

Table of Contents

Corporate Information	2
Directors' Review	4
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Selected Notes to the Condensed Interim	
Financial Information	10

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Iqbal Hussain	Chairman, Non-Executive Director
Mr. Muhammad Farhan Malik	Vice Chairman, Non-Executive Director
Mr. Muhammad Tariq Masud	Non-Executive Director
Ms. Parveen A. Malik	Non-Executive Director
Mr. Shoaib Ahmed Khan	Non-Executive Director
Mr. Arsalan Iftikhar Khan	Non-Executive Director

Mr. Ahsanullah Khan Chief Executive Officer

AUDIT COMMITTEE

Mr. Muhammad Tariq Masud	Chairman, Non-Executive Director
Mr. Arsalan Iftikhar Khan	Member, Non-Executive Director
Ms. Parveen A. Malik	Member, Non-Executive Director

ACTING CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Ms. Iqra Sajjad

HEAD OF INTERNAL AUDIT

Mr. Aamir Imtiaz Khan

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISOR

S&B Durrani Law Associates

TAX CONSULTANTS

Junaidy Shoaib Asad
Chartered Accountants

BANKS & LENDING INSTITUTIONS

Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
SILK Bank Limited

REGISTERED OFFICE

6th Floor, Lakson Square, Building #1
Sarwar Shaheed Road, Saddar, Karachi - 74200
Tel: (021) 35655181-85, 35655215-19
Fax: (021) 35210607-9

BRANCHES

Lahore

804-D, 8th Floor, City Tower
6-K, Main Boulevard
Gulberg-III, Lahore
Tel: (042) 35788691-94, 35788696-67
Fax: (042) 35788695

Islamabad

Room No. 5, Business Centre, Low Rise Area
Saudi Pak Tower, 61-A, Jinnah Avenue
Blue Area, Islamabad
Tel: (051) 2800207, 2800206
Fax: (051) 2800205

CONTACT DETAILS

Universal Access Number: 111-888-999
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 Shakra-e-Faisal
Karachi
Tel: (021) 111-111-500
Fax: (021) 34326031

Quarterly Report 2014

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 31 March 2014.

Operating and Financial Results

	31 March 2014 Rupees	31 March 2013 Rupees
Income from finance and operating leases	38,012,999	30,949,238
Other operating income	116,708,452	95,087,289
Total income	154,721,451	126,036,527
Finance cost	43,025,656	64,723,741
Administrative and other operating expenses	44,475,324	55,806,338
Write-offs against loans and leases	1,537,808	2,441,491
Operating profit / (loss) before provisions	60,579,464	(15,679,033)
Reversal / (provision) against leases, loans, receivables and investment properties	46,735,150	66,913,202
Profit before taxation	107,314,614	50,683,847
Profit after taxation	110,200,355	51,958,925
Earnings per share - basic	2.44	1.15
Earnings per share - diluted	1.12	1.15

After incurring losses for last several years, the Company has been able to show profits since the last financial year i.e. 2012-13. The Management of the Company, under the guidance of the Board, continued their efforts directed towards the betterment of Company and these efforts have resulted in profit of Rs. 110.200 million for the nine months of the current financial year.

Though the leasing sector of the country is still facing serious challenges for the last five years on account of numerous factors along with energy crisis and deteriorating law and order situation leading to slow pace of recovery from defaulting customers. Yet the Company is striving to strengthen its position and maintain the positive trend for the financial year 2014.

In this backdrop, the liquidity resources of the Company have been completely dried up. However, the Company has been able to substantially reduce its book size and maintain its operations only with the help of internal resources. The liquidity resource mainly concentrated on bank borrowings which at present, is completely at halt. However, the Company is making all out efforts for recovery of overdue leases and loans and is thus timely servicing its debt towards creditors as per respective settlement agreements. The Management of the Company is constantly pursuing its recovery drive and continues to negotiate with the lenders for amicable settlements. Though the lengthy and complex litigation process becomes one of the reasons for delayed process of recovery, nevertheless, the Company is managing its business dynamics through internal cash generation by way of recovery drive.

The Management has aggressively exerted pressure on the defaulted lease / loan customers and is now successfully managing the affairs without any external financial assistance to the Company. Thus the asset side of the balance sheet, which is highly infected, is still helping the Company in generating funds through restructuring / rescheduling of defaulted leases / loans portfolio.

DIRECTORS' REVIEW

The Management continues to work on the liability side of the book and has successfully negotiated and settled a substantial amount of liabilities in the shape of restructuring the facilities by way of taking advantage of waiver in mark-up and discount towards the principal liability. So far, the settlements with the lending institutions have been effectively structured and commitments are being maintained. The settlements of assets and liabilities have thus played a vital role in the survival of the Company and will continue to ensure the successful revival of the Company in the years to come.


The Management has also requested the sponsor shareholders to consider fresh equity injection for the Company as this injection is now absolutely vital for Company. The Management is therefore hopeful that all these measures will assist the Company in reducing the quantum of accumulated losses and further improving its equity.

The Board assures you that the Management is fully aware of its responsibility towards its stakeholders and is determined to improve the financial condition of the Company.

For and on behalf of the Board



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

Karachi: 17 April 2014

Quarterly Report 2014

CONDENSED INTERIM BALANCE SHEET

As at 31 March 2014

	Note	31 March 2014 (Unaudited)	30 June 2013 (Audited)
ASSETS			
Current assets			
Cash and bank balances	6	7,042,268	40,054,055
Short term loans	7	151,057,724	205,863,867
Short term investments	8	38,925,530	73,821,031
Accrued mark-up		1,116,865	1,152,709
Trade deposits and short term prepayments		955,369	946,047
Other receivables	9	3,003,209	2,704,991
Current maturity of non-current assets	10	925,269,128	973,143,962
		1,127,370,093	1,297,686,662
Non-current assets classified as held for sale	11	93,936,844	67,936,844
		1,221,306,937	1,365,623,506
Non-current assets			
Long term loans	12	1,483,028	2,804,494
Net investment in finance leases	13	107,742,449	135,786,944
Investment properties	14	48,637,397	55,027,314
Property, plant and equipment	15	23,119,795	35,933,222
		180,982,669	229,551,974
Total assets		1,402,289,606	1,595,175,480
LIABILITIES			
Current liabilities			
Short term borrowings from financial institutions	16	177,693,232	191,693,230
Certificates of investment		66,395,301	76,895,301
Accrued mark-up		240,753,742	214,381,639
Accrued expenses and other payables		27,944,079	31,931,779
Provision for taxation		3,009,415	4,037,001
Current maturity of non-current liabilities	17	720,592,273	861,885,369
Preference dividend payable		9,768,239	180,893
		1,246,156,281	1,381,005,212
Non-current liabilities			
Deferred tax liability - net		79,064,811	82,909,512
Long term finances	18	301,238,987	426,814,278
Security deposits against finance lease	19	17,182,869	46,200,811
		397,486,667	555,924,601
Total liabilities		1,643,642,948	1,936,929,813
NET ASSETS		(241,353,342)	(341,754,333)
FINANCED BY			
Authorised share capital			
100,000,000 (30 June 2013: 100,000,000) ordinary shares of Rs. 10 each; and		1,000,000,000	1,000,000,000
100,000,000 (30 June 2013: Nil) 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 capital - ordinary shares		451,605,000	451,605,000
Issued, subscribed and paid-up capital - preference shares		528,208,500	528,208,500
Capital reserves		200,838,896	176,484,656
Accumulated loss		(1,456,202,636)	(1,532,286,468)
Surplus on revaluation of available-for-sale investments		67,708	98,833
Total equity		(275,482,532)	(375,889,479)
Surplus on revaluation of property, plant and equipment - net	20	34,129,190	34,135,146
		(241,353,342)	(341,754,333)
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

Quarterly Report 2014


CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the nine months period ended 31 March 2014

	Note	Nine months period ended 31 March		Three months period ended 31 March	
		2014	2013	2014	2013
----- (Rupees) -----					
Income					
Finance leases	22	35,796,744	28,005,311	4,732,002	7,754,065
Operating leases		2,216,255	2,943,927	267,151	892,591
		<u>38,012,999</u>	<u>30,949,238</u>	<u>4,999,153</u>	<u>8,646,656</u>
Other operating income	23	116,708,452	95,087,289	7,314,919	8,074,910
Total income		<u>154,721,451</u>	<u>126,036,527</u>	<u>12,314,072</u>	<u>16,721,566</u>
Expenses					
Finance cost	24	(43,025,656)	(64,723,741)	(14,571,511)	(20,970,459)
Administrative and other operating expenses		(44,475,324)	(55,806,338)	(11,385,055)	(14,815,366)
Amount written-off directly against loans and lease receivables		(1,537,808)	(2,441,491)	-	(2,441,491)
Direct cost of operating leases		(5,103,199)	(18,743,990)	(1,558,844)	(6,002,845)
		<u>(94,141,987)</u>	<u>(141,715,560)</u>	<u>(27,515,410)</u>	<u>(44,230,161)</u>
Operating profit / (loss) before provisions		60,579,464	(15,679,033)	(15,201,338)	(27,508,595)
Reversal / (provision) for doubtful leases, loans and other receivables		46,735,150	66,913,202	4,671,532	42,303,155
Reversal / (impairment) on available-for-sale investments		-	2,889,487	-	2,889,487
Impairment on investment properties		-	(3,439,809)	-	-
		<u>46,735,150</u>	<u>66,362,880</u>	<u>4,671,532</u>	<u>45,192,642</u>
Profit / (loss) before taxation		107,314,614	50,683,847	(10,529,806)	17,684,047
Taxation					
- Current		2,000,000	2,500,000	1,041,040	747,686
- Prior year		-	-	-	-
- Deferred		(4,885,741)	(3,775,078)	-	-
		<u>(2,885,741)</u>	<u>(1,275,078)</u>	<u>1,041,040</u>	<u>747,686</u>
Profit / (loss) after taxation		110,200,355	51,958,925	(11,570,846)	16,936,361
Earnings / (loss) per share - basic		2.44	1.15	(0.26)	0.38
Earnings / (loss) per share - diluted		1.12	1.15	(0.12)	0.38

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.


Ahsanullah Khan
Chief Executive Officer


Muhammad Iqbal Hussain
Chairman

Quarterly Report 2014

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the nine months period ended 31 March 2014

	Nine months period ended 31 March	
	2014	2013
	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	107,314,614	50,683,847
Adjustments for:		
Depreciation and amortization - owned assets	737,542	8,245,654
Depreciation - assets under operating lease	5,103,199	18,743,990
Depreciation - investment properties	2,515,157	2,751,991
Finance cost	43,025,656	64,723,741
(Reversal) / provision for doubtful leases, loans and other receivables	(46,735,150)	(66,913,202)
Dividend income	(13,161)	(55,000)
Impairment on available-for-sale investments	-	(2,889,487)
Impairment on investment properties	-	3,439,809
Amount written off directly against loans and lease receivables	1,537,808	2,441,491
Income from government securities	(1,449,674)	(2,375,831)
Gain on sale of investments	(140,798)	(1,209,515)
Waiver on settlement of long term finances	(101,463,972)	(74,301,089)
Gain on sale of property, plant and equipment	(10,418,214)	(3,189,685)
	(107,301,607)	(50,587,133)
Operating profit before working capital changes	13,007	96,714
Movement in working capital		
(Increase) / decrease in operating assets	(307,540)	2,462,385
Trade deposits, short term prepayments and other receivables	35,844	(2,984,427)
Accrued mark-up	57,915,327	21,604,931
Short term loans	57,643,631	21,082,889
Increase / (decrease) in operating liabilities		
Accrued expenses and other payables	(1,027,586)	(13,238,920)
Cash generated from operations	56,629,052	7,940,683
Finance cost paid	(16,653,553)	(1,199,948)
Taxes paid	(3,027,586)	(2,118,443)
Decrease in net investment in finance leases	166,692,171	84,837,394
	147,011,032	81,519,003
Net cash flows from operating activities	203,640,084	89,459,686
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	400,000	(2,475,182)
Investment in assets under operating lease	-	(6,044,000)
Purchase of short term investments - net	34,895,501	(982,643)
Proceeds from disposal of property, plant and equipment	10,900,000	7,322,000
Proceeds from disposal of investment properties	10,000,000	5,010,000
Repayment of long term loans	8,610,769	7,866,226
Dividend received	13,161	25,000
Net cash flows from investing activities	64,819,431	10,721,401
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term finances	(268,370,411)	(53,893,849)
Repayment of short term borrowings from financial institutions	(13,999,998)	(35,190,829)
Preference dividend paid	(180,893)	-
Repayment of certificates of investment	(18,920,000)	(30,200,000)
Net cash flows from financing activities	(301,471,302)	(119,284,678)
Net (decrease) in cash and cash equivalents	(33,011,787)	(19,103,591)
Cash and cash equivalents at beginning of the period	40,054,055	27,279,060
Cash and cash equivalents at end of the period	7,042,268	8,175,469

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



Ahsanullah Khan
Chief Executive Officer



Muhammad Iqbal Hussain
Chairman

Quarterly Report 2014


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended 31 March 2014

	Issued, subscribed and paid-up share capital		Capital reserves	Accumulated loss	Unrealised gain on re-measurement of available-for-sale investments	Total equity
	Ordinary Share	Non-redeemable preference shares				
----- R u p e e s -----						
Balance as at 01 July 2012	451,605,000	-	148,257,389	(1,658,516,423)	-	(1,058,654,034)
Total comprehensive income for the period:						
Profit for the nine months period ended 31 March 2013	-	-	-	51,958,925	-	51,958,925
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	7,010,858	-	7,010,858
Realisation of surplus on available-for-sale investments on disposal	-	-	-	-	1,683,072	1,683,072
	-	-	-	58,969,783	1,683,072	60,652,855
Balance as at 31 March 2013	451,605,000	-	148,257,389	(1,599,546,640)	1,683,072	(998,001,179)
Balance as at 01 July 2013	451,605,000	528,208,500	176,484,656	(1,532,286,468)	98,833	(375,889,479)
Total comprehensive income for the period						
Profit for the nine months period ended 31 March 2014	-	-	-	110,200,355	-	110,200,355
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	5,956	-	5,956
Unrealised gain on re-measurement of available-for-sale investments realised on disposal	-	-	-	-	(75,603)	(75,603)
Unrealised gain on re-measurement of available-for-sale investments	-	-	-	-	44,478	44,478
Transactions with owners, recorded directly in equity	-	-	-	-	-	-
Issuance of non-voting, non-cumulative, non-redeemable, convertible unlisted preference shares	-	-	-	-	-	-
Preference dividend for the nine months period ended 31 March 2014	-	-	-	(9,768,239)	-	(9,768,239)
Transferred to capital reserves	-	-	24,354,240	(24,354,240)	-	-
Balance as at 31 March 2014	451,605,000	528,208,500	200,838,896	(1,456,202,636)	67,708	(275,482,532)

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.


Ahsanullah Khan
 Chief Executive Officer


Muhammad Iqbal Hussain
 Chairman

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

1. LEGAL STATUS AND OPERATIONS

1.1 Saudi Pak Leasing Company Limited ("the Company") was incorporated in Pakistan on 08 January 1991 and is listed on all the three stock exchanges in Pakistan. 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 its renewal is pending with the Securities and Exchange Commission of Pakistan (SECP).

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the parent company (by virtue of management rights) and as of 31 March 2014 holds 35.06% (30 June 2013: 35.06%) of issued ordinary share capital of the Company and 63% (30 June 2013: 63%) of issued preference share capital of the Company.

1.2 The country's weak economic fundamentals along with serious challenges being faced by the country for last several years on account of various factors such as energy crisis, disturbed security environment, higher inflation, political instability and lack of trust of foreign investors have provided foundation for severe liquidity crunch for the leasing sector and for the Company as well. The Company thus faced difficulties in the form of defaults wherein recovery from customers became a challenging task. The deteriorated financial position of the Company can be overcome from the recovery on account of balance lease / loan portfolio, which is currently a lifeline for the Company, and the management is trying to recover as much as possible from the available means. Following are the vital factors to consider for the current situation of the Company:

- During the nine months period ended 31 March 2014, the Company has earned a profit after tax of Rs. 110.200 million (compared with a profit of Rs. 51.959 million in the corresponding period). Moreover, as at the period end, its accumulated losses stood at Rs. 1,456.203 million, whereas the equity stood at negative Rs. 275.483 million, as against the minimum equity requirement of Rs. 700 million. Furthermore its total liabilities exceeded total assets by Rs. 241.353 million and its current liabilities exceeded current assets by Rs. 24.549 million.
- The Company's rating was downgraded as at 30 June 2010, not permitting the Company to issue new certificates of investment. Subsequently, the management has not renewed the rating agreement with the credit rating company.
- Furthermore, the Company's license to carry out the leasing business had expired on 18 May 2010 and its renewal is pending with the Securities and Exchange Commission of Pakistan (SECP). However, the Company continues to carry out operating leases.

Although uncertainty exists due to the above factors which may cast doubt on the Company's ability to continue as a going concern, the management of the Company is endeavoring its best to implement possible steps and measurements to run its day to day operations and settlement of debt obligations.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the nine months period ended 31 March 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 (IAS 34), "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

In case where requirements differ, the provisions or directives issued under the Companies Ordinance, 1984, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

As mentioned in note 1.1 above, although the Company's license to carry out the business of leasing had expired on 18 May 2010, this condensed financial information has been prepared in accordance with the format generally followed for financial institutions and the provision requirements have been determined in accordance with the requirements of NBFC Regulations, 2008.

- 2.2 The requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement", relating to the assessment of impairment loss on leasing portfolio have not been followed in the preparation of this condensed interim financial information based on a clarification received from the SECP specifying that the requirements of IAS 39 should only be followed by leasing companies so far as it relates to investments made by them.
- 2.3 The Company provides for impairment in the carrying value of its net investment in finance lease receivable based on the requirements laid down in the Prudential Regulations for Non-Banking Finance Companies.
- 2.4 The comparative balance sheet presented in this condensed interim financial information as at 31 March 2014 has been extracted from the audited financial statements of the Company for the year ended 30 June 2013, whereas the comparative profit and loss account, cash flow statement and statement of changes in equity have been extracted from the condensed interim financial information for the period ended 31 March 2013.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the company for the year ended 30 June 2013.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. However, actual results may differ from these estimates. In preparing this condensed interim financial information the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimates and uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2013.

5. FINANCIAL RISK 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 2013.

	31 March 2014 ----- (Rupees) ----- (Unaudited)	30 June 2013 ----- (Audited)
6. CASH AND BANK BALANCES		
Cash in hand	117,231	126,211
Balance with State Bank of Pakistan in:		
- current account	21,041	22,240
Balances with other banks in:		
- current account	5,500	5,500
- saving accounts	6.1 6,898,496	39,900,104
	<u>7,042,268</u>	<u>40,054,055</u>

- 6.1 These saving accounts carry profit rates ranging from 6% to 8% per annum (30 June 2013: 6% to 8% per annum).

Quarterly Report 2014

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

		31 March 2014	30 June 2013
		----- (Rupees) ----- (Unaudited)	----- (Audited)
7. SHORT TERM LOANS			
Considered good		-	-
Non-performing loans		242,394,712	300,310,039
	7.1	242,394,712	300,310,039
Provision against non-performing loans		(91,336,988)	(94,446,172)
		151,057,724	205,863,867

7.1 This represents term finance facilities provided to customers and carries mark-up ranging from 16.06% to 25% (30 June 2013: 16.06% to 25%).

8. SHORT TERM INVESTMENTS

Available-for-sale	8.1	19,068,581	19,356,421
Held to maturity	8.2	19,856,949	54,464,610
		38,925,530	73,821,031
8.1 Available-for-sale			
Ordinary shares of listed companies	8.1.1	85,935	342,650
Ordinary shares of unlisted companies	8.1.2	18,914,938	18,914,938
Available-for-sale at cost		19,000,873	19,257,588
Unrealised gain on re-measurement to fair value		67,708	98,833
Available-for-sale at market value		19,068,581	19,356,421

8.1.1 The investments in the listed equity securities held as available-for-sale are valued at prices quoted on the Karachi Stock Exchange.

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

SPI Insurance Company Limited (formerly known as Saudi Pak Insurance Company Limited)		14,664,938	14,664,938
Pace Barka Properties Limited		4,250,000	4,250,000
		18,914,938	18,914,938
8.2 Held to Maturity			
Government Market Treasury Bills	8.2.1	19,856,949	39,464,610
Certificates of deposit		-	15,000,000
		19,856,949	54,464,610

8.2.1 This represents investment in Government Market Treasury Bills having maturities on 05 May 2014 and 15 May 2014 and carries effective mark-up at a rate of 9.75% (30 June 2013: 9.37%) per annum. As of 31 March 2014, the market value of these treasury bills amounted to Rs. 20.2 million (30 June 2013: Rs. 39.480 million).

Quarterly Report 2014

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

		31 March 2014	30 June 2013
		----- (Rupees) ----- (Unaudited)	----- (Audited)
9. OTHER RECEIVABLES			
Operating lease rentals receivable		11,545,095	11,545,095
Receivable on termination of leases		68,316,547	74,578,773
Others		2,874,574	2,874,486
		<u>82,736,216</u>	<u>88,998,354</u>
Provision against doubtful receivables		<u>(79,733,007)</u>	<u>(86,293,363)</u>
		<u>3,003,209</u>	<u>2,704,991</u>
10. CURRENT MATURITY OF NON-CURRENT ASSETS			
Long term loans	12	53,534,770	60,972,283
Net investment in finance leases	13	<u>871,734,358</u>	<u>912,171,679</u>
		<u>925,269,128</u>	<u>973,143,962</u>
11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
Office premises		67,936,844	67,936,844
Property acquired in satisfaction of claim		<u>26,000,000</u>	<u>-</u>
		<u>93,936,844</u>	<u>67,936,844</u>
12. LONG TERM LOANS			
Related party - secured			
Due from employees - considered good		3,578,458	3,854,143
Other than related party - secured			
Term loans to customers			
- Considered good		748,577	7,116,262
- Non-performing loans		<u>106,915,864</u>	<u>108,883,263</u>
	12.1	<u>107,664,441</u>	<u>115,999,525</u>
		<u>111,242,899</u>	<u>119,853,668</u>
Provision against non-performing loans		<u>(56,225,101)</u>	<u>(56,076,891)</u>
		<u>55,017,798</u>	<u>63,776,777</u>
Current maturity of long term loans	10	<u>(53,534,770)</u>	<u>(60,972,283)</u>
		<u>1,483,028</u>	<u>2,804,494</u>
12.1		Term loans due from customers are secured against properties. The rate of return on these loans ranges from 16% to 22.66% (30 June 2013: 16% to 22.66%) per annum and have matured during the period.	
13. NET INVESTMENT IN FINANCE LEASES			
Minimum lease payments receivable		1,536,548,307	1,674,391,035
Residual value of leased assets		450,426,048	469,632,364
Gross investment in finance leases	13.1	<u>1,986,974,355</u>	<u>2,144,023,399</u>
Unearned lease income		<u>(5,208,564)</u>	<u>(13,998,143)</u>
Net investment in finance leases		<u>1,981,765,791</u>	<u>2,130,025,256</u>
Mark-up held in suspense	13.2	<u>(365,830,205)</u>	<u>(387,980,694)</u>
Provision for lease losses	13.3	<u>(636,458,779)</u>	<u>(694,085,939)</u>
		<u>(1,002,288,984)</u>	<u>(1,082,066,633)</u>
		<u>979,476,807</u>	<u>1,047,958,623</u>
Current portion of net investment in finance leases	10	<u>(871,734,358)</u>	<u>(912,171,679)</u>
		<u>107,742,449</u>	<u>135,786,944</u>

Quarterly Report 2014

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

13.1 The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% per annum (30 June 2013: 12.50% to 20.01% per annum). Certain lease rentals have been hypothecated against long term finances obtained (refer note 18.1.1)

	31 March 2014 ----- (Unaudited)	30 June 2013 ----- (Audited)
----- (Rupees) -----		
13.2 Mark-up held in suspense		
Balance at beginning of the period / year	387,980,694	386,122,793
Income suspended during the period / year	7,505,197	21,000,765
	<u>395,485,891</u>	<u>407,123,558</u>
Suspended income:		
- realised during the period / year	(28,814,643)	(9,843,166)
- written off during the period / year	(841,043)	(9,299,698)
	<u>(29,655,686)</u>	<u>(19,142,864)</u>
	<u>365,830,205</u>	<u>387,980,694</u>
13.3 Provision for lease losses		
Balance at beginning of the period / year	694,085,939	754,855,198
Charge for the period / year	15,992,153	120,575,407
Reversal during the period / year	(71,963,887)	(172,031,640)
	<u>(55,971,734)</u>	<u>(51,456,233)</u>
Write-offs against provision	(1,655,426)	(9,313,026)
Balance at end of the period / year	<u>636,458,779</u>	<u>694,085,939</u>
14. INVESTMENT PROPERTIES		
Cost at the beginning of the period / year	71,159,772	76,169,772
Additions during the period / year	-	-
Disposals during the period / year	(4,999,680)	(5,010,000)
Cost at the end of the period / year	<u>66,160,092</u>	<u>71,159,772</u>
Accumulated depreciation	(11,866,631)	(9,186,717)
Depreciation charged during the period / year	(2,216,255)	(3,505,932)
Provision for diminution in the value of investment properties	(3,439,809)	(3,439,809)
Carrying value of investment properties	<u>48,637,397</u>	<u>55,027,314</u>
15. PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment - owned assets	3,156,058	6,333,474
Plant and equipment - assets under operating lease	19,963,737	29,599,748
	<u>23,119,795</u>	<u>35,933,222</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

	31 March 2014 (Unaudited)	30 June 2013 (Audited)
	(Rupees)	
Additions - Cost		
Owned assets		
Vehicles	-	2,176,000
Office equipment	400,000	615,862
	<u>400,000</u>	<u>2,791,862</u>
Assets under operating lease		
Generators	-	6,044,000
	-	<u>6,044,000</u>
Total additions	<u>400,000</u>	<u>8,835,862</u>
Disposals - Cost		
Owned assets		
Land	2,800,000	-
Vehicles	-	4,535,000
Office equipment	-	79,800
Furniture and fixtures	-	75,155
	<u>2,800,000</u>	<u>4,689,955</u>
Assets under operating lease		
Generators	24,145,550	16,952,650
	<u>24,145,550</u>	<u>16,952,650</u>
Total disposals	<u>26,945,550</u>	<u>21,642,605</u>
16. SHORT TERM BORROWINGS FROM FINANCIAL INSTITUTIONS		
Letters of placement - Unsecured		
National Bank of Pakistan	77,500,000	77,500,000
Innovative Investment Bank Limited	60,000,000	60,000,000
Meezan Bank Limited	27,001,588	27,001,588
AKD Aggressive Income Fund	2,762,504	10,762,502
KASB Income Opportunity Fund	10,429,140	13,429,140
KASB Asset Allocation Fund	-	3,000,000
	<u>177,693,232</u>	<u>191,693,230</u>
17. CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Long term finances	18 243,854,423	386,649,543
Certificates of investment	64,349,000	72,769,000
Security deposits against finance leases	19 412,388,850	402,466,826
	<u>720,592,273</u>	<u>861,885,369</u>
18. LONG TERM FINANCES		
Long term finances - secured	226,933,297	292,651,248
Long term finances - unsecured	7,537,032	96,766,664
	18.1 <u>234,470,329</u>	<u>389,417,912</u>
Term finance certificates - secured	310,623,081	424,045,909
	<u>545,093,410</u>	<u>813,463,821</u>
Current maturity of long term finances	17 (243,854,423)	(386,649,543)
	<u>301,238,987</u>	<u>426,814,278</u>

Quarterly Report 2014

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

	31 March 2014 ----- (Unaudited)	30 June 2013 ----- (Audited)
	(Rupees)	
18.1 Long term finances		
Secured		
National Bank of Pakistan	12,500,000	12,500,000
First Women Bank Limited	75,061,505	75,061,505
Askari Income Fund	15,000,000	15,000,000
Soneri Bank Limited	62,833,330	109,166,666
Bank of Khyber	25,000,000	33,000,000
HSBC Bank Middle East Limited	36,538,461	47,923,077
Un-secured		
CDC Trustee United Growth & Income Fund	-	87,600,000
Silk Bank Limited	7,537,032	9,166,664
	<u>234,470,328</u>	<u>389,417,912</u>

18.1.1 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. SECURITY DEPOSITS AGAINST FINANCE LEASE

Security deposits against finance leases		429,571,719	448,667,637
Less: Current maturity of deposits against finance leases	17	<u>(412,388,850)</u>	<u>(402,466,826)</u>
		<u>17,182,869</u>	<u>46,200,811</u>

19.1 These represent security deposits received from lessees under lease contracts and are adjustable on expiry of respective lease periods.

20. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

Surplus on revaluation of property, plant and equipment - net	<u>34,129,190</u>	<u>34,135,146</u>
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20.1 The properties of the Company were revalued as of 28 September 2008 and 30 June 2012. The revaluation was carried out by independent valuers, on the basis of professional assessment of present market values and the revaluation of 30 June 2012 resulted in surplus of Rs. 41.486 million and Rs. 17.501 million and deficit of Rs. 7.495 million for properties, generators and plant respectively over the written down values.

21. CONTINGENCIES AND COMMITMENTS

Claims against the Company not acknowledged as debt	<u>168,034,208</u>	<u>168,034,208</u>
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21.1 The above includes contingencies of Rs. 107.341 million which represents cases that are filed against the Company as counter claims. It also includes contingencies of Rs. 60.693 million filed against the Company in lieu of rendition of accounts. In view of the legal advisor, the Company is not likely to suffer any loss on account of the aforementioned cases.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

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

According to the Company's tax advisor, FED is applicable in respect of document fee, front end fee and syndicate lease income. These represent services rendered by leasing companies in respect of finance lease which are funded services. However, these services for the periods 2007-08 and 2008-09 are not chargeable to FED because of the reason that for those years FED was chargeable on services which were non-funded. However, for the periods 2009-10, due to amendment in Entry 8 the said services are chargeable to FED as provisions of the Federal Excise Act, 2005. Accordingly the amount of liability comes out to Rs. 0.199 million. However, no provision has been made in these financial statements.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order. The CIR (A) vide through appellate order number 97 of 2012 dated 30 April 2012 constituted that the duty so charged is legally and constitutionally valid under the FED Act 2005. However, it also mentioned that the notice issued is barred by time for the period from July 2007 to September 2008 and accordingly deleted the levy of FED for the said tax period.

The Company has further decided to prefer appeal before the Appellate Tribunal Inland Revenue against the above CIR (A) order. Moreover, the Company's tax advisor is of the view that the Company has a strong arguable case that it is likely to succeed in getting the relief claimed against the said demand.

	31 March 2014 ----- (Rupees) ----- (Unaudited)	31 March 2013 ----- (Unaudited)
22. INCOME FROM FINANCE LEASES		
Income from finance lease contracts	32,975,893	23,956,550
Gain on termination of finance lease contracts	2,820,851	4,048,761
	35,796,744	28,005,311
23. OTHER OPERATING INCOME		
Income from financial assets:		
Dividend income	13,161	55,000
Capital gain on sale of investments	140,798	1,209,515
Interest income from government securities	1,449,674	2,375,831
Interest income on term loans	825,577	7,903,253
Return on certificates of deposit	135,260	3,500,857
Interest income from savings accounts	1,053,663	1,357,719
	3,618,133	16,402,175
Income from non-financial assets:		
Commission and fee income	-	140,129
Gain on sale of property, plant and equipment	10,418,214	3,189,685
Waiver on settlement of long term finances	101,463,972	74,301,089
Others	1,208,133	1,054,211
	113,090,319	78,685,114
	116,708,452	95,087,289

Quarterly Report 2014

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

	31 March 2014 ----- (Rupees) ----- (Unaudited)	31 March 2013 ----- (Unaudited)
24. FINANCE COST		
Mark-up on:		
- Long term finances	7,798,588	19,773,250
- Term finance certificates	16,049,358	21,656,544
- Short term borrowings from financial institutions	10,514,884	12,586,314
Return on certificates of investment	8,517,072	10,568,129
Bank charges	145,754	139,504
	<u>43,025,656</u>	<u>64,723,741</u>

25. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise Saudi Pak Industrial & Agricultural Investment Company Limited (the parent company), other group companies, major shareholders, directors, key management personnel and employee benefit plans. The transactions between the Company and the related parties are carried out as per agreed terms. The Company also provides loans to employees at reduced rate in accordance with their terms of employment.

There is no balance outstanding with or from related parties including parent and other group companies except long term loans in respect of amount due from employees as disclosed in note 12 and amount due in respect of staff retirement benefits.

Detail of transactions with related parties which are not disclosed in other notes to this condensed interim financial information is as follows:

	31 March 2014 (Unaudited)			
	Parent company	Other group companies	Key management personnel	Other related parties
	----- (Rupees) -----			
Rent paid	381,150	-	-	-
Insurance premium paid	-	-	-	-
Remuneration of key management personnel	-	-	7,520,027	-
Payments to the gratuity fund	-	-	-	1,735,162
Payments made to Saudi Pak Real Estate	-	-	-	45,000,000
	<u>381,150</u>	<u>-</u>	<u>7,520,027</u>	<u>46,735,162</u>
	31 March 2013 (Unaudited)			
	Parent company	Other group companies	Key management personnel	Other related parties
	----- (Rupees) -----			
Rent paid	346,500	-	-	-
Insurance premium paid	-	840,508	-	-
Remuneration of key management personnel	-	-	11,402,511	-
Payments to the gratuity fund	-	-	-	13,377
	<u>346,500</u>	<u>840,508</u>	<u>11,402,511</u>	<u>13,377</u>


NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2014

26. GENERAL

- 26.1 This condensed interim financial information has been presented in Pakistani Rupees, which is the functional currency of the Company. The figures are rounded off to the nearest rupee.
- 26.2 Corresponding figures have been rearranged and reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purposes of comparison.
- 26.3 This condensed interim financial information was authorised for issue by the Board of Directors of the Company on 17 April 2014.


Ahsanullah Khan
Chief Executive Officer


Muhammad Iqbal Hussain
Chairman