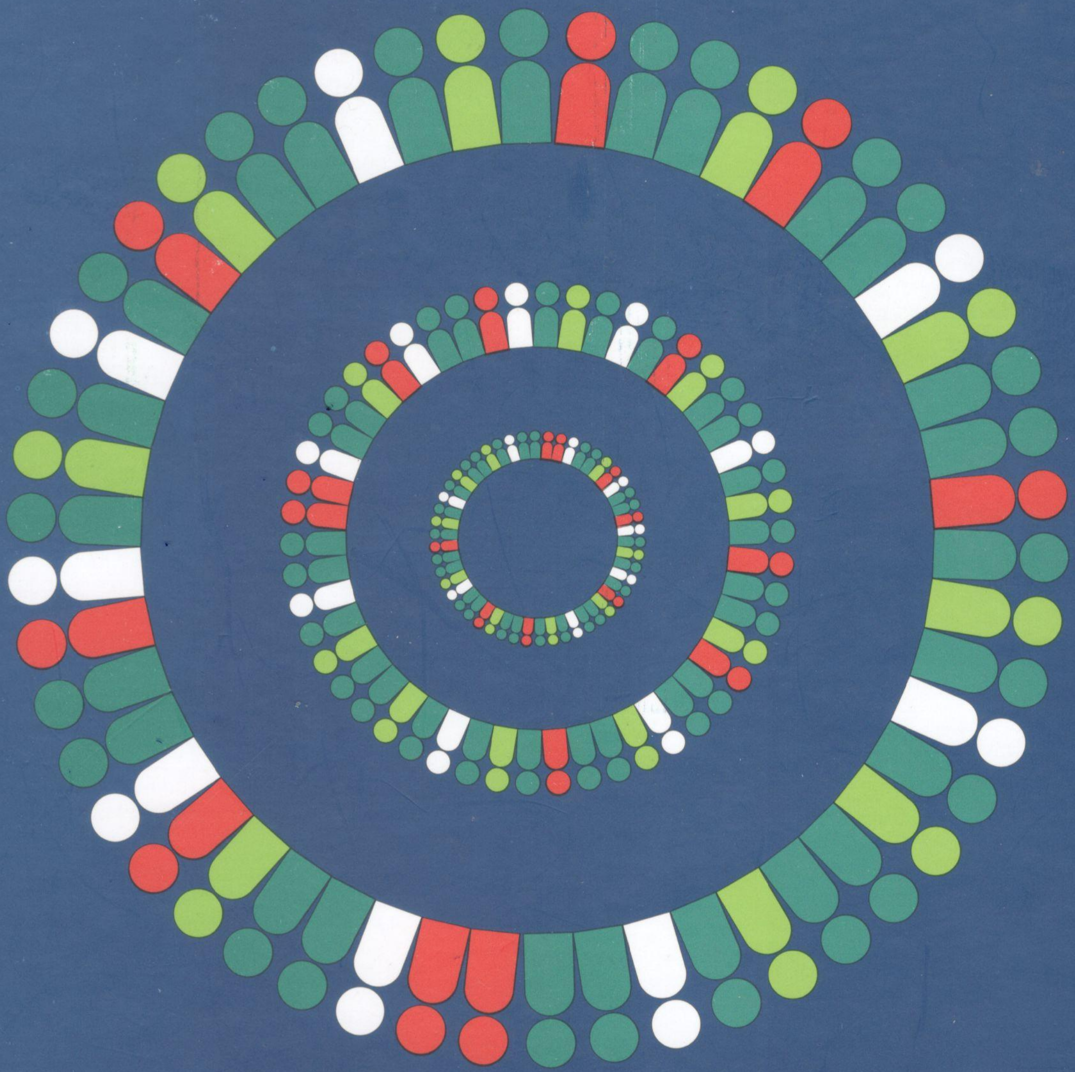
UHY Hassan Naeem & Co.
Chartered Accountants

SAUDI PAK LEASING COMPANY LIMITED

AUDIT OF

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023



Passion Beyond Numbers

Saudi Pak Leasing Company Limited
Statement of Financial Position
As at June 30, 2023

	Note	2023	2022
ASSETS		------------- (Rupees) -------------	
Current assets			
Cash and bank balances	5	**27,576,426**	253,806
Short term loans	6	**120,530,176**	136,636,011
Short term investments	7	**49,936,112**	54,220,500
Trade deposits and short term prepayments		**1,061,280**	979,871
Other receivables	8	**27,194,559**	-
Taxation-net		**3,354,569**	1,250,545
Current maturity of non-current assets	9	**464,280,605**	489,385,960
		693,933,727	682,726,693
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	**38,043,307**	39,461,923
Property, plant and equipment	13	**79,607,042**	61,172,944
		117,650,349	100,634,867
Total assets		**811,584,076**	783,361,560
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	14	**162,801,588**	162,801,588
Certificates of investment		**43,000,000**	43,000,000
Accrued mark-up	15	**557,461,484**	512,034,439
Provision for taxation - net		-	-
Accrued expenses and other payables	16	**7,455,769**	5,773,867
Current maturity of non-current liabilities	17	**607,638,797**	669,638,793
Unclaimed dividend		**1,661,291**	1,661,291
		1,380,018,929	1,394,909,978
Non-current liabilities			
Certificates of investment	18	-	-
Long term finances	19	-	-
Security deposits against finance leases	20	-	-
		-	-
Total liabilities		**1,380,018,929**	1,394,909,978
NET ASSETS		**(568,434,853)**	(611,548,418)
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2022: 100,000,000) ordinary shares of Rs. 10/- each		**1,000,000,000**	1,000,000,000
100,000,000 (2022: 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			
45,160,000 (2022: 45,160,000) ordinary shares of Rs. 10/- each	21	**451,605,000**	451,605,000
52,820,850 (2022: 52,820,850) preference shares of Rs. 10/- each	21	**528,208,500**	528,208,500
		979,813,500	979,813,500
Capital reserves			
Statutory reserves		**179,549,025**	179,549,025
Surplus on revaluation of property, plant and equipment - net of tax	22	**44,999,229**	31,228,670
Accumulated actuarial loss on defined benefit plan-net of tax		**(999,666)**	(999,666)
Unrealised gain on re-measurement carried as at fair value through other comprehensive income		**32,854,773**	19,995,654
		256,403,361	229,773,683
Revenue reserves			
Accumulated losses		**(1,804,651,714)**	(1,821,135,601)
Total shareholders' equity		**(568,434,853)**	(611,548,418)
Contingencies and commitments	23		

The annexed notes form an integral part of these financial statements.

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

Saudi Pak Leasing Company Limited
Statement of Profit or Loss
For the year ended June 30, 2023

	Note	2023	2022
		---------- (Rupees) ----------	
Revenue:			
- Finance leases	24	**32,437,564**	20,852,888
- Operating leases		**-**	-
		32,437,564	20,852,888
Administrative and operating expenses	25	**(44,245,840)**	(40,885,205)
		(11,808,276)	(20,032,317)
Reversal of provision for non-performing exposures	26	**9,866,394**	(6,527,457)
Operating loss		**(1,941,882)**	(26,559,774)
Other operating income	27	**55,747,840**	2,554,902
Finance costs	28	**(45,460,128)**	(40,888,981)
Profit / (Loss) before taxation for the year		**8,345,830**	(64,893,853)
Taxation	29	**6,235,549**	287,368
Profit / (loss) after taxation for the year		**14,581,379**	(64,606,485)
Earnings / (loss) per share:	30		
- Basic		**0.32**	(1.43)
- Diluted		**0.15**	(0.66)

The annexed notes form an integral part of these financial statements.

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

Saudi Pak Leasing Company Limited
Statement of Comprehensive Income
For the year ended June 30, 2023

	Note	2023	2022
		---------- (Rupees) ----------	
Profit / (loss) after taxation for the year		**14,581,379**	(64,606,485)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Surplus recognized on revaluation of office premises		-	-
Unrealised gain on re-measurement of investment as at fair value through other comprehensive income	7	**12,859,119**	(18,241)
Deferred tax on the above surplus		-	3,967
		12,859,119	(14,274)
Unrealised gain / (loss) on re-measurement of investment as at fair value through other comprehensive income		-	-
		12,859,119	(14,274)
Total comprehensive income/ (loss) for the year		**27,440,498**	(64,620,759)

The annexed notes form an integral part of these financial statements.

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

Saudi Pak Leasing Company Limited
Statement of Changes in Equity
For the year ended June 30, 2023

	Issued, subscribed and paid-up share capital		Capital reserves				Revenue reserve	
	Ordinary shares	Non-redeemable preference shares	Statutory reserves	Surplus on revaluation of property, plant and equipment - net	Accumulated actuarial gain / loss on defined benefit plan- net of tax	Unrealised gain on re-measurement of investment	Accumulated losses	Total
	Rupees							
As at July 1, 2021	451,605,000	528,208,500	179,549,025	32,534,786	(999,666)	20,013,895	(1,757,301,748)	(546,390,208)
Total comprehensive loss for the year ended June 30, 2021								
- Profit after taxation	-	-	-	-	-	-	(64,606,485)	(64,606,485)
- Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(64,606,485)	(64,606,485)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	(1,306,116)	-	(3,967)	772,632	(537,451)
Transfer to statutory reserves	-	-	-	-	-	(14,274)	-	(14,274)
Balance as at June 30, 2022	**451,605,000**	**528,208,500**	**179,549,025**	**31,228,670**	**(999,666)**	**19,995,654**	**(1,821,135,601)**	**(611,548,418)**
Total comprehensive income for the year ended June 30, 2023								
- Loss after taxation	-	-	-	-	-	-	**14,581,379**	**14,581,379**
- Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	**14,581,379**	**14,581,379**
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	**(1,725,982)**	-	-	**1,902,508**	**176,526**
Transfer to surplus on revaluation of Investment	-	-	-	**15,496,541**	-	**12,859,119**		**28,355,660**
Transfer to statutory reserves	-	-	-	-	-	-	-	-
Balance as at June 30, 2023	**451,605,000**	**528,208,500**	**179,549,025**	**44,999,229**	**(999,666)**	**32,854,773**	**(1,804,651,714)**	**(568,434,853)**

The annexed notes form an integral part of these financial statements.

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

Saudi Pak Leasing Company Limited
Statement of Cash Flows
For the year ended June 30, 2023

	Note	2023	2022
		---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	31	**(3,299,168)**	(17,377,016)
Finance costs paid		**(33,083)**	(27,089)
Taxes paid		**(2,198,048)**	(875,632)
Finance lease rentals received		**38,772,903**	15,374,866
		36,541,772	14,472,145
Net cash used in operating activities		**33,242,604**	(2,904,871)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(589,700)**	(1,366,730)
Short term investments - net (including interest)		**4,284,388**	1,282,014
Proceeds from disposal of property, plant and equipment		**-**	1,662,276
Revaluation of Premesis		**-**	-
Long term loans - net		**-**	-
Short term loans - net		**18,280,835**	-
Dividend received		**7,104,493**	9,651
Net cash generated from investing activities		**29,080,016**	1,587,211
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances		**(35,000,000)**	-
Repayment of Term Finance Certificates		**-**	-
Repayment of certificates of investment		**-**	-
Net cash used in financing activities		**(35,000,000)**	-
Net decrease in cash and cash equivalents during the year		**27,322,620**	(1,317,660)
Cash and cash equivalents at beginning of the year		**253,806**	1,571,466
Cash and cash equivalents at end of the year	5	**27,576,426**	253,806

The annexed notes form an integral part of these financial statements.

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

1. LEGAL STATUS AND OPERATIONS

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

M/s. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder which, as of June 30, 2023, **holding** 35.06% (2022: 35.06%) of issued ordinary share capital of the Company and 63% (2022: 63%) of issued preference share capital of the Company.

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

1.2 As of the reporting date, the Company is exposed to the following material uncertainties which apparently cast significant doubts on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its obligations in the normal course of business:

- As at June 30, 2023, the accumulated loss of the company stood at Rs. 1.805 billion (2022: Rs. 1.821 billion), its equity is negative and its current liabilities exceeded current assets by Rs. 686.085 million (2022: Rs. 712.183 million). The loss is mainly attributable to, mark up recognized on liabilities due on balance due to lenders and certificate of investment holders.
- The Company informed SECP that the major shareholder SAPICO has already engaged financial adviser for divestment of shares.Although, vide SECP letter no. SECP/LRD/5/SPLCL/2022/245 dated May 12, 2023 has refused application for transfer of SPLC shares under Rule 5(6) (e) of NBFC Rules,2003. SECP has issued instructions to the company to submit progress report on monthly basis covering inter alia diversment, COI repayments recovery of outstaning loans/leases, settlements vis-a-viz MER compliance etc, vide SECP letter no. SC/NBFC-23/SPLC/2018/68 dated 31-12-2021.
- The company is to submit a progress report each month on compliance with SECP's review order dated January 29, 2021 and seeking extention in time for a further period of 3-6 months for completion of remaining legal formalities and outstanding issues vide our letter No. SECP/SPLC/Compliance/2022 dated June 29, 2022 the request is still pending with SECP.
- The company will make an alternative plan for meeting the MER, with the approval of the Board, in case SAPICO is unable to materialize the divestment efforts.
- Payments will be made to outstanding COI depositors and creditors after generating the expected liquidity from the sale of property, as stated by the Applicant in the hearing on November 11, 2020.
- As per order under reference SECP has already cancelled license to undertake leasing business w.e.f June 30, 2021 under section 282(J)(2) of the Companies Ordinance 1984 and the relevant department shall initiate proceedings of its winding up under section 282(J)(3) of the Companies Act 2017. The company has requested SECP on June 29, 2022 to review its decision and allow us time to revive the company.SECP has turn down our request.Subsequent to year end, the company has received a Show Cause Notice Ref:SCD/Adjudication/SPLC/29A/2019/3391 dated July 21,2023 under section 301(K) read with 304(B), against which the SECP has given instruction to submit our reply by November 01, 2023.

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- The credit rating of the Company has not been re-assessed since it was last downgraded as in June 2010.
- Previously, the Company had entered into various agreements with its lenders (including, financial institutions, TFC holders and holders of Certificates of Investment) for restructuring of its borrowing facilities with the objective of matching the expected recoveries from customers with its obligations to pay the lenders. However, the Company has defaulted in meeting its financial obligations. As of June 30, 2023, total outstanding principal and accrued markup payable to borrowers, COI's holders and TFC holders excluding security deposit offsetttle against residual value on which defaults amounted to Rs. 550.845 million (2022: Rs. 612.845 million) and Rs. 557.461 million (2022: Rs. 512.034 million), respectively.
- Since 2010, the Company has not extended any lease facility to its customers owing to expiry of its leasing license. However, it continued its activities with a barely sufficient number of employees required for managing its recoveries from customers and for handing its financial obligations to lenders.
- Despite the existence of the foregoing material uncertainties, these financial statements have been prepared using the going concern assumption primarily due to the reason that a number of recovery suits filed by the Company against its customers are expected to be disposed off in due course of time as the management is actively seeking out-of-court settlement of such suits by way of auction of collateralized assets and / or negotiated settlements. A reasonable number of cases have been decreed in the favour of the Company. It is expected to materially improve the recoveries of overdue lease rentals and term loans from customers which, in turn, would enable the Company to settle its long outstanding financial liabilities to lenders in order to make the Company a feasible investment avenue for a resourceful investor.The company has made recovery of Rs.88.729 million during the year and Rs. 30.585 million subsequent to the year end.
- The Company submitted its rehabilitation plan duly approved by its Board of Directors to the SECP. The plan envisages revival of operation upon renewal of its license by the SECP based on MER of Rs. 50 million upon meeting the condition of final negotiated settlement of certain liabilities out of recoveries expected to be materialized during 2023-2024 besides negotiations underway with investors desirous of revival of the Company subject to approval of the competent authority. During the year 2022-2023 the company has settle liability of Soneri Bank of Rs.62m by paying Rs.35m and got a hair cut of 27m.

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

- Regulation 5(1) - aggregate liabilities, excluding contingent laibilities and security deposits, of an NBFC, shall not exceed ten times of equity (in case of operations beyond the first two years).

  Regulation 5(2) - contingent laibilities of an NBFC shall not exceed seven times of it's equity for the first two years of it's operations and ten times of its equity in the subsequent years.
- Regulation 14(4)(f) - the deposits raised by the NBFC, from individual depositors including sole proprietorships shall not exceed three times of the equity of the NBFC.
- Regulation 17(1) - total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 20% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 15% of the NBFC's equity.
- Regulation 17(2) - total outstanding exposure (fund based and non-fund based) of an NBFC to any group shall not exceed 25% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the equity.
- Regulation 19(g) - an NBFC shall not hold shares on aggregate basis, whether as pledge, mortgagee or absolute owner, of an amount exceeding 20% of the paid-up share capital of that company or 20% of its own equity.
- As per NBFC Regulation 28(a), a leasing company undertaking the business of lease only, shall invest at least 70% of its assets in the business of leasing. As at 30 June 2022, the Company's investment in lease assets was 51% (2022: 56%) of the total assets.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

As mentioned in note 1.2 above, although the Company's license to carry out the business of leasing had expired on May 18, 2010, and subsequently cancelled on june 30, 2021 these financial statements have been prepared in accordance with the format generally followed for financial institutions and the provisioning requirements have been determined in accordance with the requirements of NBFC Regulations, 2008.

The requirements of International Financial Reporting Standard (IFRS-9) *Financial Instruments* relating to the assessment of impairment loss on non-performing assets have not been followed in the preparation of these financial statements based on a clarification received from the SECP specifying that the requirements of IFRS 9 should only be followed by leasing companies so far as it related to investments made by them. The State Bank of Pakistan has extended the date for implementation of IFRS9 to January 01, 2024.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

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

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

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 Change in accounting standards, interpretations and amendments to published approved accounting standards

a) Standards and amendments to approved accounting standards effective in current year

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

- Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

b) Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company.

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2020 and have not been early adopted by the Company:

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendment is not expected to have material impact on the Company's financial statements.

- Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The amendment not expected to have material impact on the Company's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period.

- Amendments to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

- Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' will be applicable on accounting periods beginning on or after January 1, 2023. The International Accounting Standards Board (the Board) has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets..The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Financial assets

4.2.1 *Initial recognition, classification and measurement*

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

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

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

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

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

(c) Financial assets at fair value through profit or loss

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

4.2.2 *Subsequent measurement*

(a) Financial assets measured at amortized cost

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

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

(b) Financial assets at FVOCI

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

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

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

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

4.2.3 *De-recognition*

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

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

4.3 Leases

Net investment in finance leases

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

Operating leases

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

Leased assets repossessed upon termination of leases

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

4.4 Provision against non-performing exposures

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

4.5 Investment properties

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

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

4.6 Intangible assets

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

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

4.7 Property, plant and equipment

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

Depreciation is charged to profit or loss applying the straight line method in accordance with the rates specified in note 14 to the financial statements whereby the cost / revalued amount of an asset is written-off over its estimated useful life. Depreciation on additions is charged from the date an asset is available for use till the date the asset is disposed off.

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

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

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

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

4.8 Financial liabilities

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

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

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

4.9 Offsetting of financial assets and liabilities

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

4.10 Provisions and contingencies

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

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

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

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

Contingent liabilities

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

4.11 Revenue recognition

Finance lease income

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

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

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

Operating lease income

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

4.12 Staff retirement benefits - *Defined contribution plan*

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

Defined benefit plan

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

4.13 Other income

Income on term loans

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

Mark-up / return on investments

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

Dividend income

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

Interest income on bank deposits

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

4.14 Taxation

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

Current

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

Deferred

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

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

4.15 Dividend distribution

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

	Note	2023	2022
		--------- Rupees --------	
5. CASH AND BANK BALANCES			
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	5.1	**27,470,977**	145,947
		27,470,977	145,947
		27,576,426	253,806

5.1 These represent saving deposit accounts maintained with MCB Bank Limited carrying mark-up at the rate of 15.25% (2022: 5.5%) per annum.

	Note	2023	2022
6. SHORT TERM LOANS - secured			
Term loans to customers - Considered doubtful	6.1	**146,950,300**	165,231,135
Provision for non-performing loans	6.2	**(26,420,124)**	(28,595,124)
		120,530,176	136,636,011

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

	Note	2023	2022
6.2 Provision for non-performing loans			
Balance at beginning of the year		**28,595,124**	36,950,000
Charge for the year		-	3,375,000
Reversal during the year		**(2,175,000)**	(11,729,876)
		(2,175,000)	(8,354,876)
Write-offs against provision		-	-
Balance at end of the year	6.2.1	**26,420,124**	28,595,124

6.2.1 The above provision for non- performing loans is net of forced sales value (FSVs) of collaterals amounting to Rs. 120.530 million (2022: Rs. 136.636 million) considered by the Company for the purpose of determination of provisioning requirements.

	Note	2023	2022
7. SHORT TERM INVESTMENTS			
Investments in shares - Carried at fair value through other comprehensive income	7.1	**36,512,504**	40,303,784
Investments in government securities - T-bills - at Amortised Cost	7.2	**13,423,608**	13,916,716
		49,936,112	54,220,500

7.1 Investments carried at fair value through other comprehensive income

	Note	2023	2022
		--------- Rupees --------	
Ordinary shares of a listed company	7.1.1	**36,512,504**	60,875
Ordinary shares of an unlisted public company	7.1.2	-	40,242,909
Membership cards of ACACIA Golf Club	7.1.3	-	-
		36,512,504	40,303,784

7.1.1 *Ordinary shares of a listed company*

2023	2022	Name of investee company	2023	2022
(Number of shares)			Market value	Market value
			---------------- (Rupees) ------------------	
495	495	MCB Bank Limited	**56,663**	60,875
3,543,367	-	The United Insurance Co. of Pakistan Ltd.	**36,455,841**	-
3,543,862	495		**36,512,504**	60,875

7.1.2 Ordinary shares of an unlisted public company

2023	2022	Name of investee company	2023	2022
(Number of shares)			Market value	Market value
			---------------- (Rupees) ------------------	
-	3,941,519	SPI Insurance Company Limited	-	40,242,909
-	3,941,519		-	40,242,909

The fair value of shares of SPI Insurance Company Limited was determined to be Rs. 10.21 per share by a professional valuer firm "Crowe Hussain Chaudhury & Co. Chartered Accountants". The SPI Insurance Limited has been merged with The United Insurance Limited. The SPI Insurance Limited after merger with United Insurance company has issued 3,547,367 shares out of total 5,242,220 as per mutually agreed ratio (1.33 shares of united insurance for every share of SPI). However remaining 1,694,853 shares are to be materialized at market price in due course. Accordingly the company is claiming amount of Rs. 16,609,559/- @ 9.8 per share.However there is a dispute with United Insurance Company regarding the said payment. The management is confident that the company has valid claim and amount will be received in full.

7.1.3 *Membership cards of ACACIA Golf Club*

2023	2022		2023	2022
(Number of cards)			Market value	Market value
			---------------- (Rupees) ------------------	
57	57	Gross carrying amount of the investment	**25,758,520**	25,758,520
		Accumulated impairment	**(25,758,520)**	(25,758,520)
57	57		-	-

7.2 Investment in T-bills carried at amortized cost

This represents investment in Government Market Treasury Bill having maturity on 21 Sep 2023 and carries effective mark-up at a rate of 21.9883% (30 June 2022: 14.19%) per annum.

8. OTHER RECEIVABLES

	Note	2023	2022
Receivable on termination of finance leases		**65,913,380**	65,913,380
Receivable on conversion of SPI shares into UNIC	7.1.2	**16,609,559**	-
Receivable from the Ex-CEO	8.1	**2,880,000**	2,880,000
Receivables from against short term loan client	8.2	**10,585,000**	-
Others		**3,101,369**	3,101,369
		99,089,308	71,894,749
Provision against doubtful receivables	8.3	**(71,894,749)**	(71,894,749)
		27,194,559	-

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

8.2 Subsequent to the year end company has received Rs. 30,585,000/- including penalty for late payment and suspended markup amounting to Rs. 10,585,000/- from one of its short term loan clients.

		Note	2023	2022
			--------- Rupees	--------
8.3	**Provision against doubtful receivables**			
	Balance at beginning of the year		**71,894,749**	71,665,618
	Charge for the year		-	229,131
	Reversal for the year		-	-
			-	229,131
	Write-offs against provision		-	-
	Balance at end of the year		**71,894,749**	71,894,749
9.	**CURRENT MATURITY OF NON - CURRENT ASSETS**			
	Current maturity of:			
	- Long term loans	10	**52,801,530**	51,983,130
	- Net investment in finance leases	11	**411,479,075**	437,402,830
			464,280,605	489,385,960
10.	**LONG TERM LOANS - secured**			
	Due from employees - considered good		**222,546**	222,546
	Term loan to customers - considered doubtful	10.1	**100,164,030**	100,164,030
			100,386,576	100,386,576
	Provision for non-performing loans	10.2	**(47,585,046)**	(48,403,446)
			52,801,530	51,983,130
	Less: current maturity shown under current assets	9	**(52,801,530)**	(51,983,130)
			-	-

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

		Note	2023	2022
10.2	**Provision for non-performing loans**			
	Balance at beginning of the year		**48,403,446**	52,952,726
	Reversal made during the year - net	26	**(818,400)**	(4,549,280)
	Balance at end of the year		**47,585,046**	48,403,446

10.2.1 Term loans due from customers are secured against property. The above provision for non-performing long term loans is net of forced sales value (FSVs) of collaterals of Rs. 52.801 million (2022: Rs. 51.983 million) considered by the Company for the purpose of determination of provision requirements.

			2023	2022
11.	**NET INVESTMENT IN FINANCE LEASES -**	*Note*	--------- Rupees	--------
	Non-performing exposure			
	Minimum lease payment receivables		**1,184,177,560**	1,222,950,463
	Residual value of leased assets		**282,029,108**	282,029,108
	Gross investment in leases		**1,466,206,668**	1,504,979,571
	Mark-up held in suspense	*11.2*	**(213,993,096)**	(219,969,250)
	Net investment in leases (before provision)		**1,252,213,572**	1,285,010,321
	Provision for non-performing leases	*11.3*	**(840,734,497)**	(847,607,491)
	Net investment in leases (after provision)		**411,479,075**	437,402,830
	Less: current maturity shown under current assets		**(411,479,075)**	(437,402,830)
			-	-

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

			2023	2022
11.2	**Mark-up held in suspense**			
	Balance at the beginning of the year		**219,969,250**	221,269,477
	Suspended income:			
	- reversal during the year	*24*	**(5,976,154)**	(1,300,227)
	- Charge during the year		**-**	-
			(5,976,154)	(1,300,227)
	Balance at end of the year		**213,993,096**	219,969,250
11.3	**Provision for non-performing leases**			
	Balance as at beginning of the year		**847,607,491**	828,175,878
	Reversal for the year - net	*26*	**(6,872,994)**	(39,005,515)
	Charge for the year - net		**-**	58,437,128
	Balance at end of the year	*11.4*	**840,734,497**	847,607,491

11.3.1 The provision for non-performing lease losses is net of the forced sales value (FSVs) of leased assets / collaterals amounting to Rs. 411.479 million (2022: Rs. 437.402 million) considered by the Company for the purpose of determining the provisioning requirement.

			2023	2022
11.4	**Breakup of provision**			
	Provision against residual value		**19,433,760**	19,433,760
	Provision against minimum lease payment		**821,300,737**	828,173,731
			840,734,497	847,607,491
11.5	**Net residual value and security deposit**			
	Residual value		**282,029,108**	282,029,108
	Provision against residual value		**(19,433,760)**	(19,433,760)
	Net residual value		**262,595,348**	262,595,348
	Security deposit against net residual value		**(262,595,348)**	(262,595,348)
			-	-

12. INVESTMENT PROPERTIES

	Bungalow (note 12.2)	Shops (note 12.3)	Total
	-----------------------	(Rupees)	-----------------------
At June 30, 2022			
Cost	51,737,840	14,422,252	66,160,092
Accumulated depreciation	(14,547,689)	(5,344,784)	(19,892,473)
Accumulated impairment	-	(6,805,696)	(6,805,696)
	(14,547,689)	(12,150,480)	(26,698,169)
Net book value	37,190,151	2,271,772	39,461,923
Movement during the year ended June 30, 2023			
Opening net book value	**37,190,151**	**2,271,772**	**39,461,923**
Depreciation charge	**(1,148,580)**	**(270,036)**	**(1,418,616)**
Closing net book value	**36,041,571**	**2,001,736**	**38,043,307**
At June 30, 2023			
Cost	**51,737,840**	**14,422,252**	**66,160,092**
Accumulated depreciation	**(15,696,269)**	**(5,614,820)**	**(21,311,089)**
Accumulated impairment	-	**(6,805,696)**	**(6,805,696)**
	(15,696,269)	**(12,420,516)**	**(28,116,785)**
Net book value	**36,041,571**	**2,001,736**	**38,043,307**
Rate of depreciation	**2.22%**	**5%**	

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

12.2 Bungalow at DHA Phase VI

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

12.2.2 The bungalow is in occupancy of a tenant who defaulted in payment after having paid three monthly rentals in the year 2009. The Company filed a recovery suit before the Additional Rent Controller in jurisdiction of Clifton Cantonment Board who passed ejectment order in 2012 against successive default in rent payments. The Additional Controller Rent then, on the Company's application passed an execution order in July 2013 to vacate the premises. The Judgment Debtor objected to execution and was granted injunction against the Decree Holder by the High Court on March 28, 2013 that was vacated by the High Court on January 12, 2017. The Additional Rent Controller then allowed the Execution Application and passed order dated Feb 2017 for ejectment. The JD has neither handed over possession nor made payment of any rent since the last ten years.

The tenant subsequently filed a suit in the High Court for declaration on specific performance, permanent injunction and damage on 12 October, 2020. The rent income due till June 30, 2022 amounting to **Rs. 27.756 million** (2022: Rs. 24.2900 million), has not been recognised awaiting the outcome of the suit filed by the judgment debtor in the High Court.

12.3 Shops in Famous Mall - Lahore

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

13. PROPERTY, PLANT AND EQUIPMENT

2023

	Cost / Revaluation					Accumulated depreciation					Accumulated impairment			Written down value	Rate
	As at July 01, 2022	Additions	Effect of revaluation	Disposals	As at June 30, 2023	As at July 01, 2022	Charge for the year	Effect of revaluation	Reversal on disposal	As at June 30, 2023	As at July 01, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023	%
	(Rupees)														
Owned assets															
Building improvements	4,226,371	-	-	-	4,226,371	3,678,263	138,084	-	-	3,816,347	-	-	-	410,024	20%
Office premises (refer note 14.2.1)	64,926,000	-	21,826,114	-	86,752,114	6,183,422	2,978,114	-	-	9,161,536	-	-	-	77,590,578	5%
Furniture, fixtures and fittings	5,983,992	-	-	-	5,983,992	5,983,992	-	-	-	5,983,992	-	-	-	-	20%
Vehicles	136,600	127,000	-	-	263,600	62,190	32,995	-	-	95,185	-	-	-	168,415	20%
Office equipment	27,824,983	462,700	-	-	28,287,683	26,397,500	452,158	-	-	26,849,658	-	-	-	1,438,025	20%
	103,097,946	589,700	21,826,114	-	125,513,760	42,305,367	3,601,351	-	-	45,906,718	-	-	-	79,607,042	
Operating lease assets															
Generators	5,448,012	-	-	-	5,448,012	5,067,647	380,365	-	-	5,448,012	-	-	-	-	20%
	5,448,012	-	-	-	5,448,012	5,067,647	380,365	-	-	5,448,012	-	-	-	-	
	108,545,958	589,700	21,826,114	-	130,961,772	47,373,014	3,981,716	-	-	51,354,730	-	-	-	79,607,042	

2022

	Cost / Revaluation					Accumulated depreciation					Accumulated impairment			Written down value	Rate
	As at July 01, 2021 (restated)	Additions	Effect of revaluation (restated)	Disposals	As at June 30, 2022	As at July 01, 2021 (restated)	Charge for the year (restated)	Effect of revaluation (restated)	Reversal on disposal	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	%
	(Rupees)														
Owned assets															
Building improvements	4,226,371	-	-	-	4,226,371	3,540,179	138,084	-	-	3,678,263	-	-	-	548,108	20%
Office premises (refer note 14.2.1)	64,926,000	-	-	-	64,926,000	3,710,054	2,473,368	-	-	6,183,422	-	-	-	58,742,578	5%
Furniture, fixtures and fittings	5,983,992	-	-	-	5,983,992	5,983,992	-	-	-	5,983,992	-	-	-	-	20%
Vehicles	2,414,195	75,000	-	(2,352,595)	136,600	649,712	102,800	-	(690,322)	62,190	-	-	-	74,410	20%
Office equipment	26,533,253	1,291,730	-	-	27,824,983	26,170,229	227,271	-	-	26,397,500	-	-	-	1,427,483	20%
	104,083,811	1,366,730	-	(2,352,595)	103,097,946	40,054,166	2,941,523	-	(690,322)	42,305,367	-	-	-	60,792,579	
Operating lease assets															
Generators	5,448,012	-	-	-	5,448,012	5,067,647	-	-	-	5,067,647	-	-	-	380,365	20%
	109,531,823	1,366,730	-	(2,352,595)	108,545,958	45,121,813	2,941,523	-	(690,322)	47,373,014	-	-	-	61,172,944	

13.1 Particulars of the immovable property

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

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

13.2 Valuation of the assets

13.2.1 The latest valuation of the office premises has been carried out by M/s. Fairwater Property Valuer and Surveyor (Private) Limited in December 2022.

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

	2023				Restated-2022			
	Cost	Accumulated depreciation	Accumulated impairment	Written down value	Cost	Accumulated depreciation	Accumulated impairment	Written down value
	(Rupees)							
Office premises	**28,548,042**	**14,439,374**	-	**14,108,668**	28,548,042	13,805,607	-	14,742,435
Plant and machinery	-	-	-	-	-	-	-	-
Generators	**3,804,000**	**3,804,000**	-	-	3,804,000	3,423,600	-	380,400

14. BORROWINGS FROM FINANCIAL INSTITUTIONS

	Note	2023	2022
		Rupees	
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*	**25,301,588**	25,301,588
		162,801,588	162,801,588

14.1 This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on April 01, 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 14 days. Subsequently, the facility was rolled several times up to the total period of 140 days which expired on August 19, 2010. Till to-date, no repayments have made by the Company in respect of this finance. As of June 30, 2023, the Company has accrued a mark-up in this finance amounting to Rs. 108.583 million (2022: Rs. 106.395 million).

14.2 This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on December 03, 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. Due to financial difficulties faced by the Company, this facility was rolled over for a further period of 184 days on March 14, 2011. Since the disbursement of the facility, the Company made an aggregate principal repayment of Rs. 3 million. As of 30 June 2023, the Company has accrued a mark-up on this finance amounting to Rs. 60.458 million (2022: Rs. 59.248 million).

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

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

		Note	**2023**	2022
15.	**ACCRUED MARK-UP**		**--------- Rupees**	**--------**
	Mark-up on:			
	- certificates of investment		**121,731,659**	115,532,443
	- long term finances		**50,791,384**	50,169,099
	- term finance certificates		**216,036,253**	180,828,408
	- short term borrowings from financial institutions		**168,902,188**	165,504,489
			557,461,484	512,034,439
16.	**ACCRUED EXPENSES AND OTHER PAYABLES**			
	Accrued expenses		**5,702,423**	4,360,236
	Salaries payable		**-**	368,513
	Tax deducted at source		**1,374,806**	1,044,582
	Others		**378,540**	536
			7,455,769	5,773,867
17.	**CURRENT MATURITY OF NON- CURRENT LIABILITIES**			
	Current maturity of:			
	- Certificates of investment	*18*	**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
18.	**CERTIFICATE OF INVESTMENT - unsecured**			
	Long term certificates of investment		**50,549,000**	50,549,000
	Current maturity of certificates of investment	*17*	**(50,549,000)**	(50,549,000)
			-	-

18.1 These certificates of investment have been matured but company could not pay amount upon maturity.

18.2 One certificate holder filed a Miscellaneous Application 08/2017 for winding up of the Company owing to default in repayment of its deposit claiming Rs 52.8 million. The case was since adjourned till November 2018. Subsequently, the Company and the certificate holder agreed to settle the liability at an amount of Rs. 44 million and the Company then made repayments amounting in aggregate to Rs. 3.5 million and has submitted in Court that it shall to pay the balance amount of Rs. 49.3 million soon upon availability of funds. The proceeding in the matter are continuing.

19.	LONG TERM FINANCES	Note	2023	2022
			--------- Rupees --------	
	Long term finances - secured	*19.1*	**87,561,505**	149,561,501
	Long term finances - unsecured		**5,703,696**	5,703,696
		19.2	**93,265,201**	155,265,197
	Term finance certificates - secured	*19.3*	**201,229,246**	201,229,246
			294,494,447	356,494,443
	Current maturity of long term finances	*17*	**(294,494,447)**	(356,494,443)
			-	-

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 **Long term finances**

	Tenure		Markup	Note	Principal outstanding	
	From	To			Jun 30, 2023	Jun 30, 2022
					------------ (Rupees) ------------	
Secured						
National Bank of Pakistan	Mar-05	Mar-10	6 month KIBOR + 1.5% (payable semi annually)	*19.2.1*	**12,500,000**	12,500,000
First Women Bank Limited	Dec-08	Dec-12	Fixed at 12% (payable monthly)	*19.2.2*	**75,061,505**	75,061,505
Soneri Bank Limited	May-13	Sep-14	-	*19.2.3*	**-**	61,999,996
Un secured						
Silk Bank Limited	Sep-12	Mar-17	6 month KIBOR + 2% (payable semi annually)	*19.2.4*	**5,703,696**	5,703,696
					93,265,201	155,265,197

19.2.1 This represents a finance of Rs. 100 million obtained from M/s. National Bank of Pakistan on March 17, 2005 (mainly for lease financing activities). As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from September 17, 2005 to March 17, 2009. However, subsequently, the loan was restructured whereby the maturity date of the loan was extended to March 2010. Up to June 30, 2017, all instalments were paid except for the last instalment due on March 17, 2009 which is yet outstanding. As per the revised agreement, the finance carries mark-up at the rate of 6 month KIBOR + 1.5% payable semi-annually. As of June 30, 2023, the Company had accrued mark amounting to Rs. 18.218 million (2022: Rs. 17.796 million).

19.2.2 This represents a finance of Rs. 150 million obtained from M/s. First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenor of 1 day. Subsequently, the finance was rolled over several times during the period from October 07, 2008 to December 18, 2008. During this period, the Company managed to partially repay the principal and markup amount. Afterwards, the finance was restructured by way of a settlement agreement dated December 31, 2008 whereby the entire principal was converted into 12-month Money Market Finance facility on markup basis. Since the Company failed to make repayment as per agreed terms, the finance was, once again, restructured by way of a settlement agreement dated March 01, 2010. As per the revised rescheduled terms, the entire principal was payable in unequal monthly instalments up to December 31, 2012. The Company paid the instalments up to December 31, 2010 since when no further repayments have been made. Further, as per the revised agreement, the finance carries mark-up at 12% per annum payable monthly. As of June 30, 2023, the Company had accrued mark-up amounting to Rs. 24.054 million (2022: Rs. 24.054 million).

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

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

- Rs 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) situated at Thokar Niaz Baig, Lahore.
- Cash payment of Rs. 5 million in the twelve equal monthly payment of PKR 0.416 million each commencing from the date execution of settlement agreement;
- Remaining principal obligation amounting to Rs. 27.5 million to be waived upon successful transfer of properties / cash payment as referred to above.

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

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

During the year company made payment amounting Rs. 35,000,000/-, as final settlement amount and discharged liability of Rs. 61,999,996/-.

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

- Down payment of Rs. 0.707 million; and
- 54 monthly instalments of Rs. 0.204 million each.

Up to November 2014, the Company repaid 26 monthly installments of Rs. 0.204 million each and defaulted thereafter. As of June 30, 2023, the Company had accrued markup amounting to Rs. 8.520 million (2022: Rs. 8.319 million).

19.3 Term finance certificates - secured

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

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

Principal redemption

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

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

Mark-up on payment

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

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

20. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES	Note	2023	2022
		--------- Rupees --------	
Security deposits against finance leases	20.1	**262,595,351**	262,595,351
Current maturity of deposits against finance leases		**(262,595,351)**	(262,595,351)
		-	-

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

21. SHARE CAPITAL

2023	2022		Note	2023	2022
-----(Number of shares)-----				----------- (Rupees) -----------	
		AUTHORISED SHARE CAPITAL			
100,000,000	100,000,000	Ordinary shares of Rs. 10 each		**1,000,000,000**	1,000,000,000
100,000,000	100,000,000	Non-cumulative and non-voting, convertible unlisted preference shares of Rs. 10 each		**1,000,000,000**	1,000,000,000
		ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
		Ordinary shares - Issued for cash			
25,180,000	25,180,000	Ordinary shares of Rs. 10 each fully paid in cash	*21.1*	**251,800,000**	251,800,000
		Issued for consideration other than cash			
19,980,500	19,980,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		**199,805,000**	199,805,000
45,160,500	45,160,500			**451,605,000**	451,605,000
		Non-cumulative preference shares			
		Issued for consideration other than cash			
52,820,850	52,820,850	Non-cumulative and non-voting, convertible unlisted fully paid preference shares of Rs. 10 each	*21.2*	**528,208,500**	528,208,500

21.1 As of June 30, 2023, M/s. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) held 35.06% (2022: 35.06%) of the issued, subscribed and paid-up ordinary share capital of the Company and 63% (2022: 63%) of the issued preference share capital of the Company.

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

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

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

21.4 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 (MER) as per NBFC Regulations, 2008 vide SRO 764(I) / 2009 dated September 02, 2009 wherein the Company is required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 700 million by June 30, 2011, June 30, 2012 and June 30, 2014, respectively. Further amendment to Schedule I to Regulation 4 made vide SRO 1160 (1) / 2015 dated November 25, 2015 maintained **MER** for existing NBFCs at Rs. 750 million and relaxation of MER for non-deposit taking NBFCs for leasing etc. at Rs. 50 million. The Company intends to exercise the low MER requirement option once it has settled liability owed to its depositors. Hence, at the year end, the company is non compliant with the MER requirement laid down by the SECP (also see note 1.2).

	2023	2022
	----------------Rupees-------------	

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

	2023	2022
On office premises, plant and machinery and generators		
Gross surplus		
As at beginning of the year	**43,984,040**	45,823,640
Effect of revaluation carried out during the year	**21,826,114**	-
	65,810,154	45,823,640
Incremental depreciation transferred to unappropriated loss	**(2,430,960)**	(1,839,600)
	63,379,194	43,984,040
Related deferred tax charge		
As at beginning of the year	**(12,755,370)**	(13,288,854)
Effect of revaluation carried out during the year	**(6,329,573)**	-
Incremental depreciation transferred to unappropriated loss	**704,978**	533,484
	(18,379,965)	(12,755,370)
	44,999,229	31,228,670

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 The Company is defending various counter suits filed against it by defaulting customers against whom recovery suits were filed by it between the year 2009 to 2021. The counter suits are mainly for rendition of accounts and damages and or injunction against the company. These suits are proceeding in the High Court or Banking Court and, in the opinion of the legal counsel, the Company is not likely to suffer any loss or liability on account of these counter suits. The amount claimed in these counter suits as of 30th June 2023 amounted to Rs.178.904 million (2022: 178.904 million).

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

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

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

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

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

23.2 Commitments

As of the reporting date, no financial commitments were known to exist (2022: None).

	Note	2023	2022
24. REVENUE FROM FINANCE LEASES		-----------------Rupees-----------------	
Recovery of suspended markup on finance leases	*11.2*	**5,976,154**	1,300,227
Others		**26,461,410**	19,552,661
		32,437,564	20,852,888
25. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and benefits		**16,072,924**	19,132,316
Meeting fee of directors		**3,080,000**	4,650,000
Rent		**1,006,720**	815,009
Repairs and maintenance		**2,527,738**	2,277,276
Insurance		**198,042**	276,150
Utilities		**850,270**	778,622
Depreciation on investment properties	*12*	**1,418,616**	1,418,616
Depreciation on property, plant and equipment	*13*	**3,981,716**	2,941,523
Vehicle running expenses		**1,716,434**	1,169,902
Printing and stationery		**293,843**	318,251
Telephone and postage		**521,567**	454,948
Travelling and conveyance		**142,921**	58,800
Travelling and conveyance - Directors		**802,150**	1,293,174
Fee and subscriptions		**1,360,535**	1,312,610
Legal and professional charges		**8,176,119**	1,029,232
Advertising and entertainment		**104,646**	255,734
Auditors' remuneration	*25.1*	**640,480**	640,480
Miscellaneous		**1,351,119**	1,728,859
Loss on Disposal		-	333,703
		44,245,840	40,885,205
25.1 Auditors' remuneration			
Annual audit fee		**432,000**	432,000
Fee for review of half yearly financial statements		**168,480**	168,480
Other certifications		**40,000**	40,000
Out of pocket expenses		-	-
		640,480	640,480

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26. REVERSAL OF PROVISION FOR NON-PERFORMING EXPOSURES

	Note	2023	2022
		---Rupees---	
Reversal of provision for potential losses on:			
- Short term loans	*6.2*	**2,175,000**	8,354,876
- Long term loans	*10.2*	**818,400**	4,549,280
- Finance leases	*11.3*	**6,872,994**	(19,431,613)
		9,866,394	(6,527,457)

27. OTHER INCOME

	2023	2022
Dividend income	**7,104,493**	9,651
Interest income from government securities	**2,375,381**	1,254,889
Interest income from savings accounts	**3,689,839**	410,362
Interest income from term loans	**4,235,407**	-
Waiver on settlement of long term finances	**26,999,996**	-
Others	**11,342,724**	880,000
	55,747,840	2,554,902

28. FINANCE COSTS

	2023	2022
Mark-up on:		
- Long term finances	**622,285**	1,970,444
- Term finance certificates	**35,207,845**	18,969,359
- Short term borrowings	**3,397,699**	13,480,001
- Certificates of investment	**6,199,216**	6,442,088
Bank charges	**33,083**	27,089
	45,460,128	40,888,981

29. TAXATION

	2023	2022
Current	**94,024**	246,116
Deferred	**(6,329,573)**	(533,484)
	(6,235,549)	(287,368)

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

29.2 The company has filed tax returns up to 30 June 2022 that is deemed to be an assessment order. The tax department has rectified the order for tax year 2019 and disallowed adjustments of previous year refunds with tax liability of 2019. The company is filing appeal against the said order.

29.3 The company have availabe deductible temporary differences that result in deferred tax assets of Rs.406 million. The deferred tax assets has not been recognised as the company is suffuring from continous losses.

		2023	2022
30.	**EARNINGS / (LOSS) PER SHARE:**	**---------------- Rupees --------------**	
30.1	**Basic earning/ (loss) per share**		
	Profit/ (loss) after taxation attributable to ordinary shareholders	**14,581,379**	(64,606,485)
		-----------------Number---------------	
	Weighted average number of ordinary shares outstanding	**45,160,500**	45,160,500
		-----------------Rupees---------------	
	Earnings / (loss) per share - Basic	**0.32**	(1.43)
30.2	**Diluted earning/ (loss) per share**		
	Profit / (Loss) after taxation attributable to ordinary shareholders	**14,581,379**	(64,606,485)
		-----------------Number---------------	
	Weighted average number of ordinary shares outstanding	**97,981,350**	97,981,350
		-----------------Rupees---------------	
	Earning/ (loss) per share - Diluted	**0.15**	(0.66)

30.2.1 As at June 30, 2023, the Company had 52.82 million (2022: 52.82 million) convertible preference shares which have been considered for the calculation of diluted profit per share.

31. CASH USED IN OPERATIONS

	2023	2022
Loss before taxation	**8,345,830**	(64,893,853)
Adjustment for non-cash charges and other items :		
- Recovery of suspended markup on finance leases	**(5,976,154)**	(1,300,227)
- Depreciation - owned assets	**3,601,351**	2,941,523
- Depreciation - investment properties	**1,418,616**	1,418,616
- Reversal of provision for non-performing exposures	**(9,815,819)**	6,527,457
- Dividend income	**(7,104,493)**	(9,651)
- Interest income from government securities	**(2,375,381)**	(1,254,889)
- Interest income from term loans	**(868,743)**	-
- Gain on settlement of short term and long term finances	**(26,999,996)**	-
- Finance costs	**45,460,128**	40,888,981
	(2,660,491)	49,211,810
	5,685,339	(15,682,043)
Movement in working capital		
(Increase) / decrease in operating assets		
- Short term loans	**-**	-
- Trade deposits and short term prepayments	**(81,409)**	80,595
- Other receivables	**(10,585,000)**	229,131
(Increase) / decrease in operating assets		
- Accrued expenses and other payables	**1,681,902**	(2,004,699)
	(8,984,507)	(1,694,973)
Cash used in operations	**(3,299,168)**	(17,377,016)

32. STAFF RETIREMENT BENEFITS - Defined benefit plan

All company staff is on contractual basis therefore no provision for defined benefit plan has been made.

33. TRANSACTIONS WITH RELATED PARTIES

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

Transactions during the year

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

	2023			
	Major Shareholder	**Directors**	**Key management personnel**	**Other related parties**
	(Rupees)			
Rent paid	-	-	-	**1,334,500**
Contributions to the provident fund	-	-	-	-
Remuneration	-	**3,080,000**	**9,712,653**	-

	2022			
	Major Shareholder	Directors	Key management personnel	Other related parties
	(Rupees)			
Rent paid	-	-	-	68,000
Contributions to provident fund	-	-	-	-
Remuneration	-	4,650,000	9,003,720	-

34. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		**Directors**		**Executives**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Rupees)							
Managerial remuneration	**5,312,500**	5,100,000	**3,080,000**	4,650,000	**2,470,100**	2,572,342	**10,862,600**	9,450,000
Retirement benefits	**1,334,500**	68,000	-	-	-	-	**1,334,500**	510,000
Leave encashment	**198,333**	925,833	-	-	-	-	**198,333**	793,333
Other perquisites	**1,468,053**	1,318,928	-	-	**12,000**	12,000	**1,480,053**	1,083,611
	8,313,386	7,412,761	**3,080,000**	4,650,000	**2,482,100**	2,584,342	**13,875,486**	11,836,944
Number of persons	**1**	1	**4**	7	**2**	2		

34.1 The Chief Executive has not provided car, however Maintenance and Insurance is provided.

34.2 Remuneration to directors represents fee pertaining to 14 meetings of directors' and committees' meetings (2022: 15 meetings) in connection with the financial statements and other matters.

35. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

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

35.1 Credit risk

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

35.1.1 ***Management of credit risk***

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

35.1.2 ***Exposure to credit risk***

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

	2023	2022
	Rupees	
Long term loans	**52,801,530**	51,983,130
Net investment in finance leases - net of security deposits held	**148,883,724**	174,807,479
Bank balances	**27,470,977**	145,947
Short term loans	**120,530,176**	136,636,011
Trade deposits	**1,061,280**	979,871
Other receivables	**27,194,559**	-
	377,942,246	364,552,438

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

	June 30, 2023					
	Net investment in finance leases (Net of security deposits)		Long term loans		Short term loans	
	Principal	Provision	Gross	Provision	Gross	Provision
	(Rupees)					
Past due and impaired:						
- 180 to 365 days	-	-	-	-	-	-
- 366 to 730 days	-	-	-	-	-	-
- more than 730 days	989,618,221	(840,734,497)	100,386,576	(47,585,046)	146,950,300	(26,420,124)
Total	989,618,221	(840,734,497)	100,386,576	(47,585,046)	146,950,300	(26,420,124)

	June 30, 2022					
	Net investment in finance leases (Net of security deposits)		Long term loans		Short term loans	
	Principal	Provision	Gross	Provision	Gross	Provision
	(Rupees)					
Past due and impaired:						
- 180 to 365 days	-	-	-	-	-	-
- 366 to 730 days	-	-	-	-	-	-
- more than 730 days	1,022,414,970	(847,607,491)	100,386,576	(48,403,446)	165,231,135	(28,595,124)
Total	1,022,414,970	(847,607,491)	100,386,576	(48,403,446)	165,231,135	(28,595,124)

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

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

	Rating as of June 30, 2023		Rating	2023	2022
	Short term	**Long term**	**Agency**	**(Rupees)**	
Faysal Bank Limited	A-1+	AA	JCR VIS	**36,733**	34,396
Samba Bank Limited	A-1	AA	JCR VIS	**14,363**	14,363
MCB Bank Limited	A1+	AAA	PACRA	**27,419,881**	97,188
National Bank of Pakistan	A-1+	AAA	JCR VIS	-	-
				27,470,977	145,947

35.1.5 Concentration of credit risk

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

35.2 Liquidity risk

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

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

	June 30, 2023						
	Carrying amount amount	**Contractual cash flows**	**Less than 1 month**	**1 - 3 months**	**3 months - 1 year**	**1 - 5 years**	**More than 5 years**
	(Rupees)						
Financial liabilities							
Borrowings from financial institutions	**162,801,588**	**162,801,588**	**162,801,588**	-	-	-	-
Certificates of investment	**93,549,000**	**93,549,000**	**93,549,000**	-	-	-	-
Accrued mark-up	**557,461,484**	**557,461,484**	**557,461,484**	-	-	-	-
Accrued expenses and other payables	**7,455,769**	**7,455,769**	**7,455,769**	-	-	-	-
Long term finances	**294,494,447**	**294,494,447**	**294,494,447**	-	-	-	-
	1,115,762,288	**1,115,762,288**	**1,115,762,288**	-	-	-	-

	June 30, 2022						
	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
	(Rupees)						
Financial liabilities							
Borrowings from financial institutions	162,801,588	162,801,588	162,801,588	-	-	-	-
Certificates of investment	93,549,000	93,549,000	93,549,000	-	-	-	-
Accrued mark-up	512,034,439	512,034,439	512,034,439	-	-	-	-
Accrued expenses and other payables	5,773,867	5,773,867	5,773,867	-	-	-	-
Long term finances	356,494,894	356,494,894	356,494,894	-	-	-	-
	1,130,653,788	1,130,653,788	1,130,653,788	-	-	-	-

35.2.1 Breach of loan agreements

Due to liquidity crunch, as of June 30, 2023, the Company had been in default in making repayments in respect of certain short term and long term financing arrangements. As of the reporting date, the total outstanding principal and accrued markup in default amounted to Rs. 550.845 million (2022: Rs. 612.845 million) and Rs. 557.461 million (2022: Rs. 512.034 million), respectively.

35.3 Market risk

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

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flows. The Company's exposure to fair value interest rate risk is limited as it does not hold significant fixed interest based financial instruments. At the reporting date, the interest rate profile of Company's interest-bearing financial instruments is as follows:

	Carrying amount	
	2023	2022
	(Rupees)	
Fixed rate instruments		
Financial assets	**13,423,608**	13,916,716
Financial liabilities	**(306,110,505)**	(306,110,505)
	(292,686,897)	(292,193,789)
Variable rate instruments		
Financial assets	**1,264,203,528**	1,287,956,082
Financial liabilities	**(213,729,246)**	(213,729,246)
	1,050,474,282	1,074,226,836

Fair value sensitivity for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

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

	2023	2022
	(Rupees)	
Cash flow sensitivity - Variable rate instruments	**10,504,743**	10,742,268

Foreign exchange risk

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

Other price risk

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

35.4 Fair value of financial instruments

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

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

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

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

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

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

	2023		
	Level 1	**Level 2**	**Level 3**
		(Rupees)	
Office premises and generators	-	**77,590,578**	-
Investment in ordinary shares	**36,512,504**	-	-
	36,512,504	**77,590,578**	-

m

	2022		
	Level 1	Level 2	Level 3
	(Rupees)		
Office premises and generators	-	59,122,943	-
Investment in ordinary shares	60,875	-	40,242,909
	60,875	59,122,943	40,242,909

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

35.5 Financial instrument by categories

	2023	2022
Financial assets	**(Rupees)**	
Amortized cost		
Cash and bank balances	**27,576,426**	253,806
Short term loans	**120,530,176**	136,636,011
Trade deposits	**1,061,280**	979,871
Other receivables	**26,965,428**	-
Long term loans	**52,801,530**	51,983,130
Net investment in finance leases	**411,479,075**	437,402,830
Fair value through Other Comprehensive Income		
Short term investments	**36,512,504**	40,303,784
Fair value through profit or loss		
Short term investments	**13,423,608**	13,916,716
Financial liabilities		
At amortised cost		
Long term finances	**294,494,447**	356,494,444
Security deposits against finance leases	**262,595,351**	262,595,351
Certificates of investment	**93,549,000**	93,549,000
Borrowings from financial institutions	**162,801,588**	162,801,588
Accrued mark-up	**557,461,484**	512,034,439
Accrued expenses and other payables	**9,117,060**	7,435,158

36. GENERAL

36.1 Number of employees

There are no permanent staff members.

36.2 Date of authorization of the financial statements

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 12 SEP 2023

36.3 Level of rounding

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

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