

Directors' Review

I am pleased to present on behalf of the Board of Directors, the unaudited unconsolidated condensed interim financial information of Saudi Pak Industrial and Agricultural Investment Company Limited for the period ended March 31, 2022 together with Directors' Review thereon.

The period ended March 31, 2022 saw the Pakistani economy exhibit a mixed performance amidst extremely challenging global conditions and domestic political environment.

On the one hand, the country successfully navigated the latest wave of COVID-19. Large Scale Manufacturing (LSM) on new base saw 7MFY22 growth of 7.6%. FBR tax collection increased by 29% in 9MFY22 to Rs. 4.4B. Current account deficit for February 2022 also shrank to \$0.5B, its lowest level this fiscal year, on the back of strong exports and demand-moderating measures.

On the other hand, inflation reading for March 2022 of 12.7% was higher than earlier anticipated. Rupee came under pressure and depreciated by 4% during the period. Capital markets remained lackluster, and the KSE-100 benchmark index eventually closed flat viz-a-viz December 31, 2021.

Going forward, significant developments on the domestic political front and ongoing volatility in the global environment and international commodity prices add uncertainty to the future economic outlook.

During the extremely difficult operating environment and financial markets volatility, Company maintained a cautious stance in line with approved strategy. Focus remained on managing risk, book cleansing and booking profit opportunistically.

The salient features of financial statements for the period ended March 31, 2022 are as under:

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	Period ended March 31, 2022,			
	Actual			
	<u>2022</u>	<u>2021</u>	<u>Variance</u>	<u>%Change</u>
	<u>Rupees in Million</u>			
Net mark up/interest Income	133.405	184.361	(50.956)	(27.6)
Income from Capital Market	145.203	16.504	128.699	780
Net provisions / (reversals)	(24.255)	94.155	(118.410)	(126)
Profit before tax	253.201	118.402	134.799	114
Profit after tax	187.913	113.739	74.174	65

Profit before tax increased by 114% to Rs. 253.201 million while profit after tax increased by 65% to Rs.187.913 million. Major reason was 780% increase in income from capital markets and net reversal in provisions. NIM was lower by 27.6% due to increase in borrowing cost and markup suspension of a classified account. Administrative expenses remained well within budgeted limits.

Going forward, Company plans to remain focused on the core business activities and capitalize on available business opportunities while maintaining concerted efforts on recoveries and process improvement.

On behalf of the Board, I would like to express our gratitude to the Governments of the Islamic Republic of Pakistan and the Kingdom of Saudi Arabia for their support and State Bank of Pakistan for professional guidance. I thank the management and staff for an excellent achievement made by them despite the considerable challenges and urge the management to continue with the same positive intent.

Chairman