

**QUARTERLY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 SEPTEMBER 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, 7th 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
ABN Amro Bank Limited
National Bank of Pakistan
Allied Bank Limited

SHARE REGISTRARS

Hassan Farooq Associates (Pvt) Ltd.
HF House. 7-G, Mushtaq Ahmed Gurmani Road
Gulberg II Lahore.

We are pleased to present the quarterly accounts for the period ended September 30, 2008 together with report of the Board of Directors of the company.

During the quarter ended September 30, 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 approved 44 cases of asset financing worth Rupees 104.534 million out of which leases amounting to Rupees 72.504 million comprising of 29 contracts were concluded. Net investment in leases is Rupees 1,314.888 million as on September 30, 2008 as compared to Rupees 1,414.457 million as on June 30, 2008. Due to current economic stagnation, liquidity crunch of banks, reduction in purchasing power of people, we have adopted recovery based strategy. Therefore our entire attention has been focused upon recovery and not on lease disbursements. Because we have of view that don't through the money in bad leases, let us watch see the good time.

The gross revenue from operations is Rupees 41.282 million, as against Rupees 45.993 million in the corresponding period of 2007 and net profit / (loss) before and after tax is Rupees (2.267) million and Rupees (1.445) million as compared to Rupees 7.531 million and Rupees 5.558 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 A2. The outlook on the entity was considered "negative".

Dear shareholders, as you know that economic conditions of the country remain stagnant, especially the textile sector is 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. By keeping in view the prudent policy an amount of Rupees 3.055 million is transferred to suspense account and Rupees 7.712 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

Lahore: October 30, 2008

Chief Executive

BALANCE SHEET

AS AT SEPTEMBER 30, 2008 (UN-AUDITED)



		30 September 2008	30 June 2008
	Note	Rupees	Rupees
ASSETS			
Current assets			
Cash and bank balances		9,816,532	28,814,468
Advances, prepayments, accrued interest and other receivables		20,804,736	20,598,070
Current maturity of non current assets		650,902,163	641,375,043
		<u>681,523,431</u>	<u>690,787,581</u>
Non-current assets			
Net investment in finance leases	4	666,495,741	773,432,369
Long term investments	5	10,000,000	10,000,000
Property, plant and equipment	6	96,480,142	97,397,083
Long term security deposits		983,482	877,482
		<u>773,959,365</u>	<u>881,706,934</u>
Total assets		<u>1,455,482,796</u>	<u>1,572,494,515</u>
LIABILITIES			
Current liabilities			
Short term borrowings		102,761,820	131,928,948
Subordinated loan		15,000,000	15,000,000
Accrued and other liabilities		5,684,943	9,150,566
Mark-up accrued		25,402,048	20,618,036
Current maturity of non-current liabilities		361,607,318	315,231,017
Provision for taxation		3,016,561	3,016,561
		<u>513,472,690</u>	<u>494,945,128</u>
Non-current liabilities			
Deferred taxation		47,426,544	48,248,813
Deposit on lease contracts		365,095,632	369,897,867
Certificates of investment		2,000,000	2,000,000
Borrowing from financial institutions and others	7	240,215,653	372,352,989
Liabilities against assets subject to finance lease		4,223,495	2,020,822
Deferred Liabilities		4,092,071	3,821,951
		<u>663,053,395</u>	<u>798,342,442</u>
Total liabilities		<u>1,176,526,085</u>	<u>1,293,287,570</u>
NET ASSETS		<u>278,956,711</u>	<u>279,206,945</u>
REPRESENTED BY:			
Authorized share capital			
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		200,000,000	200,000,000
Share deposit money - Right III		1,194,620	-
Statutory reserves		58,625,295	58,625,295
Unappropriated profit		(582,117)	613,040
Shareholders' equity		<u>259,237,798</u>	<u>259,238,335</u>
Surplus on revaluation of fixed assets		19,718,913	19,968,610
Contingencies and commitments	8	-	-
		<u>278,956,711</u>	<u>279,206,945</u>

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

Muhammad Tahir Butt
Director

Abdul Rashid Mir
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2008 (UN-AUDITED)



	Note	Quarter ended September 30, 2008 Rupees	Quarter ended September 30, 2007 Rupees
INCOME			
Income from lease financing		42,992,851	45,500,123
Other income		499,058	493,168
		<u>43,491,909</u>	<u>45,993,291</u>
EXPENDITURE			
Administrative and other operating expenses		9,118,963	7,743,407
Financial and other charges		28,928,303	29,541,136
Provision for potential lease losses		7,711,767	1,177,725
		<u>45,759,033</u>	<u>38,462,268</u>
(Loss) / Profit before taxation		(2,267,124)	7,531,023
Provision for taxation	10	822,270	(1,972,654)
		<u>(1,444,854)</u>	<u>5,558,369</u>
(Loss) / Profit after taxation			
Earning per share - Basic		<u>(0.07)</u>	<u>0.28</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 SEPTEMBER 30, 2008 (UN-AUDITED)



	Quarter ended September 30, 2008 Rupees	Quarter ended September 30, 2007 Rupees
Cash flow from operating activities		
(Loss) / Profit before taxation	(2,267,124)	7,531,023
Adjustments for non-cash charges and other items:		
-Depreciation	2,040,141	885,050
-Provision for gratuity	301,120	237,283
-Financial charges	28,928,303	29,541,086
-Provision for doubtful receivables	7,711,767	1,177,725
-Profit on bank deposits and investments	(201,644)	(339,726)
	<u>38,779,687</u>	<u>31,501,418</u>
Operating profit before working capital changes	36,512,563	39,032,441
(Increase)/decrease in advances prepayments, accrued interest and other receivables	(5,017)	(1,433,140)
(Decrease) / increase in accrued and other liabilities	(3,465,627)	4,370,731
Cash generated from operations	<u>33,041,919</u>	<u>41,970,032</u>
Financial charges paid	(23,248,806)	(31,829,994)
Gratuity paid	(31,000)	-
Net cash generated from operating activities	<u>9,762,113</u>	<u>10,140,038</u>
Cash flow from investing activities		
Net investment in finance leases recovered / (disbursed) - net	89,647,741	21,505,698
Long term loans and advances	50,000	(287,778)
Fixed capital expenditure	(1,123,200)	(13,215)
Long term deposits	(106,000)	-
Profit on bank deposits and investments	-	339,726
Net cash generated from/(used in) investing activities	<u>88,468,541</u>	<u>21,544,431</u>
Cash flow from financing activities		
Borrowing from financial institutions and others-net	(67,400,000)	59,437,600
Share deposit money - Right III	1,194,620	-
Short term borrowings obtained/(repaid) - net	(29,167,128)	52,982,790
Certificates of investment-net	-	(46,000,000)
Security deposits	(21,569,133)	4,508,344
Lease rentals paid	(286,949)	(407,301)
Net cash (used in) / generated from financing activities	<u>(117,228,590)</u>	<u>70,521,433</u>
Net (decrease) / increase in cash and cash equivalents	<u>(18,997,936)</u>	<u>102,205,902</u>
Cash and cash equivalents at beginning of the period	<u>28,814,468</u>	<u>4,583,619</u>
Cash and cash equivalents at the end of the period	<u>9,816,532</u>	<u>106,789,521</u>

Muhammad Tahir Butt
Director

Abdul Rashid Mir
Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED SEPTEMBER 30, 2008 (UN-AUDITED)



	Share capital Rupees	Share deposit money - Right III Rupees	Statutory reserve Rupees	Unappropriated profit Rupees	Total reserves Rupees	Total equity Rupees
Balance as at July 1, 2007 - restated	200,000,000	-	58,625,295	9,844,609	68,469,904	268,469,904
Net profit for the period	-	-	-	5,558,369	5,558,369	5,558,369
Statutory reserve	-	-	1,111,674	(1,111,674)	-	-
Balance as at September 30, 2007	200,000,000	-	59,736,969	14,291,304	74,028,273	274,028,273
Net loss for the period	-	-	-	(15,840,918)	(15,840,918)	(15,840,918)
Transfer from surplus on revaluation of fixed assets -incremental depreciation - net of deferred taxation	-	-	-	1,050,980	1,050,980	1,050,980
Statutory reserve	-	-	(1,111,674)	1,111,674	-	-
Balance as at June 30, 2008	200,000,000	-	58,625,295	613,040	59,238,335	259,238,335
Share deposit money	-	1,194,620	-	-	-	1,194,620
Net loss for the period	-	-	-	(1,444,854)	(1,444,854)	(1,444,854)
Transfer from surplus on revaluation of fixed assets -incremental depreciation - net of deferred taxation	-	-	-	249,697	249,697	249,697
Balance as at September 30, 2008	200,000,000	1,194,620	58,625,295	(582,117)	58,043,178	259,237,798

Muhammad Tahir Butt
Director

Abdul Rashid Mir
Chief Executive



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 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.

	September 30, 2008 Rupees	June 30, 2008 Rupees
4. Net investment in finance leases		
Lease rentals receivable	1,137,182,706	1,230,042,720
Add: Guaranteed residual value of leased assets	435,036,286	456,605,419
Gross investment in finance leases	<u>1,572,218,992</u>	<u>1,686,648,139</u>
Less: Un-earned finance income	<u>(203,210,269)</u>	<u>(227,991,675)</u>
Net investment in finance leases	1,369,008,723	1,458,656,464
Less: Provision for potential lease losses	<u>(51,910,819)</u>	<u>(44,199,052)</u>
	<u>1,317,097,904</u>	<u>1,414,457,412</u>
Less: Current portion of net investment in finance leases	<u>(650,602,163)</u>	<u>(641,025,043)</u>
	<u>666,495,741</u>	<u>773,432,369</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		97,397,083	62,863,027
Additions/(Disposals) during the period	6.1	1,123,200	44,580,563
		<u>98,520,283</u>	<u>107,443,590</u>
Written down value of disposals during the period		-	(1,123,921)
Depreciation charged for the period		<u>(2,040,141)</u>	<u>(8,922,586)</u>
Net book value		<u>96,480,142</u>	<u>97,397,083</u>

6.1 Following is the detail of additions during the period:

Land	-	11,706,695
Machinery	-	26,591,486
Furniture and fixtures	-	49,700
Office equipment	-	94,000
Computers	57,200	538,863
Vehicles	1,066,000	5,599,819
	<u>1,123,200</u>	<u>44,580,563</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 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 11 percent to 12.27 percent (June 30, 2008: 7 percent to 12.95 percent) per annum.

8. Contingencies and commitments

8.1 Contingencies

Nil (June 30, 2008 : Nil)

8.2 Commitments

Lease contracts approved but not disbursed as at September 30, 2008 amounted to Rs 37.403 million (June 30, 2008: Rs 40.403 million). Commitment for capital expenditure amounts to Rupees 0.12 million (June 30, 2008: Rupees 0.12 million).

	Quarter ended September 30, 2008 Rupees	Quarter ended September 30, 2007 Rupees
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9. Transaction with associated undertakings/ related parties

Short term loan acquired	6,000,000	-
Mark-up on certificates of investment issued	2,263,203	656,698
Lease rentals received	668,485	125,060

10. Taxation

Provision for taxation is on an estimated basis.

11. Date of authorization for issue

These financial statements were authorized for issue on October 30, 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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