

**QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 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. Jason Charles Gray
Mr. Muhammad Tahir Butt
Mr. Khurram Anwar Khawaja

Chairman
Vice Chairman
Chief Executive

AUDIT COMMITTEE

Mr. Khawar Anwar Khawaja
Mr. Muhammad Tahir Butt
Mr. Khurram Anwar Khawaja

AUDITORS

A.F Ferguson & Co.
Chartered Accountants
505-509 Alfalah Building,
Shara-e-Quaid-e-Azam
Lahore.

MANAGEMENT CONSULTANT

Sarfraz Mahmood (Pvt) Ltd.

COMPANY SECRETARY/ CHIEF FINANCIAL OFFICER

Mr. Atif Bin Arshad

HEAD OF INTERNAL AUDIT

Mr. Nadeem Ahmad

LEGAL ADVISOR

Saeed Akhtar Advocate &
Corporate Counsel

REGISTERED AND HEAD OFFICE

701-A, 7th Floor, City Towers
6-K, Main Boulevard, Gulberg - II, Lahore
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BANKERS

Standard Chartered Grindlays
Bank Alfalah Ltd.
The Bank of Punjab
The Bank of Khyber
Askari Bank Ltd.
MCB Bank Ltd.
Faysal Bank Ltd.
First Women Bank Ltd.
ABN Amro Bank Ltd.
National Bank of Pakistan
Allied Bank Limited

DIRECTORS' REPORT



We are pleased to present the un-audited accounts for the quarter ended March 31, 2008 and the nine month period then ended.

During the period ended March 31, 2008, leases amounting to Rupees 305.647 million comprising of 98 contracts were disbursed out of 128 approved contracts for Rupees 337.402 million as compared to 127 contracts for Rupees 406.806 million executed during the corresponding period of 2007. Net investment in leases as on March 31, 2008 is Rupees 1,555.349 million which shows a little decrease as compared to Rupees 1,622.349 million as on June 30, 2007.

The gross revenue from operations are Rupees 126.58 million as against Rupees 121.957 million in the corresponding period of 2007. The net loss before and after tax has been Rupees 4.860 million and Rupees 5.051 million as compared to profit of Rupees 24.772 million and Rupees 16.689 million respectively during the corresponding period. As you know that economic conditions of the country remain stagnant, especially the textile and commercial transport sectors are under tremendous pressure and pace of the economy has further slowed down due to uncertain political situation of the country. Due to the economic and political uncertainty people are facing cash flow problems which resulted in slow recovery and stuck-ups. As a prudent policy an amount of Rupees 10.829 million is transferred to suspense account and Rupees 13.662 million has been provided for potential lease losses, thus reducing the revenue to Rupees 115.751.

Dear shareholders, you will surely appreciate that despite very tough economic and political situation the company earns Rupees 1.566 million profits during 3rd quarter ended 31 March 2008 which surely shows a loss-reversing trend. We are hopeful that with more dedicated efforts of our team the profitability of the company will further improve in the next quarter.

The JCR-VIS Credit Rating Company has assigned the company medium to long term entity rating of BBB+ and short term entity rating at A-2. The outlook on the entity was considered "Negative". Revised rating is in progress and we are very hopeful for improvement in rating.

Dear shareholders, the management has decided to declare 7.5% right shares to be issued at par in order to comply with the minimum equity requirement as per Non-Banking Finance Companies and Notified Entities Regulations, 2007.

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", with a horizontal line underneath.

ABDUL RASHID MIR

Lahore: April 29, 2008

Chief Executive

BALANCE SHEET

AS AT MARCH 31, 2008 (UN-AUDITED)



	Note	March 31, 2008 Rupees	June 30, 2007 Rupees
ASSETS			
Current assets			
Cash and bank balances		18,519,150	4,583,619
Advances, prepayments, accrued interest and other receivables		24,739,761	24,146,966
Current maturity of non current assets		632,767,069	697,011,924
		<u>676,025,980</u>	<u>725,742,509</u>
Non-current assets			
Long term loans and advances		-	3,650,000
Net investment in finance leases	4	923,082,920	926,086,814
Long term investments	5	10,000,000	10,000,000
Property, plant and equipment	6	73,317,533	62,863,027
Long term security deposits		957,332	1,090,402
		<u>1,007,357,785</u>	<u>1,003,690,243</u>
Total assets		<u>1,683,383,765</u>	<u>1,729,432,752</u>
LIABILITIES			
Current liabilities			
Short term borrowings		159,712,848	127,535,667
Trade and other payables		8,379,119	8,638,757
Accrued mark-up		23,902,129	25,544,665
Current maturity of non-current liabilities		360,753,781	366,284,353
Provision for taxation		4,740,093	2,847,610
		<u>557,487,970</u>	<u>530,851,052</u>
Non-current liabilities			
Deferred taxation		61,059,018	62,759,899
Security deposits		388,633,187	346,798,547
Certificates of investment	7	500,000	59,000,000
Borrowing from financial institutions and others		389,716,962	438,833,116
Liabilities against assets subject to finance lease		2,539,222	2,598,806
Deferred Liabilities		2,992,819	3,085,485
		<u>845,441,208</u>	<u>913,075,853</u>
Total liabilities		<u>1,402,929,178</u>	<u>1,443,926,905</u>
NET ASSETS		<u>280,454,587</u>	<u>285,505,847</u>
REPRESENTED BY:			
Authorized share capital			
20,000,000 ordinary shares of Rupees 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up share capital		200,000,000	200,000,000
Capital reserves		56,818,314	57,828,566
Revenue reserve		2,616,683	6,657,691
Shareholders' equity		<u>259,434,997</u>	<u>264,486,257</u>
Surplus on revaluation of fixed assets		21,019,590	21,019,590
Contingencies and commitments	8	<u>-</u>	<u>-</u>
		<u>280,454,587</u>	<u>285,505,847</u>

Muhammad Tahir Butt
Director

Abdul Rashid Mir
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2008 (UN-AUDITED)



	Period ended March 31, 2008 Rupees	Quarter ended March 31, 2008 Rupees	Period ended March 31, 2007 Rupees	Quarter ended March 31, 2007 Rupees
INCOME				
Income from lease financing	112,747,654	36,953,937	118,435,860	40,964,721
Other income	<u>3,002,906</u>	<u>475,949</u>	<u>3,120,645</u>	<u>669,803</u>
	115,750,560	37,429,886	121,556,505	41,634,524
EXPENDITURE				
Administrative and other operating expenses	24,679,159	6,910,361	20,334,711	7,476,455
Financial and other charges	82,268,861	25,688,042	76,544,742	25,893,685
Provision for doubtful receivables	13,662,197	3,265,704	(95,475)	201,616
	<u>120,610,217</u>	<u>35,864,107</u>	<u>96,783,978</u>	<u>33,571,756</u>
Profit before taxation	(4,859,657)	1,565,779	24,772,527	8,062,768
Provision for taxation	10 (191,603)	(1,385,128)	(8,083,312)	(3,304,313)
Profit after taxation	<u>(5,051,260)</u>	<u>180,651</u>	<u>16,689,215</u>	<u>4,758,455</u>
Earning per share - Basic	<u>(0.25)</u>	<u>0.01</u>	<u>0.83</u>	<u>0.24</u>

The annexed notes 1 to 12 form an integral part of these financial statements.


Muhammad Tahir Butt
Director


Abdul Rashid Mir
Chief Executive

CASH FLOW STATEMENT

FOR THE PERIOD ENDED MARCH 31, 2008 (UN-AUDITED)



	Period ended March 31, 2008 Rupees	Period ended March 31, 2007 Rupees
Cash flow from operating activities		
Profit before taxation	(4,859,657)	24,772,527
Adjustments for non-cash charges and other items:		
- Depreciation	4,384,779	1,972,817
-Provision for gratuity	454,000	519,868
-Financial charges	82,268,861	76,544,742
-Provision for doubtful receivables	13,662,197	(95,475)
-Exchange gain	(143,502)	(15,654)
-(Gain) / Loss on sale of fixed assets	(101,937)	27,392
-Profit on bank deposits and investments	(770,017)	(1,033,774)
	<u>99,753,381</u>	<u>77,919,916</u>
Operating profit before working capital changes	94,893,724	102,692,443
(Increase)/decrease in advances prepayments, accrued interest and other receivables	(730,880)	(10,237,844)
(Decrease) in trade and other payables	(713,638)	44,470,093
Cash generated from operations	<u>93,449,205</u>	<u>136,924,692</u>
Financial charges paid	(83,911,397)	(77,964,633)
Income tax paid	-	(2,699,105)
Dividend paid	-	(217,581)
Gratuity paid	(92,666)	(168,267)
Net cash generated from operating activities	<u>9,445,142</u>	<u>55,875,106</u>
Cash flow from investing activities		
Net investment in finance leases recovered / (disbursed) - net	53,480,054	(80,888,260)
Placements with financial institutions	-	-
Redemption of long term investments	-	1,666,650
Long term loans and advances	3,900,000	450,000
Fixed capital expenditure	(17,861,370)	(4,089,062)
Proceeds from sale of fixed assets	3,124,022	2,357,240
Long term deposits	133,070	(304,633)
Profit on bank deposits and investments	909,100	882,541
Net cash generated from/(used in) investing activities	<u>43,684,876</u>	<u>(79,925,524)</u>
Cash flow from financing activities		
Borrowing from financial institutions and others-net	(66,058,221)	54,854,466
Short term borrowings obtained/(repaid) - net	32,177,181	50,428,921
Certificates of investment-net	(46,500,000)	(161,494,684)
Security deposits	41,707,671	50,858,687
Lease rentals paid	(521,119)	919,424
Net cash (used in) / generated from financing activities	<u>(39,194,488)</u>	<u>(4,433,186)</u>
Net (decrease) / increase in cash and cash equivalents	<u>13,935,531</u>	<u>(28,483,604)</u>
Cash and cash equivalents at beginning of the period	<u>4,583,619</u>	<u>34,682,444</u>
Cash and cash equivalents at the end of the period	<u>18,519,150</u>	<u>6,198,840</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

Muhammad Tahir Butt
Director

Abdul Rashid Mir
Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2008 (UN-AUDITED)



	Share capital Rupees	Capital reserves		Sub total Rupees	Revenue reserve	Total reserves Rupees	Total equity Rupees
		Statutory reserve Rupees	Reserve for issue of bonus Rupees		Unappropriated profit Rupees		
Balance as at July 1, 2006	200,000,000	55,533,739	-	55,533,739	(2,529,150)	53,004,589	253,004,589
Net profit for the period	-	-	-	-	16,689,215	16,689,215	16,689,215
Statutory reserve	-	3,337,843	-	3,337,843	(3,337,843)	-	-
Balance as at March 31, 2007	<u>200,000,000</u>	<u>58,871,582</u>	<u>-</u>	<u>58,871,582</u>	<u>10,822,222</u>	<u>69,693,804</u>	<u>269,693,804</u>
Net profit for the period	-	-	-	-	(5,215,080)	(5,215,080)	(5,215,080)
Transfer from surplus on revaluation of fixed assets - incremental depreciation - net of deferred taxation	-	-	-	-	7,533	7,533	7,533
Statutory reserve	-	(1,043,016)	-	(1,043,016)	1,043,016	-	-
Balance as at June 30, 2007	<u>200,000,000</u>	<u>57,828,566</u>	<u>-</u>	<u>57,828,566</u>	<u>6,657,691</u>	<u>64,486,257</u>	<u>264,486,257</u>
Net profit for the period	-	-	-	-	(5,051,260)	(5,051,260)	(5,051,260)
Statutory reserve	-	(1,010,252)	-	(1,010,252)	1,010,252	-	-
Balance as at March 31, 2008	<u>200,000,000</u>	<u>56,818,314</u>	<u>-</u>	<u>56,818,314</u>	<u>2,616,683</u>	<u>59,434,997</u>	<u>259,434,997</u>

The annexed notes 1 to 12 form an integral part of these financial statements.


Muhammad Tahir Butt
 Director


Abdul Rashid Mir
 Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008 (UN-AUDITED)



1. The company was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 on August 31, 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 Financial Company (NBFC). Its registered office is situated at 701-A, 7th floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.

2. The financial statements have been prepared and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance 1984 and the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'.

3. The accounting policies adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended June 30, 2006.

	March 31, 2008	June 30, 2007
	Rupees	Rupees
4. Net investment in finance leases		
Lease rentals receivable	1,384,460,568	1,508,002,990
Add: Guaranteed residual value of leased assets	464,426,534	422,718,863
Gross investment in finance leases	<u>1,848,887,102</u>	<u>1,930,721,853</u>
Less: Un-earned finance income	<u>(249,424,503)</u>	<u>(277,922,702)</u>
Net investment in finance leases	1,599,462,599	1,652,799,151
Less: Provision for doubtful receivables	<u>(44,112,610)</u>	<u>(30,450,413)</u>
	<u>1,555,349,989</u>	<u>1,622,348,738</u>
Less: Current portion of net investment in finance leases	<u>(632,267,069)</u>	<u>(696,261,924)</u>
	<u>923,082,920</u>	<u>926,086,814</u>

5. Investments

Held to maturity

8% Pakistan Investment Bonds	10,000,000	10,000,000
	10,000,000	10,000,000
Less: Current portion	-	-
	<u>10,000,000</u>	<u>10,000,000</u>

6. Property, plant and equipment

Opening balance	62,863,027	30,532,446
Additions/(Disposals) during the period	17,861,370	4,967,107
Surplus on revaluation of assets	6.1	32,349,420
	<u>80,724,397</u>	<u>67,848,973</u>
Written down value of disposals during the period	(3,022,085)	(2,270,781)
Depreciation charged for the period	<u>(4,384,779)</u>	<u>(2,715,165)</u>
Net book value	<u>73,317,533</u>	<u>62,863,027</u>

6.1 Following is the detail of additions during the period:

Land	11,706,695	-
Furniture and fixtures	-	236,750
Office equipment	586,850	1,710,241
Computers	-	489,172
Vehicles	5,567,825	2,530,944
	<u>17,861,370</u>	<u>4,967,107</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2008 (UN-AUDITED)



7. Certificates of investments-unsecured

The company has issued certificates of investment as per permission granted by the Securities and Exchange Commission of Pakistan. These certificates have been issued for maturity periods ranging from three months to three years. The return on certificates ranges from 7 percent to 12.33 percent (June 30, 2007: 7 percent to 12.95 percent) per annum.

8. Contingencies and commitments

8.1 Contingencies

Nil (June 30, 2007 : Nil)

8.2 Commitments

Lease contracts approved but not disbursed as at March 31, 2008 amounted to Rs 50.230 million (June 30, 2007: Rs 89.284 million). The amount payable against land purchased at Faisalabad amounting to Rs. NIL (June 30, 2007: Rs. 7 million).

	Period Ended March 31, 2008 Rupees	Period Ended March 31, 2007 Rupees
9. Transaction with associated undertakings/ related parties		
Certificates of investments issued during the period	1,500,000	-
Certificates of investments matured/repaid during the period	3,000,000	-
Assets leased out during the period	-	406,000
Short term loan acquired	10,000,000	-
Mark-up on certificates of investment issued	4,847,856	1,706,854
Mark-up on long term loans	30,205	3,104,391
Lease rentals received	1,434,735	1,221,878

10. Taxation

Provision for taxation is on an estimated basis.

11. Date of authorization for issue

These financial statements were authorized for issue on April 29, 2008 by the board of directors of the company.

12. Corresponding figures

Corresponding figures have been rearranged and re-classified , wherever necessary, for the purpose of comparison. However no significant rearrangements have been made.


Muhammad Tahir Butt
 Director


Abdul Rashid Mir
 Chief Executive

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