

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

---

**31 MARCH 2016  
(UN-AUDITED)**



**GRAYS LEASING LIMITED**

**COMPANY INFORMATION****BOARD OF DIRECTORS**

Mr. Khawar Anwar Khawaja	Chairman
Mr. Muhammad Tahir Butt	Chief Executive
Mr. Khurram Anwar Khawaja	
Mr. Omer Khawar Khawaja	
Mr. Abdul Qayum Malik	(Subject to approval SECP)
Mr. Munib Tahir Butt	(Subject to approval SECP)
Mr. Iftikhar Ahmad Butt	

**AUDIT COMMITTEE**

Mr. Iftikhar Ahmad Butt  
 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	Chairman
Mr. Muhammad Tahir Butt	
Mr. Khurram Anwar Khawaja	

**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](mailto:info@graysleasing.com)  
 Website: [www.graysleasing.com](http://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 31 March 2016, together with report of the Board of Directors of the company.

During the period ended 31 March 2016, the company transacted business worth Rupees 42.643 million as compared to Rupees 27.626 million on 31 March 2015. During the period ended 31 March 2016, the company earned a profit before and loss after tax of Rupees 0.022 million and Rupees 0.289 million respectively as compared to net profit before and after tax of Rupees 0.994 million and Rupees 0.857 million during the corresponding period of 2015. Net investment stands at Rupees 395.765 million as on 31 March 2016 as compared to Rupees 384.207 million as on June 30, 2015. During the period ended 31 March 2016, there is net reversal of Rupees 1.592 million against potential lease losses, resultantly the equity of the company comes to Rupees 74.959 million. However the shareholders' equity on the basis of estimated realizable / (settlement) values of assets and liabilities come to Rupees 137.994 million.

The Company has accumulated losses and shareholders' equity of Rupees 199.240 million and Rupees 74.959 million respectively as on 31 March 2016. Before notification of amendments dated 25 November 2015 in Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Company was not in compliance with the minimum equity requirement of Rupees 700 million to carry on leasing business. Now, in accordance with revised Schedule I of the aforesaid Regulations, the Company as non-deposit taking NBFC engaged in leasing business only meet the minimum equity requirement of Rupees 50 million as on the reporting date. 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 aforesaid Regulations. 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. 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, 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.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed the entity ratings of Grays Leasing Limited (GLL) at 'BB-/B' (Double B Minus/Single B). Outlook on the assigned rating is '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

Lahore: 26 April 2016

Chief Executive

## CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2016

	NOTE	UN-AUDITED		AUDITED	
		31 MARCH 2016	31 MARCH 2016	30 JUNE 2015	30 JUNE 2015
		Book Value	Estimated realizable / (settlement) value	Book Value	Estimated realizable / (settlement) value
		Rupees	Rupees	Rupees	Rupees
<b>ASSETS</b>					
Cash and bank balances		4,948,991	4,948,991	11,466,600	11,466,600
Advances and prepayments		991,576	991,576	928,034	928,034
Other receivable		288,190	288,190	379,549	379,549
Net investment in lease finance	3	232,816,902	295,345,030	219,666,749	299,374,578
Security deposit		264,500	264,500	264,500	264,500
Property, plant and equipment	4	2,210,088	2,685,208	1,755,965	2,231,085
<b>TOTAL ASSETS</b>		<b>241,520,247</b>	<b>304,523,495</b>	<b>234,461,397</b>	<b>314,644,346</b>
<b>LIABILITIES</b>					
Accrued and other liabilities		1,922,639	1,922,639	2,151,814	2,151,814
Accrued mark-up		398,232	398,232	307,717	307,717
Loan from associated company	5	25,000,000	25,000,000	25,000,000	25,000,000
Liability against asset subject to finance lease		229,381	229,381	460,737	478,930
Deposits on lease contracts		137,217,650	137,217,650	129,582,230	129,582,230
Employee benefit		1,344,045	1,312,850	1,193,123	1,311,563
Provision for taxation		449,134	449,134	517,324	517,324
<b>TOTAL LIABILITIES</b>		<b>166,561,081</b>	<b>166,529,886</b>	<b>159,212,945</b>	<b>159,349,578</b>
<b>NET ASSETS</b>		<b>74,959,166</b>	<b>137,993,609</b>	<b>75,248,452</b>	<b>155,294,768</b>
<b>REPRESENTED BY:</b>					
<b>Authorized share capital</b>					
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
<b>Issued, subscribed and paid-up share capital</b>					
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		(199,297,449)	(199,297,449)	(199,008,163)	(199,008,163)
Shareholders' equity		74,959,166	74,959,166	75,248,452	75,248,452
Net surplus on estimated realizable / (settlement) values		-	63,034,442	-	80,046,316
<b>CONTINGENCIES AND COMMITMENTS</b>	6	<b>74,959,166</b>	<b>137,993,609</b>	<b>75,248,452</b>	<b>155,294,768</b>

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 PERIOD ENDED 31 MARCH 2016

	PERIOD ENDED		QUARTER ENDED	
	31 MARCH	31 MARCH	31 MARCH	31 MARCH
	2016	2015	2016	2015
NOTE	Rupees	Rupees	Rupees	Rupees
<b>REVENUE</b>				
Income from lease operations	7,149,143	8,647,440	2,387,545	3,051,233
Other income	495,156	225,791	306,228	84,197
	7,644,299	8,873,231	2,693,773	3,135,430
<b>EXPENDITURE</b>				
Administrative and other operating expenses	(7,756,179)	(8,348,689)	(2,314,537)	(2,571,505)
Financial and other charges	(1,457,936)	(1,473,661)	(406,130)	(502,241)
Reversal / (allowance) for potential lease losses 3.1	1,591,889	2,183,891	1,020,928	1,074,107
	(7,622,226)	(7,638,459)	(1,699,739)	(1,999,639)
PROFIT/ (LOSS) BEFORE TAXATION	22,073	1,234,772	994,034	1,135,791
Taxation	(311,359)	(301,986)	(136,950)	(160,612)
PROFIT/ (LOSS) AFTER TAXATION	(289,286)	932,786	857,084	975,179
Earnings per share - basic and diluted	(0.01)	0.04	0.04	0.05

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 PERIOD ENDED 31 MARCH 2016**

	PERIOD ENDED		QUARTER ENDED	
	31 MARCH 2016	31 MARCH 2015	31 MARCH 2016	31 MARCH 2015
	Rupees	Rupees	Rupees	Rupees
PROFIT (LOSS) AFTER TAXATION	(289,286)	932,786	857,084	975,179
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(289,286)</b>	<b>932,786</b>	<b>857,084</b>	<b>975,179</b>

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 PERIOD ENDED 31 MARCH 2016**

	PERIOD ENDED	
	31 MARCH 2016	31 MARCH 2015
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	22,073	1,234,772
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	248,877	299,844
Provision for gratuity	150,915	155,637
Financial and other charges	1,457,936	1,473,661
Reversal for potential lease losses - net	(1,591,889)	(2,183,891)
Profit on bank deposits	(188,832)	(83,014)
	77,007	(337,763)
<b>Operating profit before working capital changes</b>	99,080	897,009
Increase in advances and prepayments	(63,542)	(74,603)
Increase / (decrease) in accrued and other liabilities	(229,175)	136,420
<b>Cash generated from operations</b>	(193,637)	958,826
Financial charges paid	(1,367,421)	(1,720,397)
Income tax paid	(288,190)	(273,016)
<b>Net cash (used in) / generated from operating activities</b>	(1,849,248)	(1,034,587)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Investment in lease finance	(11,558,257)	(9,329,007)
Property, plant and equipment - acquired	(703,000)	(27,900)
Profit on bank deposits	188,832	83,014
<b>Net cash from / (used in) investing activities</b>	(12,072,425)	(9,273,893)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan from associated undertaking	-	10,000,000
Deposits on lease contracts - net	7,635,420	3,418,088
Lease rentals paid	(231,356)	(199,155)
<b>Net cash (used in) from financing activities</b>	7,404,064	13,218,933
<b>Net increase / decrease in cash and cash equivalents</b>	(6,517,609)	2,910,453
<b>Cash and cash equivalents at the beginning of the period</b>	11,466,600	1,859,224
<b>Cash and cash equivalents at the end of the period</b>	4,948,991	4,769,677

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 PERIOD ENDED 31 MARCH 2016**

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		CAPITAL RESERVE		ACCUMULATED LOSS	SHAREHOLDERS' EQUITY
	Rupees	Rupees	STATUTORY RESERVE	Rupees		
<b>Balance as at 30 June 2014 (Audited )</b>	215,000,000	59,236,261	-	(199,096,273)	75,139,988	
Loss for the period ended 31 March 2015	-	-	-	(932,786)	(932,786)	
Other comprehensive income for the period ended 31 March 2015	-	-	-	-	-	
Transfer to statutory reserve	-	-	-	-	-	
Total comprehensive income for the period ended 31 March 2015	-	-	-	(932,786)	(932,786)	
<b>Balance as at 31 March 2015 (Un-Audited)</b>	215,000,000	59,236,261	-	(200,029,059)	74,207,202	
Loss for the period ended 30 June 2015	-	-	-	1,041,250	1,041,250	
Other comprehensive income for the period ended 30 June 2015	-	20,354	(20,354)	-	-	
Total comprehensive loss for the period ended 30 June 2015	-	20,354	-	1,020,896	1,041,250	
<b>Balance as at 30 June 2015 (Audited)</b>	215,000,000	59,256,615	-	(199,008,163)	75,248,452	
Loss for the period ended 31 March 2016	-	-	-	(289,286)	(289,286)	
Other comprehensive income for the period ended 31 March 2016	-	-	-	-	-	
Total comprehensive loss for the period ended 31 March 2016	-	-	-	(289,286)	(289,286)	
<b>Balance as at 31 March 2016 (Un-Audited)</b>	215,000,000	59,256,615	-	(199,297,449)	74,959,166	

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 PERIOD ENDED 31 MARCH 2016

### 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 199,240 million and Rupees 74,959 million respectively as on 31 March 2016. Before notification of amendments dated 25 November 2015 in Non-Banking Finance Companies and Notified Entities Regulations, 2008 the Company was not in compliance with the minimum equity requirement of Rupees 700 million to carry on leasing business. Now, in accordance with revised Schedule I of the aforesaid Regulations, the Company as non-deposit taking NBFC engaged in leasing business only meet the minimum equity requirement of Rupees 50 million as on the reporting date. 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 aforesaid Regulations. 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. 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, 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 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 period ended 31 March 2016 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 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 2015.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2016**

	Un-Audited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
<b>3. NET INVESTMENT IN LEASE FINANCE</b>		
Lease rentals receivable	318,431,666	315,178,852
Add: Guaranteed residual value of leased assets	137,217,650	129,582,230
Gross investment in lease finance	455,649,316	444,761,082
Less: Unearned finance income	(59,884,551)	(60,554,581)
	395,764,765	384,206,501
Less: Allowance for potential lease losses (Note 3.1)	(162,947,863)	(164,539,752)
	<u>232,816,902</u>	<u>219,666,749</u>
<b>3.1 Allowance for potential lease losses</b>		
Opening balance	164,539,752	166,013,771
Provision reversed during the period / year - net	(1,591,889)	(1,474,019)
Net investment in lease finance written off against provision	-	-
Closing balance	<u>162,947,863</u>	<u>164,539,752</u>
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Owned Assets (4.1)	1,652,718	1,099,707
Leased Asset (4.2)	557,370	656,258
	<u>2,210,088</u>	<u>1,755,965</u>
<b>4.1 Owned Assets</b>		
Opening book value	1,099,707	1,290,489
Add: Cost of additions during the period / year (Note 4.1.1)	703,000	45,499
	1,802,707	1,335,988
Less: Depreciation charged during the period / year	149,989	236,281
Closing book value	<u>1,652,718</u>	<u>1,099,707</u>
<b>4.1.1 Cost of additions</b>		
Office equipment	42,000	3,099
Computer equipment	-	20,400
Vehicle	630,000	-
Furniture and fixtures	31,000	22,000
	<u>703,000</u>	<u>45,499</u>
<b>4.2 Leased Assets</b>		
Opening book value	656,258	820,322
Less: Depreciation charged during the period / year	98,888	164,064
Closing book value	<u>557,370</u>	<u>656,258</u>

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2016**

**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 31 March 2016 (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			
PERIOD ENDED		QUARTER ENDED	
31 March 2016	31 March 2015	31 March 2016	31 March 2015
Rupees	Rupees	Rupees	Rupees
<b>i) Transactions</b>			
<b>Associated company</b>			
Loan obtained	-	10,000,000	-
Mark up on loan	1,263,624	1,250,897	495,686
Rent of office building	225,000	225,000	75,000
Lease rentals received	679,016	610,515	272,006
		<b>Un-Audited</b>	<b>Audited</b>
		<b>31 March</b>	<b>30 June</b>
		<b>2016</b>	<b>2015</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>ii) Period end balances</b>			
<b>Associated company</b>			
Loan		25,000,000	25,000,000
Accrued mark-up		398,232	307,717
Lease rentals receivable		338,509	1,017,525

**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 26th April 2016.

**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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