

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

**30 SEPTEMBER 2015
(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. Iftikhar Ahmad Butt
 Mr. Omer Khawar Khawaja

Chairman
 Chief Executive

AUDIT COMMITTEE

Mr. Khurram Anwar Khawaja
 Mr. Iftikhar Ahmad Butt
 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 2015, together with report of the Board of Directors of the company.

During the period ended 30 September 2015, the company transacted business worth Rupees 10.334 million as compared to Rupees 3.205 million on 30 September 2014. During the period ended 30 September 2015, the company earned a profit before and after tax of Rupees 0.841 million and Rupees 0.738 million respectively as compared to net profit before and after tax of Rupees 2.033 million and Rupees 1.939 million during the corresponding period of 2014. Net investment stands at Rupees 385.918 million as on 30 September 2015 as compared to Rupees 384.207 million as on June 30, 2015. During the period ended 30 September 2015, there is net reversal of Rupees 1.098 million against potential lease losses, resultantly the equity of the company comes to Rupees 75.987 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 152.022 million.

Company has accumulated losses and shareholders' equity of Rupees 198.270 million and Rupees 75.987 million respectively as on 30 September 2015. 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 one year, the Company could not meet the minimum equity requirement and applied to SECP for further extension of forbearance which was not granted. However, during the year ended 30 June 2013, the Company had paid license fee for 3 years and furnished information to SECP about efforts undertaken to make compliance with minimum equity requirement, recovery of struck up assets, new leasing business underwritten, future business plan and reduction of losses. Since then, leasing business is being carried out by the Company without renewal of leasing license. 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 (JCR-VIS) 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). Outlook on the medium to long-term entity rating 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: 26 October 2015

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2015

	NOTE	UN-AUDITED		AUDITED	
		30 SEPTEMBER 2015	30 SEPTEMBER 2015	30 JUNE 2015	30 JUNE 2015
		Book Value	Estimated realizable / (settlement) value	Book Value	Estimated realizable / (settlement) value
		Rupees	Rupees	Rupees	Rupees
ASSETS					
Cash and bank balances		11,210,884	11,210,884	11,466,600	11,466,600
Advances and prepayments		957,711	957,711	928,034	928,034
Other receivable		458,262	458,262	379,549	379,549
Net investment in lease finance	3	222,476,862	298,181,167	219,666,749	299,374,578
Security deposit		264,500	264,500	264,500	264,500
Deferred income tax	4	-	-	-	-
Property, plant and equipment	5	1,705,305	2,149,425	1,755,965	2,231,085
TOTAL ASSETS		237,073,524	313,221,949	234,461,397	314,644,346
LIABILITIES					
Accrued and other liabilities		1,746,262	1,746,262	2,151,814	2,151,814
Accrued mark-up		754,895	754,895	307,717	307,717
Loan from associated company	6	25,000,000	25,000,000	25,000,000	25,000,000
Liability against asset subject to finance lease		386,489	404,682	460,737	478,930
Deposits on lease contracts		131,335,740	131,335,740	129,582,230	129,582,230
Employee benefit		1,243,123	1,337,563	1,193,123	1,311,563
Provision for taxation		620,424	620,424	517,324	517,324
TOTAL LIABILITIES		161,086,933	161,199,566	159,212,945	159,349,578
NET ASSETS		75,986,591	152,022,383	75,248,452	155,294,768
REPRESENTED BY:					
Authorized share capital					
35,000,000 (30 June 2015: 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 2015: 21,500,000) ordinary shares of Rupees 10 each		215,000,000	215,000,000	215,000,000	215,000,000
Statutory reserve		59,256,615	59,256,615	59,256,615	59,256,615
Accumulated loss		(198,270,024)	(198,270,024)	(199,008,163)	(199,008,163)
Shareholders' equity		75,986,591	75,986,591	75,248,452	75,248,452
Net surplus on estimated realizable / (settlement) values		-	76,035,792	-	80,046,316
CONTINGENCIES AND COMMITMENTS	7	75,986,591	152,022,383	75,248,452	155,294,768

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE


KHAWAR ANWAR KHAWAJA
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	QUARTER ENDED	
	30 SEPTEMBER	30 SEPTEMBER
	2015	2014
NOTE	Rupees	Rupees
REVENUE		
Income from lease operations	2,450,818	3,000,015
Other income	78,195	115,976
	<u>2,529,013</u>	<u>3,115,991</u>
EXPENDITURE		
Administrative and other operating expenses	(2,294,893)	(2,397,837)
Financial and other charges	(491,046)	(563,144)
Reversal / (allowance) for potential lease losses	3.1 1,098,165	1,878,037
	<u>(1,687,774)</u>	<u>(1,082,944)</u>
PROFIT / (LOSS) BEFORE TAXATION	841,239	2,033,047
Taxation	<u>(103,100)</u>	<u>(93,810)</u>
PROFIT/ (LOSS) AFTER TAXATION	<u>738,139</u>	<u>1,939,237</u>
Earnings / (loss) per share - basic and diluted	<u>0.034</u>	<u>0.09</u>

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



MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE



KHAWAR ANWAR KHAWAJA
DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	QUARTER ENDED	
	30 SEPTEMBER 2015 Rupees	30 SEPTEMBER 2014 Rupees
PROFIT / (LOSS) AFTER TAXATION	738,139	1,939,237
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>738,139</u>	<u>1,939,237</u>

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



MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE



KHAWAR ANWAR KHAWAJA
DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	QUARTER ENDED	
	30 SEPTEMBER 2015	30 SEPTEMBER 2014
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	841,239	2,033,047
Adjustments for non-cash charges and other items:		
Depreciation	81,660	249,153
Provision for gratuity	50,000	48,806
Financial and other charges	491,046	187,028
Reversal for potential lease losses - net	(1,098,165)	(3,051,216)
Profit on bank deposits	(54,010)	(160,001)
	(529,469)	(2,726,230)
Operating profit / (loss) before working capital changes	311,770	(693,183)
(Increase) / decrease in advances and prepayments	(29,677)	175,677
Increase / (decrease) in accrued and other liabilities	(405,552)	(218,364)
	(123,459)	(735,870)
Cash generated from / (used in) operations		
Financial charges paid	(43,868)	(327,833)
Income tax paid	(78,713)	(88,567)
	(246,040)	(1,152,270)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment in lease finance	(1,711,948)	(6,119,990)
Property, plant and equipment - acquired	(31,000)	-
Profit on bank deposits	54,010	160,001
	(1,688,938)	(5,959,989)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits on lease contracts - net	1,753,510	3,358,855
Lease rentals paid	(74,248)	(112,143)
	1,679,262	3,246,712
Net increase / decrease in cash and cash equivalents	(255,716)	(3,865,547)
Cash and cash equivalents at the beginning of the period	11,466,600	9,980,248
Cash and cash equivalents at the end of the period	11,210,884	6,114,701

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



MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE



KHAWAR ANWAR KHAWAJA
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Rupees		Rupees		Rupees	
	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVE STATUTORY RESERVE	ACCUMULATED LOSS	SHAREHOLDERS' EQUITY		
Balance as at 30 June 2014 (Audited)	215,000,000	59,236,261	(199,096,273)	75,139,988		
Profit for the quarter ended 30 September 2014	-	-	1,939,237	1,939,237		1,939,237
Other comprehensive income for the quarter ended 30 September 2014	-	-	(72,495)	(72,495)		(72,495)
Total comprehensive income for the quarter ended 30 September 2014	-	-	1,866,742	1,866,742		1,866,742
Transfer to statutory reserves		387,847	(387,847)			
Balance as at 30 September 2014 (Un-Audited)	215,000,000	59,624,108	(197,617,378)	77,006,730		
Profit for the year ended 30 June 2015	-	-	(1,764,971)	(1,764,971)		(1,764,971)
Other comprehensive income for the half year ended 30 June 2015	-	-	6,693	6,693		6,693
Total comprehensive profit for the half year ended 30 June 2015	-	-	(1,758,278)	(1,758,278)		(1,758,278)
Transfer to statutory reserves		(367,493)	367,493			
Balance as at 30 June 2015 (Audited)	215,000,000	59,256,615	(199,008,163)	75,248,452		
Loss for the quarter ended 30 September 2015	-	-	738,139	738,139		738,139
Other comprehensive income for the quarter ended 30 September 2015	-	-	-	-		-
Total comprehensive loss for the quarter ended 30 September 2015	-	-	738,139	738,139		738,139
Balance as at 30 September 2015 (Un-Audited)	215,000,000	59,256,615	(198,270,024)	75,986,591		

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



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 2015**

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, Gulberg-II, Lahore.

Going concern assumption

1.2 The Company has accumulated losses and shareholders' equity of Rupees 198.070 million and Rupees 75.987 million respectively as on 30 September 2015. 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 one year, the Company could not meet the minimum equity requirement and applied to SECP for further extension of forbearance period which was not granted. However, during the year ended 30 June 2013, the company had paid license fee for 3 years. These factors raised uncertainties that the company may not be able to continue as a going concern. Therefore, this condensed interim financial information has been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in this condensed interim financial information has 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 2015.

2.1 Basis of preparation

2.1.1 Statement of compliance

This condensed 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 condensed interim financial information of the Company for the quarter ended 30 September 2015 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 2015.

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 condensed interim 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 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 2015.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	Un-Audited 30 September 2015 Rupees	Audited 30 June 2015 Rupees
3. NET INVESTMENT IN LEASE FINANCE		
Lease rentals receivable	314,428,471	315,178,852
Add: Guaranteed residual value of leased assets	131,335,740	129,582,230
Gross investment in lease finance	<u>445,764,211</u>	<u>444,761,082</u>
Less: Unearned finance income	<u>(59,845,762)</u>	<u>(60,554,581)</u>
	385,918,449	384,206,501
Less: Allowance for potential lease losses (Note 3.1)	<u>(163,441,587)</u>	<u>(164,539,752)</u>
	<u><u>222,476,862</u></u>	<u><u>219,666,749</u></u>
3.1 Allowance for potential lease losses		
Opening balance	164,539,752	166,013,771
Provision reversed during the period / year - net	(1,098,165)	(1,474,019)
Net investment in lease finance written off against provision	-	-
Closing balance	<u><u>163,441,587</u></u>	<u><u>164,539,752</u></u>
4. PROPERTY, PLANT AND EQUIPMENT		
Owned Assets (4.1)	1,081,770	1,099,707
Leased Asset (4.2)	<u>623,535</u>	<u>656,258</u>
	<u><u>1,705,305</u></u>	<u><u>1,755,965</u></u>
4.1 Owned Assets		
Opening book value	1,099,707	1,290,489
Add: Cost of additions during the quarter / year (Note 4.1.1)	<u>31,000</u>	<u>45,499</u>
	1,130,707	1,335,988
Less: Book value of deletions during the quarter / year (Note 4.1.2)	<u>-</u>	<u>-</u>
	1,130,707	1,335,988
Less: Depreciation charged during the quarter / year	<u>48,937</u>	<u>236,281</u>
Closing book value	<u><u>1,081,770</u></u>	<u><u>1,099,707</u></u>
4.1.1 Cost of additions		
Office equipment	-	3,099
Computer equipment	-	20,400
Furniture and fixtures	<u>31,000</u>	<u>22,000</u>
	<u><u>31,000</u></u>	<u><u>45,499</u></u>
4.1.2 Book value of deletions		
Office equipment	<u>-</u>	<u>-</u>
4.2 Leased Assets		
Opening book value	656,258	820,322
Less: Depreciation charged during the period / year	<u>32,723</u>	<u>164,064</u>
Closing book value	<u><u>623,535</u></u>	<u><u>656,258</u></u>

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

5. LOAN FROM ASSOCIATED COMPANY

This unsecured loan is obtained from Anwar Khawja Industries (Private) Limited- associated company and carries mark-up at the rate of 3 months KIBOR (2015: 3 months KIBOR) per annum.

6. CONTINGENCIES AND COMMITMENTS

There are no reportable contingencies and commitments as at 30 September 2015 (30 June 2015: NIL).

7. TRANSACTIONS WITH 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 is as follows:

	Un-Audited	
	QUARTER ENDED	
	30 September 2015	30 September 2014
	Rupees	Rupees
i) Transactions		
Associated company		
Mark up on loan	447,178	384,278
Rent of office building	75,000	75,000
Lease rentals received	217,968	221,034
	Un-Audited 30 September 2015	Audited 30 June 2015
	Rupees	Rupees
ii) Period end balances		
Associated company		
Loan	25,000,000	4,000,000
Accrued mark-up	754,895	384,275
Lease rentals receivable	1,290,120	2,104,140

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 2015.

9. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 26 October 2015.

10. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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

11. GENERAL

Figures have been rounded off to nearest of Rupee.



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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