

The logo for Saudi Pak Leasing features the words "SAUDI PAK" in a bold, blue, serif font, enclosed within a white rounded rectangular box with a blue border. Below this box, the word "LEASING" is written in a bold, black, sans-serif font, with each letter separated by a wide space. A thin black horizontal line is positioned directly beneath the word "LEASING".

SAUDI PAK

L E A S I N G

**HALF YEARLY
REPORT**

DEC 31, 2021

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 and will stand along to deal corona pandemic.

CORPORATE STRATEGY

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS ELECTED ON NOVEMBER 26, 2018

Mr. Niaz Ahmed Khan	Chairman/Non-Executive/ Independent Director
Mr. Ahsanullah	Chief Executive Officer/ Independent Elected Director
Sheikh Aftab Ahmad	Nominee Director
Mr. Zafar Iqbal	Nominee Director
Ms. Fozia Fakhra	Nominee Director
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
Ms. Fozia Fakhra	Member
Mr. Muhammad Waqar	Member

HR & REMUNERATION COMMITTEE ELECTED ON JANUARY 29, 2019

Mr. Niaz Ahmed Khan	Chairman
Sheikh Aftab Ahmad	Member
Mr. Zafar Iqbal	Member
Mr. Ahsanullah	Member

CHIEF EXECUTIVE OFFICER

Mr. Ahsanullah

COMPANY SECRETARY

Mr. M. Imtiaz Ali

CHIEF FINANCIAL OFFICER

Mr. Amir Rasool (Acting)

HEAD OF INTERNAL AUDIT & COMPLIANCE

HEAD OF INTERNAL AUDIT & COMPLIANCE
Syed Muhammad Khurram Ali

TAX CONSULTANT

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

AUDITORS

M/s. UHY Hassan Naeem & Co.
Chartered Accountants
(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
(Relocated in 2018)

CONTACT DETAILS

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

REGISTRAR AND SHARE TRANSFER OFFICE

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

DIRECTORS' REVIEW

The Directors of Saudi Pak Leasing Company Limited are pleased to present the condensed Interim Financial information of the company for Six months periods ended December 31, 2021 duly reviewed by the external auditors of the Company.

Operating and Financial Results:

	December 31,2021	December 31,2020
	Rupees	Rupees
Income from Finance Lease	19,632,869	2,501,310
Other operating income	1,685,805	37,722,110
Total income	21,318,674	40,223,420
Finance cost	(18,200,127)	(19,153,091)
Administrative and other operating expenses	(23,435,445)	(18,316,166)
Write-off against loans and leases	-	-
Operating (Loss) / Profit before provision	(20,316,898)	2,754,163
Reversal / (provision) against leases, loans, receivables and investment properties	1,950,164	7,772,572
(Loss) / Profit before taxation	(18,366,734)	10,526,735
(Loss) / Profit after taxation	(18,612,850)	10,495,469
(Loss) / Earnings per share - basic	(0.41)	0.23

The total loss earned during the half year ended December 31, 2021 registered a decrease of 47% when compared to income during corresponding period of 2020. The operating Loss before provision stood at Rs 20.316 million during periods under consideration (operating Profit of Rs 2.754 million in 2020).

The company has been facing serious challenges on account of stuck up and non-performing loans/leases and is facing liquidity issues. No fresh leasing business has been undertaken since 2008 and the company is concentrating on recoveries through settlement and salvaging and investment only. The company has filed legal suit in the respective courts and is also making concerted efforts and opting for out of court settlements as far as possible.

The company has been able to substantially reduce its book size and maintain its operations with the help of internal resources. The company is making intensive effort to initiate negotiations for the settlements of its loan portfolio/other liabilities with the sole objective of seeking remissions write offs and long term deferment of payment to the creditors. The said restructuring and rescheduling is likely to bring much needed improvement in overall financial health of the company. The company is endeavoring to follow its rehabilitation Plan duly approved by the Board of Directors and submitted to SECP. The financial position of the company is expected to improve in the near future.

For & on behalf of the Board



Ahsanullah Khan
Director

28th February 2022
Karachi

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saudi Pak Leasing Company Limited

Report on review of Interim financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Saudi Pak Leasing Company Limited as at 31 December 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of interim financial statements consists of making inquiries of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Bases for Disclaimer of Conclusion

Investment in Finance Lease

As reported in note 12 to the condensed interim financial statements, the Company's gross and net investment in finance lease (before the effect of provision for non-performing leases) amounted to Rs. 1.531 billion (June 30, 2021: Rs 1.543 billion) and Rs. 1.311 billion (June 30, 2020: Rs. 1.322 billion). respectively. We were unable to satisfy ourselves as to the accuracy of such lease receivables balances primarily due to following reasons:

We could not obtain reasonable assurance over the apportionment of the outstanding gross lease rentals into markup held in suspense and the principal investment since there was no sufficient documentary evidence in relation to the revisions that were incorporated in the scheduled lease receivables in prior years (as reflected in the lease amortization schedules maintained by the Company either due to re-pricing of floating interest rates or the re-scheduling of overdue lease rentals).

As reported in note 12 to the condensed interim financial statements, residual value of leased assets forming part of gross investment in finance lease, as on 31 December 2021 amounted to Rs. 305.225 million (June 30, 2021: 305.225 million). In contrast, security deposits payable as reported in note 21 to the interim financial statements amounted to Rs.285.79 million as on December 31, 2021 (June 30, 2021: Rs. 285.79 million). As per

management, the discrepancy is due to the fact that there are certain leases where residual value of the underlying assets is unguaranteed and hence in such cases no corresponding security deposits had been received from the lessees upon commencement of the lease.

In view of the aforementioned limitations. We were unable to determine whether any adjustments could be necessary in respect of such lease receivable and the related security deposit balances as on December 31, 2021 as well as the income from finance leases for the period then ended.

Investment Property (An issue that, in absence of disclaimer of conclusion would also have required us to express a qualified opinion on the condensed interim financial statements)

As disclosed in the Note 13 to the financial statements, the investment properties include shops in Famous Mall Lahore recorded at cost amounting Rs. 14.422 million and net book value as at reporting date amounted to Rs. 2.406 million. The shops were acquired by the Company in settlement of non-performing loans and lease receivables. The management has received letter of allotment and has not yet leased or transferred the property in the name of the Company. We were therefore, unable to establish ownership of the shops in the name of the Company.

Accrued Markup (An issue that, in absence of disclaimer of conclusion would also have required us to express a qualified opinion on the condensed interim financial statements)

As disclosed in the note 20.1 to the financial statements, the outstanding long-term finance from First Women Bank Limited amounted to Rs. 75.06 million as at reporting date. Until 30 June 2011 the Company had accrued and paid markup amounting Rs. 24.054 million and 26.16 million respectively. Thereafter in 2016, M/s. First Women Bank Limited (FWBL) filed a recovery suit against the Company before the Honorable High Court of Sindh, wherein besides the outstanding principal of Rs. 75.062 million and accrued markup of Rs. 24.054 million (refer note 20.1.3), no demand has been raised on the basis of cost of funds. The matter is pending before the Honorable High Court Sindh, no accrued markup on the basis of cost of funds has been made in the financial statements. We were unable to determine whether any amount of provision should have been made in respect of accrued markup in the financial statements for year ended 31 December 2021.

Material Uncertainty relating to Going Concern

We draw attention to note 1.2 to the condensed interim financial statements which indicated that the Company has incurred a net loss of Rs. 18.61 million during the half year ended December 31, 2021 (net profit during 31 December 2020: Rs.10.495 million) and as of the date its accumulated losses amounted to Rs. 1.775 billion (30 June 2021: Rs.1.757 billion), its negative equity stood at Rs. 565.006 million (30 June 2021: Rs.546.390 million) and its current liabilities exceeded current assets by Rs. 666.586 million (30 June 2021: Rs. 651.680 million). Further, due to liquidity crisis, the Company was unable to meet its financial obligation of Rs. 692.835 million in principal and Rs. 489.358 million in accrued markup. These events or conditions along with other matters as set forth in note 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 conclusion on the condensed interim financial statements which we have expressed because of the significance of certain other matters as set out in the Basis for Disclaimer of conclusion section of our report.

Disclaimer of Conclusion

Because of the significance of the matter described in the Basis for Disclaimer of Conclusion section of our report. We have not been able to obtain necessary assurance to provide a basis for a conclusion. Accordingly, we do not express a conclusion as to whether anything has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared in all material respects. in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial information of the Company for the six-months ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021 were reviewed and audited by another firm of chartered accountants. whose review report dated 25 February 2021 and audit report dated 30 September 2021 respectively expressed disclaimer of opinion thereon.

The figures for the quarter ended 31 December 2021 and 31 December 2020 as presented in the condensed statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and thus, we do not express a conclusion on them.

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

UHY Hassan Naeem & Co.

KARACHI

DATE: 28 February 2022


UDIN: RR2021H0215PIho79wKc

STATEMENT OF FINANCIAL POSITION UN-AUDITED

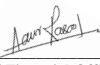
As at 31 December 2021

	Note	December 31, 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
ASSETS			
Current assets			
Cash and bank balances	6	9,386,413	1,571,466
Short term loans	7	128,281,135	128,281,135
Short term investments	8	54,201,839	54,265,866
Trade deposits and short term prepayments		1,230,248	1,060,466
Other receivables	9	229,131	229,131
Taxation - net		1,063,218	621,029
Current maturity of non-current assets	10	533,037,180	541,539,478
Total current assets		727,429,163	727,568,571
Non-current assets			
Long-term loans	11	-	-
Net investment in finance leases	12	-	-
Investment properties	13	40,171,232	40,880,539
Property, plant and equipment	14	61,409,016	64,410,010
Total non-current assets		101,580,249	105,290,549
Total Assets		829,009,412	832,859,120
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	15	162,801,588	162,801,588
Certificates of investment	16	43,000,000	43,000,000
Accrued mark-up	17	489,358,577	471,172,547
Accrued expenses and other payables	18	4,358,884	7,778,566
Current maturity of non-current liabilities		692,835,337	692,835,336
Unclaimed dividend		1,661,291	1,661,291
Total current liabilities		1,394,015,677	1,379,249,328
Non-current liabilities			
Certificates of investment	19	-	-
Deferred tax liability - net	20	-	-
Long term finances	21	-	-
Security Deposits against Finance Leases		-	-
Total non-current liabilities		-	-
Total liabilities		1,394,015,677	1,379,249,328
NET ASSETS		(565,006,266)	(546,390,208)
FINANCED BY			
Authorized Share Capital			
100,000,000 (June 30, 2020: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2020: 100,000,000) preference shares of Rs. 10/-each		1,000,000,000	1,000,000,000
		2,000,000,000	2,000,000,000
Issued, subscribed and paid-up share capital - ordinary shares		451,605,000	451,605,000
Issued, subscribed and paid-up share capital - preference shares		528,208,500	528,208,500
Capital reserves		179,549,025	179,549,025
Accumulated loss	22	(1,775,261,539)	(1,757,301,748)
Surplus on revaluation of property, plant and equipment - net of deferred tax		31,881,727	32,534,786
Unrealised gain on re-measurement as at fair value through other comprehensive income		20,010,687	20,013,895
Accumulated actuarial loss on defined benefit plan-net of tax		(999,666)	(999,666)
	23	(565,006,266)	(546,390,208)
CONTINGENCIES AND COMMITMENTS			

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


Chief Executive Officer


Director


Chief Financial Officer

PROFIT AND LOSS (UN-AUDITED)

For the period ended 31 December 2021

	Note	Six months period ended		Three months period ended	
		December 31,		December 31,	
		2021	2020	2021	2020
		(Rupees)		(Rupees)	
Revenue from finance lease	24	19,632,869	2,501,310	466,158	1,869,772
Administrative and operating expenses	27	(23,435,445)	(18,316,166)	(15,854,610)	(10,730,120)
Reversal for doubtful lease receivable		1,950,164	7,772,572	992,868	7,772,572
		(1,852,412)	(8,042,284)	(14,395,584)	(1,087,776)
Finance cost	26	(18,200,127)	(19,153,091)	(9,929,775)	(9,432,621)
Other operating income	25	1,685,805	37,722,110	940,378	1,069,443
Profit / (Loss) before taxation		(18,366,734)	10,526,735	(23,384,981)	(9,450,954)
Taxation	28	(246,116)	(31,266)	(246,116)	(22,022)
Profit / (loss) for the period		(18,612,850)	10,495,469	(23,631,097)	(9,472,976)
Earnings/(loss) per share - basic	31	(0.41)	0.230	(0.52)	(0.21)

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



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the period ended 31 December 2021

	Six months period ended		Three months period ended	
	December 31, 2021	2020	December 31, 2021	2020
	(Rupees)		(Rupees)	
Profit/(loss) after taxation	(18,612,850)	10,495,469	(23,631,097)	(9,472,977)
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Unrealised (loss) / gain on re-measurement of available for sale investments	(3,208)	11,490	-	-
Surplus recognized on revaluation of office premises carried out during the period	-	-	-	-
Deferred tax on above	-	-	-	-
Total comprehensive income for the year	(18,616,058)	10,506,959	(23,631,097)	(9,472,977)

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


Chief Executive Officer


Director


Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the period ended 31 December 2021

Issued, subscribed and paid-up share capital	Reserves					Surplus on revaluation of property, plant and equipment - net	Total
	Ordinary Shares	Non-redeemable Preference share	Statutory reserves	Unrealised gain/loss on re-assetment of fair value through OCI investment	Accumulated gain/loss on defined benefit plan-net of tax		
451,665,000	528,208,500	179,279,601	(5,711)	(999,666)	(1,759,685,558)	33,840,902	(587,756,932)
-	-	-	-	-	-	-	-
-	-	-	-	-	653,000	(653,000)	-
-	-	-	-	-	10,495,469	-	10,495,469
-	-	-	11,490	-	-	-	11,490
-	-	-	11,490	-	11,148,229	(653,000)	10,596,959
451,665,000	528,208,500	179,279,601	5,779	(999,666)	(1,748,537,029)	33,187,842	(557,249,972)
451,665,000	528,208,500	179,549,025	20,013,895	(999,666)	(1,757,301,748)	32,534,786	(546,390,208)
-	-	-	-	-	-	-	-
-	-	-	-	-	(18,612,850)	-	(18,612,850)
-	-	-	(3,208)	-	-	-	(3,208)
-	-	-	(3,208)	-	653,059	(653,059)	-
451,665,000	528,208,500	179,549,025	20,010,687	(999,666)	(1,775,261,539)	31,881,727	(565,906,265)

Balance as at 01 July 2020

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax

Total comprehensive profit, for the six months ended 31 December 2020
Profit after taxation

Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate
- Other comprehensive income

Balance as at 31 December 2020

Balance as at 01 July 2021

Total comprehensive income for the period
Profit for the six months period ended 31 December 2021

- Other comprehensive income

Transfer from surplus on revaluation of property, plant and equipment on account - net of deferred tax

Balance as at 31 December 2021

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

Chief Executive Officer

Director

Chief Financial Officer

CASH FLOW STATEMENT (UN-AUDITED)

For the period ended 31 December 2021

	Note	Six months period ended	
		December 31,	
		2021	2020
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES	29	(5,341,608)	(17,087,799)
Finance cost paid		(14,097)	(14,989)
Taxes paid		(688,305)	(210,950)
Interest receivable from Govt. Securities - T-Bills		181,969	-
Financial lease rentals received		11,580,702	15,180,053
		<u>11,060,269</u>	<u>14,954,114</u>
<i>Net cash flows utilized in operating activities</i>		5,718,661	(2,133,685)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(71,730)	-
Short term investments - net		(64,027)	380,836
Interest Income Received / Others		898,770	576,482
Proceeds from disposal of property, plant and equipment		1,328,570	805,500
Long term loans		-	(31,149)
Dividend received		4,703	-
<i>Net cash generated from investing activities</i>		2,096,286	1,731,669
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		-	(2,075,000)
		-	-
<i>Net cash used in financing activities</i>		-	(2,075,000)
Net decrease in cash and cash equivalents during the period		7,814,947	(2,477,016)
Cash and cash equivalents at beginning of the period		1,571,466	4,978,655
Cash and cash equivalents at end of the period		9,386,413	2,501,638

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


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)

For the period ended 31 December 2021

1. LEGAL STATUS AND OPERATIONS

1.1 Saudi Pak Leasing Company Limited ('the Company') was incorporated in Pakistan on 08 January 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 earlier suspended and has been cancelled by SECP under section 282 (J) (2) of Companies Ordinance 1984. However, SECP has allowed relaxation to comply with the MER requirement by June 30, 2022 and also allowed the Company to submit separate request for restoration of license.

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

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

1.2 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:

- During the half year ended December 31, 2021, the Company has earned a loss amounting Rs. 18.613 million (December 31, 2020: profit Rs. 10.495 million) and accumulated losses as of that date amounted Rs. 1.775 billion (June 30, 2021: Rs. 1.757 billion), its negative equity stood at Rs. 565.006 million (June 30, 2021: Rs. 546.390 million) and its current liabilities exceeded current assets by Rs. 666.587 million (June 30, 2021 : 651.681 million).
- Its major shareholder SAPICO has engaged financial adviser for divestment of shares most of the due diligence has been completed and sale purchase agreement (SPA), terms and conditions are in process. SECP extended the deadline to comply with MER upto June 30, 2022.
- The credit rating of the Company has not been re-assessed since it was last downgraded as in June 2010 and, since then, the Company is not permitted to issue new certificates of investment and to sign fresh finance leases.
- Previously, the Company had entered into various agreements with its lenders (including, financial institutions, TFC holders and holders of Certificates of Investment (COIs)) 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 continuously defaulted in meeting its financial obligations. As of December 31, 2021, total outstanding principal and accrued markup on which defaults were made amounted to Rs. 612.845 million (June 30, 2021: 612.845 million) and Rs. 489.359 million (June 30, 2021: Rs. 471.173 million), respectively due to accrued mark-up.
- 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.

Notes to the Financial Statements

For the period ended 31 December 2021

- 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 defaulters 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 (for non deposit taking entity) of Rs. 50 million upon meeting the condition of final negotiated settlement of certain liabilities out of recoveries expected to be materialized soon 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 liabilities and security deposits, of an NBFC, shall not exceed ten times of the Company's equity (in case of operations beyond the first 2 years).
- Regulation 5 (2) - contingent liabilities of an NBFC shall not exceed seven times of its equity for the first two years of its 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 30% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% 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 50% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 35% of the equity.
- Regulation 19 (g) - an NBFC shall not hold shares on aggregate basis, whether as pledge, mortgage or absolute owner, of an amount exceeding 20% of the paid-up share capital of that company or 20% of its own equity.
- 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 December 31, 2021, the company's investment in lease assets was 59% (2021:59%) of the total assets.

2. STATEMENT OF COMPLIANCE

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

For the period ended 31 December 2021

provisions or directives issued under the Companies Act, 2017, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

- 2.2 The requirements of International Accounting Standard - 39 (IAS 39) "Financial Instruments: Recognition and Measurement", relating to the assessment of impairment loss on leasing portfolio have not been followed in the preparation of these condensed interim financial statements based on a clarification received from the SECP specifying that the requirements of IAS 39 should only be followed by leasing companies so far as it related to investments made by them.
- 2.3 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.
- 2.4 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2021 has been extracted from the audited financial statements of the Company for the year ended June 30, 2021, whereas the comparative statement of profit and loss account, statement of comprehensive income, statement of cash flow and statement of changes in equity have been extracted from the condensed interim financial statements for the period ended December 31, 2020.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2021.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the annual financial statements for the year ended June 30, 2021.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statement as at June 30, 2021.

		December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
6. CASH AND BANK BALANCES	Note		
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		9,278,554	1,458,107
		<u>9,386,413</u>	<u>1,571,466</u>

Notes to the Financial Statements

For the period ended 31 December 2021

- 6.1 This represents saving deposit accounts maintained with various commercial banks at mark-up rate of 6% (30 June 2021: 6.00%) per annum.

		December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
7. SHORT TERM LOANS - Secured	Note		
Term loan to customers - Considered doubtful		165,231,135	165,231,135
Provision for non-performing loans	7.2	<u>(36,950,000)</u>	<u>(36,950,000)</u>
		<u>128,281,135</u>	<u>128,281,135</u>

- 7.1 This represents term finance facilities provided to customers and carries mark-up ranging from 16.25% to 25% (30 June 2021: 16.25% to 25%) per annum.

		December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
7.2 Provision for non-performing loans			
Balance at beginning of the year		36,950,000	38,900,500
Charge for the period / year		-	-
Reversal during the period / year		-	(1,950,500)
		-	-
Balance at end of the period / year		<u>36,950,000</u>	<u>36,950,000</u>

- 7.2.1 The above provision for non-performing loans is net of forced sales value (FSVs) of collaterals of Rs.128.281 million (30 June 2021: Rs. 128.281 million) considered by the Company for the purpose of determination of provision requirements.

		December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
8. SHORT TERM INVESTMENTS	Note		
At fair value through other comprehensive income	8.1	40,318,816	40,322,025
At amortized cost	8.2	<u>13,883,023</u>	<u>13,943,841</u>
		<u>54,201,839</u>	<u>54,265,866</u>

- 8.1 Investment at fair value through other comprehensive income**

Ordinary shares of listed company	8.1.1	75,908	79,116
Ordinary shares of unlisted company	8.1.2	40,242,909	40,242,909
Other investment at cost	8.1.3	<u>25,758,520</u>	<u>25,758,520</u>
		<u>66,077,337</u>	<u>66,080,545</u>
Unrealised gain/(loss)		-	-
Accumulated impairment on Club membership cards		<u>(25,758,520)</u>	<u>(25,758,520)</u>
		<u>40,318,817</u>	<u>40,322,025</u>

8.1.1 This represents investment in equity shares carried at fair value through OCI.

8.1.2 This represents investment in SPI Insurance Company Limited carried at fair value through OCI.

8.1.3 The Company has been holding membership cards of ACACIA Golf Club. These membership cards had been acquired by the Company in 2010. Further, since the said golf club was not operational, a provision for impairment there-against had also been recognized in the financial statements of the Company.

8.2 Amortized cost

This represent the investment made by the Company in Government Market Treasury Bills carrying mark-up at a rate of 8.500% (30 June 2021: 7.342%) per annum.

	Note	December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
9. OTHER RECEIVABLES			
Receivable on termination of finance leases		65,913,380	65,913,380
Receivable from Provident Fund		2,880,000	2,880,000
Others		3,101,369	3,101,369
		<u>71,894,749</u>	<u>71,894,749</u>
Provision against doubtful receivables		<u>(71,665,618)</u>	<u>(71,665,618)</u>
		<u>229,131</u>	<u>229,131</u>

10. CURRENT MATURITY OF NON - CURRENT ASSETS

Current portion of:

Long term loans	11	47,433,850	47,433,850
Net investment in finance leases	12	485,603,330	494,105,628
		<u>533,037,180</u>	<u>541,539,478</u>

11. LONG TERM LOANS - secured

Due from employees - considered good		222,546	222,546
Term loan to customers - Considered doubtful		<u>100,164,030</u>	<u>100,164,030</u>
		<u>100,386,576</u>	<u>100,386,576</u>
Provision for non-performing loans		<u>(52,952,726)</u>	<u>(52,952,726)</u>
		<u>47,433,850</u>	<u>47,433,850</u>
Current maturity of long term loans		<u>(47,433,850)</u>	<u>(47,433,850)</u>
		<u>-</u>	<u>-</u>

11.1 Term loans due from customers are secured against collateral. The rate of return on these loans ranges from 16.00% to 22.66% (30 June 2021: 16.00% to 22.66%) per annum.

11.2 The above provision for non-performing long term loans is net of forced sales value (FSVs) of collaterals of Rs. 47.434 million (30 June 2021: Rs. 47.434 million) considered by the Company for the purpose of determination of provision requirements.

Notes to the Financial Statements

For the period ended 31 December 2021

	December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
12. NET INVESTMENT IN FINANCE LEASES	Note	
Minimum lease payments receivable	1,226,744,627	1,238,325,329
Add: Residual value of leased assets	<u>305,225,654</u>	<u>305,225,654</u>
Gross investment in finance leases	1,531,970,281	1,543,550,983
Less: Unearned lease income	-	-
Mark-up held in suspense	<u>(220,141,238)</u>	<u>(221,269,477)</u>
	12.3	<u>(221,269,477)</u>
Net investment in lease (Before Provision)	1,311,829,043	1,322,281,506
Less: Provision for potential lease losses	<u>(826,225,714)</u>	<u>(828,175,878)</u>
Net investment in lease (After Provision)	12.4	494,105,628
		<u>494,105,628</u>
Less: Current portion of net investment in finance leases	<u>(485,603,330)</u>	<u>(494,105,628)</u>
		<u>-</u>

12.1 The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% (June 30 2021: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finances obtained (refer note No 20.1.1).

	December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
12.3 Mark-up held in suspense		
Balance at beginning of the year	221,269,477	224,495,717
Income suspended during the period / year	-	-
	<u>221,269,477</u>	<u>224,495,717</u>
- realised / reversal during the peiod / year	<u>(1,128,239)</u>	<u>(3,226,240)</u>
- written-off during the period / year	-	-
	<u>(1,128,239)</u>	<u>(3,226,240)</u>
Balance at the end of the period / year	<u>220,141,238</u>	<u>221,269,477</u>
12.4 Provision for lease losses		
Balance at beginning of the year	828,175,878	855,315,284
Charge for the period/year	-	-
Reversal for the period/ year	<u>(1,950,164)</u>	<u>(27,139,406)</u>
	<u>(1,950,164)</u>	<u>(27,139,406)</u>
Write-offs against provision	-	-
Balance at end of the period / year	<u>826,225,714</u>	<u>828,175,878</u>

13. INVESTMENT PROPERTIES

Rupees

As at July 01, 2020

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

Movement during the period ended December 31, 2020

Opening net book value	42,299,155
Depreciation charge	(709,306)
Closing net book value	41,589,849

At December 31, 2020

Cost	66,160,092
Accumulated depreciation	(17,764,547)
Accumulated impairment	(6,805,696)
	(24,570,243)
Net book value	41,589,849

As at July 01, 2021

Cost	66,160,092
Accumulated depreciation	(18,473,857)
Accumulated impairment	(6,805,696)
	(25,279,553)
Net book value	40,880,539

Movement during the period ended December 31, 2021

Opening net book value	40,880,539
Depreciation charge	(709,307)
Closing net book value	40,171,232

At December 31, 2021

Cost	66,160,092
Accumulated depreciation	(19,183,164)
Accumulated impairment	(6,805,696)
	(25,988,860)
Net book value	40,171,232

Rate of depreciation (per annum)

2.22%-5%

Notes to the Financial Statements

For the period ended 31 December 2021

		December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
14. PROPERTY, PLANT AND EQUIPMENT	Note		
Property, plant and equipment - own use		61,028,646	64,029,645
Property, plant and equipment - operating lease		380,370	380,365
		<u>61,409,016</u>	<u>64,410,010</u>
 Additions			
<i>Owned assets</i>			
Office equipment		71,730	-
Total additions		<u>71,730</u>	<u>-</u>
 Disposals			
<i>Owned assets</i>			
Vehicles		(2,352,595)	(964,000)
Total disposals		<u>(2,352,595)</u>	<u>(964,000)</u>

15. BORROWINGS FROM FINANCIAL INSTITUTIONS

Letter of placements - Unsecured

National Bank of Pakistan	15.1	77,500,000	77,500,000
Innovative Investment Bank Limited	15.2	60,000,000	60,000,000
Meezan Bank Limited	15.3	25,301,588	25,301,588
		<u>162,801,588</u>	<u>162,801,588</u>

15.1 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 over 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 Dec 31, 2021, the Company has accrued a mark-up in this finance amounting to Rs. 102.091 million (June 30, 2021: Rs. 95.715 million).

15.2 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 Dec 31, 2021, the Company has accrued a mark-up on this finance amounting to Rs. 56.868 million (June 30, 2021: Rs. 54.448 million).

15.3 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. Where by the Company transferred, to the lender, a lease portfolio of Rs. 32 million. On September 03, 2012, a revised settlement agreement was signed according to which the loan was to be settled by way of transferring 27 membership cards of ACACIA Golf Club ('the Club') (then beneficially held by the Company in its own name) to MEBL valuing, in aggregate, Rs. 27 million as well as making a cash payment of Rs. 9.870 million. The said cash payment was made by the Company on September 06,

2012. Meezan Bank was offered membership cards of M/s Acacia Golf Club but they didn't accept these membership cards against settlement due to non-functional status of the club. As per the revised restructuring terms, the finance carries no mark-up.

	Note	December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
16. ACCRUED MARK-UP			
Mark-up on:			
- certificates of investment		112,328,497	109,090,355
- long term finances		49,066,811	48,198,655
- term finance certificates		169,143,383	161,859,049
- short term borrowings from financial institutions		158,819,886	152,024,488
		<u>489,358,577</u>	<u>471,172,547</u>
17. ACCRUED EXPENSES AND OTHER PAYABLES			
Accrued expenses		2,999,144	6,691,057
Others		1,359,740	1,087,509
		<u>4,358,884</u>	<u>7,778,566</u>
18. CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Certificate of investment		50,549,000	50,549,000
Long term finances	20	356,494,443	356,494,443
Security deposits against finance leases	21	285,791,894	285,791,894
		<u>692,835,337</u>	<u>692,835,336</u>

19 Deferred Taxation

For the half year ended December 31, 2021

	Balance at beginning of the year	Recognized on Profit and loss	Recognized in other comprehensive income	Balance at end of the year
Deferred tax liability in respect of:	------(Rupees)-----'			
Surplus on revaluation of property, plant and equipment	13,288,854	(266,743)	-	13,022,111
Accelerated accounting depreciation / impairment	2,864,704	622,192	-	3,486,896
	<u>16,153,558</u>	<u>355,449</u>	-	<u>16,509,007</u>
Deferred tax asset recognized	<u>(16,153,558)</u>	<u>(355,449)</u>	-	<u>(16,509,007)</u>
	-	-	-	-
Detail of defer tax assets	Rupees			
Provision for lease losses	239,605,457			
Provision for non-performing short term loan	10,715,500			
Provision for non-performing long term loan	15,356,291			
Provision for doubtful other receivables	20,783,029			
Unused tax losses	<u>119,851,092</u>			
	406,311,368			
Less, deferred tax asset recognized to the extent of available taxable temporary differences	<u>(16,509,007)</u>			
Unrecognized deferred tax asset	<u>389,802,362</u>			

Notes to the Financial Statements

For the period ended 31 December 2021

20. LONG TERM FINANCES	Note	December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
Long term finances - secured	20.1.1	149,561,501	149,561,501
Long term finances - unsecured		<u>5,703,696</u>	<u>5,703,696</u>
	20.1	<u>155,265,197</u>	<u>155,265,197</u>
Term finance certificates - secured	20.2	<u>201,229,246</u>	<u>201,229,246</u>
		<u>356,494,443</u>	<u>356,494,443</u>
Current maturity of long term finances		<u>(356,494,443)</u>	<u>(356,494,443)</u>
		<u>-</u>	<u>-</u>

20.1 Long term finances	Tenure		Markup	Note	Principal Outstanding	
	From	To			Dec. 31, 2021	Jun. 30, 2021
Secured						
National Bank of Pakistan	Mar-05	Mar-10	6 month KIBOR + 1.5% (payable semi annually)	20.1.2	12,500,000	12,500,000
First Women Bank Limited	Dec-08	Dec-12	Fixed at 12% (payable monthly)	20.1.3	75,061,505	75,061,505
Soneri Bank Limited	May-13	Sep-14	-	20.1.4	61,999,996	61,999,996
Un secured						
Silk Bank Limited	Sep-12	Mar-17	-	20.1.5	5,703,696	5,703,696
					<u>155,265,197</u>	<u>155,265,197</u>

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

20.1.2 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. Where by 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 Dec 31, 2021, the Company had accrued mark-up amounting to Rs. 17.049 million (June 30, 2021: Rs. 16.463 million).

20.1.3 This represents a finance of Rs. 150 million obtained from First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenure 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 facility carries mark-up at 12% per annum, payable monthly. As of December 31, 2021, the Company had accrued mark-up of Rs. 24.054 million (June 30, 2021: Rs. 24.054 million).

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

- Rs. 43 million by way of transfer of a property (held as collateral of Rs. 43 million against the borrower) or a cash payment of Rs. 25 million as full and final settlement of Rs. 43 million;
- Rs. 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) situated at Thokar Niaz Baig, Lahore.
- Cash payment of Rs. 5 million in 12 equal monthly instalments of Rs. 0.416 million each commencing from the date of execution of settlement agreement; and
- 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, referred to above, on agreed due dates. However, the transfer of aforesaid property (whereupon the outstanding liability would be extinguished in full) is yet to be executed. As per the revised restructuring terms, the finance carries no mark-up.

The bank filed a petition for recovery suit in Banking Court on March 08, 2019 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.

20.1.5 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 December 31, 2021, the Company had accrued a markup of Rs. 7.964 million (June 30, 2021: Rs. 7.681 million).

20.2 This represents third issue of registered and listed term finance certificates (TFCs) issued by the Company to banking companies and financial institutions, trusts and general public. These 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 5 October 2010 and was further restructured by way of "Second Supplemental Declaration of Trust" dated 30 April 2012. To make the second proposed restructuring terms of Supplemental Declaration of Trust effective, an extra ordinary resolution has been passed by at least by 75% of the aggregate amount outstanding to TFC holders. The trustee obtained necessary approval of TFC holders. The revised terms and conditions of the issue after rescheduling are as follows:

Principal redemption

The principal redemption of TFCs is structured to be in 63 un-equal monthly instalments starting from 1 January 2012 as follows:

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

Mark-up on TFCs

- The issue carries 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.
- 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 TFC).

Trustee

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

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

	December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
21. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES		
Security deposits against finance leases	285,791,894	285,791,894
Current maturity of deposits against finance leases	(285,791,894)	(285,791,894)
	<u><u>-</u></u>	<u><u>-</u></u>

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

	December 31 2021 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
22. SURPLUS ON REVALUATION OF ASSETS	Note	
At the beginning of the year	45,823,640	47,663,240
Effect of revaluation	-	-
	<u>45,823,640</u>	<u>47,663,240</u>
Incremental depreciation transferred to retained earnings	<u>(919,802)</u>	<u>(1,839,600)</u>
	<u>44,903,838</u>	<u>45,823,640</u>
Related deferred tax charge		
At the beginning of the year	(13,288,854)	(13,822,338)
Effect of revaluation carried out during the year	-	-
Tax effect of change in tax rate	-	-
Incremental depreciation transferred to retained earnings	<u>266,743</u>	<u>533,484</u>
	<u>(13,022,111)</u>	<u>(13,288,854)</u>
	<u><u>31,881,727</u></u>	<u><u>32,534,786</u></u>

23. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended June 30, 2021.

	December 31 2021 Rupees (Un-audited)	December 31, 2020 Rupees (Un-Audited)
24. INCOME FROM FINANCE LEASES	Note	
Markup recovery on finance lease contracts	1,128,239	1,954,364
Other recoveries and settlement gain on finance leases	<u>18,504,630</u>	<u>546,946</u>
	<u><u>19,632,869</u></u>	<u><u>2,501,310</u></u>
25. OTHER OPERATING INCOME		
Income from financial assets:		
- Dividend income	4,703	-
- Interest income from government securities	440,465	501,247
- Interest income from savings accounts	<u>245,128</u>	<u>127,608</u>
	<u>690,295</u>	<u>628,855</u>
Income from non-financial assets:		
- Gain on sale of property, plant and equipment	140,510	709,100
- Waiver on settlement of long term finances	-	36,308,915
- Others	<u>855,000</u>	<u>75,240</u>
	<u>995,510</u>	<u>37,093,255</u>
	<u><u>1,685,805</u></u>	<u><u>37,722,110</u></u>

Notes to the Financial Statements

For the period ended 31 December 2021

		December 31 2021 Rupees (Un-audited)	December 31, 2020 Rupees (Un-audited)
26. FINANCE COST	Note		
Mark-up on:			
- Long term finances		868,156	1,274,424
- Term finance certificates		7,284,334	7,811,230
- Short term borrowings		6,795,398	6,795,398
Return on certificates of investment		3,238,142	3,257,050
Bank charges		14,097	14,989
		<u>18,200,127</u>	<u>19,153,091</u>
27. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, Allowances and Benefits		10,684,023	8,157,052
Board meeting expenses		2,600,000	1,950,000
Rent		464,640	359,040
Repairs and maintenance		1,156,515	1,345,831
Insurance		191,053	173,162
Utilities		690,126	416,063
Vehicle running expenses		540,588	211,537
Printing and stationery		214,561	90,891
Telephone and postage		239,080	266,909
Travelling and conveyance		36,300	395,312
Travelling and conveyance - Director's		1,000,303	-
Fee and subscriptions		380,034	38,965
Legal and professional charges		622,399	1,757,120
Advertising and entertainment		270,510	32,720
Auditors' remuneration		148,444	156,000
Depreciation		2,593,980	2,141,426
Leave Encashment		793,333	-
Miscellaneous		809,556	824,138
		<u>23,435,445</u>	<u>18,316,166</u>
28. TAXATION			
Current charge		246,116	31,266
Deferred tax		-	-
		<u>246,116</u>	<u>31,266</u>

	December 31 2021 Rupees (Un-audited)	December 31, 2020 Rupees (Un-audited)
29. CASH GENERATED FROM OPERATIONS		
(Loss) / profit for the period before taxation	(18,366,734)	10,526,735
Adjustment for non cash charges and other items :		
Depreciation - owned assets	1,884,672	1,432,118
Depreciation - investment properties	709,308	709,308
Income from finance leases	(1,128,239)	(1,954,364)
Financial charges and other charges	18,200,127	19,153,091
(Provision) / reversals for doubtful leases, loans and other receivables	(1,950,164)	(7,772,572)
Dividend income	(4,703)	-
Interest income from government securities / saving accounts	(440,465)	(501,247)
Gain on sale of property, plant & equipment / others	(140,510)	(709,100)
Gain on settlement of Term Finance Certificates	-	(36,308,915)
Other Income	(855,000)	(75,240)
	16,275,025	(26,026,921)
(Loss)/profit before working capital changes	(2,091,708)	(15,500,186)
Working capital changes		
Short term loans	-	-
Trade deposits and short term prepayments	169,782	(255,695)
Other Receivables	-	-
Accrued expenses and other payables	(3,419,682)	(1,331,918)
	(3,249,900)	(1,587,613)
Cash (used in) / generated from operations after working capital changes	(5,341,608)	(17,087,799)

30. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS

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

Major Shareholder		
Directors' fee		
Fee	2,600,000	1,950,000
Key management personnel		
Remuneration to key management personnel	3,627,342	3,084,950
Other related parties		
Payments to provident fund	212,500	255,000

Notes to the Financial Statements

For the period ended 31 December 2021

	December 31 2021 Rupees (Un-audited)	December 31, 2020 Rupees (Un-audited)
31. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	Note	
Profit / (Loss) after taxation attributable to ordinary shareholders	<u>(18,612,850)</u>	<u>10,495,469</u>
	(Number)	
Weighted average number of ordinary shares	<u>45,160,500</u>	<u>45,160,500</u>
	(Rupees)	
Earnings / (Loss) per share - Basic	<u>(0.41)</u>	<u>0.232</u>
Profit / (Loss) after taxation attributable to ordinary shareholders - net of dilution effect	<u>(18,612,850)</u>	<u>10,495,469</u>
	(Number)	
Weighted average number of ordinary shares - net of dilution effect	<u>97,981,350</u>	<u>97,981,350</u>
	(Rupees)	
Earnings / (Loss) per share - Diluted	<u>(0.19)</u>	<u>0.11</u>

32. SEGMENT INFORMATION

The business of the Company is divided into four reporting segments namely:

1. Finance lease operations,
2. Operating lease operations,
3. Term loans and
4. Investments

Finance and operating lease operations include leasing of moveable assets. Term loans include secured loans for tenure ranging from 3 months to 5 years whereas investments include equity and debt securities.

Management monitors the operating segments of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Other operations, which are not monitored by the management separately, are reported as 'Others'.

Segment assets and liabilities include all assets and liabilities related to the segment and segment revenues and expenses include all revenues and expenses related to the segment.

	31 December 2021					
	Finance lease	Operating lease	Term loans	Investments	Others	Total
	(Rupees)					
Segment revenue						
Lease income	19,632,869	-	-	-	-	19,632,869
Interest income	-	-	-	440,465	245,128	685,593
Other income	-	-	-	4,703	995,510	1,000,213
(Provisions) / reversals						-
-against assets	1,950,164	-	-	-	-	1,950,164
Segment results	21,583,033	-	-	445,168	1,240,638	23,268,839
Unallocated cost						
Financial charges						(18,200,127)
Administrative / operating expenses						(23,435,445)
Loss before taxation						(18,366,733)
Taxation						(246,116)
Loss after taxation						(18,612,849)
Other information						
Segment assets	485,603,330	380,370	175,714,985	54,201,839	-	715,900,524
Unallocated assets	-	-	-	-	113,108,888	113,108,888
Total assets						829,009,412
Segment liabilities	406,871,904	318,700	147,226,113	45,414,033	-	599,830,750
Unallocated liabilities	-	-	-	-	794,184,927	794,184,927
Total liabilities						1,394,015,677
Net Liabilities						(565,006,266)

	31 December 2020					Total
	Finance lease	Operating lease	Term loans	Investments	Others	
	(Rupees)					
Segment revenue						
Lease income	2,501,310	-	-	-	-	2,501,310
Interest income	-	-	-	504,247	127,608	628,855
Other income	-	-	-	-	37,093,255	37,093,255
(Provisions) / reversals against assets	7,772,572	-	-	-	-	7,772,572
Segment results	10,273,882	-	-	504,247	37,220,863	47,995,992
Unallocated cost						
Financial charges						(19,153,091)
Administrative / operating expenses						(18,316,166)
						(37,469,257)
Loss before taxation						10,526,735
Taxation						(31,266)
Loss after taxation						10,495,469
Other information						
Segment assets	489,682,677	380,400	173,578,391	28,867,443	-	692,508,911
Unallocated assets	-	-	-	-	111,031,419	111,031,419
Total assets						803,540,330
Segment liabilities	400,654,537	311,240	142,020,482	23,619,116	-	566,605,376
Unallocated liabilities	-	-	-	-	794,184,927	794,184,927
Total liabilities						1,360,790,303
Net liabilities						(557,249,973)

33. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The management is of the view that the fair values of the remaining 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.

	Level 1	Level 2 (Rupees)	Level 3
As on December 31, 2021			
Office premises and generators	-	61,409,016	-
Investment in ordinary shares	<u>20,086,595</u>	<u>-</u>	<u>40,242,909</u>
	<u>20,086,595</u>	<u>61,409,016</u>	<u>40,242,909</u>
As on June 30, 2021			
Office premises and generators	-	61,596,311	-
Investment in ordinary shares	<u>85,935</u>	<u>-</u>	<u>40,242,909</u>
	<u>85,935</u>	<u>61,596,311</u>	<u>40,242,909</u>

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

34. COMPARATIVE FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation.

35. DATE OF AUTHORIZATION

This condensed interim financial information (un-audited) was authorized for issue on **February 28, 2022** by the Board of Directors.

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



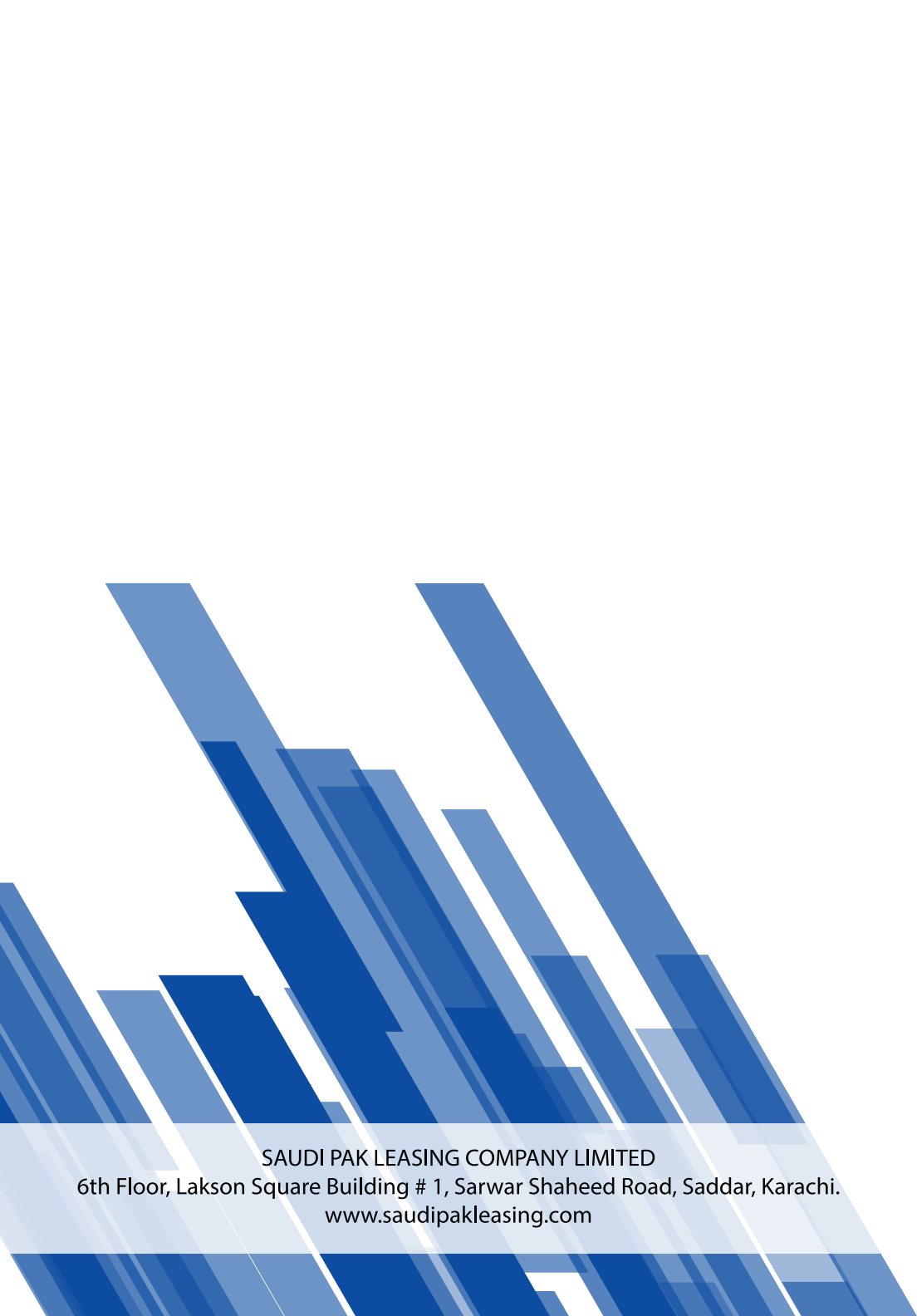
Chief Executive Officer



Director



Chief Financial Officer



SAUDI PAK LEASING COMPANY LIMITED

6th Floor, Lakson Square Building # 1, Sarwar Shaheed Road, Saddar, Karachi.

www.saudipakleasing.com