

Saudi Pak Leasing Company Limited
Interim Financial Statements
For the half year ended 31 December 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS ELECTED ON NOVEMBER 26, 2018

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

AUDIT COMMITTEE ELECTED ON JANUARY 29, 2019

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

HR & REMUNERATION COMMITTEE ELECTED ON JANUARY 29, 2019

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

CHIEF EXECUTIVE OFFICER

Mr. Ahsanullah

COMPANY SECRETARY

Mr. M. Imtiaz Ali

CHIEF FINANCIAL OFFICER

Mr. Muhammad Kamran Faruqi
(appointed on 04-01-2021)

TAX CONSULTANT

M/s. Junaidy Shoaib Asad
Chartered Accountants

AUDITORS

M/s. Junaidy Shoaib Asad
Chartered Accountant
(appointed on 27-11-2020)
A member of Morison KSI Independent Member

LEGAL ADVISOR

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

BANKS

MCB Bank Limited
Faysal Bank Limited
National Bank of Pakistan

REGISTERED OFFICE

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

BRANCH

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

CONTACT DETAILS

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

REGISTRAR AND SHARE TRANSFER OFFICE

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

DIRECTORS' REVIEW

The Directors of Saudi Pak Leasing Company Limited are pleased to present the Condensed Interim Financial Information of the Company for the six months period ended December 31, 2020 duly reviewed by the external auditors of the Company.

Operating and Financial Results

	December 31,2020 Rupees	December 31,2019 Rupees
Income from finance and operating leases	2,501,310	1,373,041
Other operating income	37,722,110	1,872,136
Total income	40,223,420	3,245,177
Finance cost	(19,153,091)	(26,428,509)
Administrative and other operating expenses	(18,316,166)	(18,240,464)
Write-offs against loans and leases	-	-
Operating (loss) / profit before provisions	2,754,163	(41,423,796)
Reversal / (provision) against leases, loans, receivables and investment properties	7,772,572	9,636,293
(Loss) / Profit before taxation	10,526,735	(31,787,503)
(Loss) / Profit after taxation	10,495,469	(30,899,952)
(Loss) / Earnings per share - basic	0.23	(0.684)

The total income earned during the half year ended December 31, 2020 registered an increase of 81.832% when compared to the income during corresponding period of 2019. The operating profit before provisions stood at Rs.2.754 million during the period under consideration (operating loss of Rs.41.423 million in 2019).

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 resources. The company is making intensive efforts to initiate negotiations for the settlements of its loan portfolio/other liabilities with the sole objective of seeking remissions, write offs and long term deferment of payments to the creditors. The said restructuring and rescheduling is likely to bring much needed improvement in overall financial health of the company. The company is endeavoring to follow its rehabilitation Plan duly approved by the Board of Directors and submitted to SECP. The financial position of the Company is expected to improve in the near future.

For and on behalf of the Board

Ahsanullah Khan
Director

Karachi: 25 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saudi Pak Leasing Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Saudi Pak Leasing Company Limited (the Company) as at 31 December 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

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

Bases for Disclaimer of conclusion

Investment in finance leases

As reported in note 12 to the condensed interim financial statements, the Company's gross and net investment in finance lease (before the effect of provision for non-performing leases) amounted to Rs. 1.599 billion (June 30, 2020: Rs 1.583 billion) and Rs. 1.337 billion (June 30, 2020: Rs. 1.385 billion), respectively. We were unable to satisfy ourselves as to the accuracy of such lease receivables balances primarily due to following reasons:

- (a) We could not obtain any reasonable assurance over the apportionment of the outstanding gross lease rentals into markup held in suspense and the principal investment since there was no sufficient documentary evidence in relation to the revisions that were incorporated in the scheduled lease receivables in prior years (as reflected in the lease amortization schedules maintained by the Company) either due to re-pricing of floating interest rates or the re-scheduling of overdue lease rentals. This can be corroborated by the fact that the percentage of markup component included in overdue lease rentals recovered during the half year ended December 31, 2020 stood at 25.14% (year ended June 30, 2020: 16.02%) which is not consistent with the percentage of markup component included in overdue lease rentals outstanding as on December 31, 2020 which comes to 14.27% (June 30, 2020:14.18%).
- (b) As reported in note 12 to the condensed interim financial statements, residual value of leased assets forming part of gross investment in finance leases, as on December 31, 2020, amounted to Rs. 307.355 million (June 30, 2020: Rs. 314.953 million). In contrast, security deposits payable as reported in note 21 to the interim financial statements amounted to Rs.287.297 million as on December 31, 2020 (June 30, 2020: Rs. 295.519 million). As per management, the discrepancy is due to the fact that there are certain leases where residual value of the underlying assets is unguaranteed and hence, in such cases, no corresponding security deposits had been received from the lessees upon commencement of the lease. However, no supporting documentary evidences in support of this assertion was made available to us.

In view of the aforementioned limitations, we were unable to determine whether any adjustments could be necessary in respect of such lease receivable and the related security deposit balances as on December 31, 2020 as well as the income from finance leases for the period then ended.

Investment in unquoted equity instruments (an accounting issue that, in the absence of disclaimer of conclusion, would also have required us to express a qualified conclusion on the condensed interim financial statements)

As on December 31, 2020, the Company had an investment in unquoted ordinary shares of M/s. SPI Insurance Company Limited which had been carried at cost notwithstanding its classification, in the condensed interim financial statements, as an 'investment at fair value through other comprehensive income'. In this connection, we noted that the 'International Financial Reporting Standards (IFRS) 9 Financial Instruments' requires such investments to be revalued and reported at their fair value at the end of reporting period.

However, since the aforesaid valuation was not carried out by management, we were unable to determine whether any adjustments might have necessary in respect of the carrying amount of the investment in unquoted equity instruments of M/s. SPI Insurance Company Limited as on December 31, 2020, as well as the corresponding effects of change therein to be recognized in other comprehensive income for the period then ended.

Material Uncertainty related to Going Concern

We draw attention to note 1.2 to the condensed interim financial statements which indicated that the Company has earned a net profit of Rs. 10.495 million during the half year ended December 31, 2020 (Net loss during 31 December 2019 :Rs.30.900 million) and , as of the date ,its accumulated losses amounted to Rs. 1.748 billion (30 June 2020: Rs 1.760 billion), its negative equity stood at Rs. 557.249 million (30 June 2020: Rs.567.757 million) and its current liabilities exceeded current assets by Rs. 663.988 million (30 June 2020:Rs. 676.733 million .Further, due to liquidity crisis, the Company was unable to meet its financial obligation of Rs. 612,845 million in principal and Rs. 451.817 million in accrued markup. These events or conditions , along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, accordingly it may be unable to realize its assets and discharge its obligations in the normal course of business . However, this matter has no bearing on our disclaimer of conclusion on the condensed interim financial statements which we have expressed because of the significance of certain other matters as set out in the Basis for Disclaimer of conclusion section of our report.

Disclaimer of Conclusion

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

Other matter

The condensed interim financial information of the Company for the six months ended 31 December 2019 and the annual financial statements for the year ended 30 June 2020 were reviewed and audited by another firm of chartered accountants, whose review report dated 18 February 2020 and audit report dated 5 November 2020 respectively, expressed disclaimer of opinion thereon.

The figures for the quarter ended 31 December 2020 and 31 December 2019 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.

Junaidy Shoaib Asad
Chartered Accountants



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

Junaidy Shoaib Asad

Chartered Accountants


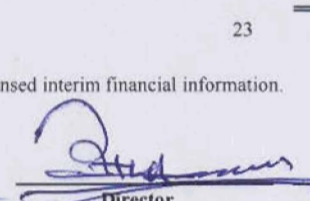
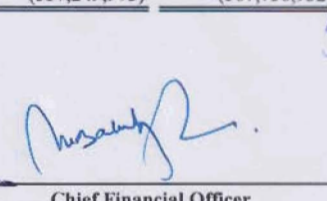
Karachi

Date: 25 FEB 2021

Saudi Pak Leasing Company Limited
Condensed Interim Statement of Financial Position (Un-audited)
As at 31 December 2020

	Note	31 December 2020 Un-audited	30 June 2020 Audited
----- (Rupees) -----			
ASSETS			
Current assets			
Cash and bank balances	6	2,501,638	4,978,655
Short term loans	7	126,330,635	126,330,635
Short term investments	8	28,867,443	29,236,789
Trade deposits and short term prepayments		1,390,384	1,134,689
Other receivables	9	313,379	313,379
Taxation - net		467,927	288,243
Current maturity of non-current assets	10	536,930,433	550,573,970
Total current assets		696,801,839	712,856,360
Non-current assets			
Long-term loans	11	-	-
Net investment in finance leases	12	-	-
Investment properties	13	41,589,849	42,299,155
Property, plant and equipment	14	65,148,642	66,677,157
Total non-current assets		106,738,491	108,976,312
Total Assets		803,540,330	821,832,672
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	451,817,327	449,025,140
Accrued expenses and other payables	17	7,169,150	8,501,068
Current maturity of non-current liabilities	18	694,340,947	724,600,517
Unclaimed dividend		1,661,291	1,661,291
Total current liabilities		1,360,790,303	1,389,589,604
Non-current liabilities			
Certificates of investment		-	-
Deferred tax liability - net	19	-	-
Long term finances	20	-	-
Security Deposits against Finance Leases	21	-	-
Total non-current liabilities		-	-
Total liabilities		1,360,790,303	1,389,589,604
NET ASSETS		(557,249,973)	(567,756,932)
FINANCED BY			
Authorized Share Capital			
100,000,000 (June 30, 2020: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2020: 100,000,000) preference shares of Rs. 10/-each		1,000,000,000	1,000,000,000
		2,000,000,000	2,000,000,000
Issued, subscribed and paid-up share capital - ordinary shares		451,605,000	451,605,000
Issued, subscribed and paid-up share capital - preference shares		528,208,500	528,208,500
Capital reserves:		179,279,601	179,279,601
Accumulated loss		(1,748,537,029)	(1,759,685,558)
Surplus on revaluation of property, plant and equipment - net of deferred tax	22	33,187,842	33,840,902
Unrealised gain on re-measurement as at fair value through other comprehensive income		5,779	(5,711)
Accumulated actuarial loss on defined benefit plan-net of tax		(999,666)	(999,666)
		(557,249,973)	(567,756,932)
CONTINGENCIES AND COMMITMENTS	23		

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

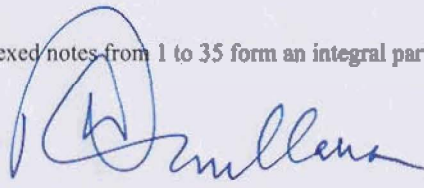




Chief Executive Officer **Director** **Chief Financial Officer**

Saudi Pak Leasing Company Limited
Condensed Interim Statement Profit or Loss (Un-audited)
For the period ended 31 December 2020

	Note	Six months period ended 31 December		Three months period ended 31 December	
		2020	2019	2020	2019
(Rupees)					
Revenue from finance lease	24	2,501,310	1,373,041	1,869,772	907,394
Administrative and operating expenses	27	(18,316,166)	(18,240,464)	(10,730,120)	2,529,678
Reversal for doubtful lease receivable		7,772,572	9,636,293	7,772,572	5,394,209
		<u>(8,042,284)</u>	<u>(7,231,130)</u>	<u>(1,087,776)</u>	<u>8,831,281</u>
Finance cost	26	(19,153,091)	(26,428,509)	(9,432,621)	(13,291,111)
Other operating income	25	37,722,110	1,872,136	1,069,443	955,533
Profit / (Loss) before taxation		10,526,735	(31,787,503)	(9,450,955)	(3,504,297)
Taxation	28	(31,266)	887,551	(22,022)	895,981
Profit / (loss) for the period		<u>10,495,469</u>	<u>(30,899,952)</u>	<u>(9,472,977)</u>	<u>(2,608,316)</u>
Earnings/(loss) per share - basic	31	<u>0.23</u>	<u>(0.684)</u>	<u>(0.21)</u>	<u>(0.06)</u>

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



Chief Executive Officer



Director



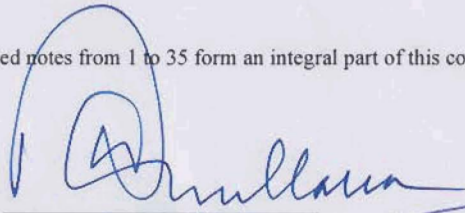
Chief Financial Officer

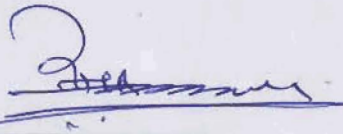
Saudi Pak Leasing Company Limited
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the period ended 31 December 2020


	Six months period ended 31 December		Three months period ended 31 December	
	2020	2019	2020	2019
	----- (Rupees) -----			
Profit/(loss) after taxation	10,495,469	(30,899,952)	(9,472,977)	(2,608,316)
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Unrealised (loss) / gain on re-measurement of available for sale investments	11,490	15,093	-	15,093
Surplus recognized on revaluation of office premises carried out	-	-	-	-
Deferred tax on above	-	3,120,899	-	-
	-	(905,061)	-	-
	-	2,215,838	-	-
Total comprehensive income for the year	10,506,959	(28,669,021)	(9,472,977)	(2,593,223)

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


 Chief Executive Officer

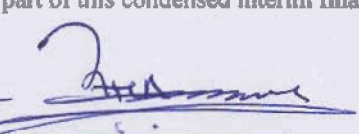
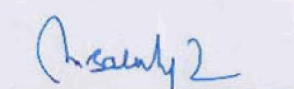

 Director


 Chief Financial Officer

Saudi Pak Leasing Company Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the period ended 31 December 2020

	Note	Six months period ended 31 December	
		2020	2019
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES	29	(17,087,799)	(17,573,294)
Finance cost paid		(14,989)	(14,028)
Taxes paid		(210,950)	(192,735)
Financial lease rentals received		15,180,053	11,771,885
		14,954,114	11,565,122
<i>Net cash flows utilized in operating activities</i>		(2,133,685)	(6,008,172)
CASH FLOW FROM INVESTING ACTIVITIES			
Short term investments - net		380,836	340,845
Interest Income Received / Others		576,482	932,867
Proceeds from disposal of property, plant and equipment		805,500	810,000
Long term loans		(31,149)	(5,350)
Dividend received		-	3,466
<i>Net cash generated from investing activities</i>		1,731,669	2,081,828
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of term finance certificates		(2,075,000)	(500,000)
<i>Net cash used in financing activities</i>		(2,075,000)	(500,000)
Net decrease in cash and cash equivalents during the period		(2,477,016)	(4,426,344)
Cash and cash equivalents at beginning of the period		4,978,655	6,060,252
Cash and cash equivalents at end of the period		2,501,638	1,633,908

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

		
Chief Executive Officer	Director	Chief Financial Officer

1. LEGAL STATUS AND OPERATIONS

1.1 Saudi Pak Leasing Company Limited ('the Company') was incorporated in Pakistan on 08 January 1991 under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi. The main business activity of the Company is leasing of assets. The Company's license to carry out the business of leasing had expired on 18 May 2010 and renewal is pending with the Securities and Exchange Commission of Pakistan (SECP).

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 31 December 2020 holds 35.06% (30 June 2020: 35.06%) of issued ordinary share capital of the Company and 63% (30 June 2020: 63%) of issued preference share capital of the Company.

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

1.2 As of the reporting date, the Company is exposed to the following material uncertainties which apparently cast significant doubts on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its obligations in the normal course of business:

- During the half year ended December 31, 2020, the Company has earned a profit amounting Rs. 10.495 million (December 31, 2019: loss Rs. 30.89 million) and accumulated losses as of that date amounted Rs. 1.748 billion (June 30, 2020: Rs. 1.759 billion), its negative equity stood at Rs. 557.249 million (June 30, 2020: Rs. 567.757 million) and its current liabilities exceeded current assets by Rs. 663.988 million (June 30, 2020 : 676.737 million).
- SECP has issued a review order dated January 29, 2020 in response to the show cause notice issued on May 18, 2020 and a final opportunity is provided to meet the minimum equity requirement (MER) by December 31, 2020. The Company's license to carry out the leasing business expired on May 18, 2010 and the Company has not been able to obtain renewal thereof from the SECP as the legal requirements laid down in this respect could not be met by the Company.

The company has submitted a review application on October 27, 2020 to extend the original deadline from December 31, 2020 to June 30, 2021. The Company informed SECP that it is looking for fresh equity injection from potential investors in order to meet MER. Further, its major shareholder SAPICO has already engaged financial adviser for divestment of shares. SECP in response to review application of the company has extended the deadline from December 31, 2020 to June 30, 2021; SECP while granting extension has also advised Supervision department of Specialized Companies Division to monitor the progress by March 31, 2021, subject to following milestones:

- Actual measures taken with regard to reach for a prospective investor by SAPICO for divestment of its shareholdings and progress made thus far.
- Alternative plans for meeting the MER, in case SAPICO is unable to materialize the divestment
- Payments made to outstanding COI depositors and creditors after generating the expected liquidity from the sale of property, as stated by the Applicant in the hearing on November 11, 2020.

SPLC has specifically mentioned in its order that in case SPLC fails to comply with this order, its license to undertake leasing business shall stand cancelled w.e.f June 30, 2021 under section 282(J)(2) of the Companies Ordinance 1984 and the relevant department shall initiate proceedings of its winding up under section 282(J)(3).

- 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.

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- 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, 2020, total outstanding principal and accrued markup on which defaults were made amounted to Rs. 612.845 million (June 30, 2020: 634.883 million) and Rs. 451.817 million (June 30, 2020: Rs. 449.025 million), respectively.
- 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 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 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 of Rs. 50 million upon meeting the condition of final negotiated settlement of certain liabilities out of recoveries expected to be materialized during 2020-2021 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) (h) - 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 (d) - total investments of a leasing company in shares, equities or scrips shall not exceed 50% of the equity of the leasing company.

- Regulation 28 (e) - a leasing company shall not own shares, equities or scrips of any one company in excess of 10% of its own equity or the issued capital of that company, whichever is lower.

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standards - 34 (IAS 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case requirements differ, the provisions or directives issued under the Companies Act, 2017, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.
- 2.2** The requirements of International Accounting Standard - 39 (IAS 39) "Financial Instruments: Recognition and Measurement", relating to the assessment of impairment loss on leasing portfolio have not been followed in the preparation of these condensed interim financial statements based on a clarification received from the SECP specifying that the requirements of IAS 39 should only be followed by leasing companies so far as it related to investments made by them.
- 2.3** The Company provides for impairment in the carrying value of its net investment in finance leases based on the requirements laid down in the NBFC Regulations, 2008.
- 2.4** The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2020 has been extracted from the audited financial statements of the Company for the year ended June 30, 2020, 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,

3. ACCOUNTING POLICIES

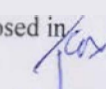
The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2020.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the annual financial statements for the year ended June 30, 2020.

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, 2020.



Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

	<i>Note</i>	31 December 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
6. CASH AND BANK BALANCES			
Cash in hand		46,548	46,548
Balance with State Bank of Pakistan in current account - local currency		39,366	39,366
Balances with other banks:			
- in current account		5,500	5,500
- in saving accounts		2,410,224	4,887,241
		<u>2,501,638</u>	<u>4,978,655</u>
6.1		This represents saving deposit accounts maintained with various commercial banks at mark-up rate ranging from 7% to 8.5% (30 June 2020: 6.00% to 11.25%) per annum.	
7. SHORT TERM LOANS - Secured			
Term loan to customers			
- Considered doubtful		165,231,135	165,231,135
Provision for non-performing loans	7.2	(38,900,500)	(38,900,500)
		<u>126,330,635</u>	<u>126,330,635</u>
7.1		This represents term finance facilities provided to customers and carries mark-up ranging from 12.25% to 15.25% (30 June 2020: 16.25% to 25%) per annum.	
7.2		Provision for non-performing loans	
		38,900,500	46,100,460
		Charge for the period / year	-
		Reversal during the period / year	(7,199,960)
		<u>38,900,500</u>	<u>38,900,500</u>
7.2.1		The above provision for non-performing loans is net of forced sales value (FSVs) of collaterals of Rs.126.33 million (30 June 2020: Rs. 126.33 million) considered by the Company for the purpose of determination of provision requirements.	
8. SHORT TERM INVESTMENTS			
At fair value through other comprehensive income	8.1	14,756,651	14,745,163
At amortized cost	8.2	14,110,792	14,491,626
		<u>28,867,443</u>	<u>29,236,789</u>
8.1		Investment at fair value through other comprehensive income	
Ordinary shares of listed company	8.1.1	85,935	85,935
Ordinary shares of unlisted company	8.1.2	14,664,938	14,664,938
Other investment at cost	8.1.3	25,758,520	25,758,520
		<u>40,509,393</u>	<u>40,509,393</u>

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Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

	31 December 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
Unrealised gain/(loss)	5,778	(5,710)
Accumulated impairment on Club membership cards	(25,758,520)	(25,758,520)
	<u>14,756,651</u>	<u>14,745,163</u>

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

8.1.2 This represents investment in SPI Insurance Company Limited carried at cost.

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

8.2 Amortized cost

This represent the investment made by the Company in Government Market Treasury Bills carrying mark-up at a rate of 7.11% (30 June 2020 10.81%) per annum.

9. OTHER RECEIVABLES

Receivable on termination of finance leases	65,913,468	65,913,468
Staff gratuity- net defined benefit asset	84,108	84,108
Receivable from Provident Fund	2,880,000	2,880,000
Others	3,101,421	3,101,421
	<u>71,978,997</u>	<u>71,978,997</u>
Provision against doubtful receivables	(71,665,618)	(71,665,618)
	<u>313,379</u>	<u>313,379</u>

10. CURRENT MATURITY OF NON - CURRENT ASSETS

Current portion of:

Long term loans	11	47,247,756	47,216,607
Net investment in finance leases	12	489,682,677	503,357,363
		<u>536,930,433</u>	<u>550,573,970</u>

11. LONG TERM LOANS - secured

Due from employees - considered good		222,652	191,503
Term loan to customers			
- Considered doubtful		100,164,030	100,164,030
		<u>100,386,682</u>	<u>100,355,533</u>
Provision for non-performing loans		(53,138,926)	(53,138,926)
		<u>47,247,756</u>	<u>47,216,607</u>
Current maturity of long term loans		(47,247,756)	(47,216,607)
		<u>-</u>	<u>-</u>

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Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

11.1 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 2020: 16.00% to 22.66%) per annum.

11.2 The above provision for non-performing long term loans is net of forced sales value (FSVs) of collaterals of Rs. 47.025 million (30 June 2020: Rs. 47.025 million) considered by the Company for the purpose of determination of provision requirements.

	31 December 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
12. NET INVESTMENT IN FINANCE LEASES		
Minimum lease payments receivable	1,252,411,578	1,268,215,530
Add: Residual value of leased assets	307,355,163	314,952,834
Gross investment in finance leases	1,559,766,741	1,583,168,364
Less: Unearned lease income	-	-
Mark-up held in suspense	12.3 222,541,353	224,495,717
	222,541,353	224,495,717
	1,337,225,388	1,358,672,647
Less: Provision for potential lease losses	12.4 847,542,712	855,315,284
Provision for potential lease losses	489,682,677	503,357,363
Less: Current portion of net investment in finance leases	(489,682,677)	(503,357,363)
	-	-
12.1		
The internal rate of return on leases disbursed by the Company ranges from 12.50% to 20.01% (June 30 2020: 12.50% to 20.01%) per annum. Certain lease rentals have been hypothecated against long term finances obtained (refer note No 20.1.1).		
12.3 Mark-up held in suspense		
Balance at beginning of the year	224,495,717	229,045,598
Income suspended during the period / year	-	-
	224,495,717	229,045,598
- realised / reversal during the period / year	(1,954,364)	(4,039,237)
- written-off during the period / year	-	(510,644)
	(1,954,364)	(4,549,881)
Balance at the end of the period / year	222,541,353	224,495,717
12.4 Provision for lease losses		
Balance at beginning of the year	855,315,284	878,163,485
Charge for the period/year	-	-
Reversal for the period/ year	(7,772,572)	(20,266,717)
	(7,772,572)	(20,266,717)
Write-offs against provision	-	(2,581,484)
Balance at end of the period / year	847,542,712	855,315,284

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Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

13. INVESTMENT PROPERTIES	Rupees	
As at July 01, 2019		
Cost		66,160,092
Accumulated depreciation	(15,636,626)	
Accumulated impairment	(6,805,696)	
		<u>(22,442,322)</u>
Net book value		<u>43,717,770</u>
<i>Movement during the period ended December 31, 2019</i>		
Opening net book value		43,717,770
Depreciation charge	(574,290)	
Closing net book value		<u>43,143,480</u>
At December 31, 2019		
Cost		66,160,092
Accumulated depreciation	(16,210,916)	
Accumulated impairment	(6,805,696)	
		<u>(23,016,612)</u>
Net book value		<u>43,143,480</u>
As at July 01, 2020		
Cost		66,160,092
Accumulated depreciation	(17,055,241)	
Accumulated impairment	(6,805,696)	
		<u>(23,860,937)</u>
Net book value		<u>42,299,155</u>
<i>Movement during the period ended December 31, 2020</i>		
Opening net book value		42,299,155
Depreciation charge	(709,306)	
Closing net book value		<u>41,589,849</u>
At December 31, 2020		
Cost		66,160,092
Accumulated depreciation	(17,764,547)	
Accumulated impairment	(6,805,696)	
		<u>(24,570,243)</u>
Net book value		<u>41,589,849</u>
Rate of depreciation (per annum)		2.22%-5%
	31 December	June 30,
	2020	2020
	Rupees	Rupees
	(Un-audited)	(Audited)
14. PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment - own use	64,768,242	66,296,757
Property, plant and equipment - operating lease	380,400	380,400
	<u>65,148,642</u>	<u>66,677,157</u>
Disposals - Cost		
<i>Owned assets</i>		
Vehicles	(964,000)	(676,240)
Office equipment	-	(703,890)
Total disposals	<u>(964,000)</u>	<u>(1,380,130)</u>

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Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

		31 December	June 30,
		2020	2020
		Rupees	Rupees
		(Un-audited)	(Audited)
15. BORROWINGS FROM FINANCIAL INSTITUTIONS			
Letter of placements - Unsecured			
National Bank of Pakistan	<i>15.1</i>	77,500,000	77,500,000
Innovative Investment Bank Limited	<i>15.2</i>	60,000,000	60,000,000
Meezan Bank Limited	<i>15.3</i>	25,301,588	25,301,588
		<u>162,801,588</u>	<u>162,801,588</u>
15.1	This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on April 01, 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 14 days. Subsequently, the facility was rolled several times up to the total period of 140 days which expired on August 19, 2010. Till to-date, no repayments have made by the Company in respect of this finance. As of 31 December 2020, the Company has accrued a mark-up on this finance amounting to Rs. 93.411 million (2020: Rs. 88.896 million).		
15.2	This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on December 03, 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. Due to financial difficulties faced by the Company, this facility was rolled over for a further period of 184 days on March 14, 2011. Since the disbursement of the facility, the Company has an aggregate principal repayment of Rs. 3 million. As of December 31, 2020, the Company has accrued a mark-up on this finance amounting to Rs. 52.068 million (2020: Rs. 49.578 million).		
15.3	This represents finance of Rs. 150 million obtained from Meezan Bank Limited (MEBL) on September 20, 2008, under Murabaha arrangement at a rate of 12% per annum. On various dates between September 2008 and June 2011, the Company made principal repayments amounting, in aggregate, to Rs. 81 million. The remaining principal obligation of Rs. 69 million was restructured by way of a settlement agreement entered on April 22, 2011 whereby the Company transferred, to the lender, a lease portfolio of Rs. 32 million. On September 03, 2012, a revised settlement agreement was signed according to which the loan was to be settled by way of transferring 27 membership cards of ACACIA Golf Club ('the Club') (then beneficially held by the Company in its own name) to MEBL valuing, in aggregate, Rs. 27 million as well as making a cash payment of Rs. 9.870 million. The said cash payment as made by the Company on September 06, 2012. Further, the aforementioned membership cards held by the Company are yet to be transferred after the execution of a tripartite agreement between the Company, MEBL and the Club. Currently, the Company's management is under the process of negotiation for an early execution of the said agreement with the major sponsors of the ACACIA Golf Club. As per the revised restructuring terms, the finance carries no mark-up.		

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Saudi Pak Leasing Company Limited
 Selected Notes to the Financial Information (Un-audited)
 For the period ended 31 December 2020

	31 December 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
16. ACCRUED MARK-UP		
Mark-up on:		
- certificates of investment	104,587,854	101,330,804
- long term finances	47,654,881	46,380,457
- term finance certificates	154,234,707	162,769,392
- short term borrowings from financial institutions	145,339,885	138,544,487
	<u>451,817,327</u>	<u>449,025,140</u>
17. ACCRUED EXPENSES AND OTHER PAYABLES		
Accrued expenses	5,651,846	7,475,917
Others	1,517,304	1,025,151
	<u>7,169,150</u>	<u>8,501,068</u>
18. CURRENT MATURITY OF NON- CURRENT LIABILITIES		
Certificate of investment	50,549,000	50,549,000
Long term finances	20 356,494,443	378,532,443
Security deposits against finance leases	21 287,297,504	- 295,519,074
	<u>694,340,947</u>	<u>724,600,517</u>

19 Deferred Taxation

	For the year half year ended December 31, 2020			
	Balance at beginning of the year	Recognized on Profit and loss	Recognized in other comprehensive income	Balance at end of the year
	------(Rupees)-----'			
Deferred tax liability in respect of:				
property , plant and equipment	13,822,338	(266,743)	479,582	14,035,177
Accelerated accounting depreciation / impairment	2,905,525	527,480	-	3,433,005
	<u>16,727,863</u>	<u>260,737</u>	<u>479,582</u>	<u>17,468,182</u>
Deferred tax asset recognized	(16,727,863)	(740,319)	-	(17,468,182)
	<u>-</u>	<u>(479,582)</u>	<u>479,582</u>	<u>-</u>
Detail of defer tax assets				<u>Rupees</u>
Provision for lease losses				245,787,386
Provision for non-performing short term loan				11,281,145
Provision for non-performing long term loan				15,410,289
Provision for doubtful other receivables				20,873,909
Unused tax losses				324,448,311
				<u>617,801,040</u>
Less, deferred tax asset recognized to the extent of available taxable temporary differences				(17,468,182)
Unrecognized deferred tax asset				<u>600,332,858</u>

Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

		31 December 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
20. LONG TERM FINANCES			
Long term finances - secured	20.1.1	149,561,501	149,561,501
Long term finances - unsecured		<u>5,703,696</u>	<u>5,703,696</u>
	20.1	<u>155,265,197</u>	<u>155,265,197</u>
Term finance certificates - secured	20.2	<u>201,229,246</u>	<u>223,267,246</u>
		<u>356,494,443</u>	<u>378,532,443</u>
Current maturity of long term finances		<u>(356,494,443)</u>	<u>(378,532,443)</u>
		<u>-</u>	<u>-</u>

20.1	Long term finances	Tenure		Markup	Note	Principal Outstanding	
		From	To			Dec. 31, 2020	Jun. 30, 2020
						----- (Rupees) -----	
	Secured						
	National Bank of Pakistan	Mar-05	Mar-10	6 month KIBOR + 1.5% (payable semi annually)	20.1.2	12,500,000	12,500,000
	First Women Bank Limited	Dec-08	Dec-12	Fixed at 12% (payable monthly)	20.1.3	75,061,505	75,061,505
	Soneri Bank Limited	May-13	Sep-14	-	20.1.4	61,999,996	61,999,996
	Un secured						
	Silk Bank Limited	Sep-12	Mar-17	-	20.1.5	5,703,696	5,703,696
						<u>155,265,197</u>	<u>155,265,197</u>

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

20.1.2 This represents a finance of Rs. 100 million obtained from National Bank of Pakistan on March 17, 2005 (mainly for lease financing activities). As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from September 17, 2005 to March 17, 2009. However, subsequently, the agreement was restructured whereby the maturity date of the loan was extended to March 2010. Up to June 30, 2017, all instalments were paid except for the last instalment due on March 17, 2009 which is yet outstanding. As per the revised agreement, the finance carries mark-up at the rate of 6-month KIBOR + 1.5%, payable semi-annually. As of December 31, 2020, the Company had accrued mark-up amounting to Rs. 16.093 million (2020: Rs. 15.237 million).

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

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

- Rs. 43 million by way of transfer of a property (held as collateral of Rs. 43 million against the borrower) or a cash payment of Rs. 25 million as full and final settlement of Rs. 43 million;
- Rs. 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) at Thokar Niaz Baig, Lahore. However, this property has not been transferred to Soneri Bank Limited due to legal complications and the company is considering to offer alternate property of the same value acceptable to Soneri Bank Limited;
- Cash payment of Rs. 5 million in 12 equal monthly instalments of Rs. 0.416 million each commencing from the date of execution of settlement agreement; and
- Remaining principal obligation amounting to Rs. 27.5 million to be waived upon successful transfer of properties / cash payment as referred to above.

Subsequently, the Company settled the loan amounting to Rs. 43 million by way of cash payment of Rs. 25 million on August 28, 2013 (and recognised a waiver of Rs. 18 million against the said payment). Further, the Company paid the 12 equal monthly instalments, referred to above, on agreed due dates. However, the transfer of aforesaid property (whereupon the outstanding liability would be extinguished in full) is yet to be executed. As per the revised restructuring terms, the finance carries no mark-up.

During the last year, the bank filed a petition for recovery suit in Banking Court claiming Rs.79.999 million against default by the company in the implementation of settlement agreement dated May 2013 with the bank. The Company was required to make payment of Rs.39.5 million and waiver of Rs.27 million was to be availed upon full repayment. The company however on payment of agreed instalment up to Rs. 5 million till 2015 subsequently defaulted in repayment of balance amount of Rs 34.5 million. The suit filed is proceeding in the court. The company intends to settle this liability as per the agreement.

20.1.5 This represents a finance of Rs. 15.7 million obtained from Silk Bank Limited (SBL) on April 27, 2009 against issuance of irrevocable letter of comfort for opening a letter of credit in favour of Uni-Link International. Up to March 31, 2011, the Company could repay Rs. 4 million and defaulted thereafter. Hence, on September 12, 2012, a settlement agreement was entered into with SBL whereby the finance was restructured and the outstanding loan was agreed to be settled as follows:

- Down payment of Rs. 0.707 million; and
- 54 monthly instalments of Rs. 0.204 million each.

Up to November 2014, the Company repaid 26 monthly installments of Rs. 0.204 million each and defaulted thereafter. As of December 31, 2020, the Company had accrued a markup of Rs. 7.507 million (2020: Rs. 7.089 million).

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

During current period, on September 29, 2020, the company entered into an agreement with M/s .HBL Asset Management Company Limited, being the management company of HBL Income Fund and HBL Multi Asset Fund , full settlement of outstanding financial liability in respect of Term Finance Certificates (TFCs) previously issued to them in March 2008 .

Principal redemption

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

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

Mark-up on TFCs

- The issue carries markup at 6% per annum for the first 36 months (i.e from January 01, 2012 to December 13, 2014) and one-month KIBOR for the remaining 27 months (i.e. from January 01, 2015 to March 01, 2017).
- Mark-up accrued on TFCs up to December 2011, amounting to Rs. 25.368 million, to be repaid in 3 equal instalments falling due in December 2014, December 2015 and December 2016.
- Mark-up payments on TFCs for first 24 months (i.e from January 01, 2012 to December 13, 2014) to be deferred till December 31, 2013 and to be repaid thereafter on a monthly basis (starting from the 25th month till the maturity of the TFC).

Saudi Pak Leasing Company Limited
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For the period ended 31 December 2020

Trustee

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

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

	31 December 2020 Rupees (Un-audited)	June 30, 2020 Rupees (Audited)
21. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES		
Security deposits against finance leases	287,297,504	295,519,074
Current maturity of deposits against finance leases	<u>(287,297,504)</u>	<u>(295,519,074)</u>
	<u>-</u>	<u>-</u>
21.1	This represents security deposits received from lessees under lease contracts and are adjustable on expiry of the respective lease periods.	
22. SURPLUS ON REVALUATION OF ASSETS		
At the beginning of the year	47,663,240	46,345,359
Effect of revaluation	-	3,120,899
	<u>47,663,240</u>	<u>49,466,258</u>
Incremental depreciation transferred to retained earnings	<u>(919,802)</u>	<u>(1,803,018)</u>
	46,743,438	47,663,240
Related deferred tax charge		
At the beginning of the year	(13,822,338)	(13,440,152)
Effect of revaluation carried out during the year	-	(905,061)
Tax effect of change in tax rate	-	-
Incremental depreciation transferred to retained earnings	266,743	522,875
	<u>(13,555,595)</u>	<u>(13,822,338)</u>
	<u>33,187,843</u>	<u>33,840,902</u>

23. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the audited financial statements for the year ended June 30, 2020.

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Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

	December 31 2020	December 31 2019
Note	-----Rupees-----	
24. INCOME FROM FINANCE LEASES		
Markup recovery on finance lease contracts	1,954,364	1,064,731
Other recoveries and settlement gain on finance leases	546,946	308,310
	<u>2,501,310</u>	<u>1,373,041</u>
25. OTHER OPERATING INCOME		
Income from financial assets:		
- Dividend income	-	3,466
- Interest income from government securities	501,247	932,867
- Return on certificates of deposit	-	-
- Interest income from savings accounts	127,608	147,361
	<u>628,855</u>	<u>1,083,694</u>
Income from non-financial assets:		
- Gain on sale of property, plant and equipment	709,100	742,376
- Waiver on settlement of long term finances	36,308,915	-
- Others	75,240	46,066
	<u>37,093,255</u>	<u>788,442</u>
	<u>37,722,110</u>	<u>1,872,136</u>
25.1	This represents waiver of aggregate principal Rs. 19.963 million and waiver of aggregate markup of Rs. 16.346 million, received on settlement of term finance certificates held by M/s HBL Income Fund and M/s HBL Multi-Asset Fund.	
26. FINANCE COST		
Mark-up on:		
- Long term finances	1,274,424	1,148,036
- Term finance certificates	7,811,230	15,205,174
- Short term borrowings	6,795,398	6,795,398
Return on certificates of investment	3,257,050	3,265,873
Bank charges	14,989	14,028
	<u>19,153,091</u>	<u>26,428,509</u>

Saudi Pak Leasing Company Limited
 Selected Notes to the Financial Information (Un-audited)
 For the period ended 31 December 2020

	December 31 2020	December 31 2019
	-----Rupees-----	
<i>Notes</i>		
27. ADMINISTRATIVE AND OPERATING EXPENSES		
Salaries, Allowances and Benefits	8,157,052	9,206,198
Board meeting expenses	1,950,000	1,791,953
Rent	359,040	383,669
Repairs and maintenance	1,345,831	1,023,790
Insurance	173,162	90,588
Utilities	416,063	530,079
Vehicle running expenses	211,537	47,254
Printing and stationery	90,891	323,132
Telephone and postage	266,909	332,740
Travelling and conveyance	395,312	145,110
Fee and subscriptions	38,965	749,563
Legal and professional charges	1,757,120	728,779
Advertising and entertainment	32,720	79,040
Auditors' remuneration	156,000	156,500
Depreciation	2,141,426	2,014,180
Amortization	-	24,084
Miscellaneous	824,138	613,805
	<u>18,316,166</u>	<u>18,240,464</u>
28. TAXATION		
Current charge	31,266	17,510
Deferred tax	-	(905,061)
	<u>31,266</u>	<u>(887,551)</u>

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Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

<i>Notes</i>	December 31 2020	December 31 2019
	-----Rupees-----	
29. CASH GENERATED FROM OPERATIONS		
(Loss) / profit for the period before taxation	10,526,735	(31,787,503)
Adjustment for non cash charges and other items :		
Depreciation - owned assets	1,432,118	1,439,889
Depreciation - investment properties	709,308	574,291
Amortization of intangible	-	24,084
Income from finance leases	(1,954,364)	(1,064,731)
Financial charges and other charges	19,153,091	26,428,509
(Provision) / reversals for doubtful leases, loans and other receivables	(7,772,572)	(9,636,293)
Dividend income	-	(3,466)
Interest income from government securities / saving accounts	(501,247)	(932,867)
Gain on sale of property, plant & equipment / others	(784,340)	(742,376)
Gain on settlement of Term Finance Certificates	(36,308,915)	-
	<u>(26,026,921)</u>	<u>16,087,040</u>
(Loss)/profit before working capital changes	<u>(15,500,186)</u>	<u>(15,700,463)</u>
Working capital changes		
Short term loans	-	-
Trade deposits and short term prepayments	(255,695)	(234,515)
Other Receivables	-	53,229
Accrued expenses and other payables	(1,331,918)	(1,691,545)
	<u>(1,587,613)</u>	<u>(1,872,831)</u>
Cash (used in) / generated from operations after working capital changes	<u>(17,087,799)</u>	<u>(17,573,294)</u>

30. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS

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

Major Shareholder

Rent paid

Directors' fee

Fee

1,950,000	1,350,000
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Key management personnel

Remuneration to key management personnel

3,084,950	4,194,363
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Other related parties

Payments to provident fund

255,000	255,000
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	December 31 2020	December 31 2019
	-----Rupees-----	
EARNINGS / LOSS PER SHARE - BASIC AND DILUTED		
Profit / (Loss) after taxation attributable to ordinary shareholders	10,495,469	(2,099,952)
	(Number)	
Weighted average number of ordinary shares	97,981,350	97,981,350
	(Rupees)	
Earnings / (Loss) per share - Basic	0.23	(0.684)
Profit / (Loss) after taxation attributable to ordinary shareholders - net of dilution effect	10,495,469	(2,099,952)
Weighted average number of ordinary shares - net of dilution effect	97,981,350	97,981,350
	(Rupees)	
Earnings / (Loss) per share - Diluted	0.11	(0.32)

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Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

32. SEGMENT INFORMATION

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

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

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

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

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

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

The Company's finance costs, administrative and other operating expenses, write-offs, taxation and assets and liabilities not related to the above mentioned segments are managed on Company basis and are not allocated to operating segments.

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

Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
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	31 December 2019					Total
	Finance lease	Operating lease	Term loans	Investments	Others	
	(Rupees)					
Segment revenue						
Lease income	1,373,041	-	-	-	-	1,373,041
Interest income	-	-	-	932,867	147,361	1,080,228
Other income	-	-	-	3,466	788,442	791,908
(Provisions) / reversals against assets	9,636,293	-	-	-	-	9,636,293
Segment results	11,009,334	-	-	936,333	935,803	12,881,470
Unallocated cost						
Financial charges						(26,428,509)
Administrative / operating expenses						(18,240,464)
						(44,668,973)
Loss before taxation						(31,787,503)
Taxation						887,551
Loss after taxation						(30,899,952)
Other information						
Segment assets	480,596,104	380,400	120,843,892	29,189,764	-	631,010,160
Unallocated assets	-	-	-	-	119,632,037	119,632,037
Total assets						750,642,197
Segment liabilities	155,265,197					155,265,197
Unallocated liabilities					1,216,948,232	1,216,948,232
Total liabilities						1,372,213,429
Net liabilities						(621,571,232)

33. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The management is of the view that the fair values of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

Saudi Pak Leasing Company Limited
Selected Notes to the Financial Information (Un-audited)
For the period ended 31 December 2020

	Level 1 -----	Level 2 (Rupees) -----	Level 3 -----
<i>As on December 31, 2020</i>			
Office premises and generators	-	65,148,642	-
Investment in ordinary shares	91,714	-	14,664,938
	<u>91,714</u>	<u>65,148,642</u>	<u>14,664,938</u>
<i>As on June 30, 2020</i>			
Office premises and generators	-	64,069,714	-
Investment in ordinary shares	74,514	-	14,664,938
	<u>74,514</u>	<u>64,069,714</u>	<u>14,664,938</u>

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

34. COMPARATIVE FIGURES

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

35. DATE OF AUTHORIZATION

This condensed interim financial information (un-audited) was authorized for issue on February 25, 2021 by the Board of Directors.

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

 _____ Chief Executive Officer	 _____ Director	 _____ Chief Financial Officer
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