

**SAUDI PAK LEASING COMPANY
LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
DECEMBER 31, 2023**

DIRECTORS'REVIEW

The Directors of Saudi Pak Leasing Company Limited are pleased to present the Condensed Interim Financial Information of the Company for the six months period ended December 31, 2023 duly reviewed by the external auditors of the Company.

Operating and Financial Results

	December 31, 2023 Rupees	December 31, 2022 Rupees
Income from finance and operating leases	61,725,156	7,468,509
Other operating income	71,260,098	6,852,457
Total income	132,985,254	14,320,966
Finance cost	(24,706,428)	(22,955,220)
Administrative and other operating expenses	(21,460,279)	(21,394,721)
Write-offs against loans and leases	-	-
Operating (loss) / profit before provisions	86,818,547	(30,028,975)
Reversal / (provision) against leases, loans, receivables and investment properties	21,819,004	4,364,284
(Loss) / Profit before taxation	108,637,551	(25,664,691)
Taxation-Current	1,608,127	6,235,549
(Loss) / Profit after taxation	107,029,424	(19,429,142)
(Loss) / Earnings per share – basic	2.37	(0.43)

The total income earned during the half year ended December 31, 2023 registered an increase of 829% as compared to the income during corresponding period of 2022. The operating profit before provisions stood at Rs 86.818 million during the period under consideration (operating loss of Rs 30,029 million in 2022).

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 settlements and salvaging the investments only. 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 to minimize negative equity and accumulated loss. The said liabilities settlements are 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 to meet MER (Minimum Equity Requirement) and simultaneously to divert line of business with the approval of SECP.

For and on behalf of the Board



Niaz Ahmed Khan
CEO & Managing Director

Karachi: 27 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

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 2023 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 these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for condensed interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures for the quarter ended 31 December 2023 and 31 December 2022 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 earned net profit of Rs. 107.03 million during the half year ended December 31, 2023 (net loss during 31 December 2022: Rs.19.43 million) and as of the date its accumulated losses amounted to Rs. 1.697 billion (30 June 2023: Rs 1.804 billion), its negative equity stood at Rs. 463.84 million (30 June 2023: Rs. 568.434 million) and its current liabilities exceeded current assets by Rs. 579.09 million (30 June 2023: Rs. 686.085 million). Further, due to liquidity crisis, the Company was unable to meet its financial obligation of Rs. 555.584 million in principal and Rs. 531.123 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.

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, 2023 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**.

KARACHI
DATE:
UDIN:

Saudi Pak Leasing Company Limited
Statement of Financial Position (Un-audited)
As at 31 December 2023

		December 31, 2023	June 30, 2023
		Rupees	Rupees
	Note	(Un-audited)	(Audited)
		(Rupees)	
ASSETS			
Current assets			
Cash and bank balances	5	168,756,209	27,576,426
Short term loans	6	75,800,300	120,530,176
Short term investments	7	30,715,421	49,936,112
Trade deposits and short term prepayments		6,549,962	1,061,280
Other receivables	8	16,284,559	27,194,559
Current maturity of non-current assets	9	395,278,595	464,280,605
Taxation - net		3,354,569	3,354,569
Total current assets		696,739,615	693,933,727
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	37,570,436	38,043,307
Property, plant and equipment	13	77,686,834	79,607,042
Total non-current assets		115,257,270	117,650,349
Total Assets		811,996,885	811,584,076
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	14	137,500,000	162,801,588
Certificates of investment	15	43,000,000	43,000,000
Accrued mark-up	16	531,123,019	557,461,484
Accrued expenses and other payables	17	6,969,649	7,455,769
Current maturity of non-current liabilities	18	555,584,147	607,638,797
Unclaimed dividend		1,661,291	1,661,291
Total current liabilities		1,275,838,106	1,380,018,929
Non-current liabilities			
Certificates of investment		-	-
Deferred tax liability - net		-	-
Long term finances	19	-	-
Security Deposits against Finance Leases	20	-	-
Total non-current liabilities		-	-
Total liabilities		1,275,838,106	1,380,018,929
NET ASSETS		(463,841,221)	(568,434,853)
FINANCED BY			
Authorized Share Capital			
100,000,000 (June 30, 2023: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2023: 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
Statutory reserves		179,549,025	179,549,025
Accumulated loss		(1,697,115,824)	(1,804,651,714)
Surplus on revaluation of property, plant and equipment - net of tax	21	44,492,763	44,999,229
Unrealised gain/(loss) on re-measurement as at fair value through other comprehensive income		30,418,981	32,854,773
Accumulated actuarial (loss) / gain on defined benefit plan-net of tax		(999,666)	(999,666)
		(463,841,221)	(568,434,853)
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes form an integral part of this condensed interim financial info

Chief Executive Officer

Director

Chief Financial Officer

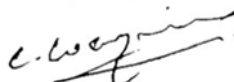
Saudi Pak Leasing Company Limited
Condensed Interim Profit or Loss Account (Un-audited)
For the period ended December 31, 2023

	Note	Six Months ended		Three months period ended	
		December 31 2023	December 31 2022	December 31 2023	December 31 2022
(Rupees)					
Revenue					
Income from:					
Finance leases	23	61,725,156	7,468,509	61,023,188	(3,427,536)
Other operating income	25	71,260,098	6,852,457	15,832,301	5,305,048
TOTAL INCOME		132,985,254	14,320,966	76,855,489	1,877,512
Expenses					
Finance cost	26	(24,706,428)	(22,955,220)	(37,411,220)	9,529,871
Administrative and operating expenses	27	(21,460,279)	(21,394,721)	(30,134,242)	11,793,159
		(46,166,707)	(44,349,941)	(69,065,058)	23,553,631
Operating Profit / (Loss) before provisions		86,818,547	(30,028,975)	145,920,547	(21,676,119)
Reversals of provisions on lease and loans		21,819,004	4,364,284	21,420,124	1,346,685
Profit / (Loss) before taxation		108,637,551	(25,664,691)	167,340,671	(20,329,434)
Taxation					
Current		1,608,127	6,235,549	1,608,127	6,235,549
Deferred		-	-	-	-
		1,608,127	6,235,549	1,608,127	6,235,549
Profit / (Loss) for the period		107,029,424	(19,429,142)	168,948,798	(14,093,885)
Earnings / (Loss) per share - basic	30	2.37	(0.43)	3.74	(0.31)

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

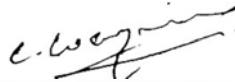
Saudi Pak Leasing Company Limited
Statement of Comprehensive Income (Un-audited)
For the period ended December 31, 2023

	Six months period ended		Three months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees)			
Profit / (Loss) after taxation	107,029,424	(19,429,142)	168,948,798	(14,093,885)
<i>Other comprehensive income</i>				
Re-measurement of investments - FVTOCI	(506,466)	15,496,541	-	-
Total comprehensive income for the year	106,522,958	(3,932,601)	168,948,798	(14,093,885)

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

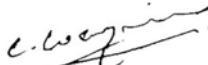
Saudi Pak Leasing Company Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the period ended December 31, 2023

	Subscribed and paid-up share capital		Reserves					Total
	Ordinary Shares	Non-redeemable Preference shares	Statutory reserves	Re-measurement of investment FVTOCI	Accumulated actuarial gain/loss	Accumulated loss	Revaluation Surplus -PPE	
	Rupees							
Balance as at July 1, 2022	451,605,000	528,208,500	179,549,025	19,995,654	(999,666)	(1,821,135,601)	31,228,670	(611,548,418)
Loss for the period	-	-	-	-	-	(19,429,142)	-	(19,429,142)
Transfer from surplus on account of incremental depreciation - net of deferred tax	-	-	-	-	-	653,059	(653,059)	-
Unrealized loss on remeasurement of available for sale investments	-	-	-	(3,376)	-	-	15,496,541	15,493,165
Balance as at December 30, 2022	451,605,000	528,208,500	179,549,025	19,992,278	(999,666)	(1,839,911,684)	46,072,152	(615,484,395)
Balance as at July 1, 2023	451,605,000	528,208,500	179,549,025	44,999,229	(999,666)	(1,804,651,714)	32,854,773	(568,434,853)
Profit for the period	-	-	-	-	-	107,029,424	-	107,029,424
Transfer from surplus on account of incremental depreciation - net of deferred tax	-	-	-	(506,466)	-	506,466	(2,435,792)	(2,435,792)
Balance as at 31 December 2023	451,605,000	528,208,500	179,549,025	44,492,763	(999,666)	(1,697,115,824)	30,418,981	(463,841,221)

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

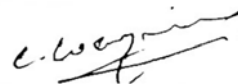
Saudi Pak Leasing Company Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the period ended December 31, 2023

	Note	Quarter Ended	
		December 31, 2023	December 31, 2022
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES	28	70,567,726	8,696,460
Finance cost paid		(21,071)	(14,840)
Taxes paid		(1,608,127)	(289,715)
Interest receivable from Govt. Securities - T-Bills		-	70,242
Decrease in net investment in finance leases		106,739,913	19,856,794
		105,110,715	19,622,481
<i>Net cash flows from operating activities</i>		175,678,441	28,318,941
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(168,600)	(195,500)
Short term investments - net		19,220,691	(74,651)
Interest Income Received / Others		6,094,466	1,775,857
Dividend received		5,043,474	4,454
<i>Net cash (used in) / from investing activities</i>		30,190,031	1,510,160
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from Financial Institutions		(20,000,000)	-
Term Finance Certificates		(688,688)	-
Certificates of investment		(44,000,000)	-
<i>Net cash used in financing activities</i>		(64,688,688)	-
Net decrease in cash and cash equivalents during the period		141,179,784	29,829,101
Cash and cash equivalents at beginning of the period		27,576,426	253,806
Cash and cash equivalents at end of the period		168,756,209	30,082,907

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Chief Executive Officer



Director



Chief Financial Officer

Saudi Pak Leasing Company Limited
Notes to the Financial Information (Un-audited)
For the period ended December 31, 2023

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. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 30 September 2022 holds 35.06% (30 June 2023: 35.06%) of issued ordinary share capital of the Company and 63% (30 June 2023: 63%) of issued preference share capital of the Company.

1.2 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 handling its financial obligations to lenders.

- Despite the existence of the foregoing material uncertainties, these financial statements have been prepared using the going concern assumption primarily due to the reason that a number of recovery suits filed by the Company against its customers are expected to be disposed off in due course of time as the management is actively seeking out-of-court settlement of such suits and by way of auction of collateralized assets and to effect recoveries through 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 which are limited in numbers 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 management of the Company is confident that due to steps / measures as explained in the above paragraphs which are in line with the Board's directives 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.

- 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 inter-alia 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 six months ended 31 December 2023 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 carried at fair value through other comprehensive income and obligations in respect of gratuity which are measured at present value of defined benefit obligations less fair value of plan assets.

2.3 Functional and presentation currency

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 Pak Rupee.

Saudi Pak Leasing Company Limited
Notes to the Financial Information (Un-audited)
For the period ended December 31, 2023

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 of those applied to the annual financial statements for the period ended 30 June 2023.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION

The accounting policies and basis for accounting estimates adopted for the preparation of this condensed interim financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2023.

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 2023.

		December 31 2023	June 30, 2023
	Note	(Un-audited)	(Audited)
5. CASH AND BANK BALANCES			
Cash in hand		153,539	75,000
Balance with State Bank of Pakistan			
Current account - local currency		24,676	30,449
Balances with other banks:			
- in current account		-	-
- in saving accounts	5.1	168,577,994	27,470,977
		168,756,209	27,576,426
5.1	This represents saving deposit accounts maintained with MCB Bank Limited carrying mark-up at the rate of 15.25% (30 June 2023: 15.25%) per annum.		
6. SHORT TERM LOANS - Secured			
Term loan to customers			
- Considered doubtful	6.1	80,800,300	146,950,300
Provision for non-performing loans		(5,000,000)	(26,420,124)
		75,800,300	120,530,176
6.1	This represents term finance facilities provided to customers and carries mark-up ranging from 16.25% to 25% (30 June 2023: 16.25% to 25%) per annum.		
7. SHORT TERM INVESTMENTS			
Investments in Shares	7.1	23,601,819	36,512,504
Amortized cost	7.2	7,113,602	13,423,608
Other Investment - Club membership cards	7.3	25,758,520	25,758,520
		56,473,941	75,694,632
Accumulated impairment on Club membership cards		(25,758,520)	(25,758,520)
		30,715,421	49,936,112

Saudi Pak Leasing Company Limited
Notes to the Financial Information (Un-audited)
For the period ended December 31, 2023

7.1 This represents investment of shares in unquoted and quoted Companies. The investment is stated at fair value.

	Note	December 31 2023	June 30, 2023
7.1.2 Investment in the ordinary shares of unlisted companies			
UIC Insurance Company Limited		14,664,938	14,664,938
		<u>14,664,938</u>	<u>14,664,938</u>

7.1.3 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.

7.2 Amortized cost

Government Market Treasury Bills	7.2.1	<u>7,113,602</u>	<u>13,423,608</u>
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7.2.1 This represents investment in Government Market Treasury Bill having maturity on 14 December 2023 and carries effective mark-up at a rate of 21.3590% (30 June 2023: 15.63%) per annum.

7.3 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.

		December 31 2023	June 30 2023
8. OTHER RECEIVABLES			
Receivable from finance leases		65,588,380	65,913,380
Receivable on conversion of SPI shares into UNIC		16,609,559	16,609,559
Receivables from against short term loan client		-	10,585,000
Receivable from Provident Fund		2,880,000	2,880,000
Others		3,101,369	3,101,369
		<u>88,179,308</u>	<u>99,089,308</u>
Provision against doubtful receivables		<u>(71,894,749)</u>	<u>(71,894,749)</u>
		<u>16,284,559</u>	<u>27,194,559</u>

9. CURRENT MATURITY OF NON - CURRENT ASSETS

Current portion of:

Long term loans	10	52,849,135	52,801,530
Net investment in finance leases	11	342,429,460	411,479,075
		<u>395,278,595</u>	<u>464,280,605</u>

10. LONG TERM LOANS - secured

Due from employees - Related Party		270,151	222,546
Term loan to customers - considered doubtful	10.1	100,164,030	100,164,030
		<u>100,434,181</u>	<u>100,386,576</u>
Provision for non-performing loans		<u>(47,585,046)</u>	<u>(47,585,046)</u>
		<u>52,849,135</u>	<u>52,801,530</u>
Current maturity of long term loans	9	<u>(52,849,135)</u>	<u>(52,801,530)</u>
		<u>-</u>	<u>-</u>

Saudi Pak Leasing Company Limited
Notes to the Financial Information (Un-audited)
For the period ended December 31, 2023

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 2023: 16.00% to 22.66%) per annum.

	December 31 2023	June 30 2023
11. NET INVESTMENT IN FINANCE LEASES		
Minimum lease payments receivable	1,077,437,644	1,184,177,560
Add: Residual value of leased assets	282,029,108	282,029,108
Gross investment in finance leases	1,359,466,752	1,466,206,668
Less: Mark-up held in suspense	(176,701,784)	(213,993,096)
	1,182,764,968	1,252,213,572
Less: Provision for potential lease losses	840,335,509	840,734,497
Net investment in finance leases	342,429,459	411,479,075
Less: Current portion of net investment in finance leases	9 (342,429,459)	(411,479,075)
	-	-

12. INVESTMENT PROPERTIES

Particulars	Cost			Rate %	Depreciation			W.D.V
	As at July	Addition/ (Disposals)	As at		As at July	Charge/ (Reversal)	As at	As at
	01, 2023		December		01, 2023		December	December
			31, 2023			31, 2023	31, 2023	
 Rupees.....							
Investment Property	66,160,092	-	66,160,092		27,052,802	1,536,854	28,589,656	37,570,436
December 2023	66,160,092	-	66,160,092		27,052,802	1,536,854	28,589,656	37,570,436
June 2022	66,160,092		66,160,092		26,698,169	1,418,616	28,116,785	38,043,307

13. PROPERTY, PLANT AND EQUIPMENT

	December 31 2023	June 30, 2023
	(Un-audited)	(Audited)
Property, plant and equipment - own use	77,686,834	79,607,042
	77,686,834	79,607,042
Additions/Disposal - Cost		
Owned assets		
Office Vehicle	-	127,000
Office equipment and air conditioners	168,600	462,700
Total additions	168,600	589,700
Disposals - WDV		
Owned assets		
Vehicles	-	-
Office equipment	-	-
Total Disposals	-	-

Saudi Pak Leasing Company Limited
Notes to the Financial Information (Un-audited)
For the period ended December 31, 2023

		December 31 2023	June 30, 2023
		(Un-audited)	(Audited)
14. BORROWINGS FROM FINANCIAL INSTITUTIONS	Note		
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
		<u>137,500,000</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 30 September 2023, the Company has accrued a mark-up of Rs. 108.583 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.		
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 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.		
		December 31 2023	June 30 2023
	Note	(Un-audited)	(Audited)
15. CERTIFICATE OF INVESTMENT		<u>43,000,000</u>	<u>43,000,000</u>
16. ACCRUED MARK-UP			
Mark-up on:			
Certificates of investment		76,012,149	121,731,659
Long term finances		50,791,384	50,791,384
Term finance certificates		235,417,298	216,036,253
Short term borrowings from financial institutions		168,902,188	168,902,188
		<u>531,123,019</u>	<u>557,461,484</u>
17. ACCRUED EXPENSES AND OTHER PAYABLES			
Accrued expenses		5,330,565	7,077,229
Others		1,639,084	378,540
		<u>6,969,649</u>	<u>7,455,769</u>
18. CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current portion of:			
Certificate of investment		1,249,000	50,549,000
Long term finances	19	291,739,797	294,494,447
Security deposits against finance leases	20	262,595,351	262,595,351
		<u>555,584,147</u>	<u>607,638,797</u>

Saudi Pak Leasing Company Limited
Notes to the Financial Information (Un-audited)
For the period ended December 31, 2023

		December 31 2023	June 30 2023
	Note	(Un-audited)	(Audited)
19. LONG TERM FINANCES			
Long term finances - secured	19.1	87,561,505	87,561,505
Long term finances - unsecured		5,703,696	5,703,696
	19.2	93,265,201	93,265,201
Term finance certificates - secured	19.3	198,474,596	201,229,246
		291,739,797	294,494,447
Current maturity of long term finances	18	(291,739,797)	(294,494,447)
		-	-
19.2 Long term finances			
National Bank of Pakistan - II-Secured	19.2.1	12,500,000	12,500,000
First Women Bank Limited -Secured	19.2.2	75,061,505	75,061,505
Silk Bank Limited-Unsecured	19.2.3	5,703,696	5,703,696
		93,265,201	93,265,201

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 installments 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 2020, all installments were paid except for the last installment 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.

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 installments up to December 31, 2012. The Company paid the installments 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, 2023, the Company had accrued mark-up of Rs. 24.054 million.

19.2.3 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 installments of Rs. 0.204 million each and defaulted thereafter. As of 30 September 2022, the Company had accrued a markup of Rs. 8.520 million.

Saudi Pak Leasing Company Limited
Notes to the Financial Information (Un-audited)
For the period ended December 31, 2023

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.

		December 31, 2023	June 30,
	Note	(Un-audited)	(Audited)
20. LONG TERM SECURITY DEPOSITS			
Security deposits against finance leases	20.1	262,595,351	262,595,351
Current maturity of deposits against finance lease	18	(262,595,351)	(262,595,351)
		-	-
20.1	This represents security deposits received from lessees under lease contracts and are adjustable on expiry of the respective lease periods.		
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of property, plant and equipment	21.1	44,492,763	44,999,229
		44,492,763	44,999,229

Saudi Pak Leasing Company Limited
Notes to the Financial Information (Un-audited)
For the period ended December 31, 2023

21.1 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, December 16, 2019 and December 31, 2022. 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, Rs. 64,926,000 and Rs. 79,332,000 respectively over the written down values.

22. CONTINGENCIES AND COMMITMENTS

22.1 The Company is defending various counter suits filed against it by defaulting customers against whom recovery suits were filed by the company between the year 2009 to 2018. The counter suits are mainly for rendition of accounts and damages and or injunction against the company. These suits are proceeding in the High Court or Banking Court and, in the opinion of the legal counsel, the Company is not likely to suffer any loss or liability on account of these counter suits.

22.2 The Company has been issued with a notice under section 14 of the Federal Excise Act, 2005. In the notice, it has been alleged that the Company has not paid Federal Excise Duty (FED) in terms of section 3 (read with Entry 8 of Table-II of the First Schedule) to the Federal Excise Act, 2005 for the financial years 2007-08, 2008-09 and 2009-10 on services provided including both funded and non-funded services. Accordingly, Rs. 126.205 million has been alleged to be recoverable. The above amount of FED has been imposed on all the incomes of the Company for the said three years including mark-up income earned on finance lease contracts.

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

The Company filed an appeal before the Commissioner Inland Revenue (Appeals) CIR (A) against the said order. The CIR(A) vide through Appellate Order no 97 of 2012 dated April 30, 2012 constituted that the duty so charged is legally and constitutionally valid under the Federal Excise Act, 2005. However, it also mentioned that the notice issued is barred by time for the period from July 2007 to September 2008 and, accordingly, deleted the levy of FED for the said tax period. Accordingly, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above CIR(A) order which decided the case in favour of the Company.

In 2014, a reference application was filed by CIR Zone-I against the Company in High Court which is pending for adjudication. In the opinion of legal counsel of the Company, there is no likelihood of any outcome adverse to the Company's interest. The Company, hence, has not recognized any provision against the above notice.

22.3 In the year 2016, M/s. First Women Bank Limited (FWBL) filed, before the Honourable High Court of Sindh, a recovery suit against the Company wherein besides the outstanding principal of Rs. 75.062 million and accrued markup of Rs. 24.054 million (refer note 21.2.2), a demand has been raised in respect of cost of funds. However, since the case is yet pending for adjudication before the Honourable High Court of Sindh and because no reasonable estimation can be made of the cost of funds so claimed by FWBL, no provision thereof has been recognized in these financial statements.

23. INCOME FROM FINANCE LEASES	Note	December 31, 2023	December 31, 2023
		(Unaudited)	(Unaudited)
		(Rupees)	
Income from finance lease contracts		37,291,312	4,112,609
Gain on termination of finance lease contracts		24,433,844	3,355,900
		<u>61,725,156</u>	<u>7,468,509</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
- Capital gain on sale of investments
- Interest income from government securities
- Interest income on term loans
- Penal charges on term loan
- Interest income from savings accounts

December-23

December-22

5,043,474	4,454
860,334	-
703,916	1,059,416
2,526,222	868,743
-	3,992,318
3,568,244	912,526
12,702,190	6,837,457

Income from non-financial assets:

- Waiver on settlement of certificate of investments
- Others

58,557,908	-
-	15,000
58,557,908	15,000
71,260,098	6,852,456

26. FINANCE COST

Mark-up on:

- Long term finances
- Term finance certificates
- Short term borrowings
- Return on certificates of investment
- Bank charges

-	622,285
22,648,547	15,751,565
-	3,397,699
2,036,810	3,168,831
21,071	14,840
24,706,428	22,955,220

27. ADMINISTRATIVE AND OPERATING EXPENSES

- Salaries, Allowances and Benefits
- Directors' Fee
- Rent
- Repairs and maintenance
- Insurance
- Utilities
- Vehicle running expenses
- Printing and stationery
- Telephone and postage
- Travelling and conveyance
- Travelling and conveyance - Directors
- Fee and subscriptions
- Depreciation on owned assets
- Legal and professional charges
- Advertising and entertainment
- Auditors' remuneration
- Miscellaneous

9,258,916	8,265,538
1,750,000	1,800,000
559,800	542,080
1,184,087	1,217,909
52,640	119,077
1,009,927	663,655
978,528	890,144
193,560	163,140
363,629	290,439
5,800	600
375,276	455,549
209,555	1,125,823
2,230,601	2,230,601
2,401,377	2,584,019
148,938	38,250
156,000	156,000
581,645	851,897
21,460,279	21,394,721

Saudi Pak Leasing Company Limited
Notes to the Financial Information (Un-audited)
For the period ended December 31, 2023

28 CASH GENERATED FROM OPERATIONS

	31-December-23	31-December-22
Profit / (Loss) for the period before taxation	108,637,551	(25,664,691)
Adjustment for non cash charges and other items :		
Depreciation - owned assets	2,230,601	1,521,293
Depreciation - investment properties	-	709,308
Income from finance leases	(37,291,312)	(4,112,609)
Financial charges and other charges	24,706,428	22,955,220
(Provision) / reversals for doubtful leases, loans and other receivables	(21,819,004)	(4,364,284)
Dividend income	5,043,474	(4,454)
Interest income from government securities / saving accounts	703,916	(1,059,416)
Income from term loan	-	(868,743)
Gain on settlement	(58,557,908)	-
Other Income	3,556	(15,000)
Gain on settlement of term finance certificates	(2,754,650)	-
	(87,734,899)	14,761,315
(Loss)/profit before working capital changes	20,902,652	(10,903,376)
Working capital changes		
Short term loans	44,729,876	18,280,835
Trade deposits and short term prepayments	(5,488,682)	(189,306)
Other Receivables	10,910,000	(10,000)
Accrued expenses and other payables	(486,120)	1,518,307
	49,665,074	19,599,836
Cash (used in) / generated from operations after working capital changes	70,567,726	8,696,460

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:

	31-December-23 (Unaudited)	31-December-22 (Unaudited)
	(Rupees)	
Directors fee		
Fee	1,750,000	1,800,000
Key management personnel		
Remuneration to key management personnel	4,035,000	3,627,342
Other related parties		
Payments to provident fund	205,700	85,000

30. EARNINGS / (LOSS) PER SHARE - BASIC

	(Rupees)	
Profit / (Loss) after taxation attributable to ordinary shareholders	107,029,424	(19,429,142)
	(Number)	
Weighted average number of ordinary shares	45,160,500	45,160,500
	(Rupees)	
Earnings / (Loss) per share - Basic	2.37	(0.43)

31. **COMPARATIVE FIGURES**

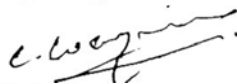
Corresponding figures have been rearranged and reclassified, if necessary, to reflect more appropriate presentation of events and transactions for the purposes of comparisons.

32. **DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue on 27 February, 2024 by the Board of Directors.



Chief Executive Officer



Director



Chief Financial Officer