



**SAUDI PAK LEASING COMPANY LIMITED**

**FINANCIAL STATEMENTS (UN-AUDITED)**

**(1st QUARTER)**

**FOR THE PERIOD ENDED**

**SEPTEMBER 30, 2020**

## CORPORATE INFORMATION AS ON SEPTEMBER 30, 2020

### BOARD OF DIRECTORS ELECTED ON NOVEMBER 26, 2018

Mr. Niaz Ahmed Khan	Chairman/Non-Executive/ Independent Director
Mr. Ahsanullah	Chief Executive Officer/ Independent Director
Sheikh Aftab Ahmad	Nominee Director
Mr. Zafar Iqbal	Nominee Director
Ms. Fozia Fakhar	Nominee Director
Mr. Muhammad Waqar	Independent Director
Syed Najmul Hasnain Kazmi	Independent Director

### AUDIT COMMITTEE

Syed Najmul Hasnain Kazmi	Chairman
Sheikh Aftab Ahmad	Member
Ms. Fozia Fakhar	Member
Mr. Muhammad Waqar	Member

### HR & REMUNERATION COMMITTEE

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. Muhammad Siddique Ahmed FCA

### TAX CONSULTANT

Junaidy Shoaib Asad  
Chartered Accountants

### 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  
National Bank of Pakistan

### REGISTERED OFFICE

6<sup>TH</sup> Floor, Lakson Square Building # 1  
Sarwar Shaheed Road, Saddar,  
Karachi-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](http://www.saudipakleasing.com)  
Email : [info@saudipakleasing.com](mailto: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

## QUARTERLY REPORT FOR SEPTEMBER 30, 2020

### DIRECTORS' REVIEW:

The Directors of Saudi Pak Leasing Company are pleased to present the un-audited condensed Interim Financial information of the company for the quarter ended September 30, 2020.

#### Operating and Financial Results:

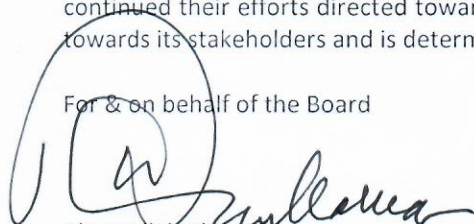
	September 30, 2020 Rupees	September 30, 2019 Rupees
Income from finance and operating leases	631,538	465,647
Other operating income	36,652,668	916,603
Total income	37,284,206	1,382,250
Finance cost	(9,720,469)	(13,137,398)
Administrative and other operating expenses including depreciation	(7,586,046)	(20,770,142)
Operating profit / (loss) before provisions	19,977,690	(32,525,290)
Reversal / (provision) against leases, loans, receivables and investment prop	-	4,242,084
Profit / (Loss) before taxation	19,983,400	(28,283,206)
Profit / (Loss) after taxation	19,974,156	(28,291,636)
Earnings / (Loss) per share - basic	0.44	(0.63)

After incurring losses in the corresponding period, the Management of the company, under the guidance of the Board, continued their efforts directed towards the betterment of the company and these efforts have resulted in profit after taxation of Rs. 19.97 million (loss after taxation Rs. 28.29 million) for the period ended 30<sup>th</sup> September 2020.

The Company has been able to reduce its book size and maintain its operations with the help of internal resources. The Company is making intensive efforts to initiate negotiations for the settlement of its loan portfolio/other liabilities with the sole objective of seeking remissions; write offs and long term deferment of payments to the creditors. If succeeded the said restructuring and rescheduling is likely to bring much needed improvement in overall financial health of the Company.

The efforts for the revival of the Company are underway and the management under the guidance of the Board continued their efforts directed towards the betterment of Company. The Board is fully aware of its responsibility towards its stakeholders and is determined to improve the financial condition.

For & on behalf of the Board



Ahsanullah Khan  
Director




30<sup>th</sup> November 2020  
Karachi

	Note	September 30, 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	5	3,090,470	4,978,655
Short term loans	6	126,330,635	126,330,635
Short term investments	7	28,870,621	29,236,789
Trade deposits and short term prepayments		1,489,277	1,134,689
Other receivables	8	313,237	213,379
Current maturity of non-current assets	9	537,092,175	550,573,970
Taxation - net		402,418	288,243
<b>Total current assets</b>		<b>697,588,833</b>	<b>712,856,359</b>
<b>Non-current assets</b>			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	41,944,501	42,299,155
Intangible assets		-	-
Property, plant and equipment	13	65,960,030	66,677,157
<b>Total non-current assets</b>		<b>107,904,531</b>	<b>108,976,312</b>
<b>Total Assets</b>		<b>805,493,364</b>	<b>821,832,671</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings from financial institutions	14	162,801,588	162,801,588
Certificates of investment	15	43,000,000	43,000,000
Accrued mark-up	16	442,397,519	449,025,140
Accrued expenses and other payables	17	8,353,120	8,501,068
Current maturity of non-current liabilities	18	695,062,516	724,600,516
Unclaimed dividend		1,661,291	1,661,291
<b>Total current liabilities</b>		<b>1,353,276,034</b>	<b>1,389,589,603</b>
<b>Non-current liabilities</b>			
Certificates of investment		-	-
Deferred tax liability - net		-	-
Long term finances	19	-	-
Security Deposits against Finance Leases	20	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,353,276,034</b>	<b>1,389,589,603</b>
<b>NET ASSETS</b>		<b>(547,782,670)</b>	<b>(567,756,932)</b>
<b>FINANCED BY</b>			
<b>Authorized Share Capital</b>			
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
		<b>2,000,000,000</b>	<b>2,000,000,000</b>
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
Statutory reserves		179,279,601	179,279,601
Accumulated loss		(1,738,800,503)	(1,759,685,558)
Surplus on revaluation of property, plant and equipment - net of tax	21	32,930,003	33,840,902
Unrealised gain/(loss) on re-measurement as at fair value through other comprehensive income		(5,605)	(5,711)
Accumulated actuarial (loss) / gain on defined benefit plan-net of tax		(999,666)	(999,666)
		<b>(547,782,670)</b>	<b>(567,756,932)</b>

**CONTINGENCIES AND COMMITMENTS**

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

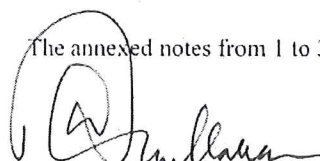
Chief Executive                      Director                      Chief Financial Officer

Saudi Pak Leasing Company Limited  
Condensed Interim Profit and Loss Account (Un-audited)  
For the quarter ended September 30, 2020

**SAUDI PAK**  
LEASING

	Note	Quarter ended	
		September 30, 2020	September 30, 2019
		————— (Rupees) —————	
Revenue			
Income from:			
Finance leases	23	631,538	465,647
Other operating income	25	36,652,668	916,603
<b>TOTAL INCOME</b>		<b>37,284,206</b>	<b>1,382,250</b>
Expenses			
Finance cost	26	9,720,469	13,137,398
Administrative and operating expenses	27	6,514,258	7,372,612
Depreciation	28	1,071,788	13,397,530
		<b>17,306,515</b>	<b>33,907,540</b>
<b>Operating Profit / (Loss) before provisions</b>		<b>19,977,690</b>	<b>(32,525,290)</b>
Reversals / (Provisions) for doubtful leases, loans and other receivables - net		-	-4,244,082
Increase / (Decrease) in fair value of investment		5,710	(1,998)
		<b>5,710</b>	<b>4,242,084</b>
<b>Profit / (Loss) before taxation</b>		<b>19,983,400</b>	<b>(28,283,206)</b>
Taxation			
- Current		(9,244)	(8,430)
- Deferred		-	-
		<b>(9,244)</b>	<b>(8,430)</b>
<b>Profit / (Loss) for the period</b>		<b>19,974,156</b>	<b>(28,291,636)</b>
<b>Earnings / (Loss) per share - basic</b>	31	<b>0.44</b>	<b>(0.63)</b>

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

  
Chief Executive

  
Director

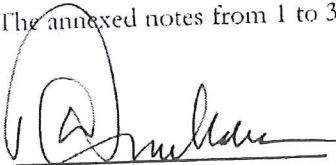
  
Chief Financial Officer

Saudi Pak Leasing Company Limited  
 Statement of Comprehensive Income (Un-audited)  
 For the quarter ended September 30, 2020

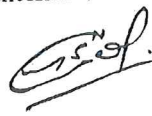
SAUDI PAK  
 L E A S I N G

	Quarter Ended	
	September 30, 2020	September 30, 2019
	(Rupees)	
Profit / (Loss) after taxation	19,974,156	(28,291,636)
<i>Other comprehensive income</i>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Unrealised gain / (loss) on re-measurement of investments as at fair value through other comprehensive income	106	(417)
<b>Total comprehensive income for the year</b>	<u>19,974,262</u>	<u>(28,292,053)</u>

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

  
 Chief Executive

  
 Director

  
 Chief Financial Officer

Saudi Park Leasing Company Limited  
Condensed Interim Statement of Changes in Equity (Un-audited)  
For the quarter ended September 30, 2020

SAUDI PARK  
L E A S I N G  
C O M P A N Y L I M I T E D

	Issued, subscribed and paid-up share capital		Reserves				Total	
	Ordinary Shares	Non-redeemable Preference shares	Statutory reserves	Unrealised gain on re-measurement of investment as at fair value through other comprehensive income	Accumulated actuarial gain / loss on defined benefit plan- net of tax	Accumulated loss		Surplus on revaluation of property, plant and equipment - net
Balance as at July 1, 2019	451,605,000	528,208,500	183,361,290	417	(999,666)	(1,811,991,302)	42,783,336	(607,932,435)
<b>Total comprehensive income for the quarter ended September 30, 2019</b>	-	-	-	-	-	(28,291,036)	(7,933,283)	(36,284,319)
Loss for the period	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of properties on account of incremental depreciation	-	-	-	-	-	-	-	-
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate	-	-	-	(417)	-	-	-	(417)
Unrealized loss on remeasurement of available for sale investments	-	-	-	(417)	-	-	(7,933,283)	(8,350,400)
Balance as at September 30, 2019	451,605,000	528,208,500	183,361,290	-	(999,666)	(1,832,349,655)	31,850,053	(635,324,378)
Balance as at July 1, 2020	451,605,000	528,208,500	179,279,601	(5,711)	(999,666)	(1,759,685,558)	33,840,902	(567,756,932)
<b>Total comprehensive income for the quarter ended September 30, 2020</b>	-	-	-	-	-	19,974,156	(910,899)	18,063,257
Profit for the period	-	-	-	-	-	910,899	-	910,899
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-	-	(910,899)	(910,899)
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate available-for-sale investments	-	-	-	106	-	-	-	106
Balance as at 30 September 2020	451,605,000	528,208,500	179,279,601	106	(999,666)	(1,738,800,503)	32,930,003	(547,782,500)

Balance as at July 1, 2019  
Total comprehensive income for the quarter ended September 30, 2019  
Loss for the period  
Transfer from surplus on revaluation of properties on account of incremental depreciation  
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate  
Unrealized loss on remeasurement of available for sale investments  
Balance as at September 30, 2019  
Balance as at July 1, 2020  
Total comprehensive income for the quarter ended September 30, 2020  
Profit for the period  
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax  
Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate available-for-sale investments  
Balance as at 30 September 2020

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

  
Chief Executive

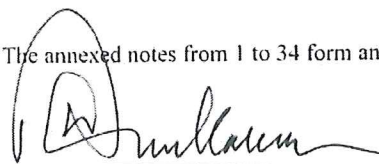
  
Chief Financial Officer

Saudi Pak Leasing Company Limited  
 Condensed Interim Cash Flow Statement (Un-audited)  
 For the quarter ended September 30, 2020

SAUDI PAK  
 LEASING

	Note	Quarter Ended	
		September 30, 2020	September 30, 2019
		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	29	(6,622,281)	(8,721,208)
Finance cost paid		(2,175)	(9,425)
Taxes paid		(9,244)	(8,430)
Decrease in net investment in finance leases		6,597,042	4,514,852
		<u>6,585,623</u>	<u>4,496,997</u>
<i>Net cash flows from operating activities</i>		(36,659)	(4,224,211)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
short term investments - net		56,475	367,911
Proceeds from sale of property, plant and equipment		-	357,953
Repayment of long term loans		91,999	65,350
Dividend received		-	1,733
		<u>148,474</u>	<u>792,947</u>
<i>Net cash (used in) / from investing activities</i>			
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of term finances certificates		(2,000,000)	-
		<u>(2,000,000)</u>	<u>-</u>
<i>Net cash used in financing activities</i>			
Net decrease in cash and cash equivalents during the period		(1,888,184)	(3,431,264)
Cash and cash equivalents at beginning of the period		4,978,655	6,060,252
Cash and cash equivalents at end of the period		<u>3,090,470</u>	<u>2,628,988</u>

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

  
 Chief Executive

  
 Director

  
 Chief Financial Officer



## 1. LEGAL STATUS AND OPERATIONS

1.1 Saudi Pak Leasing Company Limited (the Company) was incorporated in Pakistan on January 08, 1991 under the Companies Ordinance, 1984 and is listed on all the three stock exchanges in Pakistan. The registered office of the Company is situated at 6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi and branch office is located at 337/338, 4th Floor, JEFF Heights, Main Boulevard, Gulberg-III, Lahore. The main business activity of the Company is leasing of assets. The Company's license to carry out the business of leasing had expired on May 18, 2010 and renewal is pending with the Securities and Exchange Commission of Pakistan.

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 30 September 2020 holds 35.06% (30 June 2020: 35.06%) of issued ordinary share capital of the Company and 63% (30 June 2020: 63%) of issued preference share capital of the Company.

1.2 The country's weak economic fundamentals has had a pessimistic impact on the local economy. The country is facing serious challenges for the last several years on account of numerous factors along with energy crisis. Higher inflation, political instability, disturbed security environment and lack of trust of foreign investors are the other main reasons and have caused a serious dent in the country's economy. The company also faced effects of COVID-19 and its recovery drive remained below expectation. COVID-19 has long time effects on local as well as global economy.

These factors provide foundation for severe liquidity crunch in the leasing sector nationwide and consequently affected the Company as well. The Company is striving hard for recovery of infected portfolio, over a Rs. 1 billion, from customers has become an uphill task. The management is trying its level best to recover stuck up funds as much as possible from the available means.

Although uncertainty still exists due to the above factors, the management of the Company is confident that due to steps / measures as explained in the next paragraphs which are in line with the Board's approved rehabilitation plan for capital management and the approved financial projections, the going concern assumption is appropriate and has as such prepared these financial statements on a going concern basis.

- Management is hopeful that the reduction in financing cost through restructuring / settlements with the lenders against settlement of loans will assist in reducing the losses and improving the equity. This will make the Company an attractive candidate for equity participation along with an opportunity for the existing shareholders at their sole discretion to inject additional equity.
- The Company has requested the Securities and Exchange Commission of Pakistan (SECP) for relaxation in the minimum capital requirement under NBFC Rules, 2008 and is hopeful that this request will be accepted based on the condition of the overall business environment and the Company's position in the overall leasing sector.

## 2. BASIS OF PREPERATION

### 2.1 Statement of Compliance

This condensed interim financial information of the Company for the three months ended 30 September 2020 has been prepared in accordance with the requirements of the International Accounting Standard 34 (IAS 34), "Interim Financial Reporting" and provisions of and directives issued under the Companies 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 provisions or directives issued under the Companies Act, 2017, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for plant and machinery which are stated at revalued amounts, investments classified as available for sale which are stated at fair value except shares of unlisted company which are stated at cost 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

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 the condensed Interim Financial statement require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management and the key sources of estimating uncertainty in preparation of these condensed interim financial statements were same as those applied to the annual financial statements for the period ended 30 September 2020.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND JUDGMENTS

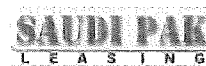
The accounting policies and basis for accounting estimates adopted for the preparation of this condensed interim financial information (un-audited) are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2020.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements the Company as at and for the year ended 30 June 2020.

		September 30, 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
<b>5. CASH AND BANK BALANCES</b>	<b>Note</b>		
Cash in hand		49,548	46,548
Balance with State Bank of Pakistan in current account - local currency		36,366	39,366
Balances with other banks:			
- in current account		5,500	5,500
- in saving accounts	5.1	2,999,056	4,887,241
		<u>3,090,470</u>	<u>4,978,655</u>
<b>5.1</b>	This represents saving deposit accounts maintained with various commercial banks at mark-up rate ranging from 7% to 8.5% (30 June 2020: 7% to 8.5%) per annum.		
<b>6. SHORT TERM LOANS - Secured</b>			
Term loan to customers			
- Considered doubtful	6.1	165,231,135	165,231,135
Provision for non-performing loans		(38,900,500)	(38,900,500)
		<u>126,330,635</u>	<u>126,330,635</u>
<b>6.1</b>	This represents term finance facilities provided to customers and carries mark-up ranging from 12.25% to 15.25% (30 June 2020: 16.25% to 25%) per annum.		
<b>7. SHORT TERM INVESTMENTS</b>			
Investments in Shares	7.1	14,750,979	14,745,163
Amortized cost	7.2	14,119,642	14,491,626
Other Investment - Club membership cards	7.3	25,758,520	25,758,520
		<u>54,629,141</u>	<u>54,995,309</u>
Accumulated impairment on Club membership cards		(25,758,520)	(25,758,520)
		<u>28,870,621</u>	<u>29,236,789</u>
<b>7.1</b>	This represents investment in unquoted and quoted Companies. The investment is stated at cost, and at fair value where practically possible.		

Saudi Pak Leasing Company Limited  
 Selected Notes to the Financial Information (Un-audited)  
 For the quarter ended September 30, 2020



		September 30, 2020	June 30, 2020
	Note	Rupees (Un-audited)	Rupees (Audited)
<b>7.2 Amortized cost</b>			
Government Market Treasury Bills	7.2.1	14,119,642	14,491,626
<b>7.2.1</b>	This represents investment in Government Market Treasury Bill having maturity on 17 December 2020 and carries effective mark-up at a rate of 7.09% (30 June 2020: 10.81%) per annum.		
<b>7.3</b>	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.		
<b>8. OTHER RECEIVABLES</b>			
Receivable on termination of finance leases		65,913,469	65,913,468
Staff gratuity- net defined benefit asset		84,108	84,108
Receivable from Provident Fund		2,880,000	2,880,000
Others		3,101,278	3,101,421
		<u>71,978,855</u>	<u>71,978,997</u>
Provision against doubtful receivables		<u>(71,665,618)</u>	<u>(71,665,618)</u>
		<u>313,237</u>	<u>313,379</u>
<b>9. CURRENT MATURITY OF NON - CURRENT ASSETS</b>			
Current portion of:			
Long term loans	10	47,308,606	47,216,607
Net investment in finance leases	11	489,783,569	503,357,363
		<u>537,092,175</u>	<u>550,573,970</u>
<b>10. LONG TERM LOANS - secured</b>			
<b>Related party</b>			
Due from employees - considered good		283,502	191,503
<b>Other than related party</b>			
Term loan to customers			
- Considered doubtful	10.1	<u>100,164,030</u>	100,164,030
		<u>100,447,532</u>	100,355,533
Provision for non-performing loans		<u>(53,138,926)</u>	<u>(53,138,926)</u>
		<u>47,308,606</u>	47,216,607
Current maturity of long term loans	9	<u>(47,308,606)</u>	<u>(47,216,607)</u>
		<u>-</u>	<u>-</u>
<b>10.1</b>	Term loans due from customers are secured against assets. The rate of return on these loans ranges from 16.00% to 22.66% (30 June 2020: 16.00% to 22.66%) per annum.		
<b>11. NET INVESTMENT IN FINANCE LEASES</b>			
Minimum lease payments receivable		1,261,618,198	1,268,215,530
Add: Residual value of leased assets		307,452,834	314,952,834
<b>Gross investment in finance leases</b>		<u>1,569,071,032</u>	<u>1,583,168,364</u>
Less: Unearned lease income		-	-
Mark-up held in suspense		<u>223,972,259</u>	<u>224,495,717</u>
		<u>223,972,259</u>	<u>224,495,717</u>
		<u>1,345,098,773</u>	<u>1,358,672,647</u>
Less: Provision for potential lease losses		<u>855,315,284</u>	<u>855,315,284</u>
<b>Net investment in finance leases</b>		<u>489,783,489</u>	<u>503,357,363</u>
Less: Current portion of net investment in finance leases	9	<u>(489,783,489)</u>	<u>(503,357,363)</u>
		<u>-</u>	<u>-</u>

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12. INVESTMENT PROPERTIES	<u>Rupees</u>
<b>As at July 01, 2019</b>	
Cost	66,160,092
Accumulated depreciation	(15,636,626)
Accumulated impairment	(6,805,696)
<b>Net book value</b>	<u>43,717,770</u>
<b>Movement during the period ended September 30,2019</b>	
Opening net book value	43,717,770
Depreciation charge	(354,654)
<b>Closing net book value</b>	<u>43,363,116</u>
<b>As at July 01, 2020</b>	
Cost	66,160,092
Accumulated depreciation	(17,055,241)
Accumulated impairment	(6,805,696)
<b>Net book value</b>	<u>42,299,155</u>
<b>Movement during the period ended September 30,2020</b>	
Opening net book value	42,299,155
Depreciation charge	(354,654)
<b>Closing net book value</b>	<u>41,944,501</u>
<b>As at September 30, 2020</b>	
Cost	66,160,092
Accumulated depreciation	(17,409,895)
Accumulated impairment	(6,805,696)
<b>Net book value</b>	<u>41,944,501</u>
Rate of depreciation	<u>5%</u>

13. PROPERTY, PLANT AND EQUIPMENT	Note	September 30, 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
Property, plant and equipment - own use		65,579,630	66,296,757
Property, plant and equipment - operating lease		380,400	380,400
		<u>65,960,030</u>	<u>66,677,157</u>
<b>Additions - Cost</b>			
<i>Owned assets</i>			
Office equipment		-	-
<b>Total additions</b>		<u>-</u>	<u>-</u>
<b>Disposals - WDV</b>			
<i>Owned assets</i>			
Vehicles		-	(676,240)
Office equipment		-	(703,890)
<b>Total Disposals</b>		<u>-</u>	<u>(1,380,130)</u>

		September 30, 2020	June 30, 2020
		Rupees (Un-audited)	Rupees (Audited)
<b>14. BORROWINGS FROM FINANCIAL INSTITUTIONS</b>	<b>Note</b>		
<b>Letter of placements - Unsecured</b>			
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
		<u>162,801,588</u>	<u>162,801,588</u>
<b>14.1</b>	This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on 01 April 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 40 days. The Company has not paid any amount in respect of this finance. As of 30 September 2020, the Company has accrued a mark-up of Rs. 91.084 million.		
<b>14.2</b>	This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on 3 December 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. The facility was rolled over for a further period of 184 days on 14 March 2011. Since the disbursement of facility, the Company has paid an amount of Rs. 3 million on account of principal repayment. As of 30 September 2020, the Company has accrued a mark-up of Rs. 50.858 million.		
<b>14.3</b>	This represents finance of Rs. 150 million obtained from Meezan Bank Limited (MEBL) on 20 September 2008, under Murabaha arrangement at a rate of 12% per annum. The Company paid Rs. 81 million on various dates from September 2008 to June 2011.  The remaining amount of Rs. 69 million was restructured by way of settlement agreement on 22 April 2011 whereby the Company transferred a lease portfolio of Rs. 32 million. On 03 September 2012, a revised settlement agreement was signed according to which loan to be settled by way of transferring of Company's assets / collateral held by the Company against one of its non-performing borrowers and cash payment of Rs. 9.870 million as down payment. 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.		
	<b>Note</b>	<b>September 30, 2020</b>	<b>June 30, 2020</b>
		<b>Rupees (Un-audited)</b>	<b>Rupees (Audited)</b>
<b>15. CERTIFICATE OF INVESTMENT</b>		<u>43,000,000</u>	<u>43,000,000</u>
<b>16. ACCRUED MARK-UP</b>			
Mark-up on:			
- certificates of investment		102,959,329	101,330,804
- long term finances		47,017,669	46,380,457
- term finance certificates		150,478,335	162,769,392
- short term borrowings from financial institutions		141,942,186	138,544,487
		<u>442,397,519</u>	<u>449,025,140</u>
<b>17. ACCRUED EXPENSES AND OTHER PAYABLES</b>			
Accrued expenses		6,002,900	7,475,917
Others		2,350,220	1,025,151
		<u>8,353,120</u>	<u>8,501,068</u>
<b>18. CURRENT MATURITY OF NON- CURRENT LIABILITIES</b>			
Current portion of:			
Certificate of investment		50,549,000	50,549,000
Long term finances	19	356,494,443	378,532,443
Security deposits against finance leases	20	288,019,074	295,519,074
		<u>695,062,516</u>	<u>724,600,516</u>

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		September 30, 2020	June 30, 2020
		Rupees	Rupees
19.	LONG TERM FINANCES	Note (Un-audited)	(Audited)
	Long term finances - secured	19.1	149,561,501
	Long term finances - unsecured		5,703,696
	Term finance certificates - secured	19.2	155,265,197
		19.3	201,229,246
	Current maturity of long term finances	18	(356,494,443)
			-
			-
19.2	Long term finances		<b>Principal Outstanding</b>
			Sept. 30, 2020
			June 30, 2020
			----- (Rupees) -----
	<b>Secured</b>		
	National Bank of Pakistan - II	19.2.1	12,500,000
	First Women Bank Limited	19.2.2	75,061,505
	Soneri Bank Limited	19.2.3	61,999,996
	<b>Un-secured</b>		
	Silk Bank Limited	19.2.4	5,703,696
			155,265,197
			155,265,197

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

19.2.1 This represents finance of Rs. 100 million obtained from National Bank of Pakistan on 17 March 2005 mainly for lease financing activities. As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from 17 September 2005 to 17 March 2009. The agreement was amended with the maturity date to March 2010. As of 30 September 20: all instalments were paid except for the last instalment which was due on 17 March 2009 and is still outstanding. As per agreement the finance carries mark-up at 6 month KIBOR + 1.5%, payable semi-annually. As of 30 September 2020, the Comp has accrued mark up of Rs. 15.760 million.

19.2.2 This represents a finance of Rs. 150 million obtained from First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenor of 1 day. Subsequently, the finance was rolled over several times during the period from October 07, 2008 to December 18, 2008. During this period, the Company managed to partially repay the principal and markup amount. Afterwards, the finance was restructured by way of a settlement agreement dated December 31, 2008 whereby the entire principal was converted into 12-month Money Market Finance facility on markup basis. Since the Company failed to make repayment as per agreed terms, the finance was, once again, restructured by way of a settlement agreement dated March 01, 2010. As per the revised rescheduled terms, the entire principal was payable in unequal monthly instalments up to December 31, 2012. The Company paid the instalments up to December 31, 2010 since when no further repayments have been made. Further, as per the revised agreement, the finance carries mark-up at 12% per annum, payable monthly. As of September 30, 2020, the Company had accrued mark-up of Rs. 24.054 million.

19.2.3 As on March 29, 2010, the Company had a financial obligation in respect of Term Finance as under:

Term Finance I - PKR 66.66 million  
 Term Finance II - PKR 35.00 million  
 Running Finance - PKR 49.97 million  
 Total PKR 151.637

- The company paid TF-II of PKR 35 million and RF PKR 1.5 million.
- The company also paid PKR 5 million upto May 7, 2013, on which date revised settlement agreement was entered with

- a. PKR 43 million by way of transfer of property (held as collateral of PKR 43 million against the borrower) or a cash
- b. Cash paid of PKR 5 million in twelve equal monthly payment of PKR 0.5 million each commencing from the date
- c. PKR 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) at Thokar

- Remaining principal obligation amounting to Rs. 27.5 million will be waived upon successful transfer of properties /
- Further, as per the revised restructuring terms, the finance carries no mark-up.

19.2.4 This represents a finance of Rs. 15.7 million obtained from 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 instalments of Rs. 0.204 million each and defaulted thereafter. As of 30 September 2020, the Company had accrued a markup of Rs. 7.203 million.

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

The issue was first restructured by way of "Supplemental Declaration of Trust" dated 13 September 2010 and was further restructured by way of "Second Supplemental Declaration of Trust" dated 13 January 2012. To make the second proposed restructuring terms of Supplemental Declaration of Trust effective, an extra ordinary resolution has been passed by at least by 75% of the aggregate amount outstanding to TFC holders. The trustee obtained necessary approval of TFC holders. The revised terms and conditions of the issue after rescheduling are as follows:

#### **Principal redemption**

The principal redemption of TFCs is structured to be in 63 un-equal monthly instalments starting from 13 January 2012 as follows:

- Rs. 3 million per month starting from January 2012 to December 2012
- Rs. 4 million per month starting from January 2013 to December 2013
- Rs. 6 million per month starting from January 2014 to December 2014
- Rs. 13 million per month starting from January 2015 to February 2017
- Rs. 20.854 million in March 2017

#### **Mark-up on TFCs**

- The issue carries return at 6% per annum for first 36 months (from 13 January 2012 to 13 December 2014).
- One month's KIBOR per annum for remaining 27 months (from 13 January 2015 to 13 March 2017).
- Mark-up shall be paid on monthly basis starting from 25th month till the maturity of the TFC.
- Mark-up payments on TFCs for first 24 months is deferred till 13 December 2013. Deferred mark-up is the sum of deferred mark-up payments for the first 24 months and the outstanding deferred mark-up (relating to first restructuring as of 13 December 2013) and amounts to Rs. 25.368 million.
- Mark-up on TFCs is deferred till 13 December 2013 and is payable in 3 equal instalments in December 2014, 2015 and 2016.

## Trustee

In order to protect the interests of TFC holders, First Dawood Investment Bank Limited has been appointed as trustee under a trust deed with power to enforce the Company's obligations in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Declaration of Trust. However, First Dawood Investment Bank Limited may not act as trustee till its licence is not renewed.

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

		September 30, 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
<b>20. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES</b>	<b>Note</b>		
Security deposits against finance leases	20.1	288,019,074	295,519,074
Current maturity of deposits against finance leases	18	<u>(288,019,074)</u>	<u>(295,519,074)</u>
		<u>-</u>	<u>-</u>
<b>20.1</b>	This represents security deposits received from lessees under lease contracts and are adjustable on expiry of the respective lease periods.		
<b>21. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus on revaluation of property, plant and equipment	21.1	<u>32,930,003</u>	<u>33,840,902</u>
		<u>32,930,003</u>	<u>33,840,902</u>
<b>21.1</b>	The property, plant and equipment of the Company were revalued as at September 28, 2008, June 27, 2012, June 30, 2012, June 30, 2015, July 16, 2019 and December 16, 2019. The revaluation was carried out by independent valuers, on the basis of professional assessment of present market values and resulted in surplus of Rs.33,769,445, Rs.41,486,216, Rs. 51,594,507 and Rs. 64,926,000 respectively over the written down values.		
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
<b>22.1</b>	The above includes contingencies of Rs. 127.341 million which represents cases which are filed against the Company as counter claims. It also includes contingencies of Rs. 0.9 million filed against the Company in lieu of rendition of accounts. In view of the legal advisor, the Company is not likely to suffer any loss on account of the aforementioned cases.		
<b>22.2</b>	An ex-employee of the Company has filed a case against the company before High Court of Sindh claiming an amount of Rs. 0.9 million in lieu of gratuity and other retirement benefits. In view of the legal advisor, the Company is not likely to suffer any loss on account of the aforementioned case.		
<b>22.3</b>	The tenant has defaulted in payment of rentals to the Company since inception and the Rent Controller passed rent order as well as decree in favour of the Company. The tenant, subsequently, filed a suit in Sind High Court for relief. The amount of rent due till September 30, 2020, amounting to Rs. 18.589 million (2020: Rs. 17.842 million), has not been recorded awaiting the outcome of proceedings in High Court.		
<b>22.4</b>	The Company has been issued with a notice under section 14 of the Federal Excise Act, 2005. In the notice it has been alleged that the Company has not paid Federal Excise Duty (FED) in terms of section 3 (read with Entry 8 of Table-II of the First Schedule) to the Federal Excise Act 2005 for the periods 2007-08, 2008-09 and 2009-10 on services provided including both funded and non-funded services. Accordingly, Rs. 126.205 million has been alleged to be recoverable. The above amount of FED has been imposed on all the incomes of the Company for the said three years including mark-up income earned on finance lease contracts.		



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

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

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Note	(Rupees)	
<b>23. INCOME FROM FINANCE LEASES</b>		
Income from finance lease contracts	523,538	270,771
Gain on termination of finance lease contracts	108,000	194,876
	<u>631,538</u>	<u>465,647</u>

**24. CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

Capital requirements applicable to the Company are set out and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. SECP extended the minimum equity requirement as per NBFC Regulations, 2008 vide SRO 764(I) / 2009 dated 2 September 2009 wherein the Company is required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 700 million by 30 June 2011, 30 June 2012 30 June 2014 and 30 June 2015 respectively. As per revised regulations, leasing company has to meet minimum capital requirement of Rs. 500 million to qualify as deposit taking entity and Rs. 50 million for non-deposit taking entity. Saudi Pak Leasing Company intends to operate in future as non-deposit taking entity.

**25. OTHER OPERATING INCOME**

**Income from financial assets:**

- Dividend income	-	1,733
- Interest income from government securities	279,753	458,662
- Interest income from savings accounts	61,000	98,255
	<u>340,753</u>	<u>558,650</u>

**Income from non-financial assets:**

- Gain on sale of property, plant and equipment	-	350,000
- Waiver on settlement of long term finances	36,308,915	-
- Others	3,000	7,953
	<u>36,311,915</u>	<u>357,953</u>
	<u>36,652,668</u>	<u>916,603</u>

25.1 This represents waiver of aggregate principal Rs. 19.963 million and waiver of aggregate markup of Rs. 16.346 million, received on settlement of term finance certificates held by M/s HBL Income Fund and M/s HBL Multi-Asset Fund.

**26. FINANCE COST**

Mark-up on:

- Long term finances	637,212	574,018
- Term finance certificates	4,054,858	7,518,907
- Short term borrowings	3,397,699	3,397,699
Return on certificates of investment	1,628,525	1,637,348
Bank charges	2,175	9,426
	<u>9,720,469</u>	<u>13,137,398</u>

	Note	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
		(Rupees)	
<b>27. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries, Allowances and Benefits		4,140,198	4,634,514
Directors' Fee		700,000	550,000
Rent		211,200	192,000
Repairs and maintenance		549,317	525,148
Insurance		54,924	45,294
Utilities		132,723	258,346
Amortization of intangible		-	12,042
Vehicle running expenses		43,699	30,255
Printing and stationery		15,660	141,583
Telephone and postage		94,289	164,249
Fee and subscriptions		12,564	35,064
Legal and professional charges		226,100	459,578
Advertising and entertainment		29,720	50,456
Miscellaneous		303,864	274,083
		<u>6,514,258</u>	<u>7,372,612</u>
<b>28. DEPRECIATION</b>			
Depreciation on owned assets		717,134	12,728,563
Depreciation on investment properties		354,654	668,967
		<u>1,071,788</u>	<u>13,397,530</u>
<b>29. CASH GENERATED FROM OPERATIONS</b>			
(Loss) / profit for the period before taxation		19,983,400	(28,283,206)
Adjustment for non cash charges and other items :			
Depreciation - owned assets		717,134	12,740,605
Depreciation - investment properties		354,654	668,967
Income on finance lease contracts		(523,538)	(270,771)
Financial charges and other charges		9,720,469	13,137,398
(Provision) / reversals for doubtful leases, loans and other receivables		-	(4,244,082)
Dividend income		-	(1,733)
Interest income from government securities		(279,753)	(458,662)
Gain on sale of property, plant & equipment		-	(357,953)
Amount written off directly against loans, lease receivables and investments		-	-
Gain on settlement of term finance certificates		(36,311,915)	-
Impairment on available for sale investments		5,710	(1,998)
		<u>(26,317,239)</u>	<u>21,211,771</u>
(Loss)/profit before working capital changes		<u>(6,333,838)</u>	<u>(7,071,435)</u>
<b>Working capital changes</b>			
Short term loans / Investments		366,168	388,381
Trade deposits and short term prepayments / other receivables		(468,621)	(677,355)
Accrued and other payables		(185,990)	(1,360,798)
		<u>(288,443)</u>	<u>(1,649,772)</u>
Cash (used in) / generated from operations after working capital changes		<u>(6,622,281)</u>	<u>(8,721,208)</u>

30. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS

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

Note	September 30,	September 30,
	2020 (Unaudited)	2019 (Unaudited)
	(Rupees)	
Directors fee	700,000	550,000
Fee		
Key management personnel	1,755,000	1,755,000
Remuneration to key management personnel		
Other related parties	127,500	127,500
Payments to provident fund		
31. EARNINGS / (LOSS) PER SHARE - BASIC		
Profit / (Loss) after taxation attributable to ordinary shareholders	<u>19,974,156</u>	<u>(28,291,636)</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>0.44</u>	<u>(0.63)</u>

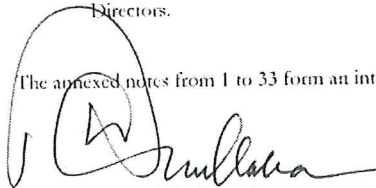
32. COMPARATIVE FIGURES


Corresponding figures have been rearranged and reclassified, if necessary, to reflect more appropriate presentation of events and transactions for the purposes of comparisons.

33. DATE OF AUTHORIZATION

This condensed interim financial information (un-audited) was authorized for issue on Nov. 30 2020 by the Board of Directors.

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

  
 Chief Executive

  
 Director

  
 Chief Financial Officer