SAUDI PAK L E A S I N G

HALF YEARLY Report

OUR VISION

To remain trust worthy to all stakeholders.

OUR MISSION For our Customer

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

For Employees

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

For our Shareholders

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

For our Society

We will maintain ethical standards and act as responsible corporate citizens

CORPORATE STRATEGY

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

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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
Mr. Muhammad Waqar	Independent Director
Syed Najmul Hasnain Kazmi	Independent Director

AUDIT COMMITTEE ELECTED ON JANUARY 29,2019

Syed Najmul Hasnain Kazmi	Chairman
Mr. Muhammad Waqar	Member
Mr. Niaz Ahmed Khan	Member (Appointed on 28-09-22)

HR & REMUNERATION COMMITTEE ELECTED ON JANUARY 29, 2019

Mr. Niaz Ahmed Khan	Chairman
Mr. Ahsanullah	Member
Syed Najmul Hasnain Kazmi	Member (Appointed on 28-09-22)

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Mr. Ahsanu**ll**ah

COMPANY SECRETARY Mr. M. Imtiaz Ali

CHIEF FINANCIAL OFFICER

Mr. Amir Rasool (Acting)

HEAD OF INTERNAL AUDIT & COMPLIANCE

Mr. Haider Ali

M/s. UHY Hassan Naeem & Co Chartered Accountants

AUDITORS

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

LEGAL ADVISOR

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

BANKS

MCB Bank Limited Faysal Bank Limited Samba Bank Limited

REGISTERED OFFICE

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

BRANCH

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

CONTACT DETAILS

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

REGISTRAR AND SHARE TRANSFER OFFICE

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

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, 2022 duly reviewed by the external auditors of the Company.

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Operating and Financial Results:	December 31,2022 (Ruj	December 31,2021 pees)
Income from Finance Lease	7,468,506	19,632,869
Other operating income	6,852,457	1,685,805
Total income	14,320,963	21,318,674
Finance cost	(22,955,220)	(18,200,127)
Administrative and other operating expenses	(21,394,721)	(23,435,445)
Wright-off against loans and leases	-	-
Operating (Loss) / Profit before provision	(30,028,978)	(20,316,898)
Reversal / (provision) against leases, loans, receivables and investment properties	4,364,284	1,950,164
(Loss) / Profit before taxation	(25,664,691)	(18,366,734)
(Loss) / Profit after taxation	(19,429,142)	(18,612,850)
(Loss) / Earnings per share - basic	(0.43)	(0.41)

The total loss earned during the half year ended December 31, 2022 registered a decrease of 33% when compared to income during corresponding period of 2021. The operating Loss before provision stood at Rs 30.029 million during periods under consideration (operating Profit of Rs 20.317 million in 2021).

The company has been facing serious challenges for recovery of 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 where feasible 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 financial position of the company is expected to improve in the near future. It may kindly be noted that major shareholder SAPICO has decided to divest its shares to any new investor, who could resolve the problems faced by the company and their negotiation is at advance stage which is under the knowledge of SECP, the regulatory authority.

For & on behalf of the Board

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Ahsanullah Khan Director / CEO

Karachi: 15th February 2023



UHU Hassan Naeem & Co. Chartered Accountants

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

INDEPENDENT AUDITOR'S REVIEW REPORT

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To the members of Saudi Pak Leasing Company Limited

Report on review of Condensed 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 2022 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.

The figures for the quarter ended 31December 2022 and 31 December 2021 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.

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.

Basis for Adverse Conclusion

Going Concern Assumption is not appropriate

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. 19.43 million during the half year ended December 31, 2022 (net profit during 31 December 2021: Rs.18.61 million) and as of the date its accumulated losses amounted to Rs. 1.839 billion (30 June 2022: Rs.18.21 billion), its negative equity stood at Rs. 615.494 million (30 June 2022: Rs.611.548 million) and its current liabilities exceeded current assets by Rs. 735.909 million (30 June 2022: Rs. 712.183 million. Further, due to liquidity crisis, the Company was unable to meet its financial obligation of Rs. 69.638 million in principal and Rs. 534.974 million in accrued markup.

These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate, consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

A member of UHY International, a network of independent accounting and consulting firms. Lahore Offfice: 193-A, Shah Jamal, Lahore -54000, (Rakistan) Islamabad Office: West Lover Ground, Pak Plaza (19-A) Fazi-e-Haq Road, Blue Area, Islamabad (Pakistan).

MEMBER OF THE FORUM OF FIRMS

UHU Hassan Naeem & Co. Chartered Accountants

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

As disclosed in the notes 15.3 and 19.1 to the financial statements, the company has not charged finance cost on the short term and long term borrowings from some financial institutions. We estimated that accrued markup would have been increased by Rs. 48.45 million (June 2022: 49.39 million) had the markup on borrowings been booked.

Adverse Conclusion

Our review indicates that, because of the significance of the matters discussed in basis for the adverse conclusion paragraph above, these accompanying condensed interim financial statements for the half year ended December 31, 2022 have not been prepared, in all material respects, in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Ithy Herr Nam. C.

KARACHI DATE: 17 February 2023 UDIN: RR202210215wtufjieLN

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION UN-AUDITED

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	31 December 2022	30 June 2022
ASSETS		(Rupe	es)
Current assets			
Cash and bank balances	6	30,082,907	253,806
Short term loans	7	118,355,176	136,636,011
Short term investments	8	54,295,151	54,220,500
Trade deposits and short term prepayments		1,169,177	979,871
Other receivables	9	10,000	-
Taxation - net		1,540,260	1,250,545
Current maturity of non-current assets	10	478,006,167	489,385,960
Total current assets		683,458,838	682,726,693
Non-current assets			
Long-term loans	11	-	-
Net investment in finance leases	12	-	-
Investment properties	13	38,752,616	39,461,923
Property, plant and equipment	14	81,672,816	61,172,944
Total non-current assets		120,425,432	100,634,867
Total Assets		803,884,270	783,361,560
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	15	162,801,588	162,801,588
Certificates of investment		43,000,000	43,000,000
Accrued mark-up	16	534,974,819	512,034,439
Accrued expenses and other payables	17	7,292,174	5,773,867
Current maturity of non-current liabilities	18	669,638,793	669,638,793
Unclaimed dividend		1,661,291	1,661,291
Total current liabilities		1,419,368,665	1,394,909,978
Non-current liabilities			
Certificates of investment		-	-
Long term finances	19	-	-
Security Deposits against Finance Leases	20	-	-
Total non-current liabilities		-	-
Total liabilities		1,419,368,665	1,394,909,978
NET ASSETS		(615,484,395)	(611,548,418)
FINANCED BY			
Authorized Share Capital			
100,000,000 (June 30, 2022: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2022: 100,000,000) preference shares of Rs. 10/-each		1,000,000,000	1,000,000,000
		2,000,000,000	2,000,000,000
Issued, subscribed and paid-up share capital - 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		(1,839,911,684)	(1,821,135,601
Surplus on revaluation of property, plant and equipment - net of deferred tax	21	46,072,152	31,228,670
Unrealised gain on re-measurement as at fair value through			
other comprehensive income		19,992,278	19,995,654
Accumulated actuarial loss on defined benefit plan-net of tax		(999,666)	(999,666)
		(615,484,395)	(611,548,418)
CONTINGENCIES AND COMMITMENTS	22		
The annexed notes from 1 to 33 form an integral part of this condensed interim financial informati	ion.		
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Chief Executive Officer

Director

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Chief Financial Officer

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CONDENSED INTERIM STATEMENT PROFIT OR LOSS UN-AUDITED

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Six months period ended Three months p				•		
		31 December		31 Decer	mber		
		2022	2021	2022	2021		
	Note		(Rupe	ees)			
Revenue from finance lease	23	7,468,509	19,632,869	(3,427,536)	466,158		
Administrative and operating expenses	26	(21,394,721)	(23,435,445)	(14,023,760)	(15,854,610)		
Revesrsal for doubtful lease receivable	_	4,364,284	1,950,164	1,346,685	992,868		
		(9,561,928)	(1,852,412)	(16,104,611)	(14,395,584)		
Finance cost	25	(22,955,220)	(18,200,127)	(9,529,871)	(9,929,775)		
Other operating income	24	6,852,457	1,685,805	5,305,048	940,378		
Profit / (Loss) before taxation		(25,664,691)	(18,366,734)	(20,329,434)	(23,384,981)		
Taxation	27	6,235,549	(246,116)	6,235,549	(246,116)		
Profit / (loss) for the period	_	(19,429,142)	(18,612,850)	(14,093,885)	(23,631,097)		
Earnings/(loss) per share - basic	30	(0.43)	(0.41)	(0.31)	(0.52)		

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

Chief Executive Officer

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Chief Financial Officer

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME UN-AUDITED

FOR THE PERIOD ENDED 31 DECEMBER 2022

	-	Six months period ended 31 December		period ended ember
	2022	2021	2022	2021
		(Rupe	ees)	
Profit/(loss) after taxation	(19,429,142)	(18,612,850)	(14,093,885)	(23,631,097)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Unrealised (loss) / gain on re-measurement of available for sale investments	-	(3,208)	-	-
Surplus recognized on revaluation of office premises carried out during the period	- 21,826,114	-	-	-
Deferred tax on above	(6,329,573) 15,496,541	-		-
Total comprehensive income for the year	(3,932,601)	(18,616,058)	(14,093,885)	(23,631,097)

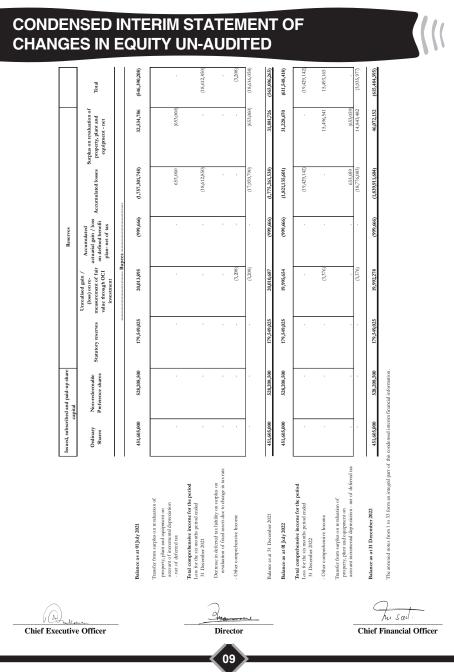
The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.

Chief Executive Officer

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Chief Financial Officer

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

FOR THE FERIOD ENDED ST DECEMBER 2022		Six months per 31 Decen	
		2022	2021
	Note -	(Rupees	;)
CASH FLOWS FROM OPERATING ACTIVITIES	28	8,696,460	(5,341,608)
Finance cost paid		(14,840)	(14,097)
Taxes paid		(289,715)	(688,305)
Interest receivable from Govt. Securities - T-Bills		70,242	181,969
Financial lease rentals received		19,856,794	11,580,702
		19,622,481	11,060,269
Net cash flows utilized in operating activities		28,318,941	5,718,661
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(195,500)	(71,730)
Short term investments - net		(74,651)	(64,027)
Interest Income Received / Others		1,775,857	898,770
Proceeds from disposal of property, plant and equipment		-	1,328,570
Dividend received		4,454	4,703
Net cash generated from investing activities		1,510,160	2,096,286
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		-	-
Net cash used in financing activities	I		-
Net decrease in cash and cash equivalents during the period		29,829,101	7,814,947
Cash and cash equivalents at beginning of the period		253,806	1,571,466
Cash and cash equivalents at end of the period		30,082,907	9,386,413
-			

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

Chief Executive Officer

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Chief Financial Officer

Director



SELECTED NOTES TO THE FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

1. LEGAL STATUS AND OPERATIONS

1.1 Saudi Pak Leasing Company Limited (the Company) was incorporated in Pakistan on January 08, 1991 under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchanges Limited. 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 subsequently has been cancelled on June 30, 2021. The company has not been able to obtain renewal thereof from SECP as the legal requirements laid down in this respect could not be met by the company, despite all out efforts under force majeure circumstances.

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

- **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, 2022, the Company has suffered a loss amounting Rs. 19.429 million (December 31, 2021: Loss Rs. 18.613 million) and accumulated losses as of that date amounted Rs. 1.8399 billion (June 30, 2022: Rs. 1.8211 billion), its negative equity stood at Rs. 615.484 million (June 30,2022: Rs. 611.548 million) and its current laibilties exceeded current assets by Rs. 735.910 million (June 30,2022: 712.183 million).
- We have been informed by M/s. Ansari Brothers (Pvt.) Ltd. (Prospective Buyer of 35% shares owned by SAPICO) through their Manager to the offer has withdrawn their Public Announcement to acquire 15,835,403 ordinary shares (35.06% of the total ordinary shares) and 33,320,840 preference shares (63.08% of the total preference shares) to become major shareholder of the company (SPLC) vide their letter dated 2nd December, 2022 and made again public announcement of their intention to acquire the same stake in SPLC and become major shareholder of the company (SPLC) vide their letter dated December 5, 2022, both these letters were addressed to the MD, PSX ,Karachi and ED, SECP, Islamabad, under intimation to us.
- 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, 2022, total outstanding principal and accrued markup on which defaults were made amounted to Rs. 607.845 million (June 30, 2022: 612.845 million) and Rs. 534.975 million (June 30, 2022: Rs. 512.034 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.

- 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, mortgagee 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, 2022, the company's investment in lease assets was 53% (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 Act, 2017, NBFC Rules, 2008 and NBFC Regulations, 2008 shall prvail."



- 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 comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2022 has been extracted from the audited financial statements of the Company for the year ended June 30, 2022, 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, 2022.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2022.

2.4 BASIC OF MEASUREMENT

These financial statements have been prepared under historied cost convention except office premesis and investment classified as fair value through other comrehensive income and are marked to market.

2.5 FUNCTIONAL & PREPARAT CURRENCY

These financial statements are presented in rupe, which is presentation and functional currency of the company. All financial information has been round if to nearest rupee.

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 for the year ended June 30, 2022.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates, assumptions and judgments made in the preparation of these condensed interim financial statements are substantially the same as those applied in the preparation of audited financial statements for the year ended June 30, 2022.

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, 2022.

			December 31 2022	June 30 2022
6.	CASH AND BANK BALANCES	Note	(Rupees	;)
	Cash in hand Balance with State Bank of Pakistan in current account - local currency		75,000 30,449	75,000 32,859
	Balances with other banks: - in saving accounts		29,977,458	145,947
	-	-	30,082,907	253,806

6.1 This represents saving deposit accounts maintained with various commercial banks at mark-up rate of 15.23% (30 June 2022: 5.5%) per annum.

7.	SHORT TERM LOANS - Secured	Note	December 31 2022 (Rupe	June 30 2022 ees)
	Term loan to customers - Considered doubtful Provision for non-performing loans	7.2	146,950,300 (28,595,124)	165,231,135 (28,595,124)
			118,355,176	136,636,011

7.1 This represents term finance facilities provided to customers and carries mark-up ranging from 16.25% to 25% (30 June 2022: 16.25% to 25%) per annum.

7.2	Provision for non-aaperforming loans		
	Balance at beginning of the year	28,595,124	36,950,000
	Charge for the period / year	-	3,375,000
	Reversal during the period / year	-	(11,729,876)
	Balance at end of the period / year	28,595,124	28,595,124

7.2.1 The above provision for non-performing loans is net of forced sales value (FSVs) of collaterals of Rs.118.355 million (30 June 2022: Rs. 136.636 million) considered by the Company for the purpose of determination of provision requirements.

8. SHORT TERM INVESTMENTS

	At fair value through other comprehensive At amortized cost	8.1 8.2	40,300,407 13,994,744 54,295,151	40,303,784 13,916,716 54,220,500
8.1	Investment at fair value through other comprehensive income			
	Ordinary shares of listed company	8.1.1	57,499	60,875
	Ordinary shares of unlisted company	8.1.2	40,242,909	40,242,909
	Other investment at cost	8.1.3	25,758,520	25,758,520
			66,058,928	66,062,304
	Unrealised gain/(loss)		-	-
	Accumulated impairment on Club membership cards		(25,758,520)	(25,758,520)
	1 I		40,300,408	40,303,784
		1.007		

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 represents the investments made by the company in Government Market Treasury Bills carring mark-up at a rate of 15.70% (30 June 2022: 14.19%) Per annum.

9. OTHER RECEIVABLES

Receivable from provident fund and terminated lease	71,904,749	71,894,749
Provision against doubtful receivables	(71,894,749)	(71,894,749)
	10,000	-

10. CURRENT MATURITY OF NON - CURRENT ASSETS

	Current portion of:			
	Long term loans	11	51,983,130	51,983,130
	Net investment in finance leases	12	426,023,038	437,402,830
			478,006,167	489,385,960
11.	LONG TERM LOANS - secured			
	Due from employees - considered good		222,546	222,546
	Term loan to customers			
	- Considered doubtful		100,164,030	100,164,030
			100,386,576	100,386,576
	Provision for non-performing loans		(48,403,446)	(48,403,446)
			51,983,130	51,983,130
	Current maturity of long term loans		(51,983,130)	(51,983,130)
			-	

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 2022: 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. 51.983 million (30 June 2022: Rs. 51.983 million) considered by the Company for the purpose of determination of provision requirements.

			December 31 2022	June 30 2022
12.	NET INVESTMENT IN FINANCE LEASES	Note	Rup	
	Minimum lease payments receivable Add: Residual value of leased assets		1,203,093,669 282,029,108	1,222,950,463 282,029,108
	Gross investment in finance leases		1,485,122,777	1,504,979,571
	Less: Unearned lease income		-	-
	Mark-up held in suspense	12.2	(215,856,641)	(219,969,250)
			(215,856,641)	(219,969,250)
			1,269,266,136	1,285,010,321
	Less: Provision for potential lease losses	12.3	(843,243,099)	(847,607,491)
	Provision for potential lease losses		426,023,037	437,402,830
	Less: Current portion of net investment in finance leases		(426,023,038)	(437,402,830)

12.1 The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% (June 30 2022: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finances obtained (refer note no 19.1.1).

12.2 Mark-up held in suspense		
Balance at beginning of the year	219,969,250	221,269,477
Income suspended during the period / year		
	219,969,250	221,269,477
- realised / reversal during the peiod / year	(4,112,609)	(1,300,227)
 written-off during the period / year 	-	-
	(4,112,609)	(1,300,227)
Balance at the end of the period / year	215,856,641	219,969,250

12.3	Provision for lease losses		December 31 2022 (Rupe	June 30 2022 es)
12.5	Balance at beginning of the year	Note	847,607,491	828,175,878
	Charge for the period/year		-	58,437,128
	Reversal for the period/ year		(4,364,392)	(39,005,515)
	1 , 2		(4,364,392)	19,431,613
	Write-offs against provision		-	-
	Balance at end of the period / year		843,243,099	847,607,491
13.	INVESTMENT PROPERTIES			
	As at July 01			
	Cost		66,160,092	66,160,092
	Accumulated depreciation		(19,892,473)	(18,473,857)
	Accumulated impairment		(6,805,696)	(6,805,696)
			(26,698,169)	(25,279,553)
	Net book value		39,461,923	40,880,539
	Movement during the period ended December 31			
	Opening net book value		39,461,923	40,880,539
	Depreciation charge		(709,307)	(709,306)
	Closing net book value		38,752,616	40,171,233
	At December 31			
	Cost		66,160,092	66,160,092
	Accumulated depreciation		(20,601,780)	(20,601,780)
	Accumulated impairment		(6,805,696)	(6,805,696)
			(27,407,476)	(27,407,476)
	Net book value		38,752,616	38,752,616
	Rate of depreciation (per annum)		2.22%	-5%
14.	PROPERTY, PLANT AND EQUIPMENT			
	Property, plant and equipment - own use		81,292,451	60,792,579
	Property, plant and equipment - operating lease		380,365	380,365
			81,672,816	61,172,944
	Additions for the period / year- at cost			
	Owned assets			
	Office Premises		21,826,114	-
	Vehicle		127,000	75,000
	Office equipment		68,500	1,291,730
	Total additions		22,021,614	1,366,730
	Disposals - Cost			
	Owned assets			
	Vehicles			(2,352,595)
	Total disposals			(2,352,595)

During the year office premesis were revalued by M/S Fair water property values & Surveyors (private) Ltd on December 31, 2022. Fair Market value was assessed to be Rs. 79,332,000/- resulting on Increase in carrying value by Rs. 21,826,411/-

			31 December 2022	June 30, 2022
15.	BORROWINGS FROM FINANCIAL INSTITUTIONS			2022 Dees
	Letter of placements - Unsecured		Ruj	
	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
		_	162,801,588	162,801,588

15.1 This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on April 01, 2010 at a rate of 11.20% per annum. As of Dec 31, 2022, the Company has accrued a mark-up in this finance amounting to Rs. 108.583 million (June 30, 2022: Rs. 106.395 million).

- 15.2 This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on December 03, 2010 at a rate of 8% per annum. As of Dec 31, 2022, the Company has accrued a mark-up on this finance amounting to Rs. 60.458 million (June 30, 2022: Rs. 59.248 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. As per the revised restructuring terms, the finance carries no mark-up.

	-	31 December	June 30,
16.	ACCRUED MARK-UP	2022	2022
	Mark-up on:	Rup	ees
	- certificates of investment	118,701,274	115,532,443
	- long term finances	50,791,384	50,169,099
	- term finance certificates	196,579,973	180,828,408
	- short term borrowings from financial institutions	168,902,188	165,504,489
		534,974,819	512,034,439
17.	ACCRUED EXPENSES AND OTHER PAYABLES		
	Accrued expenses	5,632,649	4,360,236
	Others	1,659,525	1,413,631
		7,292,174	5,773,867
18.	CURRENT MATURITY OF NON- CURRENT LIABILITIES		
	Certificate of investment	50,549,000	50,549,000
	Long term finances 12	356,494,443	356,494,443
	Security deposits against finance leases 20	262,595,351	262,595,351
		669,638,794	669,638,794
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.	155,265,197	155,265,197
	Term finance certificates - secured 19.2	201,229,246	201,229,246
		356,494,443	356,494,443
	Current maturity of long term finances	(356,494,443)	(356,494,443)

19.1	LONG TERM FINANCES				Principal Outstanding		
	Classification Tenure From To		Markup	Note	Dec. 31, 2022	Jun. 30, 2022	
			То		-	(Rup	ees)
	Secured						
	National Bank of Pakistan	Mar-05	Mar-10	6 M KB + 1.5%	19.1.2	12,500,000	12,500,000
				(payable semi annually)			
	First Women Bank Limited	Dec-08	Dec-12	Fixed at 12%	19.1.3	75,061,505	75,061,505
				(payable monthly)			
	Soneri Bank Limited	May-13	Sep-14	-	19.1.4	61,999,996	61,999,996
	Un secured						
	Silk Bank Limited	Sep-12	Mar-17	-	19.1.5	5,703,696	5,703,696
						155,265,197	155,265,197

19.1.1 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.

- 19.1.2 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). at the rate of 6-month KIBOR + 1.5% payable semi-annually. As of Dec 31, 2022, the Company had accrued marke-up amounting to Rs. 18.217 million (June 30, 2022: Rs. 17.796 million).
- 19.1.3 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, 2022, the Company had accrued mark-up of Rs. 24.054 million (June 30, 2022; Rs. 24.054 million).
- 19.1.4 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 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.

- 19.1.5 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. As of December 31, 2022, the Company had accrued a markup of Rs. 8.520 million (June 30, 2022: Rs. 8.319 million).
- 19.2 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. 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).

		31 December 2022	June 30, 2022
20.	SECURITY DEPOSITS AGAINST FINANCE LEASES	Rup	ees
	Adjustable security deposits against finance leases	262,595,351	262,595,351
	Current maturity of deposits against finance lease	(262,595,351)	(262,595,351)
			-
21.	SURPLUS ON REVALUATION OF ASSETS		
	At the beginning of the year	43,984,040	45,823,640
	Effect of revaluation	21,826,114	-
		65,810,154	45,823,640
	Incremental depreciation transferred to retained earnings	(919,802)	(1,839,600)
		64,890,352	43,984,040
	Related deferred tax charge		
	At the beginning of the year	(12,755,370)	(13,288,854)
	Effect of revaluation carried out during the year	(6,329,573)	-
	Incremental deprecaition transferred to reatined earnings	266,743	533,484
		(18,818,200)	(12,755,370)
		46,072,152	31,228,670

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, 2022.

	December 31	December 31
23. INCOME FROM FINANCE LEASES	2022	2021
	Rup	ees
Markup recovery on finance lease contracts	4,112,609	1,128,239
Other recoveries and settlement gain on finance leases	3,355,900	18,504,630
_	7,468,509	19,632,869
24. OTHER OPERATING INCOME		
Income from financial assets:		
- Dividend income	4,454	4,703
- Capital gain on sale of investments	-	-
- Interest income from government securities	1,059,416	440,465
- Interest income on term loans	868,743	-
- Penal charges on term loan	3,992,318	-
- Return on certificates of deposit	-	-
- Interest income from savings accounts	912,526	245,128
_	6,837,457	690,296
Income from non-financial assets:		
- Gain on sale of property, plant and equipment	-	140,510
- Others	15,000	855,000
	15,000	995,510
	6,852,457	1,685,806

		31 December 2022	31 December 2021
25.	FINANCE COST		ipees
20.			-
	- Long term finances	622,285	868,156
	- Term finance certificates	15,751,565	7,284,334
	- Short term borrowings Return on certificates of investment	3,397,699	6,795,398
		3,168,831	3,238,142
	Bank charges	<u> </u>	14,097 18,200,127
26.	ADMINISTRATIVE AND OPERATING EXPENSES		10,200,127
20.			
	Salaries, Allowances and Benefits	8,265,538	10,684,023
	Board meeting expenses	1,800,000	2,600,000
	Rent	542,080	464,640
	Repairs and maintenance	1,217,909	1,156,515
	Insurance	119,077	191,053
	Utilities	663,655	690,126
	Vehicle running expenses	890,144	540,588
	Printing and stationery	163,140	214,561
	Telephone and postage	290,439	239,080
	Travelling and conveyance	600	36,300
	Travelling and conveyance - Director's	455,549	1,000,303
	Fee and subscriptions	1,125,823	380,034
	Legal and professional charges	2,584,019	622,399
	Advertising and entertainment	38,250	270,510
	Auditors' remuneration	156,000	148,444
	Depreciation	2,230,601	2,593,980
	Leave Encashment	198,333	793,333
	Miscellaneous	653,564	809,556
		21,394,721	23,435,445
27.	TAXATION		
	Current charge	94,024	246,116
	Deferred tax	(6,329,573)	-
		(6,235,549)	246,116

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

28. CASH GENERATED FROM OPERATIONS

(Loss) / profit for the period before taxation	(25,664,691)	(18,366,734)
Adjustment for non cash charges and other items :		
Depreciation - owned assets	1,521,293	1,884,672
Depreciation - investment properties	709,308	709,308
Income from finance leases	(4,112,609)	(1,128,239)
Income from term loan	(868,743)	-
Financial charges and other charges	22,955,220	18,200,127
(Provision) / reversals for doubtful leases, loans and other receivables	(4,364,284)	(1,950,164)
Dividend income	(4,454)	(4,703)
Interest income from government securities / saving accounts	(1,059,416)	(440,465)
Gain on sale of property, plant & equipment / others	-	(140,510)
Other Income	(15,000)	(855,000)
	14,761,315	16,275,025
(Loss)/profit before working capital changes	(10,903,376)	(2,091,708)
Working capital changes		
Short term loans	18,280,835	-
Trade deposits and short term prepayments	(189,306)	169,782
Other Receivables	(10,000)	-
Accrued expenses and other payables	1,518,307	(3,419,682)
	19,599,836	(3,249,900)
Cash (used in) / generated from operations after working capital changes	8,696,460	(5,341,608)

29. 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:

	Directors' fee		
	Fee	1,800,000	2,600,000
	Key management personnel		
	Remuneration to key management personnel	3,627,342	3,627,432
	Other related parties		
	Payments to provident fund	85,000	212,500
30.	EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		
	Profit / (Loss) after taxation attributable to ordinary shareholders	(19,429,142)	(18,612,850)
		(Number)	
	Weighted average number of ordinary shares	45,160,500	45,160,500
		(Ruj	pees)
	Earnings / (Loss) per share - Basic	(0.43)	(0.41)
	Profit / (Loss) after taxation attributable to ordinary shareholders	(19.429.142)	(18,612,850)
	Profit / (Loss) after taxation attributable to ordinary shareholders - net of dilution effect	(19,429,142)	(18,612

Weighted average number of ordinary shares

- net of dilution effect	97,981,350 97,981,350	
	(Rupees)	
Earnings / (Loss) per share - Diluted	(0.20) (0.19)	

31. FAIR VALUE OF ASSETS AND LIABILITIES

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2022. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended June 30, 2022.

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: Quoted prices in active markets for identical assets and liabilities	
Obseervable Inputs; and	Level 2:
Unobservable inputs.	Level 3:

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

Level 1	Level 2	Level 3
	(Rupees)	
-	79,332,000	-
57,499		40,242,909
57,499	79,332,000	40,242,909
-	59,122,943	-
60,875		40,242,909
60,875	59,122,943	40,242,909
	57,499 57,499 60,875	- 79,332,000 57,499

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

32. 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.

33. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on February 15, 2023 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

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Chief Financial Officer

Director

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