



Interim Condensed
Financial information
For The period ended

31 March 2010
(Un-Audited)



COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Paul Douglas Gray Mr. Khawar Anwar Khawaja Mr. Naveed Amin Mr. Muhammad Tahir Butt Mr. Neil Douglas James Gray 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 and Company Chartered Accountants 10-B Saint Mary Park Main Boulevard, Gulberg III Lahore.	
COMPANY SECRETARY	Muhammad Adil Munir	
CHIEF FINANCIAL OFFICER	Muhammad Faisal Azam	
HEAD OF INTERNAL AUDIT	Imran Azhar	
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) 35770382 - 7 Fax: (042) 35770389 E-mail: info@graysleasing.com Website: www.graysleasing.com	
BANKERS	Standard Chartered Bank (Pakistan) Limited The Bank of Punjab Askari Bank Limited MCB Bank Limited First Women Bank Limited National Bank of Pakistan Allied Bank Limited Barclays Bank PLC, Pakistan	
SHARE REGISTRAR	Hassan Farooq Associates (Pvt) Ltd. HF House 7-G, Mushtaq Ahmed Gurmani Road Gulberg II Lahore.	

DIRECTORS' REPORT

We are pleased to present the un-audited condensed interim financial information for the quarter ended 31st March, 2010 and nine months period thereafter ended.

During the period ended 31st March, 2010, no new leasing business was made due to non availability of funds from commercial banks, net investment stands of Rs.852.434 million, as compared to Rs.1,048.163 million as on June 30, 2009. The gross revenue from operations in Rupees 52.246 million as against Rs.88.123 million in the corresponding period of 2009 and net loss before and after tax in Rs.63.919 million and Rs.49.112 million as compared to Rs.66.149 million and Rs.56.682 million respectively during the corresponding period of 2009.

Dear shareholders, current economic conditions and non availability of funds for leasing business from commercial banks refrained the leasing sector from fresh leasing business. Therefore, during the current period, your company only emphasized on recoveries from stuck up customers and succeeded. Further, in the current adverse economic situation your company has not defaulted in the repayment of liabilities. Further more, by keeping in view the prudent policy an amount of Rs.10.027 million is transferred to suspense account and Rs.50.792 million has been provided for the potential lease losses, resultantly the equity of the company comes to Rs. 153.711 million, which is less than the mandatory requirement of Rs. 200.00 million, the company has planed to mitigate such equity short fall as mentioned in note # 1.2 to the interim condensed financial information.

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

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

For and on Behalf of the Board


Naveed Amin
Chief Executive

Sialkot: April 26, 2010

**INTERIM CONDENSED BALANCE SHEET
AS AT 31 MARCH 2010**

	NOTE	Un-audited 31 MARCH 2010 Rupees	Audited 30 June 2009 Rupees
ASSETS			
Current Assets			
Cash and bank balances		3,600,706	16,235,207
Advances and prepayments		1,059,367	2,399,419
other receivables		1,383,385	1,236,645
Current maturity of non current assets		<u>626,300,911</u>	<u>763,478,523</u>
		632,344,369	783,349,794
Non Current Assets			
Net investment in finance leases	5	79,968,969	189,313,058
Long term investment	6	10,199,025	10,176,986
Property, plant and equipment	7	67,047,434	89,373,230
Long term security deposits		<u>908,482</u>	<u>983,482</u>
		<u>158,123,910</u>	<u>289,846,756</u>
Total Assets		<u>790,468,279</u>	<u>1,073,196,550</u>
LIABILITIES			
Current Liabilities			
Short term borrowings		86,007,681	73,649,195
Accrued and other liabilities		4,108,737	6,647,334
Accrued mark up		7,125,923	15,695,397
Certificates of investment		40,000,000	-
Current maturity of non current liabilities		379,496,739	479,089,915
Provision for taxation		<u>9,587,219</u>	<u>14,300,609</u>
		526,326,299	589,382,450
Non Current Liabilities			
Deposits on lease contracts		62,966,881	141,555,117
Certificates of investment		-	1,500,000
Long term financing	8	22,798,317	96,967,816
Liabilities against assets subject to finance lease		348,311	681,019
Deferred taxation		1,593,749	18,182,844
Deferred liability		<u>4,465,240</u>	<u>3,845,828</u>
		<u>92,172,498</u>	<u>262,732,624</u>
Total Liabilities		<u>618,498,797</u>	<u>852,115,074</u>
NET ASSETS		<u>171,969,482</u>	<u>221,081,476</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		215,000,000	215,000,000
Statutory reserves		58,625,295	58,625,295
Unappropriated profit / (Accumulated loss)		<u>(119,913,953)</u>	<u>(71,513,998)</u>
Shareholders' equity		153,711,342	202,111,297
Surplus on revaluation of buildings		18,258,140	18,970,179
Contingencies and commitments	9	<u>171,969,482</u>	<u>221,081,476</u>

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


NAVEED AMIN
Chief Executive


MUHAMMAD TAHIR BUTT
Director

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2010 (UN-AUDITED)**

Note	PERIOD ENDED		QUARTER ENDED	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	----- Rupees -----			
REVENUE				
Income from lease financing	50,321,549	84,650,003	19,018,627	39,379,577
Other income	1,924,845	3,473,480	231,726	1,569,587
	<u>52,246,394</u>	<u>88,123,483</u>	<u>19,250,353</u>	<u>40,949,164</u>
EXPENDITURE				
Administrative and other operating expenses	20,236,466	26,213,135	5,994,224	7,294,745
Financial and other charges	45,137,058	74,778,119	10,972,481	20,975,881
Provision for doubtful receivables	50,792,005	53,281,072	8,862,668	8,861,478
	<u>116,165,529</u>	<u>154,272,326</u>	<u>25,829,373</u>	<u>37,132,104</u>
PROFIT / (LOSS) BEFORE TAXATION	(63,919,135)	(66,148,843)	(6,579,020)	3,817,060
Provision for taxation	10 <u>14,807,141</u>	<u>9,286,746</u>	<u>(1,100,963)</u>	<u>-</u>
PROFIT / (LOSS) AFTER TAXATION	<u>(49,111,994)</u>	<u>(56,862,097)</u>	<u>(7,679,983)</u>	<u>3,817,060</u>
Earnings per share - basic and diluted	11 <u>(2.28)</u>	<u>(2.64)</u>	<u>(0.36)</u>	<u>0.18</u>

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


NAVEED AMIN
Chief Executive


MUHAMMAD TAHIR BUTT
Director

**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2010 (UN-AUDITED)**

	PERIOD ENDED	
	31 March 2010	31 March 2009
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(63,919,135)	(66,148,843)
Adjustments for non-cash charges and other items:		
Depreciation	4,863,132	6,112,885
Provision for gratuity	677,745	803,360
Finance charges	45,137,058	74,778,119
Provision for doubtful receivables	50,792,005	53,281,072
Markup on loan to employee	(10,629)	(10,526)
Gain on disposal of property, plant and equipment	(7,101)	(176,482)
Profit on bank deposits and investments	(644,863)	(1,244,196)
	<u>100,807,347</u>	<u>133,544,232</u>
Operating profit before working capital changes	36,888,212	67,395,389
Decrease/(increase) in advances, prepayments, accrued interest and other receivables	636,705	441,779
Increase/(decrease) in accrued and other liabilities	(2,529,842)	(2,696,795)
Cash generated from operations	<u>34,995,075</u>	<u>65,140,373</u>
Financial charges paid	(53,491,311)	(79,145,331)
Income tax paid	(3,785,000)	(64,535)
Gratuity paid	(58,333)	(843,267)
Net cash from / (used in) operating activities	<u>(22,339,569)</u>	<u>(14,912,760)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment in finance leases	195,729,695	320,570,300
Property, plant and equipment acquired	(675,533)	(207,541)
Long term security deposits	75,000	(106,000)
Sale proceeds of property, plant and equipment	20,215,000	475,000
Long term loans and advances	-	350,000
Profit on bank deposits and investments	633,453	792,256
Net cash from / (used in) investing activities	215,977,615	321,874,015
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(160,740,418)	(190,829,953)
Short term borrowings - net	12,358,486	(32,999,368)
Subordinated loan	-	(15,000,000)
Certificates of investment repaid	(2,000,000)	(18,500,000)
Deposits on lease contracts	(66,628,969)	(60,998,962)
Lease rentals paid	(1,619,502)	(1,879,144)
Share capital issued	-	15,000,000
Net cash used in financing activities	<u>(218,630,403)</u>	<u>(305,207,427)</u>
Net decrease in cash and cash equivalents	(24,992,357)	1,753,828
Cash and cash equivalents at the beginning of the period (Note 12)	(57,413,988)	(70,114,480)
Cash and cash equivalents at the end of the period (Note 12)	<u>(82,406,345)</u>	<u>(68,360,652)</u>

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


NAVEED AMIN
Chief Executive


MUHAMMAD TAHIR BUTT
Director

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2010 (UN-AUDITED)

	Share Capital	RESERVES			Total Equity
		Statutory Reserve	Unappropriated Profit / (Accumulated Loss)	Total	
	-----Rupees-----				
Balance as at 30 June 2008	200,000,000	58,625,295	(15,992,367)	42,632,928	242,632,928
Issue of share capital	15,000,000	-	-	-	15,000,000
Net loss for the period	-	-	(56,862,097)	(56,862,097)	(56,862,097)
Transfer from surplus on revaluation of buildings -Incremental depreciation-net of deferred taxation	-	-	743,309	743,309	743,309
Balance as at 31 March 2009	215,000,000	58,625,295	(72,111,155)	(13,485,860)	201,514,140
Net (loss) / profit for the period	-	-	342,035	342,035	342,035
Transfer from surplus on revaluation of buildings -Incremental depreciation-net of deferred taxation	-	-	255,122	255,122	255,122
Balance as at 30 June 2009	215,000,000	58,625,295	(71,513,998)	(12,888,703)	202,111,297
Net (loss) / profit for the period	-	-	(49,111,994)	(49,111,994)	(49,111,994)
Transfer from surplus on revaluation of buildings -Incremental depreciation-net of deferred taxation	-	-	712,039	712,039	712,039
Balance as at 31 Mar 2010	215,000,000	58,625,295	(119,913,953)	(61,288,658)	153,711,342


NAVEED AMIN
Chief Executive


MUHAMMAD TAHIR BUTT
Director

SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 MARCH 2010

1. THE COMPANY AND ITS OPERATIONS

1.1 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.

1.2 The company has accumulated loss and shareholders' equity of Rupees 119.913 million and Rupees 153.712 million respectively as on 31 March 2010. The company is not in compliance with the minimum equity requirement of Rupees 200 million to carry on leasing business. The license of the company to carry out leasing business will expire on 14 May 2010. However company has applied for renewal of leasing license on 12 April 2010, which is still pending with SECP. Further the management is negotiating for equity participation with third parties. Alternatively, business plan is being prepared to enhance the shareholders' equity through issuance of convertible preference shares on or before the expiry of the license.

2. STATEMENT OF COMPLIANCE

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 2009.

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

Judgments 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 2009.

SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 MARCH 2010

	Un-Audited	Audited
	31 March	30 June
	2010	2009
	Rupees	Rupees
5. Net investment in finance leases		
Lease rentals receivable	636,782,313	826,510,715
Add: Guaranteed residual value of leased assets	332,295,234	382,511,772
Gross investment in finance leases	969,077,547	1,209,022,487
Less: Unearned finance income	116,644,041	160,859,286
Net investment in finance leases	852,433,506	1,048,163,201
Less: Allowance for potential lease losses	146,163,626	95,371,620
	706,269,880	952,791,581
Less: Current portion shown under current liabilities	626,300,911	763,478,523
	79,968,969	189,313,058

6. LONG TERM INVESTMENT

Held to maturity

8% Pakistan Investment Bonds (Note 6.1)	10,199,025	10,176,986
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- 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.

	Un-Audited	Audited
	31 March	30 June
	2010	2009
	Rupees	Rupees
7. PROPERTY, PLANT AND EQUIPMENT		
Owned assets (Note 7.1)	63,279,566	84,939,731
Leased assets (Note 7.2)	3,767,867	4,433,499
	67,047,433	89,373,230
7.1 Owned assets		
Opening book value	84,939,731	92,123,146
Add: Cost of additions during the period / year (Note 7.1.1)	9,900	210,240
Book value of vehicles transferred from leased assets	-	278,927
	9,900	489,167
	84,949,631	92,612,313
Less: Book value of assets disposed of during the period / year	17,472,565	551,921
	67,477,066	92,060,392
Less: Depreciation charged for the period / year	4,197,500	7,120,661
Closing book value (Note 7.1.2)	63,279,566	84,939,731

SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 MARCH 2010

	Un-Audited 31 March 2010 Rupees	Audited 30 June 2009 Rupees
7.1.1 Cost of additions during the period / year		
Furniture and fixtures	-	48,000
Office equipment	1,900	17,740
Computer equipment	8,000	144,500
	<u>9,900</u>	<u>210,240</u>
7.1.2 It includes book value of property, plant and equipment on operating lease amounting to Rupees 1,348,437 (30 June 2009: Rupees 20,799,001).		
7.2 Leased assets		
Opening book value	4,433,499	5,273,937
Add: Cost of vehicles acquired during the period / year	-	1,068,700
	<u>4,433,499</u>	<u>6,342,637</u>
Less: Book value of vehicles disposed of	-	446,410
Book value of vehicles transferred to owned assets	-	278,927
		<u>725,337</u>
	<u>4,433,499</u>	<u>5,617,300</u>
Less: Depreciation charged for the period / year	665,632	1,183,801
Closing book value	<u>3,767,867</u>	<u>4,433,499</u>
8. LONG TERM FINANCING		
SECURED		
Opening balance	292,651,151	543,966,667
Less: Repaid during the period / year	159,258,486	248,999,995
Closing balance	<u>133,392,665</u>	<u>294,966,672</u>
Less: Unamortized transaction cost	1,481,932	2,315,521
	<u>131,910,733</u>	<u>292,651,151</u>
Less: Current portion shown under current liabilities	109,112,416	195,683,335
Non-Current Portion	<u>22,798,317</u>	<u>96,967,816</u>

SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 MARCH 2010

9. CONTINGENCIES AND COMMITMENTS

Contingencies

Nil (30 June 2009 : Nil)

Commitments

Nil (30 June 2009 : Nil)

10. PROVISION FOR TAXATION

Provision for taxation is on an estimated basis

11. EARNINGS PER SHARE - BASIC AND DILUTED

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

12. CASH AND CASH EQUIVALENTS

Cash and bank balances

Less: Short term running finance

Un-audited 31 March 2010 Rupees	Un-audited 31 March 2009 Rupees
3,600,706	21,457,405
86,007,681	89,818,057
<u>(82,406,975)</u>	<u>(68,360,652)</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:

	Period ended 31 March 2010 Rupees	Period ended 31 March 2009 Rupees
Associated companies		
Certificates of investments issued / reissued during the period	40,000,000	40,000,000
Certificates of investments matured during the period	40,000,000	40,000,000
Mark up on certificates of investment	7,943,332	8,020,429
Short term borrowings acquired	-	6,000,000
Short term borrowings repaid	-	6,000,000
Lease rentals received	-	1,910,308

14. DATE OF AUTHORIZATION FOR ISSUE

This interim financial information was approved by the Board of Directors and authorized for issue on 26-04-2010.

15. CORRESPONDING FIGURES

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


NAVEED AMIN
Chief Executive


MUHAMMAD TAHIR BUTT
Director

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