 31 MARCH 2023

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 May 18, 2010 and subsequently has been cancelled on June 30, 2021. The company has not been able to obtain renewal thereof from SECP as the legal requirements laid down in this respect could not be met by the company, despite all out efforts under force majeure circumstances.

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 31 March, 2023 held 35.06% (June 30, 2022: 35.06%) of issued ordinary share capital of the Company and as of 31 March, 2023 held 63% (June 30, 2022: 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 mainly due to default of its debtors.

Leasing companies are facing liquidity crunch, consequently affected our Company as well. The Company is facing serious difficulties in recovery from customers. The management is trying its level best to recover stuck up debt as much as possible from the available means. It may kindly be noted that majority of the portfolio is in litigation since long and no tangible outcome happened except to consider out of court settlement with the approval of Board of Directors.

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 is in the process of identifying strategic investors to inject funds into the Company. This will generally help revival of the Company. The divestment process is under review of Supervision Division of SECP.

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 with status of Non-Deposit upon meeting the condition. It is worth mentioning here that due to effort of management duly supported by its Board of Directors has been able to reflect profit of Rs. 14.05 million for the third quarter ended on March 31, 2023 and is optimistic that it will put its best efforts to improve the financial condition of the Company.

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.

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, 2022.

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 2022.

		March 31, 2023 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
5. CASH AND BANK BALANCES	Note		
Cash in hand		75,000	75,000
Balance with State Bank of Pakistan in current account - local currency		30,449	32,859
Balances with other banks:			
- in current account		-	-
- in saving accounts		26,394,530	145,947
		26,499,979	253,806
5.1	This represents saving deposit accounts maintained with MCB Bank Limited carrying mark-up at the rate of 15.23% (30 June 2022: 5.5%) per annum.		
6. SHORT TERM LOANS - Secured			
Term loan to customers			
- Considered doubtful	6.1	146,950,300	165,231,135
Provision for non-performing loans		(28,595,124)	(28,595,124)
		118,355,176	136,636,011
6.1	This represents term finance facilities provided to customers and carries mark-up ranging from 16.25% to 25% (30 June 2022: 16.25% to 25%) per annum. However, the accrual of such markup is suspended as required by prudential regulations.		
7. SHORT TERM INVESTMENTS			
At fair value through other comprehensive income	7.1	32,870,069	40,303,784
At amortized cost	7.2	13,996,816	13,916,716
		46,866,885	54,220,500
7.1 Investments at fair value through other comprehensive income			
Ordinary shares of listed companies	7.1.1	32,870,070	60,875
Ordinary shares of unlisted companies- at cost	7.1.2	-	40,242,909
Other investment- at cost		25,758,520	25,758,520
		58,628,590	66,062,304
Unrealised gain on re-measurement of investments		-	-
Accumulated impairment		(25,758,520)	(25,758,520)
		32,870,069	40,303,784

Third Quarterly Report March 31, 2023

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. This also includes amount of The United Insurance Company shares which will be disposed off on reasonable market rate in future after the approval from Board of Directors and will give positive impact on P&L and Equity.

7.1.2 Detail of investment in the ordinary shares of unlisted companies is as follows:

SPI Insurance Company Limited	-	40,242,909
The United Insurance Company of Pakistan (Quoted on PAX)	32,813,145	-
	32,813,145	-

7.2 Investment at amortized cost

This represents investment in Government Market Treasury Bill having maturity on 6th April 2023 and carries effective mark-up at a rate of 16.99% (30 June 2022: 14.19%) per annum.

		March 31, 2023	June 30, 2022
		Rupees (Un-audited)	Rupees (Audited)
8. OTHER RECEIVABLES	Note		
Receivable on termination of finance leases		81,590,770	65,913,380
Receivable from Ex-CEO (Mr. Tariq Masud)		2,880,000	2,880,000
Others		3,101,369	3,101,369
		<u>87,572,139</u>	<u>71,894,749</u>
Provision against doubtful receivables		(71,894,749)	(71,894,749)
		<u>15,677,390.00</u>	<u>-</u>

9. CURRENT MATURITY OF NON - CURRENT ASSETS

Current portion of:

Long term loans	10	51,983,025	51,983,130
Net investment in finance leases	11	411,448,705	437,402,830
		<u>463,431,730</u>	<u>489,385,960</u>

10. LONG TERM LOANS - secured

Related party

Due from employees - considered good		222,546	222,546
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Other than related party

Term loan to customers			
- Considered doubtful	10.1	100,164,030	100,164,030
		<u>100,386,576</u>	<u>100,386,576</u>
Provision for non-performing loans	10.2	(48,403,551)	(48,403,446)
		<u>51,983,025</u>	<u>51,983,130</u>
Current maturity of long term loans	9	(51,983,025)	(51,983,130)
		<u>-</u>	<u>-</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 2022: 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. 48.404 million (2022: Rs. 48.404 million) considered by the Company for the purpose of determination of provision requirements.

	Note	March 31, 2023 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
11. NET INVESTMENT IN FINANCE LEASES			
Minimum lease payments receivable		1,185,702,975	1,222,950,463
Add: Residual value of leased assets		282,029,108	282,029,108
Gross investment in finance leases		1,467,732,083	1,504,979,571
Less: Mark-up held in suspense	11.2	(214,036,166)	(219,969,250)
Net investment in finance leases		1,253,695,917	1,285,010,321
Less: Provision for potential lease losses	11.3	(842,247,213)	(847,607,491)
		411,448,705	437,402,830
Less: Current portion of net investment in finance leases	9	(411,448,705)	(437,402,830)
		-	-

11.1 The internal rate of return on old leases disbursed by the Company ranges from 12.50% to 20.01% (June 30 2022: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finances obtained.

11.2 Mark-up held in suspense

Balance at beginning of the year	219,969,250	221,269,477
Income suspended during the period	-	-
	219,969,250	221,269,477
Charge for the period	-	-
Reversal for the period	(5,933,084)	(1,300,227)
	(5,933,084)	(1,300,227)
Balance at the end of the period	214,036,166	219,969,250

11.3 Provision for lease losses

Balance at beginning of the year	847,607,491	828,175,878
Charge for the period	-	58,437,128
Reversal for the period	(5,360,170)	(39,005,515)
	(5,360,170)	19,431,613
Write-offs against provision	-	-
Balance at end of the period	842,247,321	847,607,491

12. INVESTMENT PROPERTIES

Rupees

As at July 01, 2021

Cost	66,160,092
Accumulated depreciation	(18,473,857)
Accumulated impairment	(6,805,696)
Net book value	40,880,539

Movement during the period ended March 31, 2022

Opening net book value	40,880,539
Depreciation charge	(1,063,959)
Closing net book value	39,816,580

As At March 31, 2022

Cost	66,160,092
Accumulated depreciation	(19,537,818)
Accumulated impairment	(6,805,696)
Net book value	39,816,578

As at July 01, 2022

Cost	66,160,092
Accumulated depreciation	(19,892,473)
Accumulated impairment	(6,805,696)
Net book value	39,461,923

Movement during the period ended March 31, 2023

Opening net book value	39,461,923
Depreciation charge	(1,063,959)
Closing net book value	38,397,964

As At March 31, 2023

Cost	66,160,092
Accumulated depreciation	(20,956,434)
Accumulated impairment	(6,805,696)
Net book value	38,397,962
Rate of depreciation (per annum)	2.22% & 5%

	Note	March 31, 2023 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
13. PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment - own use		80,658,683	60,792,579
Property, plant and equipment - operating lease		<u>380,365</u>	<u>380,365</u>
		<u>81,039,048</u>	<u>61,172,944</u>

Additions - Cost

Owned assets

Building improvements	-	-
Vehicle	127,000	75,000
Office equipment	<u>532,200</u>	<u>1,291,730</u>
Total additions	<u>659,200</u>	<u>1,366,730</u>

Disposals - Cost

Owned assets

Vehicle	-	(2,352,595)
Total disposals	<u>-</u>	<u>(2,352,595)</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	<u>25,301,588</u>	<u>25,301,588</u>
		<u>162,801,588</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 2023, the Company has accrued a mark-up of Rs. 108.583 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 2023, the Company has accrued a mark-up of Rs. 60.458 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.

	March 31, 2023 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
Note		
15. CERTIFICATE OF INVESTMENT	43,000,000	43,000,000
16. ACCRUED MARK-UP		
<i>Mark-up on:</i>		
- certificates of investment	120,208,095	115,532,443
- long term finances	50,791,384	50,169,099
- term finance certificates	205,287,467	180,828,408
- short term borrowings from financial institutions	168,902,188	165,504,489
	545,189,134	512,034,439
17. ACCRUED EXPENSES AND OTHER PAYABLES		
Accrued expenses	5,253,745	4,360,236
Salaries payable	-	368,513
Others	1,474,332	1,045,118
	6,728,078	5,773,867
18. CURRENT MATURITY OF NON- CURRENT LIABILITIES		
Current portion of:		
Certificate of investment	50,549,000	50,549,000
Long term finances	19 294,494,447	356,494,443
Security deposits against finance leases	20 262,595,351	262,595,351
	607,638,797	669,638,793

		March 31, 2023	June 30, 2022
	Note	Rupees (Un-audited)	Rupees (Audited)
19. LONG TERM FINANCES			
Long term finances - secured	19.1	87,561,505	149,561,501
Long term finances - unsecured		<u>5,703,696</u>	<u>5,703,696</u>
	19.2	93,265,201	155,265,197
Term finance certificates - secured	19.3	<u>201,229,246</u>	<u>201,229,246</u>
		294,494,447	356,494,443
Current maturity of long term finances	18	<u>(294,494,447)</u>	<u>(356,494,443)</u>
		-	-
		Principal Outstanding	
		March 31, 2022	June 30, 2021
		----- (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		-	61,999,996
Un-secured			
Silk Bank Limited	19.2.3	<u>5,703,696</u>	<u>5,703,696</u>
		<u>93,265,201</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 2023, the Company has accrued mark up of Rs. 18.217 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 2023, the Company has accrued mark up of Rs. 24.05 million.

19.2.3 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 2023, the Company has accrued a mark up of Rs. 8.520 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:

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, 2023 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
20. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES	Note		
Security deposits against finance leases	20.1	262,595,351	262,595,351
Current maturity of deposits against finance leases	18	<u>(262,595,351)</u>	<u>(262,595,351)</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>45,745,624</u>	31,228,670
	<u>45,745,624</u>	<u>31,228,670</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, 2023.

	March 31, 2023 (Unaudited) Rupees	March 31, 2022 (Unaudited) Rupees
23. INCOME FROM FINANCE LEASES		
Income from finance lease contracts	5,933,084	1,143,191
Gain on termination of finance lease contracts	<u>57,444,346</u>	<u>18,701,622</u>
	<u>63,377,430</u>	<u>19,844,813</u>

The above has been communicated to the authorities in reply to the notice. However no order in this regard has been passed.

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.

		March 31, 2023 (Unaudited) Rupees	March 31, 2022 (Unaudited) Rupees
25. OTHER OPERATING INCOME	Note		
Income from financial assets:			
- Dividend income		7,424	7,177
- Interest income from government securities		1,592,085	812,602
- Interest income on term loans		868,743	-
- Interest income from savings accounts		2,060,501	385,550
		4,528,753	1,205,329
Income from non-financial assets:			
- Gain on sale of property, plant and equipment		840	140,510
- Waiver on settlement of short/long term finances		-	-
- Others		116,230	870,000
		117,070	1,010,510
		4,645,823	2,215,838
26. FINANCE COST			
Mark-up on:			
- Long term finances		622,285	1,354,923
- Term finance certificates		24,459,059	12,431,227
- Short term borrowings		3,397,699	10,119,234
Return on certificates of investment		4,675,652	4,831,264
Bank charges		28,384	22,596
		33,183,079	28,759,244
		March 31, 2023 Rupees (Un-audited)	March 31, 2022 Rupees (Un-audited)
27. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, Allowances and Benefits		12,198,794	15,229,057
Board meeting expenses		2,330,000	4,100,000
Rent		658,240	503,360
Repairs and maintenance		1,913,745	1,745,033
Insurance		158,559	247,649
Utilities		618,087	700,141
Vehicle running expenses		1,271,284	883,139
Printing and stationery		243,845	265,491
Telephone and postage		399,234	360,170
Travelling and conveyance		83,220	43,800
Travelling and conveyance - Director's		716,774	1,277,174
Fee and subscriptions		1,172,035	959,429
Legal and professional charges		5,772,119	1,041,332
Advertising and entertainment		104,646	296,260
Auditors' remuneration		156,000	148,444
Miscellaneous		974,869	1,297,339
		28,771,451	29,097,819

	March 31, 2023 Rupees (Un-audited)	March 31, 2022 Rupees (Un-audited)
28. DEPRECIATION		
Depreciation on owned assets	2,784,989	2,598,360
Depreciation on investment properties	<u>827,526</u>	<u>1,063,962</u>
	<u>3,612,515</u>	<u>3,662,322</u>
29. CASH GENERATED FROM OPERATIONS		
(Loss) / profit for the period before taxation	7,816,378	(60,151,281)
Adjustment for non cash charges and other items :		
Depreciation - owned assets	2,784,989	2,598,360
Depreciation - investment properties	827,526	1,182,180
Depreciation - assets under operating lease	-	-
Income on finance lease contracts	(5,933,084)	(1,143,191)
Income on term loan	(868,743)	-
Financial charges and other charges	33,183,079	28,759,244
Provision / (reversals) for doubtful leases, loans and other receivables	(5,360,170)	20,692,547
Dividend income	(7,424)	(7,177)
Interest income from government securities	(1,592,085)	(812,602)
Gain on sale of property, plant & equipment	(840)	(140,510)
	<u>23,033,248</u>	<u>51,128,850</u>
(Loss)/profit before working capital changes	30,849,626	(9,022,430)
Working capital changes		
Short term loans	18,280,835	-
Short Term Investments	7,353,615	(5,469)
Trade deposits and short term prepayments / other receivables	(15,869,245)	80,809
Accrued and other payables	954,211	(3,101,578)
	<u>10,719,416</u>	<u>(3,026,238)</u>
Cash (used in) / generated from operations after working capital changes	<u>41,569,042</u>	<u>(12,048,669)</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:

	March 31, 2023 Rupees (Un-audited)	March 31, 2022 Rupees (Un-audited)
Directors fee		
Fee	<u>2,330,000</u>	<u>4,100,000</u>
Key management personnel		
Remuneration to key management personnel	<u>7,203,053</u>	<u>6,566,157</u>
Other related parties		
Payments to provident fund	<u>221,000</u>	<u>68,000</u>

	March 31, 2023 Rupees (Un-audited)	March 31, 2022 Rupees (Un-audited)
31. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		
(Loss) / Profit after taxation attributable to ordinary shareholders	<u>14,051,927</u>	<u>(60,397,397)</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>0.31</u>	<u>(1.34)</u>
(Loss) / Profit after taxation attributable to ordinary shareholders - net of dilution effect	<u>14,051,927</u>	<u>(60,397,397)</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>0.14</u>	<u>(0.62)</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 **April 19th, 2023** by the Board of Directors.

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



Chief Executive Officer



Director



Chief Financial Officer

SAUDI PAK LEASING COMPANY LIMITED
6th Floor, Lakson Square Building # 1, Sarwar Shaheed Road, Saddar, Karachi.
www.saudipakleasing.com