

SAUDI PAK

L E A S I N G

QUARTRLY REPORT
MARCH 31, 2022

OUR VISION

To remain trust worthy to all stakeholders.

OUR MISSION **For our Customer**

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

For Employees

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

For our Shareholders

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

For our Society

We will maintain ethical standards and act as responsible corporate citizens 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

Mr. Haider Ali Khan (Acting)

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
National Bank of Pakistan
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 un-audited condensed Interim Financial Information of the Company for the nine months period ended March 31, 2022.

Operating and Financial Results

	March 31,2022 Rupees	March 31,2021 Rupees
Income from Finance Lease	19,844,813	3,317,470
Other operating income	<u>2,215,838</u>	<u>38,031,332</u>
Total income	<u>22,060,651</u>	<u>41,348,802</u>
Finance cost	<u>(28,759,244)</u>	<u>(27,879,543)</u>
Administrative and other operating expenses	<u>(32,760,141)</u>	<u>(26,901,170)</u>
Wright-off against loans and leases	-	-
Operating (Loss) / Profit before provision	<u>(39,458,734)</u>	<u>(13,431,911)</u>
Reversal / (provision) against leases, loans, receivables and investment properties	-	-
(Loss) / Profit before taxation	<u>(60,151,281)</u>	<u>1,772,317</u>
(Loss) / Profit after taxation	<u>(60,397,397)</u>	<u>1,741,051</u>
(Loss) / Earnings per share - basic	<u>(1.34)</u>	<u>0.04</u>

The total income earned during the period ended March 31, 2022 registered a decrease of 46.647% as compared to the income earned during corresponding period of 2021. The operating loss before provisions stood at Rs 39.45 million during the period under consideration (operating loss of Rs 13.43 million in 2021).

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 out of court settlements. The company has filed legal suits 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 recourses. The company is making intensive efforts 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 payments 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

27th April 2022 Karachi

STATEMENT OF FINANCIAL POSITION UN-AUDITED

As at 31 March 2022

	Note	March 31, 2022 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
(Rupees)			
ASSETS			
Current assets			
Cash and bank balances	5	2,431,522	1,571,466
Short term loans	6	128,281,135	128,281,135
Short term investments	7	54,271,335	54,265,866
Trade deposits and short term prepayments		979,657	1,060,466
Other receivables	8	229,131	229,131
Taxation-net		1,153,481	621,029
Current maturity of non-current assets	9	502,851,141	541,539,478
		690,197,403	727,568,571
Total current assets			
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	39,816,578	40,880,539
Intangible assets		-	-
Property, plant and equipment	13	61,990,323	64,410,010
Total non-current assets		101,806,900	105,290,549
Total Assets		792,004,303	832,859,120
LIABILITIES			
Current liabilities			
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	499,909,195	471,172,547
Accrued expenses and other payables	17	4,676,988	7,778,566
Current maturity of non-current liabilities	18	686,749,861	692,835,336
Unclaimed dividend		1,661,291	1,661,291
Preference dividend payable		-	-
Total current liabilities		1,398,798,923	1,379,249,328
Non-current liabilities			
Deferred tax liability - net		-	-
Long term finances	19	-	-
Total non-current liabilities		-	-
Total liabilities		1,398,798,923	1,379,249,328
NET ASSETS		(606,794,620)	(546,390,208)
FINANCED BY			
Authorized Share Capital			
100,000,000 (June 30, 2019: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2019: 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		(1,816,719,558)	(1,757,301,748)
Surplus on revaluation of property, plant and equipment - net of tax		31,555,199	32,534,786
Unrealised gain on re-measurement as at fair value through other comprehensive income	21	20,006,880	20,013,895
Accumulated actuarial (loss) / gain on defined benefit plan-net of tax		(999,666)	(999,666)
		(606,794,620)	(546,390,208)
CONTINGENCIES AND COMMITMENTS	22		

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


Chief Executive Officer


Director


Chief Financial Officer

PROFIT AND LOSS (UN-AUDITED)

For the quarter ended March 31, 2022

Note	Nine months period ended		Three months period ended		
	March 31,		March 31,		
	2022	2021	2022	2021	
	(Rupees)		(Rupees)		
Revenue					
Income from:					
Finance leases	23	19,844,813	3,317,470	211,944	816,160
Operating leases		-	-	-	-
		19,844,813	3,317,470	211,944	816,160
Other operating income	25	2,215,838	38,031,332	530,033	309,222
TOTAL INCOME		22,060,651	41,348,802	741,977	1,125,382
Expenses					
Finance cost	26	28,759,244	27,879,543	10,559,117	8,726,452
Administrative and operating expenses	27	29,097,819	23,690,106	5,662,374	7,515,366
Depreciation	28	3,662,322	3,211,064	1,068,342	1,069,638
Amount written-off directly against loans and lease receivables		-	-	-	-
Direct cost of operating leases		-	-	-	-
		61,519,385	54,780,713	17,289,833	17,311,456
Operating (Loss) / Profit before provisions		(39,458,734)	(13,431,911)	(16,547,856)	(16,186,074)
Reversals / (Provisions) for doubtful leases, loans and other receivables		(20,692,547)	15,204,229	(22,642,711)	7,431,657
Reversal / (impairment) on investment properties		-	-	-	-
		(20,692,547)	15,204,229	(22,642,711)	7,431,657
Profit / (Loss) before taxation		(60,151,281)	1,772,317	(39,190,567)	(8,754,418)
Taxation					
- Current		(246,116)	(31,266)	-	-
- Deferred		-	-	-	-
		(246,116)	(31,266)	-	-
Profit / (Loss) for the period		(60,397,397)	1,741,051	(39,190,567)	(8,754,418)
(Loss) / Earnings per share - basic	31	(1.34)	0.04	(0.87)	(0.19)
(Loss) / Earnings per share - diluted	31	(0.62)	0.02	(0.40)	(0.09)

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 quarter ended March 31, 2022

	Nine months period ended		Three months period ended	
	March 31, 2022	2021	March 31, 2022	2021
	(Rupees)		(Rupees)	
(Loss) / profit after taxation	(60,397,397)	1,741,051	(39,190,567)	(8,754,418)
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	(7,015)	12,211	(18,505)	721
Surplus recognized on revaluation of office premises carried out during the period	-	-	-	-
Deferred tax on above surplus	-	-	-	-
Total comprehensive income for the year	(60,404,412)	1,753,262	(39,209,072)	(8,753,697)

Surplus / (deficit) arising on revaluation of certain classes of property, plant and equipment has been reported in accordance with the requirements of the Companies Act, 2017, as a separate line item below equity.

The annexed notes from 1 to 33 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 quarter ended March 31, 2022

	Reserves					Surplus on revaluation of property, plant and equipment - net	Total
	Issued, subscribed and paid-up share capital	Non-referable Preference shares	Statutory reserves	Unrealised gain on re-measurement of available-for-sale investments	Accumulated actuarial gains/ loss on defined benefit plans - net of tax		
	Ordinary Shares						
Balance as at July 1, 2020	451,605,000	528,208,500	179,279,601	6,711	(999,666)	(1,759,685,558)	33,840,902 (567,756,932)
Total comprehensive income for the period							
- Profit after taxation	-	-	-	-	-	1,741,051	- 1,741,051
- Other comprehensive income							
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	12,211	-	-	979,389	- (979,389)
				12,211	-	2,720,640	(979,589) 1,732,262
Balance as at 31 March 2021	451,605,000	528,208,500	179,279,601	6,500	(999,666)	(1,756,964,918)	32,861,313 (566,903,620)
Balance as at July 1, 2021	451,605,000	528,208,500	179,549,025	20,013,895	(999,666)	(1,757,301,748)	32,534,786 (546,390,218)
Total comprehensive income for the period							
- Loss after taxation	-	-	-	-	-	(60,397,397)	- (60,397,397)
- Other comprehensive income							
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	(7,015)	-	979,387	- (7,015)
				(7,015)	-	979,387	(979,387) -
Balance as at 31 March 2022	451,605,000	528,208,500	179,549,025	21,006,880	(999,666)	(594,178,10)	31,555,199 (606,794,220)


Chief Executive Officer


Director


Chief Financial Officer

CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended March 31, 2022

	Note	Quarter ended	
		March 31, 2022	March 31, 2021
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES	29	(12,048,669)	(25,666,207)
Finance cost paid		(22,596)	(28,179)
Taxes paid		(286,336)	(219,136)
Finance lease rentals received		13,053,506	22,705,264
		12,744,574	22,457,949
<i>Net cash flows from operating activities</i>		695,905	(3,208,258)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(1,366,730)	-
Short term investments - net		195,133	794,917
Proceeds from sale of property, plant and equipment		1,328,570	709,100
Repayment of long term loans / Employees Advances		-	(24,149)
Dividend received		7,177	7,425
Net cash (used in) / from investing activities		164,150	1,487,293
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		-	(2,075,000)
Repayment of certificates of investment		-	-
<i>Net cash used in financing activities</i>		-	(2,075,000)
Net decrease in cash and cash equivalents during the period		860,055	(3,795,965)
Cash and cash equivalents at beginning of the period		1,571,466	4,978,655
Cash and cash equivalents at end of the period		2,431,522	1,182,691

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


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE FINANCIAL INFORMATION (UN-AUDITED)

For the quarter ended March 31, 2022

1. LEGAL STATUS AND OPERATIONS

1.1 Saudi Pak Leasing Company Limited ('the Company') was incorporated in Pakistan on 08 January 1991 under the Companies Ordinance, 1984 (now repealed with the enactment of the Company Act, 2017 on May 30, 2017) 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 since 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.

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 31 March, 2022 held 35.06% (June 30, 2021: 35.06%) of issued ordinary share capital of the Company and as of 31 March, 2022 held 63% (June 30, 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 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.

Leasing companies are facing liquidity crunch, consequently affected our Company as well. The Company is facing serious difficulties in recovery from customers. The management is trying its level best to recover stuck up debt as much as possible from the available means. It was kindly be noted that majority of the portfolio is in litigation since long and no tangible outcome happened except to consider out of court settlement with the approval of Board of Directors.

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. Further, in order to improve the financial health including equity position of the Company, the major share holder(s) is in the process of identifying strategic investors to inject funds into the Company. This will generally help revival of the Company.

The Company submitted its rehabilitation plan duly approved by its Board of Directors to the SECP. The plan envisages the revival of operation upon renewal of its license by SECP based on MER of Rs. 50 million upon meeting the condition.

2. BASIS OF PREPERATION

2.1 Statement of Compliance

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 Standard - 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 (NBFC Rules, 2003), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC

Notes to the Financial Statements*For the quarter ended March 31, 2022*

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.

These condensed interim financial statements have been prepared in accordance with the format generally followed for financial institutions and the provisioning requirements have been determined in accordance with requirements of the NBFC Regulations, 2008.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for plant and machinery which are stated at revalued amounts, investments carried at fair value through other comprehensive income.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The significant accounting policies 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, 2020 except that with effect from July 01, 2020, the Company has adopted the International Financial Reporting Standard (IFRS) 16 Leases which replaced the previous leases standard IAS 17 Leases. However, as permitted by paragraph C14 of IFRS 16, the Company has not made any adjustments on transition for leases in which it is a lessor and has accounted for its investment in finance leases applying IFRS 16 from the date of initial application i.e. July 01, 2020.

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect 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.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at and for the year ended 30 June 2021.

Quarterly Report March 31, 2022

For the quarter ended March 31, 2022

Notes to the Financial Statements

		March 31, 2022 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
5. 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		2,323,663	1,458,107
		<u>2,431,522</u>	<u>1,571,466</u>

- 5.1** This represents saving deposit accounts maintained with MCB Bank Limited caring mark-up at the rate of 5.5% (30 June 2021: 5.5%) per annum.

		March 31, 2022 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
6. SHORT TERM LOANS - Secured	Note		
Term loan to customers			
- Considered doubtful	6.1	165,231,135	165,231,135
Provision for non-performing loans		(36,950,000)	(36,950,000)
		<u>128,281,135</u>	<u>128,281,135</u>

- 6.1** 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. However, the accrual of such markup is suspended as required by prudential regulations.

		March 31, 2022 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
7. SHORT TERM INVESTMENTS	Note		
At fair value through other comprehensive income	7.1	40,315,010	40,322,025
At amortized cost	7.2	13,956,325	13,943,841
		<u>54,271,335</u>	<u>54,265,866</u>

7.1 Investments at fair value through other comprehensive income

Ordinary shares of listed companies	7.1.1	72,102	79,116
Ordinary shares of unlisted companies- at fair value	7.1.2	40,242,909	40,242,909
Other investment- at cost		25,758,520	25,758,520
		<u>66,073,531</u>	<u>66,080,545</u>
Unrealised gain on re-measurement of investments		-	-
Accumulated impairment		(25,758,520)	(25,758,520)
		<u>40,315,010</u>	<u>40,322,025</u>

Notes to the Financial Statements

For the quarter ended March 31, 2022

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

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

SPI Insurance Company Limited	40,242,909	40,242,909
	<u>40,242,909</u>	<u>40,242,909</u>

7.2 Investment at amortized cost

This represents investment in Government Market Treasury Bill having maturity on 28th April 2022 and carries effective mark-up at a rate of 10.2640% (30 June 2021: 7.342%) per annum.

		March 31, 2022 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
8. OTHER RECEIVABLES	Note		
Receivable on termination of finance leases		65,913,380	65,913,380
Staff gratuity- net defined benefit asset		-	-
Receivable from Ex-CEO (Mr. Tariq Masud)		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		(71,665,618)	(71,665,618)
		<u>229,131</u>	<u>229,131</u>
9. CURRENT MATURITY OF NON - CURRENT ASSETS			
Current portion of:			
Long term loans	10	47,433,850	47,433,850
Net investment in finance leases	11	455,417,292	494,105,628
		<u>502,851,141</u>	<u>541,539,478</u>
10. LONG TERM LOANS - secured			
Related party			
Due from employees - considered good		222,546	222,546
Other than related party			
Term loan to customers			
- Considered doubtful	10.1	100,164,030	100,164,030
		<u>100,386,576</u>	<u>100,386,576</u>
Provision for non-performing loans	10.2	(52,952,726)	(52,952,726)
		<u>47,433,850</u>	<u>47,433,850</u>
Current maturity of long term loans	9	(47,433,850)	(47,433,850)
		<u>-</u>	<u>-</u>

- 10.1** 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 2021: 16.00% to 22.66%) per annum.
- 10.2** The above provision for non-performing long term loans is net of forced sales value (FSVs) of collateral of Rs. 47.434 million (2021: Rs. 47.434 million) considered by the Company for the purpose of determination of provision requirements.

		March 31, 2022	June 30, 2021
		Rupees	Rupees
11. NET INVESTMENT IN FINANCE LEASES	Note	(Un-audited)	(Audited)
Minimum lease payments receivable		1,225,271,823	1,238,325,329
Add: Residual value of leased assets		299,140,179	305,225,654
Gross investment in finance leases		<u>1,524,412,002</u>	<u>1,543,550,983</u>
Less: Mark-up held in suspense	11.2	<u>(220,126,286)</u>	<u>(221,269,477)</u>
Net investment in finance leases		<u>1,304,285,716</u>	<u>1,322,281,506</u>
Less: Provision for potential lease losses	11.3	<u>(848,868,425)</u>	<u>(828,175,878)</u>
		<u>455,417,292</u>	<u>494,105,628</u>
Less: Current portion of net investment in finance leases	9	<u>(455,417,292)</u>	<u>(494,105,628)</u>
		<u>-</u>	<u>-</u>

- 11.1** The internal rate of return on old 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.

		March 31, 2022	June 30, 2021
		Rupees	Rupees
11.2 Mark-up held in suspense	Note	(Un-audited)	(Audited)
Balance at beginning of the year		221,269,477	224,495,717
Income suspended during the period		-	-
		<u>221,269,477</u>	<u>224,495,717</u>
charge for the period		-	-
reversal for the period		<u>(1,143,191)</u>	<u>(3,226,240)</u>
		<u>(1,143,191)</u>	<u>(3,226,240)</u>
Balance at the end of the period		<u>220,126,286</u>	<u>221,269,477</u>

11.3 Provision for lease losses

Balance at beginning of the year	828,175,878	855,315,284
Charge for the period	<u>23,470,448</u>	-
Reversal for the period	<u>(2,783,901)</u>	<u>(27,139,406)</u>
	<u>20,692,547</u>	<u>(27,139,406)</u>
Balance at end of the period	<u>848,868,425</u>	<u>828,175,878</u>

12. 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	<u><u>42,299,155</u></u>

Movement during the period ended March 31, 2021

Opening net book value	42,299,155
Depreciation charge	(1,063,959)
Closing net book value	<u><u>41,235,196</u></u>

As At March 31, 2021

Cost	66,160,092
Accumulated depreciation	(18,119,200)
Accumulated impairment	(6,805,696)
Net book value	<u><u>41,235,196</u></u>

As at July 01, 2021

Cost	66,160,092
Accumulated depreciation	(18,473,857)
Accumulated impairment	(6,805,696)
Net book value	<u><u>40,880,539</u></u>

Movement during the period ended March 31, 2022

Opening net book value	40,880,539
Depreciation charge	(1,063,959)
Closing net book value	<u><u>39,816,580</u></u>

As At March 31, 2022

Cost	66,160,092
Accumulated depreciation	(19,537,818)
Accumulated impairment	(6,805,696)
Net book value	<u><u>39,816,578</u></u>
Rate of depreciation (per annum)	<u><u>2.22% & 5%</u></u>

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For the quarter ended March 31, 2022

Notes to the Financial Statements

13. PROPERTY, PLANT AND EQUIPMENT	Note	March 31, 2022 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
Property, plant and equipment - own use		61,609,958	64,029,645
Property, plant and equipment - operating lease		380,365	380,365
		<u>61,990,323</u>	<u>64,410,010</u>

Additions - Cost

Owned assets

Building improvements	-	700,000
Vehicle	75,000	-
Office equipment	1,291,730	-
Total additions	<u>1,366,730</u>	<u>700,000</u>

Disposals - Cost

Owned assets

Vehicle	(2,352,595)	(964,000)
Total disposals	<u>(2,352,595)</u>	<u>(964,000)</u>

14. BORROWINGS FROM FINANCIAL INSTITUTIONS

Letter of placements - Unsecured

National Bank of Pakistan	14.1	77,500,000	77,500,000
Innovative Investment Bank Limited	14.2	60,000,000	60,000,000
Meezan Bank Limited	14.3	25,301,588	25,301,588
		<u>162,801,588</u>	<u>162,801,588</u>

14.1 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 31 March 2022, the Company has accrued a mark-up of Rs. 104.231 million.

14.2 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 31 March 2022, the Company has accrued a mark-up of Rs. 58.052 million.

14.3 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

Notes to the Financial Statements

For the quarter ended March 31, 2022

assets / collateral held by the Company against one of its non-performing borrowers and cash payment of Rs. 9.870 million as down payment. The Company made the down payment on 06 September 2012 and the collateral held by the Company against the non-performing borrower is to be transferred after the execution of a tripartite agreement between the Company, MEBL and the said borrower. The management is under a negotiation for an early execution of the said agreement. As per the restructuring terms, the finance carries no mark-up.

		March 31, 2022 Rupees (Un-audited)	June 30, 2021 Rupees (Audited)
15. CERTIFICATE OF INVESTMENT	Note	43,000,000	43,000,000
16. ACCRUED MARK-UP			
Mark-up on:			
- certificates of investment		113,921,619	109,090,355
- long term finances		49,553,578	48,198,655
- term finance certificates		174,290,276	161,859,049
- short term borrowings from financial institutions		162,143,722	152,024,488
		<u>499,909,195</u>	<u>471,172,547</u>
17. ACCRUED EXPENSES AND OTHER PAYABLES			
Accrued expenses		3,421,827	6,691,057
Salaries payable		-	6
Others		1,255,161	1,087,503
		<u>4,676,988</u>	<u>7,778,566</u>
18. CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current portion of:			
Certificate of investment		50,549,000	50,549,000
Long term finances	19	356,494,443	356,494,443
Security deposits against finance leases	20	279,706,419	285,791,894
		<u>686,749,861</u>	<u>692,835,336</u>
19. LONG TERM FINANCES			
Long term finances - secured	19.1	149,561,501	149,561,501
Long term finances - unsecured		5,703,696	5,703,696
	19.2	<u>155,265,197</u>	<u>155,265,197</u>
Term finance certificates - secured	19.3	201,229,246	201,229,246
		356,494,443	356,494,443
	18	<u>(356,494,443)</u>	<u>(356,494,443)</u>
Current maturity of long term finances		<u>-</u>	<u>-</u>

	Note	Principal Outstanding	
		March 31, 2022	June 30, 2021
19.2 Long term finances		----- (Rupees) -----	
Secured			
National Bank of Pakistan - II	19.2.1	12,500,000	12,500,000
First Women Bank Limited	19.2.2	75,061,505	75,061,505
Soneri Bank Limited	19.2.3	61,999,996	61,999,996
Un-secured			
Silk Bank Limited	19.2.4	5,703,696	5,703,696
		<u>155,265,197</u>	<u>155,265,197</u>

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 31 March 2021, 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 31 March 2022, the Company has accrued mark up of Rs. 17.378 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. However, the accrual of markup has been stopped as the result of confirmation of liability received by external auditor. As of 31 March 2021, the Company has accrued mark up of Rs. 24.05 million.

19.2.3 This represents finance of Rs. 115 million obtained from Soneri Bank Limited on 22 March 2010 mainly for lease financing activities. The finance was restructured by way of settlement agreement on 22 December 2010. As per the rescheduling terms the entire principal was payable in monthly instalments of Rs. 1 million starting from November 2010. The Company paid the instalments upto 16 March 2011. The Company restructured the loan by way of settlement agreement on 7 May 2013 to settle the loan through following terms:

- 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.

Notes to the Financial Statements

For the quarter ended March 31, 2022

- Rs. 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) 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.

The Company has settled the loan amounting to Rs. 43 million by way of cash payment of Rs. 25 million on 28 August 2013 (and has recognised a waiver of Rs 18 million against the said payment). The Company has also paid the instalments on due dates. As per the revised restructuring terms, this finance carries no mark-up.

19.2.4 This represents finance of Rs. 15.7 million obtained from Silk Bank Limited on 27 April 2009 against issuance of irrevocable letter of comfort to Silk Bank on account of Uni-Link International for opening of letter of credit. The Company has paid Rs. 4 million upto 31 March 2011. The finance has been restructured by way of a settlement agreement dated 12 September 2012. As per the agreement loan was to be settled by making down payment of Rs. 0.707 million and balance of Rs. 11 million was to be paid in 54 equal monthly instalments of Rs. 0.204 million per month. Five monthly instalments of Rs. 0.204 million each were paid by the Company upto November 2014 and since then the Company has not paid any amount. As of 31 March 2022, the Company has accrued a mark up of Rs. 8.1211 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. 21.3 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.

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

		March 31, 2022	June 30, 2021
		Rupees	Rupees
	Note	(Un-audited)	(Audited)
20. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES			
Security deposits against finance leases	20.1	279,706,419	285,791,894
Current maturity of deposits against finance leases	18	(279,706,419)	(285,791,894)
		<u>-</u>	<u>-</u>

- 20.1** This represents security deposits received from lessees under lease contracts and are adjustable on maturity of the respective leases.

21. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of property, plant and equipment	31,555,199	32,534,786
	<u>31,555,199</u>	<u>32,534,786</u>

22. 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.

	March 31, 2022	March 31, 2021
	(Un-audited)	(Unaudited)
	Rupees	Rupees
23. INCOME FROM FINANCE LEASES		
Income from finance lease contracts	1,143,191	2,739,718
Gain on termination of finance lease contracts	18,701,622	577,752
	<u>19,844,813</u>	<u>3,317,470</u>

Notes to the Financial Statements

For the quarter ended March 31, 2022

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. 750 million by 30 June 2011, 30 June 2012 30 June 2014 and 30 June 2015 respectively.

25. OTHER OPERATING INCOME

	March 31, 2022 Rupees (Un-audited)	March 31, 2021 (Unaudited) Rupees
Income from financial assets:		
- Dividend income	7,177	7,425
- Interest income from government securities	812,602	748,818
- Interest income from savings accounts	385,550	174,814
	1,205,328	931,057
Income from non-financial assets:		
- Gain on sale of property, plant and equipment	140,510	709,100
- Waiver on settlement of short/long term finances	-	36,308,915
- Others	870,000	82,260
	1,010,510	37,100,275
	2,215,838	38,031,332

26. FINANCE COST

Mark-up on:		
- Long term finances	1,354,923	1,384,925
- Term finance certificates	12,431,227	11,497,033
- Short term borrowings	10,119,234	10,119,234
Return on certificates of investment	4,831,264	4,850,172
Bank charges	22,596	28,179
	28,759,244	27,879,543

27. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, Allowances and Benefits	15,229,057	13,301,863
Board meeting expenses	4,100,000	2,550,000
Rent	503,360	519,329
Repairs and maintenance	1,745,033	1,734,629
Insurance	247,649	279,398
Utilities	700,141	422,978
Vehicle running expenses	883,139	279,468
Printing and stationery	265,491	104,441
Telephone and postage	360,170	387,062
Travelling and conveyance	43,800	469,312
Travelling and conveyance - Director's	1,277,174	-
Fee and subscriptions	959,429	67,990
Legal and professional charges	1,041,332	2,234,370
Advertising and entertainment	296,260	37,220
Auditors' remuneration	148,444	176,500
Miscellaneous	1,297,339	1,125,546
	29,097,819	23,690,106

Quarterly Report March 31, 2022

For the quarter ended March 31, 2022

Notes to the Financial Statements

	March 31, 2022 Rupees (Un-audited)	March 31, 2021 (Unaudited) Rupees
28. DEPRECIATION		
Depreciation on owned assets	2,598,360	2,147,102
Depreciation on investment properties	<u>1,063,962</u>	<u>1,063,962</u>
	<u>3,662,322</u>	<u>3,211,064</u>
29. CASH GENERATED FROM OPERATIONS		
(Loss) / profit for the period before taxation	(60,151,281)	1,772,317
Adjustment for non cash charges and other items :		
Depreciation - owned assets	2,598,360	2,147,102
Depreciation - investment properties	1,182,180	1,063,962
Income on finance lease contracts	(1,143,191)	(2,739,718)
Financial charges and other charges	28,759,244	27,879,543
Provision / (reversals) for doubtful leases, loans and other receivables	20,692,547	(15,204,229)
Dividend income	(7,177)	(7,425)
Interest income from government securities	(812,602)	(748,818)
Gain on sale of property, plant & equipment	(140,510)	(709,100)
Gain on settlement of loans	-	(36,308,915)
	<u>51,128,850</u>	<u>(24,627,598)</u>
(Loss)/profit before working capital changes	<u>(9,022,430)</u>	<u>(22,855,281)</u>
Working capital changes		
Short term loans	-	-
Short Term Investments	(5,469)	554,494
Trade deposits and short term prepayments / other receivables	80,809	(50,789)
Accrued and other payables	<u>(3,101,578)</u>	<u>(3,314,632)</u>
Cash (used in) / generated from operations after working capital changes	<u>(3,026,239)</u>	<u>(2,810,927)</u>
	<u>(12,048,669)</u>	<u>(25,666,207)</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:

	March 31, 2022 Rupees (Un-audited)	March 31, 2021 (Unaudited) Rupees
Key management personnel		
Remuneration to key management personnel	<u>6,566,157</u>	<u>4,632,292</u>
Other related parties		
Payments to provident fund	<u>68,000</u>	<u>382,500</u>

Notes to the Financial Statements

For the quarter ended March 31, 2022

	March 31, 2022 Rupees (Un-audited)	March 31, 2021 (Unaudited) Rupees
31. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		
(Loss) / Profit after taxation attributable to ordinary shareholders	<u><u>(60,397,397)</u></u>	<u><u>1,741,051</u></u>
	(Number)	
Weighted average number of ordinary shares	<u><u>45,160,500</u></u>	<u><u>45,160,500</u></u>
	(Rupees)	
(Loss) / Earnings per share - Basic	<u><u>(1.34)</u></u>	<u><u>0.04</u></u>
(Loss) / Profit after taxation attributable to ordinary shareholders - net of dilution effect	<u><u>(60,397,397)</u></u>	<u><u>1,741,051</u></u>
	(Number)	
Weighted average number of ordinary shares - net of dilution effect	<u><u>97,981,350</u></u>	<u><u>97,981,350</u></u>
	(Rupees)	
(Loss) / Earnings per share - Diluted	<u><u>(0.62)</u></u>	<u><u>0.02</u></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 **April 27th, 2022** by the Board of Directors.

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




Chief Executive Officer



Director



Chief Financial Officer



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