SAUDI PAK LEASING COMPANY LIMITED

SAUDI PAK LEASING

Dated: January 22, 2019

Hafiz MaqsoodMunshi

Manager,

Companies and Securities Compliance- RAD

Stock Exchange of Pakistan

I.I.Chundrigar Road

Karachi,

SUBJECT: Restructuring of Term Certificates of Saudi Pak Leasing Company (SPLCTFCS)

Dear Sir,

With reference to our meeting held on Wednesday 16th of January we want to bring in your knowledge the substantial factsand conditions, which has been beyond our control, and has hampered us from meeting our obligationsto TFC holders and also our future plans regarding TFCs, through the following paragraphs.

OVERVIEW OF THE COMPANY'S PROFITABILITY POSITION

Our license expired on 18 May 2010 to which SECP refused to renew as we were not meeting the minimum capital requirement. This substantially stopped us from generating the new revenues. Our profitability came steep down and ultimately company could not be run except losses. The Profit &(loss) position is as follows;

YEAR	RUPEES IN MILLIONS
2010	(343)
2011	(118)
2012	(822)
2013	141
2014	7
2015	(193)

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2016	(85)
2017	(77)
2018	(67)

LIQUIDITY POSITION OF THE COMPANY

Like the industry (in general) our non-performing loans exceeded 95 % of Investment in leases and majority of the cases went under litigations. The company has been facing severe liquidity crunch for the last eleven years and is managing its affairs by internal cash generation through the recovery drive which is an uphill task.

Due to the adverse persistent situation mentioned above, our net cash flows have been in negative. We are generating cash flows which barely meet our routine expenses. Consequently, we defaulted payments to our creditors as the situation has been beyond the control of the company.

OTHER OPERATIONAL PROBLEMS

The gravity of matter and operational problems graven, when the elections of board of directors held on 22 March 2016was withheld by the learned Honorable High Court. Therefore, there was no board of director from March 2016 to 4th of January 2019 when we received thee documents of "fit and proper"in respect of directors elected in the election held on 26 November 2018. The major decision of the company became pending and nothing major could be done for the rehabilitation of the company and for repayments to creditors.

PAST HISTORY OF TFC AND FUTURE POSSIBILITY

The management and board of directors' are conscious for the compliance of regulatory requirements and are also cognizant of their fiduciary responsibility of repayment to TFC holders. This may be well judged from the historical fact that initially TFCs of **Rs.750 million** were issued which after repayments and settlements of **Rs.527 million** are currently standing at **Rs.223million** approximately. Both the lists have been attached as annexure.

Currently, with the board of directors' just appointed and new management, the company is making plans for the handsome recoveries in the current period middle term and long term period. The current management is working on the grounds on which the liability against TFCs may be rescheduled in a way that the cash inflows may match the out flows.This would pave way for the smooth payments to the TFC holders.

PLAN FOR THE RESCHEDULING OF TERM FINANCE CERTIFICATE

The current management is going to propose for rescheduling of Term Finance Certificates in the first board meeting of directors expected to be held on January 29, 2018. The current management is considering various possibilities for rescheduling of TFC and will further work according to the guidelines given by the board of directors. However, our rescheduling will be based on our expectations regarding future recoveries. The current management is striving hard to recover all the amount stuck up in the

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market as mentioned in the foregoing paragraph. We will be able to ascertain the amounts and dates for the repayments of TFCs after June 30, 2019 as 99%of our receivables are in litigations.

We expect that our write up would clear all the situation.

Best regards

Muhammad Siddique Ahmed

Chief Financial Officer

Annexure 1 : for the list of TFC holders of 750 million to whom TFCs were issued.

Annexure 2 :for the list of TFC holders of 223 millionoutstanding at 31 December 2018.