SAUDI PAK LEASING

ANNUAL REPORT 2022

OUR VISION

To remain trust worthy to all stakeholders.

OUR MISSION

For our Customer

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

For Employees

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

For our Shareholders

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

For our Society

We will maintain ethical standards and act as responsible corporate citizens.

CORPORATE STRATEGY

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

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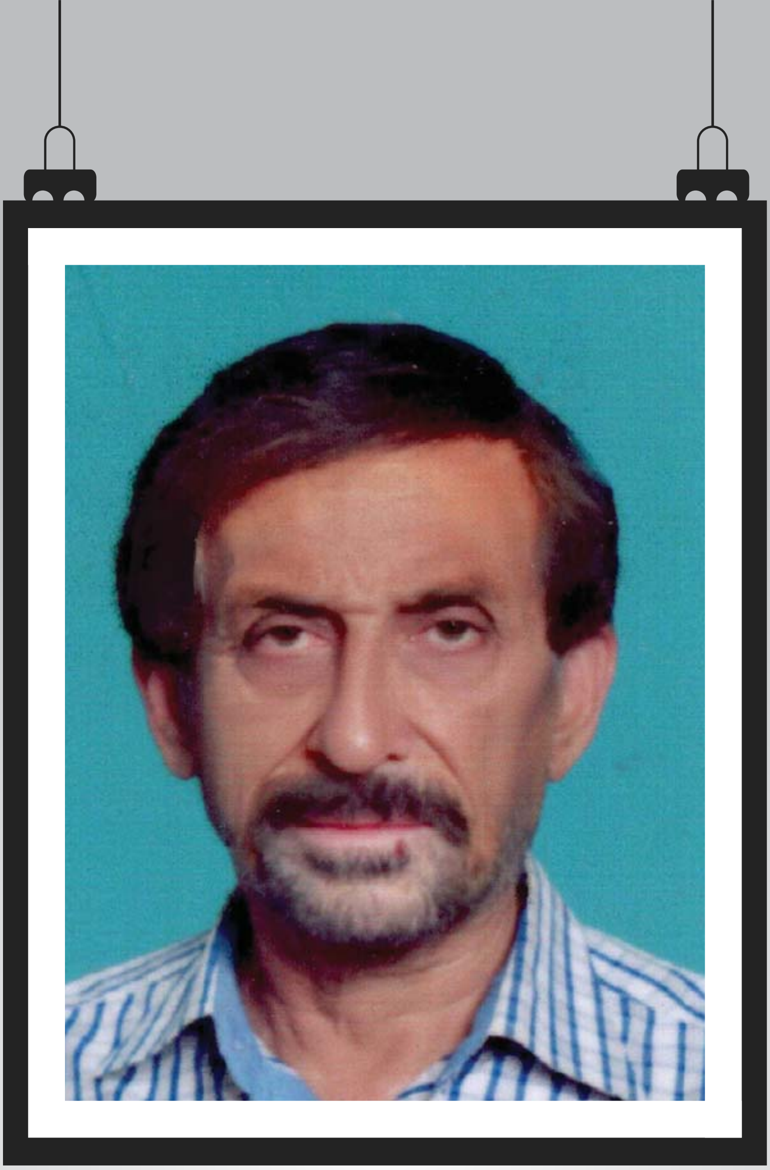


Mr. Niaz Ahmed Khan

Chairman

Mr. Muhammad Waqar

Independent Director

Syed Najmul Hasnain Kazmi

Independent Director

CORPORATE INFORMATION

BOARD OF DIRECTORS ELECTED ON NOVEMBER 26, 2018

Mr. Niaz Ahmed Khan	Chairman/Non-Executive/ Independent Director
Mr. Ahsanullah	Chief Executive Officer/ Independent Elected Director
Sheikh Aftab Ahmad	Nominee Director (Since Resigned on 07-09-22)
Mr. Zafar Iqbal	Nominee Director (Since Resigned on 07-09-22)
Ms. Fozia Fakhar	Nominee Director (Since Resigned on 07-09-22)
Mr. Muhammad Waqar	Independent Director
Syed Najmul Hasnain Kazmi	Independent Director

AUDIT COMMITTEE ELECTED ON JANUARY 29,2019

Syed Najmul Hasnain Kazmi	Chairman
Sheikh Aftab Ahmad	Member (Since Resigned on 07-09-22)
Ms. Fozia Fakhar	Member (Since Resigned on 07-09-22)
Mr. Muhammad Waqar	Member
Mr. Niaz Ahmed Khan	Member (Appointed on 28-09-22)

HR & REMUNERATION COMMITTEE ELECTED ON JANUARY 29, 2019

Mr. Niaz Ahmed Khan	Chairman
Sheikh Aftab Ahmad	Member (Since Resigned on 07-09-22)
Mr. Zafar Iqbal	Member (Since Resigned on 07-09-22)
Mr. Ahsanullah	Member
Syed Najmul Hasnain Kazmi	Member (Appointed on 28-09-22)

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR
Mr. Ahsanullah

COMPANY SECRETARY
Mr. M. Imtiaz Ali

CHIEF FINANCIAL OFFICER
Mr. Amir Rasool (Acting)

HEAD OF INTERNAL AUDIT & COMPLIANCE
Mr. Haider Ali (Acting)

TAX CONSULTANT
M/s. UHY Hassan Naeem & Co
Chartered Accountants

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

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

BANKS
MCB Bank Limited
Faysal Bank Limited
Samba Bank Limited

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

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

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

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

Mr. Ahsanullah Khan

CEO/Managing Director

CHAIRMAN'S REVEIW

On behalf of the Board of Directors, I would like to present the 32nd Audited Financial Statements of Saudi Pak Leasing Company Limited together with Auditor's Report to Members and the Directors' Report for the year ended June 30, 2022. Due to Countries recession, Company business also suffered heavily; However, Company continued its operations and took necessary steps to ensure smooth continuation of business. The Company is trying its level best to recover as much as possible from the non performing portfolio. Due to lengthy and complex legal process, the pace of recoveries through courts is slow. Settlement negotiations with several defaulters are being dealt on case to case basis.

Future prospects of the Company heavily rely upon recoveries through court decrees/out of court settlements, besides other measures that have been mentioned in the Rehabilitation Plan duly approved by the Board of Directors. SECP has issued show Cause Notice under Section 282 J (1),(2) & (3) of the Companies Ordinance 1984 and the company has submitted its response to the Notice. The company has also informed about divestment of 35% Ordinary Shares and 63% Preference Shares by major shareholder viz; SAPICO and the negotiation are at advance stage that may bring fruits in near future.

Despite inflationary trend in the country the administrative and operating expenses increase to Rs. 40.885 million in 2022 from Rs.37.726 million in 2021 i.e. increase of Rs. 3.159 million. Owing to focused efforts on recovery and settlements provisions to extent of (Rs. 6.527) million were charged during the year under review.

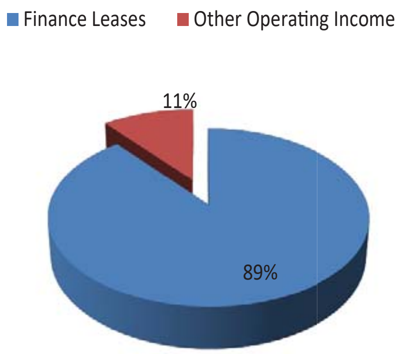
I am pleased to inform you that the required infrastructure and human resources are in place to support the Company for its survival and revival. The Management is making utmost efforts for capitalization of recoveries on one hand and addressing the liability position by evolving settlements through meaningful negotiations with the Company's Creditors/ Depositors.

On behalf of the Board of Directors, I avail this opportunity to acknowledge with thanks the guidance of the Regulatory Authorities particularly the SECP which is genuinely assisting for the revival of the Company besides the support and understanding of COIs/TFC holders and Financial Institutions. I also appreciate the efforts being made by the CEO and his team for revival of the Company.

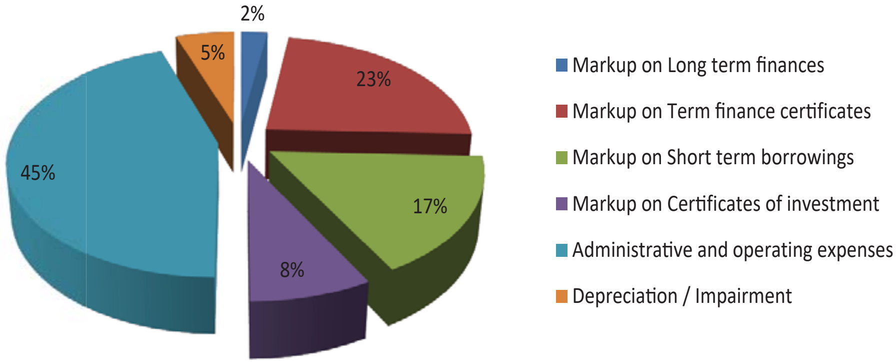
Niaz Ahmed Khan
Chairman
Karachi: September 28, 2022

FINANCIAL HIGHLIGHTS

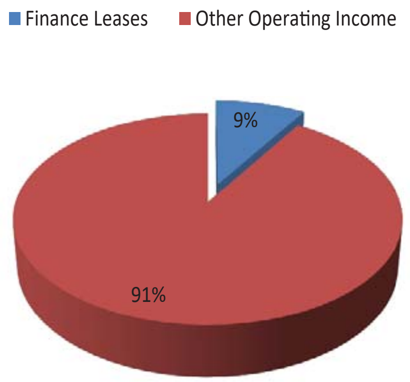
Revenue Analysis - FY 2022



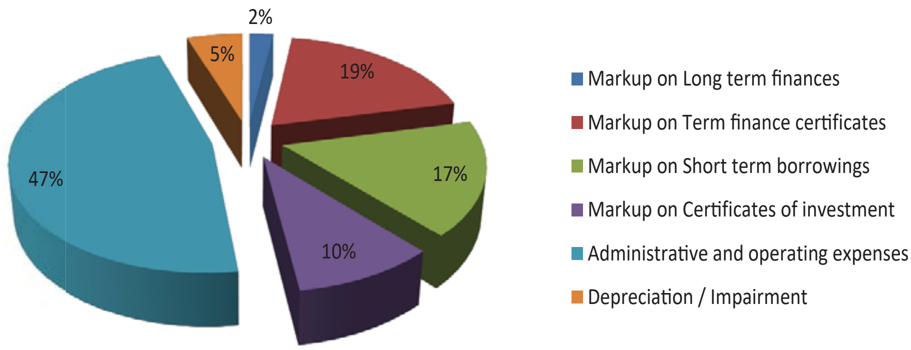
Expenses Analysis - FY 2022



Revenue Analysis - FY 2021



Expenses Analysis - FY 2021



FINANCIAL HIGHLIGHTS

	2022	2021	2020	2019	2018	2017
Operational results						
Total disbursement	-	-	-	-	-	-
Revenues / Gross Income	23	43	9	36	12	13
Profit / (Loss) before tax	(65)	(4)	(54)	6	(52)	(69)
Profit / (Loss) after tax	(65)	1	(53)	7	(53)	(69)
Financial charges	(41)	(39)	51	(43)	36	36
(Reversal) / Provision against non-performing portfolio	(7)	29	27	62	(12)	2
Cash dividend - ordinary shares	-	-	-	-	-	-
Cash dividend - preference shares	-	-	-	-	-	-
Balance sheet						
Gross lease receivables	1,505	1,544	1,583	1,614	1,683	1,712
Net investment in leases	437	494	503	507	480	490
Net worth	(612)	(546)	(568)	(517)	(525)	(618)
Fixed assets - owned & operating lease	61	64	67	67	64	32
Total net assets	783	833	822	824	838	726
Long term liabilities including current portion	670	693	725	728	770	770
Long term investments	39	41	42	44	45	35

KEY PERFORMANCE INDICATORS

Ratio	2022	2021	2020	2019	2018	2017
Break up Value	(13.54)	(12.57)	(12.57)	(13.44)	(15.12)	(13.95)
Current Ratio	0.49	0.53	0.51	0.48	0.47	0.49
Debt to Assets Ratio	0.81	0.86	0.86	0.86	0.94	0.91
Dividend per Share	-	-	-	-	-	-
Earnings / (Loss) per Share	(1.43)	0.03	(1.18)	0.60	(1.17)	(1.53)
Financial Charges / Total Expenses	50.00	50.53	56.23	43.46	47.31	44.51
Financial Charges / Total Gross Income	175	90.03	565.76	120.66	299.51	266.19
Market Value per Share (Rs.)	-	2.45	0.59	-	-	2.43
Return on Assets	(8.25)	0.16	(6.50)	3.65	(7.50)	(9.54)
Total Assets / Net Worth	(1.28)	(1.52)	(1.45)	(1.23)	(1.03)	(1.15)
Total Financing / Net Worth	(3.03)	(3.44)	(3.36)	(3.16)	(2.88)	(3.12)

NOTICE OF ANNUAL GENERAL MEETING

Notice of 32nd AGM of Saudi Pak Leasing Company Limited

Notice is hereby given that the 32nd Annual General Meeting (AGM) of Saudi Pak Leasing Company Limited will be held on Wednesday, 26th October, 2022 at 11:00 a.m. at Registered Office i.e. 6th Floor, Lakson Square Building No 1, Sarwar Shaheed Road, Saddar, Karachi to transact the following business for the respective year.

A. Ordinary Business:

1. To confirm the minutes of Extra Ordinary General Meeting (EOGM) held on December 3rd, 2021.

2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2022 together with the Directors' and Auditors' reports thereon approved by Board of Directors.

3. To appoint M/s. UHY Hassan Naeem & Co, Chartered Accountants (UHY International Independent Member) as External Auditors for the year 2022-2023 and fix their remuneration as recommended by Board of Directors.

B. Special Business:

4. To transact any other business with the permission of the Chair.

By Order of the Board

Muhammad Imtiaz Ali
Company Secretary

Karachi. September 28, 2022

Notes:

Contingency planning for AGM

i) In the wake of prevailing situation due to epidemic of COVID-19 & Dengue all SOPs will be strictly followed including wearing of face mask and social distancing, SECP has instructed listed companies to modify their usual planning for General Meetings for the safety and wellbeing of the shareholders and public at large. Accordingly, the company intends to convene this AGM with minimal physical interaction with shareholders while ensuring compliance with quorum requirements and requests the Members to consolidate their attendance and voting at the AGM through proxies.

ii) The Share Transfer Books of the Company will remain closed from October 20, 2022 to October 26, 2022 (both days inclusive).

iii) A member entitled to attend and vote at the Annual General Meeting may appoint another as a Proxy to attend and vote instead of him/her save that a company being a member of this Company may appoint as proxy or as its representative under Section 138 of the Companies Act., 2017, any person though not a member of the Company, and the person so appointed shall be entitled to exercise the same powers on behalf of the Company which he represents, as if he was an individual member of the Company.

iv) Members and proxies shall produce his /her original CNIC or Passport at the time of the meeting.

v) Attested copies of CNIC or the Passport of the beneficial owners and of the proxy shall be furnished with the proxy form.

vi) In case of a corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted along with proxy form to the Company.

Vii) The instrument appointing a proxy shall be lodged with the Company Secretary not less than 48 hours before the time fixed for the Meeting. The proxy form shall be witnessed by two persons whose names, address and CNIC number shall be mentioned on the form.

Viii) A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

ix) The Audited financial statements of the company for the year ended June 30, 2022 have been made available on the Company's website.

x) To meet the requirement of Section 72 of the Companies Act,2017 the Shareholders having physical shareholding are encouraged to open CDC Sub-account with any of the brokers or Investment Account directly with CDC to place their physical shares into script less form as the trading of physical shares is not permitted as existing regulations of the Pakistan Stock Exchange (PSX).

xi) Members are requested to promptly notify any change in their address and contact details to the Registrar of the Company (CDC) to update their record.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of Saudi Pak Leasing Company Limited (SPLC) are pleased to present the 32nd Annual Report together with audited financial statements of the Company for the year ended June 30, 2022.

FINANCIAL INFORMATION	**(Rs.in million)**	
The financial results of the Company are summarized below:	**2022**	**2021**
Income from operating and financial leases	20.853	3.817
Other operating income	2.555	38.98
Financial Cost	(40.889)	(38.533)
Administrative and operating costs	(40.885)	(37.726)
Profit /(loss) before taxation	(64.894)	(4.184)
Profit (loss) after taxation	(64.606)	1.347

REVIEW OF OPERATIONS

IMPACT OF SLOW ECONOMIC ACTIVITY

The company is aware of slowing down economic situation and took all necessary steps to ensure smooth and adequate continuation of its business. Due to the general slowdown in business and court's proceeding, the recoveries slowed down and consequently the process of settlements with creditors also slowed down. Negative Equity during the year increase from PKR 546 million in 2021 to PKR 611 million in 2022.

OTHER FACTORS

The company has been out of leasing business for over Twelve (12) years mainly due to severe liquidity crunch. This has led to a situation where the Company has been managing its affairs out of funds generated through settlements and recovery of stuck up portfolio. The Company is trying its level best to recover as much as possible from the non performing portfolio. Due to lengthy and complex legal process, the pace of recoveries through courts is very slow. Therefore, the main factor for the present position of the Company remains slow pace of court's proceedings resultantly affecting the pace of recoveries. Future prospects of the Company heavily rely upon recoveries through court decrees/out of court settlements, besides other measures that have been mentioned in the Rehabilitation Plan submitted to SECP. Settlement negotiations with several defaulters are underway.

FUTURE OUTLOOK

Future prospects of the Company heavily rely upon recoveries through court decrees/out of court settlements, besides other measures that have been mentioned in the Rehabilitation Plan duly approved by the Board of Directors. SECP has issued show Cause Notice under Section 282 J (1),(2) & (3) of the Companies Ordinance 1984 and the company has submitted its response to the Notice. The major shareholder is at advance stage of divestment of 35% Ordinary Shares and 63% Preference Shares and is expected to be materialized soon.

Your company is facing liquidity constraints. Management and BOD are fully cognizant of the prevailing situation. Management is striving hard for settlement with creditors / depositors by capitalizing its drive for recovery of its NPLS. It is a major step towards revival and the management is optimistic about bringing further improvement in the next year's results.

RISK MANAGEMENT

Risk is inherent in all spheres of company's activities. Overall responsibility for establishing the risk management framework rests with the Board of Directors, which is actively involved in review, approval and monitoring the Company's risk management policies and ensuring that an appropriately sound internal control system is in place to manage those risks. This oversight is implemented

DIRECTOR'S REPORT TO THE SHAREHOLDERS

through independent internal audit reporting to the Audit Committee.

Dividend

On account of persistent liquidity crisis together with huge accumulated losses, the Board of Directors of Company did not recommend dividend this year also.

Corporate Governance

To develop highest standards of corporate governance that meet the requirements of the Code of Corporate Governance, the company has established sound and transparent corporate governance system. The Internal Auditor operationally report directly to the Board Audit Committee which in turn is headed by a Non-Executive Independent Director.

Directors' Declaration

1. The financial statements prepared by the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.

5. The system of internal control is sound in design and has been effectively implemented and monitored and is being improved further.

6. There are no significant doubts upon the Company's ability to continue as a going concern.

7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

8. The key information as to operating and financial data of the company is available in the annual report. The categories and pattern of shareholding as required by the Companies Act 2017 (Formerly Companies Ordinance 1984) are also included in the annual report.

9. No trading in shares of the Company was carried out by the Directors, Executives and their spouses and minor children during the year.

10. Due to present financial and liquidity position, the Company has been facing difficulties in fulfilling its financial obligations. The details of amounts overdue, if any, are disclosed in relevant notes to the financial statements.

11. The management has introduced structural changes in the organization structure of your Company with a view to consolidate and streamline overall functions into five departments to ensure efficient working environment with better MIS and management & cost controls.

12. During the year eight meetings of the Board of Directors were held to approve the respective accounts for the relevant period, and transact the other routine and emergent business of the Company.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

Name of Directors	Designation	Number of meetings held during the year	Attended
Mr. Niaz Ahmed Khan	Chairman	8	8
Mr. Muhammad Waqar	Director	8	8
Ms. Fozia Fakhar	Director	8	7
Sheikh Aftab Ahmad	Director	8	8
Mr. Zafar Iqbal	Director	8	8
Syed Najmul Hasnain Kazmi	Director	8	8
Mr. Ahsan Ullah	Director/CEO	8	8

The Audit Committee comprised of four non - executive directors, viz. Syed Najmul Hasnain Kazmi (Chairman Audit Committee), Sheikh Aftab Ahmad (Since Resigned on Sept 07, 2022), Mr. Muhammad Waqar and MS. Fozia Fakhar (Since Resigned on Sept 07, 2022) and Mr. Niaz Ahmed Khan (member appointed on Sep 28, 2022). During the year, four (4) meetings of the Audit Committee were held to approve the accounts.

HR & Remuneration Committee

The Board has formed an HR & Remuneration Committee. It comprise of four members, Viz: Mr. Niaz Ahmed Khan (Chairman / Non-Executive Director), Sheikh Aftab Ahmad (Non-Executive Director) Since Resigned on Sept 07, 2022, Mr. Zafar Iqbal (Non-Executive Director) Since Resigned on Sept 07, 2022 and Mr. Ahsan Ullah (Executive Director/ CEO). The HRR Committee held its three meetings during the year. Mr. Niaz Ahmed Khan appointed member HRR committee

External Auditors

M/s. UHY Hassan Naeem & Co., Chartered Accountants (UHY International) were appointed as auditors of the Company for the year 2023.

Pattern of Shareholding

- The pattern of shareholding as required under the Companies Act, 2017 and Clause (xvi) of the Code of Corporate Governance form part of this Annual Report.
- Six Year s' Operating and Financial Data.
- Six year financial performance and data of the Company are summarized and annexed to these financial Statements.

Acknowledgement

On behalf of the Board, we would like to express our sincere appreciation to the shareholders for their continued trust and patronage, the Securities and Exchange Commission of Pakistan (SECP) and other Regulatory bodies for their ever extended valued guidance and support.

On behalf of the Board of Directors

Chief Executive Officer
September 28, 2022

Director

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

SAUDI PAK LEASING COMPANY LIMITED

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

For the year ended June 30, 2022

M/s. Saudi Pak Leasing Company ('the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019, ('the Regulations') in the following manner:

1. The total number of directors of the Company are seven (07) as follows:

   Male: 06
   Female: 01

2. The composition of the Board of Directors ('the Board') is as follows:

I) Non -Executive Directors	
a. Independent Directors	Mr. Niaz Ahmed Khan; Mr. Muhammad Waqar and Syed Najmul Hasnain Kazmi
b. Other Non -Executive Directors	Mr. Sheikh Aftab Ahmad; Ms. Fozia Fakhar and Mr. Zafar Iqbal
II) Executive Director	Mr. Ahsan Ullah(CEO)

3. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies including the Company;

4. The Company has prepared a "Code of Conduct". The same is being displayed at Company's website for information of stakeholders and all concern.

5. The Company has developed its vision/mission statement, overall corporate strategy and significant policies. The vision/mission statement, overall corporate strategy are printed on Annul Report each year. However, significant policies are under review for updates and subsequent approval of the Board.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations;

9 The Board has arranged Directors' Training program for all the directors;

10. The Board has approved appointment of Acting Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

11. The Acting Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

Audit Committee	
Mr. Syed Najmul Hasnain Kazmi	Chairman
Mr. Shaikh Aftab Ahmad	Member
Ms. Fozia Fakhar	Member
Mr. Muhammad Waqar	Member
HR & Remuneration Committee	
Mr. Niaz Ahmed Khan	Chairman
Mr. Shaikh Aftab Ahmad	Member
Mr. Zafar Iqbal	Member
Mr. AhsanUllah	Member

13. The terms of reference of the aforesaid committees have been formed and documented.

14. The frequency of meetings of the committees were as follows:

Audit Committee	Quarterly
HR and Remuneration Committee	Annually

15. The Board has appointed Mr. Haider Ali Khan, as Head of Internal Audit and Compliance who was considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Acting Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of the regulations 3, 6, 7, 8,27, 32, 33 and 36 of the Regulations (Code of corporate Goverance Regulations 2019) have been complied with.

19. Except as stated above, there have been no non-compliances with the requirements of non-mandatory provisions of the Regulations.

Niaz Ahmed Khan

Chairman of the Board of Directors

Saudi Pak Leasing Company Limited
September 28th, 2022

UHY Hassan Naeem & Co.
Chartered Accountants

402 Progressive Center
Sharah-e-Faisal,
Karachi, Pakistan.

Phone +92 21 34322551-3
Web www.uhy-hnco.com

INDEPENDENT AUDITOR'S REPORT

To the members of SAUDI PAK LEASING COMPANY LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of **SAUDI PAK LEASING COMPANY LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the annexed financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate evidence whether the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, the total comprehensive income, the changes in equity and cash flows for the year then ended.

Basis for Disclaimer of Opinion

Assessment of Expected Credit Loss as per IFRS-9

i. As disclosed in the notes of 6 and 9 to the financial statements, the company has receivables against short terms loans and long terms loans & finance leases amounting to Rs. 136.63 million and Rs. 489.39 million respectively. The company has made provisions as per schedule X of NBFC prudential regulations however the requirements of the International Financial Reporting Standard (IFRS-9) "Financial Instruments" not considered for the assessment of expected credit loss. As a result, we were unable to determine whether any adjustments were necessary in respect of the provisions above mentioned in the financial statements for the year ended 30 June 2022.

Accrued markup (an issue that, in the absence of disclaimer of opinion, would also have required us to express a qualified opinion on the financial statements)

ii. As disclosed in the notes of 14.3 and 19.2 to the financial statements, the company has not charged finance costs on short terms and long terms borrowings from some financial institutions. We estimated that the financial cost expense would have been increased by Rs. 4.94 million (2021: Rs. 8.14 million), loss would have been increased by Rs. 4.94 million (2021: Rs. 8.14 million), accrued markup would have been increased by Rs. 49.39 million (2021: Rs. 44.42 million), and an accumulated loss would have been increased by amounting to Rs. 49.39 million (2021: Rs. 44.42 million).

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. However, because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of our report we were unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to notes 1.1 and 1.2 to the financial statements which indicates that, the Company's license to carry out the business of leasing has been cancelled. Further, the Company sustained after tax (loss)/profit of Rs.(64.61) million (2021: 1.35 million) and an accumulated loss stood at Rs.1,821.87 million (2021: 1,757.30 million) and and its current liabilities exceeded its current assets by Rs. 712.18 million (2021: Rs. 651.68 million). These events or conditions, along with other matters as set forth in notes 1.1 and 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, accordingly, it may be unable to realize its assets and discharge its obligations in the normal course of business. However, this matter has no bearing on our disclaimer of opinion on the financial statements which we have expressed because of the significance of certain other matters as set out in the Basis of Disclaimer of Opinion section of our report.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirement of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enables the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on Other Legal and Regulatory Requirements

Because of the significance of the matters described in paragraphs (i) and (ii), we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion whether:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017)and are in agreement with the books of account and returns;

Accordingly, we do not express an opinion on the matters identified in (a) and (b) above. However, we would like to state that, in our opinion:

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of Saudi Pak Leasing Company Limited for the year ended June 30, 2021, were audited by another auditor who expressed a disclaimer of opinion on those statements on September 30, 2021.

The engagement partner on the audit resulting in this independent auditor's report is **Imran Iqbal**

UHY Hassan Naeem & Co

KARACHI
DATE: 29 September 2022

UDIN: AR202210215UDrINi2nQ

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Sharah-e-Faisal,
Karachi, Pakistan.

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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of M/s. Saudi Pak Leasing Company Limited

Review report on the statement of compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred to as 'the Regulations'), prepared by the Board of Directors of **Saudi Pak Leasing Company Limited** (the Company) for the year ended 30 June 2022 in accordance with the requirements of the Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instances of non-compliance with the regulations were observed which either are not stated or misstated in the Statement of Compliance:

- The Company has no formal and effective mechanism put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees which is the non-compliance of sub-clause 3(v) of clause 10.
- The complete record of particulars of the significant policies along with their dates of approval or updating is not maintained by the company which is non-compliance of sub-clause 4 of clause 10.
- The Company has not maintained minutes of Board meetings in hard form, for last 10 years and in electronic form permanently, is non-compliance of sub-clause 1 of clause 12.

- We have noted that internal auditor hasn't issued Internal audit reports, including cases of fraud, bribery, corruption, or irregularities of material nature which is non-compliance of sub-clause (vi) of clause 14.

- We have noted that Chief executive officer hasn't issued report on governance, risk management and compliance issues which is non-compliance of sub-clause (xiv) of clause 14. Risks to be considered shall include reputational risk and shall address risk analysis, risk management and risk communication.

Based on our review, except for the matters stated above nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

UHY Hassan Naeem & Co

KARACHI

DATE: 1st October 2022

UDIN: CR202210215CegqmjK3h

Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
ASSETS		-------------- (Rupees)	--------------
Current assets			
Cash and bank balances	5	**253,806**	1,571,466
Short term loans	6	**136,636,011**	128,281,135
Short term investments	7	**54,220,500**	54,265,866
Trade deposits and short term prepayments		**979,871**	1,060,466
Other receivables	8	-	229,131
Taxation-net		**1,250,545**	621,029
Current maturity of non-current assets	9	**489,385,960**	541,539,478
		682,726,693	727,568,571
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	**39,461,923**	40,880,539
Property, plant and equipment	13	**61,172,944**	64,410,010
		100,634,867	105,290,549
Total assets		**783,361,560**	832,859,120
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	**512,034,439**	471,172,547
Provision for taxation - net		-	-
Accrued expenses and other payables	16	**5,773,867**	7,778,566
Current maturity of non-current liabilities	17	**669,638,793**	692,835,336
Unclaimed dividend		**1,661,291**	1,661,291
		1,394,909,978	1,379,249,328
Non-current liabilities			
Certificates of investment	18	-	-
Long term finances	19	-	-
Security deposits against finance leases	20	-	-
		-	-
Total liabilities		**1,394,909,978**	1,379,249,328
NET ASSETS		**(611,548,418)**	(546,390,208)
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2021: 100,000,000) ordinary shares of Rs. 10/- each		**1,000,000,000**	1,000,000,000
100,000,000 (2021: 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 (2021: 45,160,000) ordinary shares of Rs. 10/- each	21	**451,605,000**	451,605,000
52,820,850 (2021: 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	**31,228,670**	32,534,786
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		**19,995,654**	20,013,895
		229,773,683	231,098,040
Revenue reserves			
Accumulated losses		**(1,821,135,601)**	(1,757,301,748)
Total shareholders' equity		**(611,548,418)**	(546,390,208
Contingencies and commitments	23		

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer	Director	Chief Financial Officer

Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022	2021
		---------- (Rupees) ----------	
Revenue:			
- Finance leases	24	**20,852,888**	3,817,227
- Operating leases		-	-
		20,852,888	3,817,227
Administrative and operating expenses	25	**(40,885,205)**	(37,726,586
		(20,032,317)	(33,909,359
Reversal of provision for non-performing exposures	26	**(6,527,457)**	29,276,106
Operating loss		**(26,559,774)**	(4,633,253)
Other operating income	27	**2,554,902**	38,981,490
Finance costs	28	**(40,888,981)**	(38,532,820
Loss before taxation for the year		**(64,893,853)**	(4,184,583)
Taxation	29	**287,368**	5,531,701
Profit / (loss) after taxation for the year		**(64,606,485)**	1,347,118
Earnings / (loss) per share:	30		
- Basic		**(1.43)**	0.03
- Diluted		**(0.66)**	0.01

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Statement of Change in Equity

For the year ended June 30, 2022

	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, 2020	451,605,000	528,208,500	179,279,601	33,840,902	(999,666)	(5,711)	(1,759,685,558)	(567,756,932)
Total comprehensive loss for the year ended June 30, 2020								
- Profit after taxation	-	-	-	-	-	-	1,347,118	1,347,118
- Other comprehensive income	-	-	-	-	-	5,711	-	5,711
	-	-	-	-	-	5,711	1,347,118	1,352,829
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	(1,306,116)	-	20,013,895	1,306,116	20,013,895
Transfer to statutory reserves			269,424	-	-	-	(269,424)	-
Balance as at June 30, 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 income for the year ended June 30, 2022								
- Loss 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 from surplus on revaluation of Investment	-	-	-	-	-	**(14,274)**	-	**(14,274)**
Transfer to statutory reserves	-	-	-	-	-	-	-	-
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)**

The annexed notes from 1 to 36 form an integral part of these financial statemen

Chief Executive Officer

Director

Chief Financial Officer

Statement of Comprehension Income

For the year ended June 30, 2022

	Note	2022	2021
		---------- (Rupees) ----------	
Profit / (loss) after taxation for the year		**(64,606,485)**	1,347,118
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	**(18,241)**	25,576,862
Deferred tax on the above surplus		**3,967**	(5,562,967
		(14,274)	20,013,895
Unrealised gain / (loss) on re-measurement of investment as at fair value through other comprehensive income		**-**	5,711
		(14,274)	20,019,606
Total comprehensive income/ (loss) for the year		**(64,620,759)**	21,366,724

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022	2021
		---------- (Rupees) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	31	**(17,377,016)**	(32,457,883
Finance costs paid		**(27,089)**	(39,498)
Taxes paid		**(875,632)**	(364,052)
Finance lease rentals received		**15,374,866**	29,890,201
		14,472,145	29,486,651
Net cash used in operating activities		**(2,904,871)**	(2,971,232)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(1,366,730)**	(700,000)
Short term investments - net (including interest)		**1,282,014**	1,555,553
Proceeds from disposal of property, plant and equipment		**1,662,276**	805,500
Long term loans - net		**-**	(31,043)
Dividend received		**9,651**	9,033
Net cash generated from investing activities		**1,587,211**	1,639,043
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances		**-**	-
Repayment of Term Finance Certificates		**-**	(2,075,000
Repayment of certificates of investment		**-**	-
Net cash used in financing activities		**-**	(2,075,000)
Net decrease in cash and cash equivalents during the year		**(1,317,660)**	(3,407,189)
Cash and cash equivalents at beginning of the year		**1,571,466**	4,978,655
Cash and cash equivalents at end of the year	5	**253,806**	1,571,466

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer | Director | Chief Financial Officer

Notes to the Financial Statements

For the year ended June 30, 2022

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, 2022, holding 35.06% (2021: 35.06%) of issued ordinary share capital of the Company and 63% (2021: 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, 2022, the accumulated loss of the company stood at Rs. 1.821 billion (2021: Rs. 1.757 billion), its equity is negative and its current liabilities exceeded current assets by Rs. 712.183 million (2021: Rs. 651.680 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. 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.

- 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, 2022, 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. 612.845 million (2021: Rs. 612.845 million) and Rs. 512.034 million (2021: Rs. 471.173 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 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 2020-2021 besides negotiations underway with investors desirous of revival of the Company subject to approval of the competent authority.

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 56% (2021: 59%) 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 inPakistan. 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 IFRS-9 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 whic hare 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 here.

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 outstanding; or

(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	2022	2021
		--------- Rupees	--------
5. CASH AND BANK BALANCES			
Cash in hand		**75,000**	75,000
Balance with State Bank of Pakistan in current account - local currency		**32,859**	32,859
Balances with other banks:			
- in current account		**-**	5,500
- in saving accounts	5.1	**145,947**	1,458,107
		145,947	1,463,607
		253,806	1,571,466

5.1 These represent saving deposit accounts maintained with MCB Bank Limited carrying mark-up at the rate of 5.5% (2021: 5.5%) per annum.

6. SHORT TERM LOANS - secured

	Note	2022	2021
Term loans to customers - Considered doubtful	6.1	**165,231,135**	165,231,135
Provision for non-performing loans	6.2	**(28,595,124)**	(36,950,000)
		136,636,011	128,281,135

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.

6.2 Provision for non-performing loans

	Note	2022	2021
Balance at beginning of the year		**36,950,000**	38,900,500
Charge for the year		**3,375,000**	-
Reversal during the year		**(11,729,876)**	(1,950,500)
		(8,354,876)	(1,950,500)
Write-offs against provision		-	-
Balance at end of the year	6.2.1	**28,595,124**	36,950,000

6.2.1 The above provision for non- performing loans is net of forced sales value (FSVs) of collaterals amounting to Rs. 136.636 million (2021: Rs. 128.281 million) considered by the Company for the purpose of determination of provisioning requirements.

7. SHORT TERM INVESTMENTS

	Note	2022	2021
Investments in shares - Carried at fair value through other comprehensive income	7.1	**40,303,784**	40,322,025
Investments in government securities - T-bills - Carried at Amortised Cost	7.2	**13,916,716**	13,943,841
		54,220,500	54,265,866

7.1 Investments carried at fair value through other comprehensive income	Note	2022	2021
		--------- Rupees	--------
Ordinary shares of a listed company	7.1.1	**60,875**	79,116
Ordinary shares of an unlisted public company	7.1.2	**40,242,909**	40,242,909
Membership cards of ACACIA Golf Club	7.1.3	**-**	-
		40,303,784	40,322,025

7.1.1 ***Ordinary shares of a listed company***

2022	2021		2022		2021	
(Number of shares)		Name of investee company	Cost	Market value	Cost	Market value
			----------------- (Rupees)			-----------------
495	495	MCB Bank Limited	**85,935**	**60,875**	85,935	79,116

7.1.2 ***Ordinary shares of an unlisted public company***

2022	2021		2022		2021	
(Number of shares)		Name of investee company	Cost	Market value	Cost	Market value
			----------------- (Rupees)			-----------------
3,941,519	3,941,519	SPI Insurance Company Limited	**40,242,909**	**40,242,909**	40,242,909	40,242,909

The fair value of shares of SPI Insurance Company Limited is determined to be Rs. 10.21 per share by a professional valuer firm "**Crowe Hussain Chaudhury & Co.** Chartered Accountants". The SPI Insurance Company Limited is to be merged with The United Insurance Limited. The SPI Insurance Company Limited ensured to compensate the Saudi Pak Leasing Limited at value of Rs.10.21 per share.

7.1.3 ***Membership cards of ACACIA Golf Club***

2022	2021		2022		2021	
(Number of cards)			Cost	Market value	Cost	Market value
			----------------- (Rupees)			-----------------
57	57	Gross carrying amount of the investment	**25,758,520**	**25,758,520**	25,758,520	25,758,520
		Accumulated impairment	**(25,758,520)**	**(25,758,520)**	(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 28 July 2022 and carries effective mark-up at a rate of 14.19% (30 June 2021: 7.342%) per annum.

8. OTHER RECEIVABLES	Note	2022	2021
		--------- Rupees	--------
Receivable on termination of finance leases		**65,913,380**	65,913,380
Staff gratuity - net defined benefit asset		**-**	-
Receivable from the Ex-CEO	8.1	**2,880,000**	2,880,000
Others		**3,101,369**	3,101,369
		71,894,749	71,894,749
Provision against doubtful receivables	8.2	**(71,894,749)**	(71,665,618
		-	229,131

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.

		Note	2022	2021
			--------- Rupees	--------
8.2	**Provision against doubtful receivables**			
	Balance at beginning of the year		**71,665,618**	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**	71,665,618
9.	**CURRENT MATURITY OF NON - CURRENT ASSETS**			
	Current maturity of:			
	- Long term loans	10	**51,983,130**	47,433,850
	- Net investment in finance leases	11	**437,402,830**	494,105,628
			489,385,960	541,539,478
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	**(48,403,446)**	(52,952,726)
			51,983,130	47,433,850
	Less: current maturity shown under current assets	9	**(51,983,130)**	(47,433,850)
			-	-

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	2022	2021
10.2	**Provision for non-performing loans**			
	Balance at beginning of the year		**52,952,726**	53,138,926
	Reversal made during the year - net	26	**(4,549,280)**	(186,200)
	Balance at end of the year		**48,403,446**	52,952,726

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. 51.983 million (2021: Rs. 47.434 million) considered by the Company for the purpose of determination of provision requirements.

11. NET INVESTMENT IN FINANCE LEASES

	Note	2022	2021
		--------- Rupees	--------
Non-performing exposure			
Minimum lease payment receivables		**1,222,950,463**	1,238,325,329
Residual value of leased assets		**282,029,108**	305,225,654
Gross investment in leases		**1,504,979,571**	1,543,550,983
Mark-up held in suspense	*11.2*	**(219,969,250)**	(221,269,477)
Net investment in leases (before provision)		**1,285,010,321**	1,322,281,506
Provision for non-performing leases	*11.3*	**(847,607,491)**	(828,175,878)
Net investment in leases (after provision)		**437,402,830**	494,105,628
Less: current maturity shown under current assets		**(437,402,830)**	(494,105,628)
		-	-

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).

11.2 Mark-up held in suspense

	Note	2022	2021
Balance at the beginning of the year		**221,269,477**	224,495,717
Suspended income:			
- reversal during the year	*26*	**(1,300,227)**	(3,226,240)
- Charge during the year		**-**	-
		(1,300,227)	(3,226,240)
Balance at end of the year		**219,969,250**	221,269,477

11.3 Provision for non-performing leases

	Note	2022	2021
Balance as at beginning of the year		**828,175,878**	855,315,284
Reversal for the year - net	*28*	**(39,005,515)**	(27,139,406)
Charge for the year - net		**58,437,128**	-
Balance at end of the year	*11.4*	**847,607,491**	828,175,878

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. 437.402 million (2021: Rs. 494.106 million) considered by the Company for the purpose of determining the provisioning requirement.

11.4 Breakup of provision

	2022	2021
Provision against residual value	**19,433,760**	19,433,760
Provision against minimum lease payment	**828,173,731**	808,742,118
	847,607,491	828,175,878

11.5 Net residual value and security deposit

	2022	2021
Residual value	**282,029,108**	305,225,654
Provision against residual value	**(19,433,760)**	(19,433,760)
Net residual value	**262,595,348**	285,791,894
Security deposit against net residual value	**(262,595,348)**	(285,791,894)
	-	-

12. INVESTMENT PROPERTIES

	Bungalow (note 12.2)	Shops (note 12.3)	Total
	(Rupees)		
At June 30, 2021			
Cost	51,737,840	14,422,252	66,160,092
Accumulated depreciation	(13,399,109)	(5,074,748)	(18,473,857)
Accumulated impairment	-	(6,805,696)	(6,805,696)
	(13,399,109)	(11,880,444)	(25,279,553)
Net book value	38,338,731	2,541,808	40,880,539
Movement during the year ended June 30, 2022			
Opening net book value	**38,338,731**	**2,541,808**	**40,880,539**
Depreciation charge	**(1,148,580)**	**(270,036)**	**(1,418,616)**
Closing net book value	**37,190,151**	**2,271,772**	**39,461,923**
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**
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. 24.290 million (2021: Rs. 20.900 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

2022

	Cost / Revaluation					Accumulated depreciation					Accumulated impairment			Written down value	Rate
	As at July 01, 2021	Additions	Effect of revaluation	Disposals	As at June 30, 2022	As at July 01, 2021	Charge for the year	Effect of revaluation	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%
	5,448,012	-	-	-	5,448,012	5,067,647	-	-	-	5,067,647	-	-	-	380,365	
	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	

2021

	Cost / Revaluation					Accumulated depreciation					Accumulated impairment			Written down value	Rate
	As at July 01, 2020	Additions	Effect of revaluation	Disposals	As at June 30,	As at July 01, 2020	Charge for the year	Effect of revaluation	Reversal on disposal	As at June 30, 2021	As at July 01, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021	%
	(Rupees)														
Owned assets															
Building improvements	3,526,371	700,000	-	-	4,226,371	3,526,371	13,808	-	-	3,540,179	-	-	-	686,192	20%
Office premises (refer note 13.2.1	64,926,000	-	-	-	64,926,000	1,236,686	2,473,368	-	-	3,710,054	-	-	-	61,215,946	5%
Furniture, fixtures and fittings	5,983,992	-	-	-	5,983,992	5,983,992	-	-	-	5,983,992	-	-	-	-	20%
Vehicles	3,378,195	-	-	(964,000)	2,414,195	1,286,792	230,520	-	(867,600)	649,712	-	-	-	1,764,483	20%
Office equipment	26,533,253	-	-	-	26,533,253	26,017,213	153,016	-	-	26,170,229	-	-	-	363,024	20%
	104,347,811	700,000	-	(964,000)	104,083,811	38,051,054	2,870,712	-	(867,600)	40,054,166	-	-	-	64,029,645	
Operating lease assets															
Plant and machinery	59,505,000	-	-	-	59,505,000	52,805,000	-	-	-	52,805,000	6,700,000	-	6,700,000	-	10%
Generators	5,448,012	-	-	-	5,448,012	5,067,647	-	-	-	5,067,647	-	-	-	380,365	20%
	64,953,012	-	-	-	64,953,012	57,872,647	-	-	-	57,872,647	6,700,000	-	6,700,000	380,365	
	169,300,823	700,000	-	(964,000)	169,036,823	95,923,701	2,870,712	-	(867,600)	97,926,813	6,700,000	-	6,700,000	64,410,010	

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 2019.

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

	2022				2021			
	Cost	**Accumulated depreciation**	**Accumulated impairment**	**Written down value**	Cost	Accumulated depreciation	Accumulated impairment	Written down value
	(Rupees)							
Office premises	**28,548,042**	**14,105,932**	-	**14,442,110**	28,548,042	13,155,731	-	15,392,311
Plant and machinery	-	-	-	-	67,000,000	60,300,000	6,700,000	-
Generators	**3,804,000**	**3,423,600**	-	**380,400**	3,804,000	3,423,600	-	380,400

14. BORROWINGS FROM FINANCIAL INSTITUTIONS

	Note	**2022**	2021
		--------- **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, 2022, the Company has accrued a mark-up in this finance amounting to Rs. 106.395 million (2021: Rs. 95.715 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 2022, the Company has accrued a mark-up on this finance amounting to Rs. 59.248 million (2021: Rs. 54.448 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.

			2022	2021
15.	**ACCRUED MARK-UP**	*Note*	**--------- Rupees**	**--------**
	Mark-up on:			
	- certificates of investment		**115,532,443**	109,090,355
	- long term finances		**50,169,099**	48,198,655
	- term finance certificates		**180,828,408**	161,859,049
	- short term borrowings from financial institutions		**165,504,489**	152,024,488
			512,034,439	471,172,547
16.	**ACCRUED EXPENSES AND OTHER PAYABLES**			
	Accrued expenses		**4,360,236**	6,691,057
	Salaries payable		**368,513**	6
	Tax deducted at source		**1,044,582**	1,036,431
	Others		**536**	51,072
			5,773,867	7,778,566
17.	**CURRENT MATURITY OF NON- CURRENT LIABILITIES**			
	Current maturity of:			
	- Certificates of investment	*18*	**50,549,000**	50,549,000
	- Long term finances	*19*	**356,494,443**	356,494,443
	- Security deposits against finance leases	*20*	**262,595,351**	285,791,894
			669,638,793	692,835,336
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 are for periods ranging from 1 year to 5 years and interest rates thereon range from 7% to 11.5% (2021: 7% to 11.5%) per annum.

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. 42 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	2022	2021
			--------- Rupees --------	
	Long term finances - secured	19.1	**149,561,501**	149,561,501
	Long term finances - unsecured		**5,703,696**	5,703,696
		19.2	**155,265,197**	155,265,197
	Term finance certificates - secured	19.3	**201,229,246**	201,229,246
			356,494,443	356,494,443
	Current maturity of long term finances	17	**(356,494,443)**	(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, 2022	Jun. 30, 2021
					------------- (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**	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
					155,265,197	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, 2022, the Company had accrued markup amounting to Rs. 17.796 million (2021: Rs. 16.463 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, 2022, the Company had accrued mark-up amounting to Rs. 24.054 million (2021: 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 and TF-II as 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.

During the year, 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.

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, 2022, the Company had accrued markup amounting to Rs. 8.319 million (2021: Rs. 7.681 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 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***	**2022**	2021
		--------- Rupees --------	
Security deposits against finance leases	*20.1*	**262,595,351**	285,791,894
Current maturity of deposits against finance leases		**(262,595,351)**	(285,791,894)
		-	-

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

2022	2021		Note	2022	2021
-----(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, 2022, M/s. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) held 35.06% (2021: 35.06%) of the issued, subscribed and paid-up ordinary share capital of the Company and 63% (2021: 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).

	2022	2021
	-----------------Rupees--------------	
22. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net		
On office premises, plant and machinery and generators		
Gross surplus		
As at beginning of the year	**45,823,640**	47,663,240
Effect of revaluation carried out during the year	**-**	-
	45,823,640	47,663,240
Incremental depreciation transferred to unappropriated loss	**(1,839,600)**	(1,839,600)
	43,984,040	45,823,640
Related deferred tax charge		
As at beginning of the year	**(13,288,854)**	(13,822,338)
Effect of revaluation carried out during the year	**-**	-
Incremental depreciation transferred to unappropriated loss	**533,484**	533,484
	(12,755,370)	(13,288,854)
	31,228,670	32,534,786

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 2022 amounted to Rs.178.904 million (2021: 233.904 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.

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 19.2.2), 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 (2021: None).

		Note	2022	2021
			-----------------Rupees---------------	
24.	**REVENUE FROM FINANCE LEASES**			
	Recovery of suspended markup on finance leases	*11.2*	**1,300,227**	3,226,240
	Others		**19,552,661**	590,987
			20,852,888	3,817,227
25.	**ADMINISTRATIVE AND OPERATING EXPENSES**			
	Salaries, allowances and benefits		**19,132,316**	17,688,740
	Meeting fee of directors		**4,650,000**	4,350,000
	Rent		**815,009**	904,640
	Repairs and maintenance		**2,277,276**	2,395,089
	Insurance		**276,150**	314,801
	Utilities		**778,622**	812,796
	Depreciation on investment properties	*12*	**1,418,616**	1,418,615
	Depreciation on property, plant and equipment	*13*	**2,941,523**	2,870,712
	Vehicle running expenses		**1,169,902**	444,597
	Printing and stationery		**318,251**	165,237
	Telephone and postage		**454,948**	518,726
	Travelling and conveyance		**58,800**	426,312
	Travelling and conveyance - Directors		**1,293,174**	43,000
	Fee and subscriptions		**1,312,610**	869,030
	Legal and professional charges		**1,029,232**	2,424,040
	Advertising and entertainment		**255,734**	77,746
	Auditors' remuneration	*25.1*	**640,480**	725,500
	Miscellaneous		**1,728,859**	1,277,005
	Loss on Disposal		**333,703**	-
			40,885,205	37,726,586
25.1	**Auditors' remuneration**			
	Annual audit fee		**432,000**	405,457
	Fee for review of half yearly financial statements		**168,480**	160,536
	Other certifications		**40,000**	51,454
	Out of pocket expenses		**-**	108,053
			640,480	725,500

		Note	2022	2021
			----------------Rupees---------------	
26.	**REVERSAL OF PROVISION FOR NON-PERFORMING EXPOSURES**			
	Reversal of provision for potential losses on:			
	- Short term loans	*6.2*	**8,354,876**	1,950,500
	- Long term loans	*10.2*	**4,549,280**	186,200
	- Finance leases	*11.3*	**(19,431,613)**	27,139,406
			(6,527,457)	29,276,106
27.	**OTHER INCOME**			
	Dividend income		**9,651**	9,033
	Interest income from government securities		**1,254,889**	1,002,022
	Interest income from savings accounts		**410,362**	189,272
	Gain on sale of property, plant and equipment		**-**	709,100
	Waiver on settlement of long term finances		**-**	36,308,915
	Others		**880,000**	763,148
			2,554,902	38,981,490
28.	**FINANCE COSTS**			
	Mark-up on:			
	- Long term finances		**1,970,444**	1,818,198
	- Term finance certificates		**18,969,359**	15,435,572
	- Short term borrowings		**13,480,001**	13,480,001
	- Certificates of investment		**6,442,088**	7,759,551
	Bank charges		**27,089**	39,498
			40,888,981	38,532,820
29.	**TAXATION**			
	Current		**246,116**	31,266
	Deferred		**(533,484)**	(5,562,967)
			(287,368)	(5,531,701)

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 2021 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.431.2 million. The deferred tax assets has not been recognised as the company is suffuring from continous losses.

		2022	2021
30.	**EARNINGS / (LOSS) PER SHARE:**	**---------------- Rupees --------------**	
30.1	**Basic earning/ (loss) per share**		
	Profit/ (loss) after taxation attributable to ordinary shareholders	**(64,606,485)**	1,347,118
		-----------------Number--------------	
	Weighted average number of ordinary shares outstanding	**45,160,500**	45,160,500
		-----------------Rupees---------------	
	Earnings / (loss) per share - Basic	**(1.43)**	0.03
30.2	**Diluted earning/ (loss) per share**		
	Profit / (Loss) after taxation attributable to ordinary shareholders	**(64,606,485)**	1,347,118
		-----------------Number--------------	
	Weighted average number of ordinary shares outstanding	**97,981,350**	97,981,350
		-----------------Rupees---------------	
	Earning/ (loss) per share - Diluted	**(0.66)**	0.01

30.2.1 As at June 30, 2022, the Company had 52.82 million (2021: 52.82 million) convertible preference shares which have been considered for the calculation of diluted profit per share.

31. CASH USED IN OPERATIONS

	2022	2021
Loss before taxation	**(64,893,853)**	(4,184,583)
Adjustment for non-cash charges and other items :		
- Recovery of suspended markup on finance leases	**(1,300,227)**	(3,226,240)
- Depreciation - owned assets	**2,941,523**	2,870,712
- Depreciation - investment properties	**1,418,616**	1,418,615
- Reversal of provision for non-performing exposures	**6,527,457**	(29,276,106)
- Dividend income	**(9,651)**	(9,033)
- Interest income from government securities	**(1,254,889)**	(1,002,022)
- Gain on sale of property, plant and equipment	**-**	(709,100)
- Gain on settlement of short term and long term finances	**-**	(36,308,915)
- Finance costs	**40,888,981**	38,532,820
	49,211,810	(27,709,269)
	(15,682,043)	(31,893,852)
Movement in working capital		
(Increase) / decrease in operating assets		
- Short term loans	**-**	-
- Trade deposits and short term prepaymen	**80,595**	74,220
- Other receivables	**229,131**	84,248
(Increase) / decrease in operating assets		
- Accrued expenses and other payables	**(2,004,699)**	(722,502)
	(1,694,973)	(564,034)
Cash used in operations	**(17,377,016)**	(32,457,886)

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:

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

	2021			
	Major Shareholder	Directors	Key management personnel	Other related parties
	---------- (Rupees) ----------			
Rent paid	-	-	-	-
Contributions to provident fund	-	-	-	510,000
Remuneration	-	4,350,000	7,486,944	-

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		Executives		Total	
	2022	2021	**2022**	2021	**2021**	2020	2022	2021	**2022**	2021
	---------- (Rupees) ----------									
Managerial remuneration	**5,100,000**	5,100,000	**4,650,000**	4,350,000	**-**	-	**2,397,342**	-	**12,147,342**	9,450,000
Retirement benefits	**68,000**	510,000	**-**	-	**-**	**-**	**-**	**-**	**68,000**	510,000
Leave encashment	**925,833**	793,333	**-**	-	**-**	**-**	**-**	**-**	**925,833**	793,333
Other perquisites	**1,318,928**	1,083,611	-	-	**-**	-	**12,000**	**-**	**1,330,928**	1,083,611
	7,412,761	7,486,944	**4,650,000**	4,350,000	**-**	-	**2,409,342**	**-**	**14,472,103**	11,836,944
Number of persons	**1**	1	**7**	7	**0**	1	**2**	-		

34.1 The Chief Executive is provided with free use of a Company maintained car.

34.2 Remuneration to directors represents fee pertaining to 15 meetings of directors and committees (2021:10 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:

	2022	2021
	Rupees	
Long term loans	**51,983,130**	47,433,850
Net investment in finance leases - net of security deposits held	**174,807,479**	208,313,734
Bank balances	**145,947**	1,463,607
Short term loans	**136,636,011**	128,281,135
Trade deposits	**979,871**	1,060,466
Other receivables	**-**	229,131
	364,552,438	386,781,923

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, 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)**

	June 30, 2021					
	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	1,036,489,612	(828,175,878)	100,386,576	(52,952,726)	165,231,135	(36,950,000)
Total	1,036,489,612	(828,175,878)	100,386,576	(52,952,726)	165,231,135	(36,950,000)

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 pcredit ratings as follows:

	Rating as of June 30, 2022		Rating	2022	2021
	Short term	Long term	Agency	----------- (Rupees) -----------	
Faysal Bank Limited	A-1+	AA	JCR VIS	**34,396**	32,641
Samba Bank Limited	A-1	AA	JCR VIS	**14,363**	13,532
MCB Bank Limited	A1+	AAA	PACRA	**97,188**	1,411,934
National Bank of Pakistan	A-1+	AAA	JCR VIS	**-**	5,500
				145,947	1,463,607

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, 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**	-	-	-	-

	June 30, 2021						
	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 investmen	93,549,000	93,549,000	93,549,000	-	-	-	-
Accrued mark-up	471,172,547	471,172,547	471,172,547	-	-	-	-
Accrued expenses and other payables	7,778,566	7,778,566	7,778,566	-	-	-	-
Long term finances	356,494,894	356,494,894	356,494,894	-	-	-	-
	1,091,796,595	1,091,796,595	1,091,796,595	-	-	-	-

35.2.1 Breach of loan agreements

Due to liquidity crunch, as of June 30, 2022, 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. 612.845 million (2021: Rs. 612.845 million) and Rs. 512.034 million (2021: Rs. 471.172 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	
	2022	2021
	----------- (Rupees) -----------	
Fixed rate instruments		
Financial assets	**13,916,716**	13,943,841
Financial liabilities	**(306,110,505)**	(306,110,505)
	(292,193,789)	(292,166,664)
Variable rate instruments		
Financial assets	**1,287,956,082**	1,303,342,884
Financial liabilities	**(213,729,246)**	(213,729,246)
	1,074,226,836	1,089,613,638

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.

	June 30, 2022	June 30, 2021
	----------- (Rupees) -----------	
As at June 30, 2021		
Cash flow sensitivity - Variable rate instruments	**10,742,268**	(10,742,268)
As at June 30, 2020		
Cash flow sensitivity - Variable rate instruments	**10,896,136**	(10,896,136)

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;

	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**

	2021		
	Level 1	Level 2	Level 3
	(Rupees)		
Office premises and generators	-	61,596,311	-
Investment in ordinary shares	79,116	-	40,242,909
	79,116	61,596,311	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

	2022	2021
Financial assets	----------- (Rupees) -----------	
Amortized cost		
Cash and bank balances	**253,806**	1,571,466
Short term loans	**136,636,011**	128,281,135
Trade deposits	**979,871**	1,060,466
Other receivables	**-**	229,131
Long term loans	**51,983,130**	47,433,850
Net investment in finance leases	**437,402,830**	494,105,628
Fair value through Other Comprehensive		
Short term investments	**40,303,784**	40,327,083
Fair value through profit or loss		
Short term investments	**13,916,716**	13,943,841
Financial liabilities		
At amortised cost		
Long term finances	**356,494,444**	356,494,444
Security deposits against finance leases	**262,595,351**	285,791,894
Certificates of investment	**93,549,000**	93,549,000
Borrowings from financial institutions	**162,801,588**	162,801,588
Accrued mark-up	**512,034,439**	471,172,547
Accrued expenses and other payables	**7,435,158**	9,439,857

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 **September 28th, 2022**

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

PATTERN OF SHAREHOLDING

# Of Shareholders	Shareholdings'Slab			Total Shares Held
527	1	to	100	12,331
457	1001	to	5000	1,232,375
354	101	to	500	110,193
177	501	to	1000	144,640
112	5001	to	10000	872,782
51	10001	to	15000	674,247
31	15001	to	20000	565,851
29	20001	to	25000	660,395
17	25001	to	30000	472,566
12	45001	to	50000	585,110
10	35001	to	40000	383,397
7	30001	to	35000	230,956
5	40001	to	45000	219,943
5	60001	to	65000	319,352
5	95001	to	100000	500,000
4	50001	to	55000	209,124
4	55001	to	60000	226,841
4	80001	to	85000	331,104
3	75001	to	80000	232,795
3	100001	to	105000	312,000
3	245001	to	250000	744,764
2	70001	to	75000	147,000
2	90001	to	95000	183,500
2	135001	to	140000	276,500
2	140001	to	145000	286,500
2	155001	to	160000	317,796
2	170001	to	175000	344,000
2	225001	to	230000	451,604
2	280001	to	285000	565,940
2	295001	to	300000	600,000
1	65001	to	70000	69,000
1	105001	to	110000	110,000
1	110001	to	115000	111,000
1	115001	to	120000	119,500
1	145001	to	150000	150,000
1	160001	to	165000	162,500
1	165001	to	170000	165,100
1	180001	to	185000	184,553
1	210001	to	215000	210,745
1	215001	to	220000	215,261
1	230001	to	235000	233,000
1	260001	to	265000	263,431
1	315001	to	320000	318,255
1	345001	to	350000	347,752
1	445001	to	450000	450,000
1	450001	to	455000	451,080

PATTERN OF SHAREHOLDING

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	465001	to	470000	470,000
1	510001	to	515000	511,432
1	585001	to	590000	585,500
1	920001	to	925000	923,211
1	1215001	to	1220000	1,218,536
1	1520001	to	1525000	1,522,920
1	1805001	to	1810000	1,806,420
1	1995001	to	2000000	1,997,822
1	4510001	to	4515000	4,514,473
1	15835001	to	15840000	15,835,403
1,864				**45,160,500**

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
NIAZ AHMED KHAN	1	500	0.00
AHSANULLAH KHAN	1	500	0.00
MUHAMMAD WAQAR.	1	500	0.00
SHEIKH AFTAB AHMAD	1	500	0.00
SYED NAJMUL HASNAIN KAZMI	1	1,000	0.00
Associated Companies, undertakings and related parties			
SAUDI PAK IND. & AGE. INV. CO. (PVT) LTD.	1	15,835,403	35.06
Public Sector Companies and Corporations	1	500	0.00
Banks, development finance institute, non-banking finance companies, insurance companies	7	2,019,411	4.47
Mutual Funds	2	349,080	0.77
Modarabas	1	132	0.00
General Public			
a. Local	1812	20,517,416	45.43
b. Foreign	5	38,500	0.09
Others	30	6,397,058	14.17
Totals	**1,864**	**45,160,500**	**100**
THE SAUDI PAK INDUSTRIAL & AGRICULT. INVESTMENT CO. LIMITED		15,835,403	35.06
PREMIER MERCANTILE SERVICES (PRIVATE) LIMITED		4,516,048	10.00
HAROON IHSAN PIRACHA & FAMILY		4,547,876	10.07

PROXY FORM

I/We ______________________________ of ______________________________

______________________________ (full address) being member(s)

of Saudi Pak Leasing Company Limited hereby appoint Mr./Ms. ______________________________

______________ of ______________________________

(full address) or falling him/her Mr. / Ms. ______________________________

of ______________________________ (full address) (being member of the Company as my / our

Proxy to attend, act and vote for me/us and on my/our behalf at the **32nd Annual General Meeting** of the Company to be held

on **October 26, 2022** and at any adjournment thereof.

As witness my/our hand this ______________ day of ______________ 2022

Signed by ______________________________

In presence of ______________________________

Signature and address of witness

Please affix Rs.5/- revenue stamp

Signature of Member(s)

Shareholder's Folio No. ______________________________

Number of Shares held ______________________________

A member entitled to attend and vote at a general Meeting is entitled to appoint a proxy to attend and vote for him/her. A proxy must be a member of the Company.

The instrument appointing a proxy shall be in written under the hand of the appointer of his/her attorney duly authorized in writing, if the appointer is a corporation, under its common seal of the hand of any officer or attorney duly authorized.

The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarized certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the Meeting.

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