

**HALF YEARLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2008
(UN-AUDITED)**



GRAYS LEASING LIMITED

COMPANY INFORMATION



| | | |
|---|---|--|
| BOARD OF DIRECTORS | Mr. Paul Douglas Gray Mr. Khawar Anwar Khawaja Mr. Abdul Rashid Mir Mr. Neil Douglas James Gray Mr. Muhammad Tahir Butt Mr. Khurram Anwar Khawaja Khawaja Zaka-ud-Din | Chairman Vice Chairman Chief Executive |
| AUDIT COMMITTEE | Mr. Khawar Anwar Khawaja Mr. Muhammad Tahir Butt Mr. Khurram Anwar Khawaja | |
| AUDITORS | Riaz Ahmad & Co. Chartered Accountants 10-B Saint Mary Park Main Boulevard, Gulberg III Lahore. | |
| MANAGEMENT CONSULTANT | Sarfraz Mahmood (Pvt) Ltd. | |
| COMPANY SECRETARY/ CHIEF FINANCIAL OFFICER | Mr. Naveed Amin Khawaja | |
| HEAD OF INTERNAL AUDIT | Mr. Nadeem Ahmad | |
| LEGAL ADVISOR | Saeed Akhtar Advocate & Corporate Counsel | |
| REGISTERED AND HEAD OFFICE | 701-A, 7 th Floor, City Towers 6-K, Main Boulevard, Gulberg - II, Lahore Tel: (042) 5770382 - 7 Fax: (042) 5770389 E-mail: gll@cyber.net.pk | |
| BANKERS | Standard Chartered Bank Limited Bank Alfalah Limited The Bank of Punjab The Bank of Khyber Askari Bank Limited MCB Bank Limited Faysal Bank Limited First Women Bank Limited The Royal Bank of Scotland Limited National Bank of Pakistan Allied Bank Limited | |
| SHARE REGISTRAR | Hassan Farooq Associates (Pvt) Ltd. HF House. 7-G, Mushtaq Ahmed Gurmani Road Gulberg II Lahore. | |

We are pleased to present the half yearly accounts for the period ended December 31, 2008 together with report of the Board of Directors of the company and review report by the statutory auditors of the Company.

During the half year ended December 31, 2008, a nominal amount of Rupees 3 million in the form of new lease contract was disbursed as compared to the corresponding period of 2007 in which we have disbursed 61 cases of asset, financing worth Rupees 227 million. Net investment in leases is Rupees 1,136.015 million as on December 31, 2008 as compared to Rupees 1,414.457 million as on June 30, 2008. Due to recent recession which created liquidity crunch, reduction in purchasing power of people, increase in bad portfolio in financial sector, changed the philosophy of financial sector business attitude. During the period under review. the major task was to expedite the recovery on priority basis before the portfolio become bad. We are pleased to inform you that your company is achieving the assigned target accordingly. .

The gross revenue from operations is Rupees 56.656 million as against Rupees 78.321 million in the corresponding period of 2007 and net loss before and after tax is Rupees 69.966 million and Rupees 60.679 million as compared to Rupees 6.425 million and Rupees 5.232 million respectively during the corresponding period of 2007.

The JCR-VIS Credit Rating Company has assigned the company medium to long term entity rating of BBB+ and short term entity rating at A3. The outlook on the entity was considered "negative".

Dear shareholders, as you know that the current recession affected the business community badly and the demand of exportable goods especially the textile goods (a leading exportable product of Pakistan) remarkably declined, This tremendous pressure and uncertain political situation of the country, people are facing cash flow problems which resulted in slow recovery and stuck-ups. By keeping in view the prudent policy an amount of Rupees 19.655 million is transferred to suspense account and Rupees 88.619 million has been provided for potential lease losses. After improvement in socioeconomic circumstances and our recovery based strategy, we expect that recovery situation will improve and we will also succeed to get back on to the track.

At the end, we would like to thank banks and financial institutions for their support and the clients who provided us the opportunity to serve them. We also extend lot of appreciation to company employees at all levels for their efforts.

For and on behalf of the board

A handwritten signature in black ink, appearing to read "Abdul Rashid Mir".

ABDUL RASHID MIR

Chief Executive

Lahore: 27 February 2009

Introduction

We have reviewed the accompanying interim condensed balance sheet of GRAYS LEASING LIMITED as at 31 December 2008 and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (herein after referred to as "interim financial information"), for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the interim condensed profit and loss account for the quarters ended 31 December 2008 and 31 December 2007 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2008.

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 information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The comparatives in the accompanying interim financial information were reviewed / audited by another firm of Chartered Accountants who issued an unqualified review report dated 27 February 2008 and a modified opinion dated 07 October 2008 containing an emphasis of matter paragraph on pending application for renewal of licence to carry on leasing business and non-compliance with minimum equity requirements.

INTERIM CONDENSED BALANCE SHEET


AS AT 31 DECEMBER 2008



| | NOTE | Un-audited 31 December 2008 Rupees | Audited 30 June 2008 Rupees |
|---|------|---|--------------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and bank balances | | 22,777,887 | 28,814,468 |
| Advances, deposits, prepayments, accrued interest and other receivables | | 6,398,476 | 20,598,070 |
| Current maturity of non current assets | | <u>675,212,989</u> | <u>641,375,043</u> |
| | | 704,389,352 | 690,787,581 |
| Non Current Assets | | | |
| Net investment in finance leases | 5 | <u>460,801,921</u> | <u>773,432,369</u> |
| Long term investment | 6 | 10,000,000 | 10,000,000 |
| Property, plant and equipment | 7 | <u>94,090,557</u> | <u>97,397,083</u> |
| Long term security deposits | | 983,482 | 877,482 |
| | | <u>565,875,960</u> | <u>881,706,934</u> |
| Total Assets | | <u>1,270,265,312</u> | <u>1,572,494,515</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Short term borrowings | | <u>105,948,296</u> | <u>131,928,948</u> |
| Subordinated loan | | - | 15,000,000 |
| Accrued and other liabilities | | 8,214,089 | 9,150,566 |
| Accrued mark up | | 14,567,652 | 20,618,036 |
| Current maturity of non current liabilities | | <u>383,197,020</u> | <u>315,231,017</u> |
| Provision for taxation | | 289,902 | 3,016,561 |
| | | 512,216,959 | 494,945,128 |
| Non Current Liabilities | | | |
| Deferred taxation | | <u>38,731,806</u> | <u>48,248,813</u> |
| Deposits on lease contracts | | 301,039,012 | 369,897,867 |
| Certificates of investment | | 2,000,000 | 2,000,000 |
| Long term financing | 8 | <u>176,924,504</u> | <u>372,352,989</u> |
| Liabilities against assets subject to finance lease | | 1,832,052 | 2,020,822 |
| Deferred liability | | <u>3,993,191</u> | <u>3,821,951</u> |
| | | 524,520,565 | 798,342,442 |
| Total Liabilities | | <u>1,036,737,524</u> | <u>1,293,287,570</u> |
| NET ASSETS | | <u>233,527,788</u> | <u>279,206,945</u> |
| REPRESENTED BY: | | | |
| Authorized share capital | | | |
| 35,000,000 (30 June 2008: 35,000,000) ordinary shares of Rupees 10 each | | <u>350,000,000</u> | <u>350,000,000</u> |
| Issued, subscribed and paid up share capital | 9 | 215,000,000 | 200,000,000 |
| Statutory reserves | | 58,625,295 | 58,625,295 |
| Unappropriated profit / (Accumulated loss) | | <u>(59,562,793)</u> | <u>613,040</u> |
| Shareholders' equity | | 214,062,502 | 259,238,335 |
| Surplus on revaluation of buildings | | 19,465,286 | 19,968,610 |
| Contingencies and commitments | 10 | <u>233,527,788</u> | <u>279,206,945</u> |

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


Khawar Anwar Khawaja
 Vice Chairman



Abdul Rashid Mir
 Chief Executive

INTERIM CONDENSED PROFIT & LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008 (UN-AUDITED)



| Note | HALF YEAR ENDED | | QUARTER ENDED | | |
|---|---------------------|--------------------|---------------------|---------------------|--------|
| | 31 December 2008 | 31 December 2007 | 31 December 2008 | 31 December 2007 | |
| ----- Rupees ----- | | | | | |
| REVENUE | | | | | |
| Income from lease financing | 54,751,693 | 75,793,717 | 11,758,842 | 30,293,594 | |
| Other income | 1,903,893 | 2,526,957 | 1,404,835 | 2,033,789 | |
| | <u>56,655,586</u> | <u>78,320,674</u> | <u>13,163,677</u> | <u>32,327,383</u> | |
| EXPENDITURE | | | | | |
| Administrative and other operating expenses | 18,918,390 | 17,768,798 | 9,799,427 | 10,025,391 | |
| Financial and other charges | 53,802,238 | 56,580,819 | 24,873,935 | 27,039,683 | |
| Provision for doubtful receivables | 53,900,861 | 10,396,493 | 46,189,094 | 9,218,768 | |
| | <u>126,621,489</u> | <u>84,746,110</u> | <u>80,862,456</u> | <u>46,283,842</u> | |
| LOSS BEFORE TAXATION | (69,965,903) | (6,425,436) | (67,698,779) | (13,956,459) | |
| Provision for taxation | 9,286,746 | 1,193,525 | 8,464,476 | 3,166,179 | |
| LOSS AFTER TAXATION | <u>(60,679,157)</u> | <u>(5,231,911)</u> | <u>(59,234,303)</u> | <u>(10,790,280)</u> | |
| Earnings per share - basic and diluted | 11 | (2.99) | (0.26) | (2.88) | (0.54) |

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


Khawar Anwar Khawaja
 Vice Chairman


Abdul Rashid Mir
 Chief Executive


INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008 (UN-AUDITED)



| | Half year ended | |
|--|----------------------|---------------------|
| | 31 December 2008 | 31 December 2007 |
| | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | (69,965,903) | (6,425,436) |
| Adjustments for non-cash charges and other items: | | |
| Depreciation | 4,195,708 | 2,923,186 |
| Provision for gratuity | 602,240 | 474,566 |
| Finance charges | 53,802,238 | 56,580,819 |
| Provision for doubtful receivables | 53,900,861 | 10,396,493 |
| Markup on loan to employee | (8,462) | (30,074) |
| Gain on disposal of property, plant and equipment | (176,482) | (128,476) |
| Profit on bank deposits and investments | (649,430) | (911,291) |
| | <u>111,666,673</u> | <u>69,305,223</u> |
| Operating profit before working capital changes | 41,700,770 | 62,879,787 |
| Decrease/(increase) in advances, prepayments, accrued interest and other receivables | 1,878,124 | (110,147) |
| Increase/(decrease) in accrued and other liabilities | (1,007,052) | 3,048,093 |
| Cash generated from operations | 42,571,842 | 65,817,733 |
| Financial charges paid | (59,498,776) | (53,348,136) |
| Income tax paid | (46,143) | (1,688,300) |
| Gratuity paid | (431,000) | (72,000) |
| Net cash from / (used in) operating activities | (17,404,077) | 10,709,297 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net Investment in finance leases | 234,022,908 | 2,401,441 |
| Property, plant and equipment acquired | (127,700) | (8,179,763) |
| Long term security deposits | (106,000) | (131,030) |
| Sale proceeds of property, plant and equipment | 475,000 | 629,609 |
| Long term loans and advances | 350,000 | 100,000 |
| Profit on bank deposits and investments | 657,892 | 930,960 |
| Net cash from / (used in) investing activities | 235,272,100 | (4,248,783) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term financing | (141,857,815) | 7,334,534 |
| Short term borrowings - net | (26,123,350) | (45,000,000) |
| Subordinated loan | (15,000,000) | - |
| Certificates of investment repaid | (8,500,000) | (19,500,000) |
| Deposits on lease contracts | (46,368,666) | 36,225,841 |
| Lease rentals paid | (1,197,471) | (1,158,467) |
| Share capital issued | 15,000,000 | - |
| Net cash used in financing activities | (224,047,302) | (22,098,092) |
| Net decrease in cash and cash equivalents | (6,179,279) | (15,637,578) |
| Cash and cash equivalents at the beginning of the period (Note 12) | (70,114,480) | (42,952,048) |
| Cash and cash equivalents at the end of the period (Note 12) | (76,293,759) | (58,589,626) |

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


Khawar Anwar Khawaja
 Vice Chairman


Abdul Rashid Mir
 Chief Executive


**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008 (UN-AUDITED)**



| | RESERVES | | | Total Equity | |
|--|---------------|-------------------|--|--------------|--------------|
| | Share Capital | Statutory Reserve | Unappropriated Profit / (Accumulated Loss) | | Total |
| -----Rupees----- | | | | | |
| Balance as at 30 June 2007 | 200,000,000 | 58,625,295 | 9,844,609 | 68,469,904 | 268,469,904 |
| Net loss for the half year ended 31 December 2007 | - | - | (5,231,911) | (5,231,911) | (5,231,911) |
| Transfer from surplus on revaluation of buildings | | | | | |
| -Incremental depreciation-net of deferred taxation | - | - | 522,282 | 522,282 | 522,282 |
| Balance as at 31 December 2007 | 200,000,000 | 58,625,295 | 5,134,980 | 63,760,275 | 263,760,275 |
| Net loss for the period | - | - | (5,050,638) | (5,050,638) | (5,050,638) |
| Transfer from surplus on revaluation of buildings | | | | | |
| -Incremental depreciation-net of deferred taxation | - | - | 528,698 | 528,698 | 528,698 |
| Balance as at 30 June 2008 | 200,000,000 | 58,625,295 | 613,040 | 59,238,335 | 259,238,335 |
| Issue of share capital | 15,000,000 | - | - | - | 15,000,000 |
| Net loss for the half year ended 31 December 2008 | - | - | (60,679,157) | (60,679,157) | (60,679,157) |
| Transfer from surplus on revaluation of buildings | | | | | |
| -Incremental depreciation-net of deferred taxation | - | - | 503,324 | 503,324 | 503,324 |
| Balance as at 31 December 2008 | 215,000,000 | 58,625,295 | (59,562,793) | (937,498) | 214,062,502 |

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


Khawar Anwar Khawaja
Vice Chairman


Abdul Rashid Mir
Chief Executive

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 on 31 August 1995. The company's shares are listed on Karachi and Lahore Stock Exchanges. The company is engaged in leasing business and has been classified as a Non-Banking Finance Company (NBFC). Its registered office is situated at 701-A, 7th floor, City Towers, 6-K, Main boulevard, Gulberg-II, Lahore.

2. STATEMENT OF COMPLIANCE

This interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This interim financial information should be read in conjunction with the preceding annual published financial statements of the company for the year ended 30 June 2008.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this interim financial information are the same as applied in the preparation of the preceding annual published financial statements of the company for the year ended 30 June 2008.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of this interim financial information are the same as those applied to the preceding annual published financial statements of the company for the year ended 30 June 2008.

| | Un-Audited | Audited |
|---|----------------------|----------------------|
| | 31 December | 30 June |
| | 2008 | 2008 |
| | Rupees | Rupees |
| 5. Net investment in finance leases | | |
| Lease rentals receivable | 1,012,388,274 | 1,230,042,720 |
| Add: Guaranteed residual value of leased assets | 410,236,753 | 456,605,419 |
| Gross investment in finance leases | <u>1,422,625,027</u> | <u>1,686,648,139</u> |
| Less: Unearned finance income | 197,991,471 | 227,991,675 |
| Net investment in finance leases | <u>1,224,633,556</u> | <u>1,458,656,464</u> |
| Less: Allowance for potential lease losses | <u>88,618,646</u> | <u>44,199,052</u> |
| | 1,136,014,910 | 1,414,457,412 |
| Less: Current portion shown under current liabilities | <u>675,212,989</u> | <u>641,025,043</u> |
| | <u>460,801,921</u> | <u>773,432,369</u> |

6. LONG TERM INVESTMENT

Held to maturity

| | | |
|---|-------------------|-------------------|
| 8% Pakistan Investment Bonds (Note 6.1) | <u>10,000,000</u> | <u>10,000,000</u> |
|---|-------------------|-------------------|

6.1 Investment in Pakistan Investment Bonds has been made in accordance with Rule 14(4)(i) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 in order to maintain liquidity against certificates of investment issued by the company. These bonds have a maturity period of 10 years and carry profit at the rate of 8% per annum receivable semi annually.

S Elected Notes to the Interim Condensed Financial Information
FOR THE HALF YEAR ENDED 31 DECEMBER 2008 (UN-AUDITED)



| | Un-Audited 31 December 2008 Rupees | Audited 30 June 2008 Rupees |
|--|--|--------------------------------------|
| 7. PROPERTY, PLANT AND EQUIPMENT | | |
| Owned assets (Note 7.1) | 88,362,216 | 92,123,146 |
| Leased assets (Note 7.2) | 5,728,341 | 5,273,937 |
| | <u>94,090,557</u> | <u>97,397,083</u> |
| 7.1 Owned assets | | |
| Opening book value | 92,123,146 | 58,699,316 |
| Add: Cost of additions during the period / year (Note 7.1.1) | 119,000 | 44,014,074 |
| | <u>92,242,146</u> | <u>102,713,390</u> |
| Less: Book value of vehicles disposed of during the period / year | 298,518 | 1,123,921 |
| | <u>91,943,628</u> | <u>101,589,469</u> |
| Less: Depreciation charged for the period / year | 3,581,412 | 9,466,323 |
| Closing book value (Note 7.1.2) | <u>88,362,216</u> | <u>92,123,146</u> |
| 7.1.1 Cost of additions during the period / year | | |
| Freehold land | - | 11,706,695 |
| Machinery | - | 26,591,486 |
| Furniture and fixtures | - | 49,700 |
| Office equipment | 11,000 | 94,000 |
| Computer equipment | 108,000 | 538,863 |
| Vehicles | - | 5,033,330 |
| | <u>119,000</u> | <u>44,014,074</u> |
| 7.1.2 | It includes book value of property, plant and equipment on operating lease amounting to Rupees 22,676,976 (30 June 2008: Rupees 24,586,078). | |
| 7.2 Leased assets | | |
| Opening book value | 5,273,937 | 4,163,711 |
| Add: Cost of vehicles acquired during the period / year | 1,068,700 | 3,416,989 |
| | <u>6,342,637</u> | <u>7,580,700</u> |
| Less: Book value of vehicles disposed of during the period / year | - | 1,066,747 |
| | <u>6,342,637</u> | <u>6,513,953</u> |
| Less: Depreciation charged for the period / year | 614,296 | 1,240,016 |
| Closing book value | <u>5,728,341</u> | <u>5,273,937</u> |
| 8. LONG TERM FINANCING | | |
| SECURED | | |
| Opening balance | 543,966,667 | 680,791,066 |
| Add: Obtained during the period / year | - | 120,000,000 |
| Less: Repaid during the period / year | 142,170,920 | 256,824,399 |
| | <u>401,795,747</u> | <u>543,966,667</u> |
| Less: Unamortized transaction cost | 2,871,245 | 3,184,350 |
| | <u>398,924,502</u> | <u>540,782,317</u> |
| Less: Current portion shown under current liabilities | 221,999,998 | 168,429,328 |
| Non-Current Portion | <u>176,924,504</u> | <u>372,352,989</u> |
| 9. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL | | |
| Opening balance | | |
| 18,000,000 ordinary shares of Rupees 10 each fully paid up in cash | 180,000,000 | 180,000,000 |
| 2,000,000 ordinary shares of Rupees 10 each issued as bonus shares | 20,000,000 | 20,000,000 |
| | <u>200,000,000</u> | <u>200,000,000</u> |
| Add: Shares issued during the period | | |
| 1,500,000 ordinary shares of Rupees 10 each issued as right shares | 15,000,000 | - |
| Closing balance | <u>215,000,000</u> | <u>200,000,000</u> |

SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2008 (UN-AUDITED)



- 9.1 Time schedule to comply with minimum equity requirement of Rupees 350 million has been extended upto 30 June 2009 by the Securities and Exchange Commission of Pakistan.
- 9.2 The licence of the company to carry out leasing operations has been renewed on 11 February 2009 by the Securities and Exchange Commission of Pakistan.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

Nil (30 June 2008 : Nil)

Commitments

Lease contracts approved but not disbursed as at 31 December 2008 are of Rupees 37,402 million (30 June 2008: Rupees 40,403 million). Commitments for capital expenditures are Rupees Nil (30 June 2008: Rupees 0.12 million).

11. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share.

| | Un-Audited | Audited | Un-Audited | Audited |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 December | 30 June | 31 December | 30 June |
| | 2008 | 2008 | 2007 | 2007 |
| | Rupees | Rupees | Rupees | Rupees |
| 12. CASH AND CASH EQUIVALENTS | | | | |
| Cash and bank balances | 22,777,887 | 28,814,468 | 34,071,571 | 4,583,619 |
| Less: Short term running finance | 99,071,646 | 98,928,948 | 92,661,197 | 47,535,667 |
| | <u>(76,293,759)</u> | <u>(70,114,480)</u> | <u>(58,589,626)</u> | <u>(42,952,048)</u> |

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

| (Un-Audited) | | | |
|-------------------------|--------------------|----------------------|--------------------|
| HALF YEAR ENDED | | QUARTER ENDED | |
| 31 December | 31 December | 31 December | 31 December |
| 2008 | 2007 | 2008 | 2007 |
| -----Rupees----- | | | |

Associated companies

| | | | | |
|---|------------|-----------|------------|-----------|
| Certificates of investments issued during the period | 40,000,000 | 3,000,000 | 40,000,000 | 3,000,000 |
| Certificates of investments matured during the period | 40,000,000 | 6,000,000 | 40,000,000 | 6,000,000 |
| Mark up on certificates of investment | 6,801,271 | 2,973,026 | 4,538,068 | 2,316,328 |
| Short term borrowings acquired | 6,000,000 | - | - | - |
| Short term borrowings repaid | 6,000,000 | - | 6,000,000 | - |
| Subordinated loan repaid | 6,000,000 | - | 6,000,000 | - |
| Issue of right shares | 10,165,610 | - | 10,165,610 | - |

Other related parties

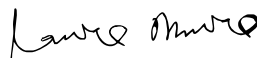
| | | | | |
|--|-----------|-----------|-----------|-----------|
| Long term loan settled | 350,000 | - | 300,000 | - |
| Issue of right shares | 4,829,100 | - | 4,829,100 | - |
| Lease rentals received | 761,085 | 625,300 | 92,600 | 500,240 |
| Mark up on certificates of investment | 270,979 | - | 270,979 | - |
| Remuneration paid to chief executive, directors and executives | 4,032,387 | 4,038,000 | 1,575,387 | 2,019,000 |


14. DATE OF AUTHORIZATION FOR ISSUE

This interim financial information was approved by the Board of Directors and authorized for issue on 27 February 2009.

15. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison. However, no significant rearrangements have been made.


Khawar Anwar Khawaja
 Vice Chairman


Abdul Rashid Mir
 Chief Executive

BOOK POST

**UNDER
POSTAL
CERTIFICATE**

If undelivered please return to:

GRAYS LEASING LIMITED.

REGISTERED AND HEAD OFFICE

701-A, 7th Floor, City Towers

6-K, Main Boulevard, Gulberg-II, Lahore

Tel : (042) 5770382-6

Fax : (042) 5770389