

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE PERIOD ENDED**

**30 SEPTEMBER 2014
(UN-AUDITED)**



GRAYS LEASING LIMITED

COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Khawar Anwar Khawaja
 Mr. Muhammad Tahir Butt
 Mr. Neil Douglas James Gray
 Mr. Khurram Anwar Khawaja
 Khawaja Zaka-ud-Din
 Mr. Naveed Ahmad Dar
 Mr. Omer Khawar Khawaja

Chairman
 Chief Executive

AUDIT COMMITTEE

Mr. Khurram Anwar Khawaja
 Mr. Naveed Ahmad Dar
 Mr. Omer Khawar Khawaja

AUDITORS

Riaz Ahmad & Company
 Chartered Accountants
 10-B Saint Mary Park
 Main Boulevard, Gulberg III
 Lahore.

COMPANY SECRETARY

Muhammad Adil Munir

CHIEF FINANCIAL OFFICER

M. Avais Ibrahim

HEAD OF INTERNAL AUDIT

Mr. Bilal Arsalan Mir

**HUMAN RESOURCE AND
REMUNERATION COMMITTEE**

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

Chairman

LEGAL ADVISOR

Lexicon Law Firm

REGISTERED AND HEAD OFFICE

701-A, 7th Floor, City Towers
 6-K, Main Boulevard, Gulberg - II, Lahore
 Tel: (042) 35770381 - 2
 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
 National Bank of Pakistan
 Barclays Bank PLC, Pakistan
 State Bank of Pakistan
 First Women Bank Limited
 Bank Al-Habib Limited

SHARE REGISTRAR

CorpTec Associates (Pvt) Ltd.
 503-E, Johar Town, Lahore.

DIRECTORS' REPORT

We are pleased to present the condensed interim financial information for the period ended 30 September 2014, together with report of the Board of Directors of the company and review report by the statutory auditors of the company.

During the period ended 30 September 2014, the company transacted business worth Rupees 3.205 million as compared to Rupees 3.950 on 30 September 2013. During the period ended 30 September 2014, the company earned a profit before and after tax of Rupees 2.033 million and Rupees 1.939 million respectively as compared to net profit before and after tax of Rupees 0.559 million and Rupees 0.494 million during the corresponding period of 2013. Net investment stands at Rupees 375.359 million as on 30 September 2014 as compared to Rupees 383.630 million as on June 30, 2014. During the period ended 30 September 2014, there is net reversal of Rupees 1.878 million and Rupees 1.320 million against potential lease losses and suspense income respectively, resultantly the equity of the company comes to Rupees 77.007 million, which is less than the mandatory requirement of Rupees 700.00 million. However the shareholders' equity on the basis of estimated realizable / (settlement) values of assets and liabilities come to Rupees 151.315 million.

The company is not in compliance with the minimum equity requirement of Rupees 700 million to carry on leasing business. The license of the company to carry out leasing business expired on 14 May 2010. The company applied for renewal of leasing license to Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. SECP accorded special forbearance to the company for a period of one year (from 9 July 2010 to 8 July 2011) to meet the minimum equity requirement subject to the conditions that the company will not raise further deposits and rollover existing deposits without prior approval of SECP. During this period of two year, the company could not meet the minimum equity requirement and applied to SECP for further extension of forbearance period up to 30 June 2012 which was not granted. During last year, the company has paid license fee for 3 years and furnished information to SECP about efforts undertaken to make compliance with equity, recovery of struck up assets, new leasing business underwritten, future business plan and reduction of losses. However, these factors raised uncertainties that the company may not be able to continue as a going concern. Therefore, these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity..

JCR-VIS Credit Rating Company Limited has reaffirmed the medium to long-term entity rating of Grays Leasing Limited (GLL) at 'BB-' (Double B minus) and short term rating at B (Single B). The outlook on the medium to long-term entity remains "stable".

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



Muhammad Tahir Butt
Chief Executive

Lahore: 27 October 2014

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2014

Note	UN-AUDITED		AUDITED	
	30 September 2014		30 June 2014	
	Book Value	Estimated realisable / settlement value	Book Value	Estimated realisable / settlement value
	Rupees	Rupees	Rupees	Rupees
ASSETS				
	5,448,764	5,448,764	1,859,224	1,859,224
	1,252,930	1,252,930	994,755	994,755
	1,061,661	1,061,661	986,934	986,934
	211,223,149	285,308,128	217,616,606	299,105,285
	264,500	264,500	264,500	264,500
	2,010,596	2,303,245	2,110,811	2,403,460
	221,261,600	295,639,228	223,832,830	305,614,158
LIABILITIES				
	1,991,937	1,991,937	2,181,104	2,181,104
	384,275	384,275	582,178	582,178
	15,000,000	15,000,000	15,000,000	15,000,000
	667,495	667,495	731,402	731,402
	121,773,875	121,773,875	125,927,175	125,927,175
	1,035,492	1,105,023	962,997	1,076,298
	3,401,796	3,401,796	3,307,986	3,307,986
	144,254,870	144,324,401	148,692,842	148,806,143
	77,006,730	151,314,827	75,139,988	156,808,015
REPRESENTED BY:				
Authorized share capital				
35,000,000 (30 June 2014: 35,000,000) ordinary shares of Rupees 10 each	350,000,000	350,000,000	350,000,000	350,000,000
Issued, subscribed and paid-up share capital				
21,500,000 (30 June 2014: 21,500,000) ordinary shares of Rupees 10 each	215,000,000	215,000,000	215,000,000	215,000,000
Statutory reserve	59,624,108	59,624,108	59,236,261	59,236,261
Accumulated loss	(197,617,378)	(197,617,378)	(199,096,273)	(199,096,273)
Shareholders' equity	77,006,730	77,006,730	75,139,988	75,139,988
Net surplus on estimated realisable / settlement values	-	74,308,097	-	81,668,027
Contingencies and commitments				
	77,006,730	151,314,827	75,139,988	156,808,015

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



MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE



KHAWAR ANWAR KHAWAJA
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

Note	QUARTER ENDED	
	30 September 2014	30 September 2013
	Rupees	Rupees
REVENUE		
Income from lease operations	3,000,015	1,552,323
Other income	115,976	126,875
	<u>3,115,991</u>	<u>1,679,198</u>
EXPENDITURE		
Administrative and other expenses	(2,397,837)	(2,425,561)
Financial and other charges	(563,144)	(425,359)
Reversal for potential lease losses	1,878,037	1,730,173
	<u>(1,082,944)</u>	<u>(1,120,747)</u>
PROFIT BEFORE TAXATION	2,033,047	558,451
Taxation	(93,810)	(64,497)
PROFIT AFTER TAXATION	<u>1,939,237</u>	<u>493,954</u>
Earnings per share - basic and diluted	<u>0.09</u>	<u>0.02</u>

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


MUHAMMAD TAHIR BUTT
 CHIEF EXECUTIVE


KHAWAR ANWAR KHAWAJA
 DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	PERIOD ENDED	
	30 September 2014	30 September 2013
	Rupees	Rupees
Profit / (loss) after taxation	1,939,237	493,954
Other comprehensive income :		
Items that will not be reclassified to profit or loss	-	-
- Employee benefit	(72,495)	
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive income / (loss) for the period	<u>1,866,742</u>	<u>493,954</u>

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



MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE



KHAWAR ANWAR KHAWAJA
DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	PERIOD ENDED	
	30 September 2014	30 September 2013
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	2,033,047	558,451
Adjustments for non-cash charges and other items:		
Depreciation	100,215	124,576
Provision for gratuity	-	42,861
Financial charges	563,144	425,359
Reversal for potential lease losses	(1,878,037)	(1,730,173)
Profit on bank deposits	(34,422)	(123,375)
	(1,249,100)	(1,260,752)
Operating loss before working capital changes	783,947	(702,301)
Increase in advances and prepayments	(258,175)	(33,783)
Increase / (decrease) in accrued and other liabilities	(189,167)	490,886
Cash used in from operations	336,605	(245,198)
Financial charges paid	(761,047)	(332,245)
Income tax paid	(74,727)	(56,338)
Gratuity paid	-	-
Net cash used in operating activities	(499,169)	(633,781)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in finance leases	8,271,494	1,056,780
	34,422	123,375
	8,305,916	1,180,155
Profit on bank deposits		
Net cash from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits on lease contracts	(4,153,300)	959,555
Lease rentals paid	(63,907)	(55,021)
Net cash generate / (used) in financing activities	(4,217,207)	904,534
Net increase in cash and cash equivalents	3,589,540	1,450,908
Cash and cash equivalents at the beginning of the period	1,859,224	9,980,248
Cash and cash equivalents at the end of the period	5,448,764	11,431,156

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



MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE



KHAWAR ANWAR KHAWAJA
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVE STATUTORY RESERVE	ACCUMULATED LOSS	SHAREHOLDERS' EQUITY
	----- Rupees -----			
Balance as at 30 June 2013 (Restated-audited)	215,000,000	59,236,261	(198,309,211)	75,927,050
Profit for the period ended 30 September 2013	-	-	493,954	493,954
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	493,954	493,954
Transfer to statutory reserve	-	-	(98,791)	-
Balance as at 30 September 2013 (un-audited)	215,000,000	59,236,261	(198,309,211)	75,927,050
Loss for the year ended 30 June 2014	-	-	(1,075,260)	(1,075,260)
Other comprehensive income for the year	-	-	288,198	288,198
Total comprehensive income for the year	-	-	(787,062)	(787,062)
Transfer to statutory reserve	-	-	-	-
Balance as at 30 June 2014 (audited)	215,000,000	59,236,261	(199,096,273)	75,139,988
Profit for the period ended 30 September 2014	-	-	1,939,237	1,939,237
Other comprehensive income for the period	-	-	(72,495)	(72,495)
Total comprehensive income for the period	-	-	1,866,742	1,866,742
Transfer to statutory reserve	-	387,847	(387,847)	-
Balance as at 30 September 2014 (un-audited)	215,000,000	59,624,108	(197,617,378)	77,006,730

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



MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE



KHAWAR ANWAR KHAWAJA
DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Grays Leasing Limited ("the Company") is a public limited Company incorporated in Pakistan 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. It 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, Goldberg-II, Lahore.

Going concern assumption

- 1.2 During the period ended 30 September 2014, the company reported a net profit of Rupees 1.939 million. The company has accumulated losses and shareholders' equity of Rupees 197.617 million and Rupees 77.007 million respectively as on 30 September 2014. Currently, the company is not in compliance with the minimum equity requirement of Rupees 700 million to carry on leasing business. The license of the company to carry out leasing business expired on 14 May 2010. The company applied for renewal of leasing license to Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. SECP accorded special forbearance to the company for a period of one year (from 9 July 2010 to 8 July 2011) to meet the minimum equity requirement subject to the conditions that the company will not raise further deposits and rollover existing deposits without prior approval of SECP. During this period of two year, the company could not meet the minimum equity requirement and applied to SECP for further extension of forbearance period up to 30 June 2012 which was not granted. During last year, the company has paid license fee for 3 years and furnished information to SECP about efforts undertaken to make compliance with equity, recovery of struck up assets, new leasing business underwritten, future business plan and reduction of losses. However, these factors raised uncertainties that the company may not be able to continue as a going concern. Therefore, these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

2.1 Basis of preparation

2.1.1 Statement of compliance

This condensed interim financial information of the Company for the period ended 30 September 2014 has been prepared in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with audited annual published financial statements of the Company for the year ended 30 June 2014.

2.1.2 Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, this condensed interim financial information is prepared on the basis of realizable / (settlement) values of assets and liabilities respectively in addition to the historical cost convention. In realizable / (settlement) value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business. Realizable / (settlement) values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate.

2.1.3 Critical accounting estimates and judgments

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Un-Audited 30 September 2014 Rupees	Audited 30 June 2014 Rupees
3. NET INVESTMENT IN LEASE FINANCE		
Lease rentals receivable	315,178,330	321,768,361
Add: Guaranteed residual value of leased assets	121,773,875	125,927,175
Gross investment in lease finance	<u>436,952,205</u>	<u>447,695,536</u>
Less: Unearned finance income	61,593,322	64,065,159
Net investment in lease finance	<u>375,358,883</u>	<u>383,630,377</u>
Less: Allowance for potential lease losses	164,135,734	166,013,771
Net investment in lease finance - net off provision	<u><u>211,223,149</u></u>	<u><u>217,616,606</u></u>
4. PROPERTY, PLANT AND EQUIPMENT		
Owned assets (Note 4.1)	1,231,627	1,569,356
Leased assets (Note 4.2)	778,969	1,025,402
	<u><u>2,010,596</u></u>	<u><u>2,594,758</u></u>
4.1 Owned assets		
Opening book value	1,290,489	1,569,356
Add: Cost of additions during the period / year (Note 4.1.1)	-	26,600
	<u>1,290,489</u>	<u>1,595,956</u>
Less: Book value of assets disposed of during the period / year (Note 4.1.2)	-	14,914
	<u>1,290,489</u>	<u>1,581,042</u>
Less: Depreciation charged during the period / year	58,862	290,553
Closing book value	<u><u>1,231,627</u></u>	<u><u>1,290,489</u></u>
4.1.1 Cost of additions		
Computer	-	12,100
Office equipment	-	14,500
	<u>-</u>	<u>26,600</u>
4.1.2 Book value of deletions		
Office equipment	-	14,914
	<u>-</u>	<u>14,914</u>
4.2 Leased assets		
Opening book value	820,322	1,025,402
Add: Cost of additions during the period / year	-	-
	<u>820,322</u>	<u>1,025,402</u>
Less: Depreciation charged during the period / year	41,353	205,080
	<u><u>778,969</u></u>	<u><u>820,322</u></u>

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

5. LOAN FROM ASSOCIATED UNDERTAKING

This unsecured loan is obtained from Anwar Khawaja Industries (Private) Limited - associated company and carries mark up at the rate of 3 months KIBOR (30 June 2014: 3 months KIBOR plus 1.5%) per annum.

6. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 September 2014 (30 June 2014: Nil)

7. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS AND OTHER RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the company 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, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	Un-audited	
	30 September 2014	30 September 2013
	Rupees	Rupees
i) Transactions		
Associated company		
Financial charges paid / adjusted	582,178	-
Financial charges charged to profit and loss account	384,278	93,114
Rent of office building	75,000	75,000
ii) Period end balances		
Associated company		
Loan	-	4,000,000
Accrued mark up	384,275	327,833

8. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2014.

9. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the company on 27th October 2014 .

10. CORRESPONDING FIGURES

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE


KHAWAR ANWAR KHAWAJA
DIRECTOR

BOOK POST

If undelivered please return to:

GRAYS LEASING LIMITED.

REGISTERED AND HEAD OFFICE

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