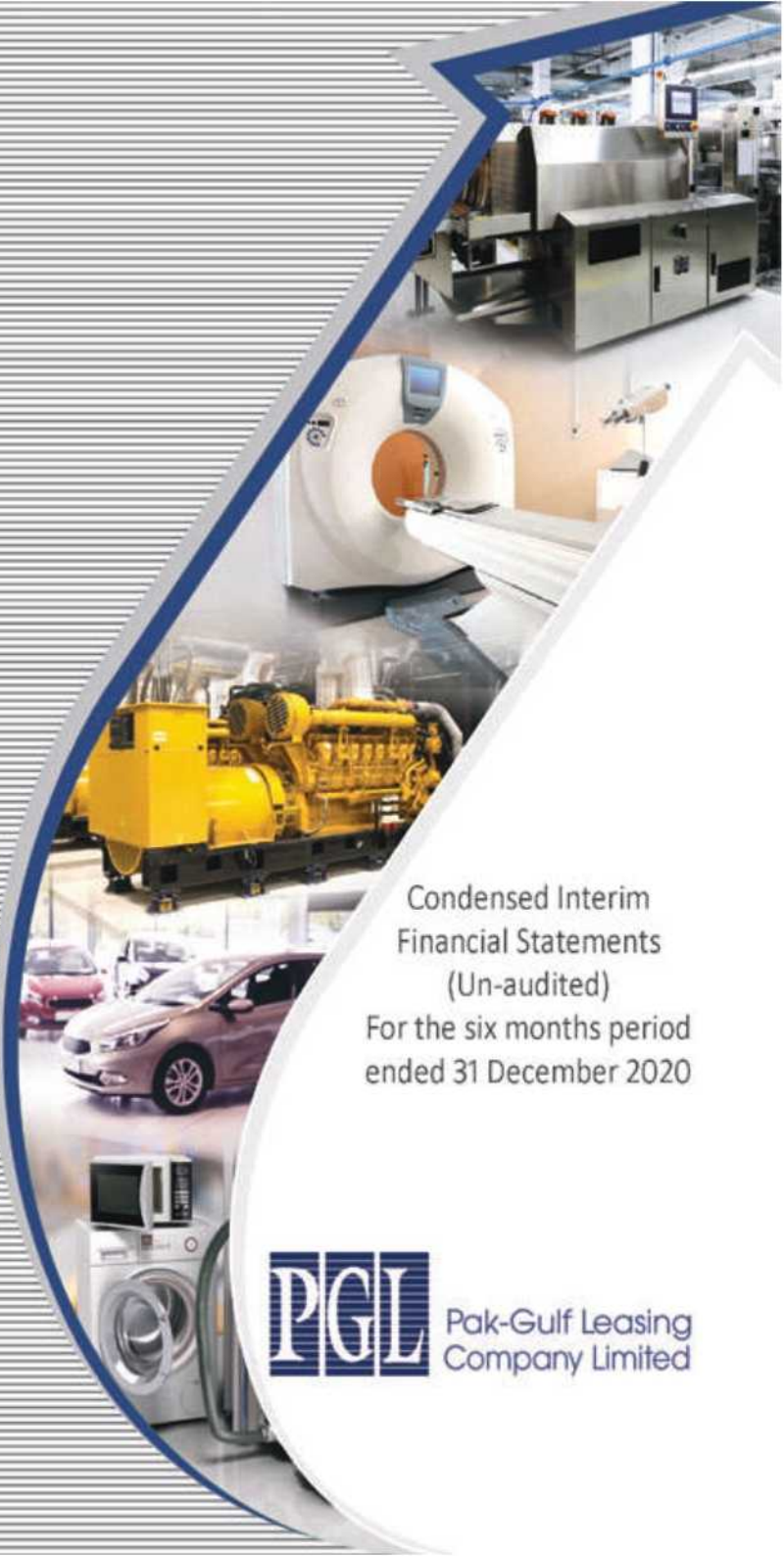

Condensed Interim Financial Statements (Un-audited) For the six months period ended 31 December 2020

PGL Pak-Gulf Leasing Company Limited

بسم الله الرحمن الرحيم

Pak-Gulf Leasing Company Limited

Company Information

Board of Directors

Mr. Sohail Inam Ellahi	Chairman
Mr. Pervez Inam	Director
Mr. Fawad Salim Malik	Director
Brig. Naveed Nasar Khan (Retd)	Director
Mr. Ismail H. Ahmed	Director
Mr. Jan Ali Khan Junejo	Director
Mr. Naeem Ali Muhammad Munshi	Director
Ms. Naueen Ahmed	Director
Mr. Mahfuz-ur-Rehman Pasha	Chief Executive Officer

Company Secretary

Ms. Mehreen Usama

Audit Committee

Mr. Ismail H. Ahmed	Chairman
Mr. Naeem Ali Muhammad Munshi	Member
Mr. Pervez Inam	Member
Brig. Naveed Nasar Khan (Retd)	Member
Ms. Farah Farooq	Secretary

Human Resource and Remuneration Committee

Mr. Jan Ali Khan Junejo	Chairman
Mr. Sohail Inam Ellahi	Member
Mr. Pervez Inam	Member
Mr. Ismail H. Ahmed	Member
Ms. Naueen Ahmed	Member
Mr. Mahfuz-ur-Rahman Pasha	Member
Ms. Mehreen Usama	Secretary

Senior Management

Mr. Mahfuz-ur-Rehman Pasha	Chief Executive Officer
Lt.. Col. Saleem Ahmed Zafar (Retd)	Chief Operating Officer
Mr. Khalil Anwer Hassan	Advisor "Business Development, Risk Mgnt. Planning & Compliance"
Lt.. Col. Farhat Parvez Kayani (Retd)	General Manager Punjab
Ms. Mehreen Usama	Chief Financial Officer
Ms. Farah Farooq	Head of Audit
Major Arifullah Lodhi (Retd)	Manager HR & Admin.

Credit Rating Agency

VIS Credit Rating Company Limited

Entity Rating

- A- (Single A Minus) for Medium to Long term
- A-2 (A-Two) for Short term
- Outlook - Stable

Auditors

M/S Grant Thornton Anjum Rahman
Chartered Accountants
1st & 3rd Floor, Modern Motors House
Beaumont Road, Karachi 75530.
Tel#: (92-21) 35672951-56
Fax: (92-21) 35688834

Legal Advisors

M/s. Mohsin Tayebaly & Company
2nd Floor, Dime Centre,
BC-4, Block # 9, Kehkashan, Clifton,
Karachi.
Tel # : (92-21) 111-682-529
Fax # : (92-21) 35870240, 35870468

Shariah Advisor

M/s. Alhamd Shariah Advisory Services (Pvt) Ltd.

Bankers

Islamic bank

Albaraka Bank (Pakistan) Limited
MCB Islamic Bank

Conventional banks

Allied Bank Limited
Askari Commercial Bank Limited
Bank Al-Falah Limited
Bank Al Habib Limited
Bank of Punjab
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Silk bank Limited
Soneri Bank Limited

Registered Office

UNIBRO House
Ground and Mezzanine Floor
Plot No. 114, 9th East Street, Phase I
DHA, P.O.Box # 12215, Karachi-75500
Tel #: (92-21) 35820301, 35820965-6
(92-21) 35824401, 35375986-7
Fax #: (92-21) 35820302, 35375985
E-mail: pgl@pakgulfleasing.com
Website: www.pakgulfleasing.com

Branch Office

202, 2nd Floor, Divine Mega II,
New Airport Road, Lahore
Tel #: (92-42) 35700010
Fax #: (92-42) 35700011

Share Registrar / Transfer Office

THK Associates (Pvt.) Limited
Plot No. C-32 Jami Commercial Street 2
DHA, Phase-VII, Karachi.
UAN: (92-21) 111-000-322
Fax: (92-21) 35310190

Mission Statement

The Company will:

- Aim to gain the confidence of all its stakeholders by earning a credible reputation for being an innovative enterprise that is prepared to change in the best interests of its stakeholders.

- Continually monitor structural changes in the various sectors of the economy, and accordingly alter the Company's business strategy to benefit from the emerging opportunities.

- Focus on changing customer needs and strive to improve tangible and intangible returns to its customers by providing service and satisfaction at par with the best in the industry, which would be reflected in prompt risk evaluation and facility disbursement procedures and practices.

- Consciously share, and remain part of all initiatives by the leasing industry to play a positive role in the evolution of small and medium size enterprises to expand the country's industrial base and support economic growth, higher employment and a better future for all.

Pak-Gulf Leasing Company Limited

DIRECTORS' REVIEW OF OPERATING RESULTS
FIRST HALF 2020-21

Dear Shareholders,

The Directors of your Company are pleased to present before you the Financial Statements of your Company for the half year ended on December 31, 2020 of the current financial year. They are equally pleased to share with you the fact that despite the challenging economic and business conditions due to COVID 19 and otherwise, the overall performance of your Company remained quite satisfactory during this period. Directors of the company are however fully aware of the challenges posed to the company by the adverse economic scenario and have directed the management to devise a comprehensive business strategy for coping up with the challenges and for effectively minimizing the risks that the company is facing at this critical juncture.

Total Revenue earned of Rs. 135.685 million by your Company for the half year ended on December 31, 2020 was slightly more than the total Revenue of Rs. 135.66 million, earned by your Company in the first half of the Financial Year 2019-20. With reference to Finance Cost incurred during the half year there was a substantial decrease due to decrease in policy rate and reduced utilization of available finance facilities, as compared to the corresponding figures for the half year ended December 31, 2019. Further during the half year ended December 31, 2020 the Company had to charge provision of Rs. 39.77 million, Rs. 2.08 million and Rs. 0.11 million for leases held under litigation, non-performing lessees and insurance premium and other receivable, respectively. Due to the increase in provision for doubtful receivables, the Company's Profit after Taxation for the half year ended December 31, 2020 amounted to Rs. 15.32 million as compared to Rs. 16.19 million, for the corresponding period of the last Financial Year 2019-20.

The Shareholders Equity of your Company amounts to Rs. 666 million, as at December 31, 2020 while Earning per Share for the half year ended December 31, 2020 stands at Rs. 0.60 per share.

In June 2020, VIS Credit Rating Company Limited has re-affirmed the Medium to Long-term Entity Rating of your Company at A- (Single A Minus), and the Short-term Rating at A-2 (A-Two) and have graded the Outlook of your Company as "Stable".

Your Directors, in their capacity as your representatives for overseeing the performance of your Company, would like to place on record their appreciation for the services rendered and the dedicated efforts made by the Management Team and all the staff members of your Company, towards obtaining the positive results placed before you, notwithstanding the testing market conditions. We expect the management and staff of PGL, not only to maintain, but to further enhance their marketing skills and make all-out effort towards improving upon the quality of their services to your Company's clients so as to project a positive image of your Company in the leasing sector of Pakistan.

The Directors also take the opportunity to acknowledge, with thanks, the cooperation and guidance extended to your Company by the Securities and Exchange Commission of Pakistan (SECP), Pakistan Institute of Corporate Governance (PICG) and other regulatory authorities. Their role is critical in developing the leasing sector and it is hoped that these agencies would continue to strengthen the leasing sector, by taking appropriate measures for its betterment.

In the end, we would like to thank you, our valued Shareholders, as well as PGL's customers and bankers, for the valuable support given by them to PGL. We look forward to reinforcing and building further a mutually beneficial and cordial relationship between PGL and all its stakeholders.

Chairman **Chief Executive Officer**

Karachi
16 February 2021

قابل احترام حصص یافتگان

آپکی کمپنی کے ڈائریکٹرز موجود مالی سال کی ششماہی، جو کہ 31 دسمبر 2020 کو ختم ہوئی ہے کے مالیاتی گوشوارے انتہائی مسرت کے ساتھ آپکو پیش کرتے ہیں۔ یہ بات بھی باعث مسرت ہے کہ کووڈ۔19 کی وجہ سے ملک میں مشکل معاشی اور کاروباری حالات کے باوجود آپکی کمپنی کی کارکردگی اس سہ ماہی میں کافی حد تک اطمینان بخش رہی۔ کمپنی کے ڈائریکٹران منفی معاشی منظرنامے اور کمپنی کو درپیش چیلنجوں سے پوری طرح واقف ہیں اور اسی لئے انہوں نے درپیش چیلنجوں سے موثر طریقے سے نمٹنے کے لیے انتظامیہ کو ایک جامع کاروباری حکمت عملی وضع کرنے کی ہدایت کی ہے تاکہ بہتر نتائج حاصل کیے جاسکیں۔

آپکی کمپنی نے اس مالی سال کی ششماہی میں جو 31 دسمبر 2020 کو اختتام پذیر ہوئی میں کل 135.685 ملین روپے کی آمدنی حاصل کی ہے بمقابل 135.66 ملین روپے کی آمدن کے جو کہ پچھلے مالی سال 20-2019 کی ششماہی میں حاصل ہوئی تھی۔ اخراجات کے حوالے سے اس ششماہی میں کئے گئے مالی اخراجات میں کمی ہوئی ہے اگر اس کا مقابلہ 31 دسمبر 2019 کے اخراجات سے کیا جائے۔ علاوہ ازیں کمپنی نے موجودہ سال کی ششماہی میں قانونی چارہ جوئی کے تحت لیسز، زغیر کارکردگی والی لیسز اور دوسری ادائیگیوں کے لیے 39.77 ملین روپے، 2.08 ملین روپے اور 0.11 ملین روپے مختص کئے۔ موجودہ مالی سال کی ششماہی جو کہ 31 دسمبر 2020 اختتام پزیر ہوئی کا بعد از ٹیکس منافع 15.32 ملین روپے ہے بمقابلہ 16.19 ملین روپے جو کہ پچھلے سال اسی دورانیہ میں تھا۔

آپکی کمپنی کے شیئر ہولڈرز کی ایکوئٹی (Equity) 31 دسمبر 2020 کو 666 ملین روپے ہوگئی ہے۔ جبکہ موجودہ مالی سال کی ششماہی کا فی شیئر منافع 0.60 روپے فی شیئر ہے۔

جون 2020 میں VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کمپنی کی تشخیصی ریٹنگ کا دوبارہ اعادہ کرنے کے بعد درمیانہ سے طویل المیعاد کے لئے -A ریٹنگ، اور مختصر مدت کی ریٹنگ A-2 برقرار رکھی ہے اور کمپنی کے آئندہ امکانات کو مستحکم قرار دیا گیا۔

آپکے ڈائریکٹرز جو کہ آپکے نمائندے ہونے کی حیثیت سے آپکی کمپنی کی کارکردگی کو دیکھ رہے ہیں وہ کمپنی کے باصلاحیت ملازمین کی کوششوں کا اعتراف کرتے ہیں اور فنانشل مارکیٹ کے مشکل حالات کے باوجود انہوں نے مثبت نتائج حاصل کرنے میں جو انتھک محنت کی ہے اس کو سراہتے ہیں اور امید رکھتے ہیں کہ انتظامی ٹیم اور اسٹاف اپنے مارکیٹنگ اسکلز کو نہ صرف برقرار رکھیں گے بلکہ ان میں مزید اضافہ کریں گے اور بھرپور کوشش کریں گے کہ صارفین کیلئے خدمات کے معیار کو بہتر سے بہتر بنائیں تاکہ کمپنی کا مثبت تاثر بھرپور طریقے سے اجاگر ہو۔

کمپنی کے ڈائریکٹرز، SECP، PICG اور دوسرے ریگولیٹری اداروں نے آپ کی کمپنی کی جو رہنمائی کی ہے اور جو تعاون کیا ہے نہ صرف اسکا اعتراف بلکہ شکریہ بھی ادا کرتے ہیں۔ ان تمام اداروں کا کردار مالی شعبے کو بہتر بنانے میں نہایت اہم رہا ہے۔ امید کی جاتی ہے کہ یہ تمام ادارے بذریعہ مناسب اقدامات اس شعبے کو مزید مستحکم اور بہتر بنائینگے۔

آخر میں ہم اپنے تمام قابل احترام شیئر ہولڈرز بشمول کمپنی کے صارفین اور ڈیلرز کو جنہوں نے کمپنی کے ساتھ بھرپور تعاون کیا ہے اُن کا شکریہ ادا کرتے ہیں۔ اس کے ساتھ اس بات کی بھی قوی امید رکھتے ہیں کہ ہمارے شراکت داروں اور کمپنی کے درمیان مضبوط روابط اور باہم مفید اور خوشگوار تعلقات قائم رہیں گے۔

چیئرمین

چیف ایگزیکٹو آفیسر

کراچی

16 فروری 2021

Grant Thornton
An instinct for growth™

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Pak-Gulf Leasing Company Limited
Report on review of interim financial statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pak-Gulf Leasing Company Limited** as at **December 31, 2020** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is **Khurram Jameel**.

Grant Thornton Anjum Rahman

Chartered Accountants
Karachi
Date: February 16, 2021

Pak-Gulf Leasing Company Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	NOTE	(Un-audited) 31 December 2020	(Audited) 30 June 2020
		Rupees	
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	118,497,974	114,805,586
Short term investments	5	43,473,915	64,508,233
Other receivables	6	133,221,139	8,385,830
Ijarah rental receivables		278,062	278,062
Advance to employees		23,500	11,500
Prepayments		2,849,442	2,444,677
Current portion of net investment in finance lease	7	731,802,400	887,042,453
Current portion of long-term loan		11,595,091	15,815,393
Taxation - net		-	3,107,203
		1,041,741,523	1,096,398,937
NON-CURRENT ASSETS			
Net investment in finance lease	7	944,581,980	1,446,647,811
Long-term loan		20,713,827	7,661,554
Diminishing musharakah receivable	8	-	-
Long-term deposits		118,500	118,500
Investment property		154,440,000	154,440,000
Property, plant and equipment		4,846,955	7,630,654
Right of use of assets		10,782,901	12,909,967
Intangible assets		61,707	1,523,702
		1,135,545,870	1,630,932,188
TOTAL ASSETS		2,177,287,393	2,727,331,125
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		29,166,476	39,649,330
Taxation - net		66,530,979	-
Unclaimed dividend		3,274,119	2,960,408
Accrued mark-up		9,326,828	60,215,191
Short term borrowings	9	151,989,136	344,585,560
Current portion of certificates of investment	10	12,000,000	12,000,000
Current portion of long-term loan	11	50,000,004	16,666,668
Current portion of lease liabilities		4,239,201	3,833,364
Current portion of long-term deposits	12	231,926,812	234,778,192
Current portion of advance rental against Ijarah leasing		90,576	633,942
		558,544,131	715,322,655
NON-CURRENT LIABILITIES			
Certificates of investment	10	177,100,000	392,171,853
Long-term loan	11	70,833,327	12,499,997
Lease liabilities		7,222,234	11,405,762
Long-term deposits	12	453,093,395	647,766,213
Deferred taxation	13	151,182,560	198,550,326
		859,431,516	1,262,394,151
TOTAL LIABILITIES		1,417,975,647	1,977,716,806
NET ASSETS		759,311,746	749,614,319
NET ASSETS FINANCED BY			
Authorised share capital		500,000,000	500,000,000
Issued, subscribed and paid-up capital		253,698,000	253,698,000
Capital reserves			
Statutory reserve		111,153,865	108,089,370
Reserve for issue of bonus shares		4,402,000	4,402,000
Surplus on revaluation of property, plant and equipment		90,504,204	90,504,204
Surplus on revaluation of available for sale investments - net		2,575,949	1,858,546
		208,636,018	204,854,120
Revenue reserve			
Unappropriated profit		296,977,728	291,062,199
		759,311,746	749,614,319
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 22 form an integral part of this condensed interim financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

Pak-Gulf Leasing Company Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2020

	Note	Six months ended 31 December 2020	Six months ended 31 December 2019	Three months ended 31 December 2020	Three months ended 31 December 2019
		Rupees			
INCOME					
Income from financing operations	15	**128,013,915**	126,476,050	**49,712,822**	60,227,381
OTHER OPERATING INCOME					
Return on investments		**2,704,397**	4,578,240	**1,351,878**	2,565,533
Other income		**4,967,266**	4,603,020	**2,573,446**	1,829,130
		7,671,663	9,181,260	**3,925,324**	4,394,663
		135,685,578	135,657,310	**53,638,146**	64,622,044
OPERATING EXPENSES					
Administrative and operating expenses	16	**29,861,086**	36,543,541	**15,512,221**	18,111,353
Finance cost	17	**24,725,541**	57,760,180	**8,183,865**	30,227,952
		54,586,627	94,303,721	**23,696,086**	48,339,305
Operating profit before provision		**81,098,951**	41,353,589	**29,942,060**	16,282,739
Provision for lease receivables held under litigation - net	6.1	**(39,769,217)**	(5,131,828)	**(1,286,499)**	(5,131,828)
Provision for diminishing musharaka receivables		**-**	(9,394,499)	**-**	(9,394,499)
Provision for potential lease losses - net	7.1	**(2,082,372)**	(4,750,922)	**(3,461,921)**	(4,491,281)
Provision against insurance premium and other receivable		**(113,000)**	-	**(113,000)**	-
Profit / (loss) before taxation		**39,134,362**	22,076,340	**25,080,640**	(2,734,869)
Taxation - current		**(71,179,654)**	(6,015,192)	**(42,272,118)**	(4,990,672)
- deferred		**47,367,766**	129,548	**10,018,309**	4,558,868
		(23,811,888)	(5,885,644)	**(32,253,809)**	(431,804)
Profit / (loss) after taxation		**15,322,474**	16,190,696	**(7,173,169)**	(3,166,673)
Earnings / (loss) per share - basic & diluted		**0.60**	0.64	**(0.28)**	(0.12)

The annexed notes 1 to 22 form an integral part of this condensed interim financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

Pak-Gulf Leasing Company Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2020

	Six months ended		Three months ended	
	31 December		31 December	
	2020	2019	**2020**	2019
	Rupees			
Profit / (loss) after taxation	**15,322,474**	16,190,696	**(7,173,169)**	(3,166,673)
Other comprehensive income				
Surplus on revaluation of AFS investments	**717,303**	494,130	**244,350**	798,753
Total comprehensive income / (loss) for the period	**16,039,777**	16,684,826	**(6,928,819)**	(2,367,920)

The annexed notes 1 to 22 form an integral part of this condensed interim financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

Pak-Gulf Leasing Company Limited

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	Note	31 December 2020	31 December 2019
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		39,134,362	22,076,340
Adjustments for:			
Depreciation and amortisation		5,072,477	6,543,271
Amortisation of premium on long term investments		-	22,602
Finance cost		24,725,541	57,760,180
Provision for lease receivables held under litigation		39,769,217	5,131,828
Provision for diminishing musharaka receivables		-	9,394,499
Provision against insurance premium and other receivables		113,000	-
Intangible - written off		1,440,217	-
Provision for potential lease losses		2,082,372	4,750,922
Gain on disposal of property, plant and equipment		-	(6,500)
		73,202,824	83,596,802
Operating profit before working capital charges		112,337,186	105,673,142
Movement in working capital			
(Increase) / decrease in current assets			
Other receivables		(164,717,360)	840,528
Long term deposits		-	(6,000)
Advance to employees		(12,000)	(3,000)
Accrued mark-up / return on investments		-	103,972
Ijarah rental receivables		-	27,060
Prepayments		(404,765)	(2,584,547)
		(165,134,125)	(1,621,987)
(Decrease) / increase in current liabilities			
Trade and other payables		(10,482,854)	3,025,430
Unclaimed dividend		313,711	1,285,764
		(10,169,143)	4,311,194
Cash (used in) / generated from operating activities		(62,966,082)	108,362,349
Finance cost paid		(74,900,163)	(41,794,766)
Taxes paid - net		(1,541,472)	(1,490,859)
Net investment in finance lease - net		655,223,512	(76,319,008)
Long-term loan - net		(8,831,971)	-
Advance rental against Ijarah leasing		(543,366)	(1,408,655)
Long term deposits		(197,524,198)	94,025,953
Net cash generated from operating activities		308,916,260	81,375,014
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		(140,000)	(81,500)
Sale proceeds on desposal of property, plant and equipment		-	6,500
Short term investments - net		21,751,621	(3,480,420)
Long-term investments - net		-	2,000,000
Net cash generated from / (used in) investing activities		21,611,621	(1,555,420)
CASH FLOWS FROM FINANCING ACTIVITIES			
Certificates of investment - net		(215,071,853)	18,740,965
Dividend paid		(6,342,450)	(19,027,350)
Lease payments		(4,491,432)	-
Long-term loan - net		91,666,666	(12,499,997)
Net cash used in financing activities		(134,239,069)	(12,786,382)
Net increase in cash and cash equivalents		196,288,812	67,033,212
Cash and cash equivalents at beginning of the period		(229,779,974)	(397,930,875)
Cash and cash equivalents at the end of the period		(33,491,162)	(330,897,663)

The annexed notes 1 to 22 form an integral part of this condensed interim financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

Pak-Gulf Leasing Company Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2020

		Reserves						
		Capital				Revenue		
	Share capital	Statutory reserve	Reserve for issue of bonus shares	Surplus on revaluation of property, plant & equipment - net of tax	Surplus / (deficit) on revaluation of available for sale investments	Unappro-priated profit	Total reserves	Total equity
	Rupees							
Balance as at 1 July 2019	253,698,000	105,910,520	4,402,000	90,504,204	1,759,720	302,371,124	504,947,568	758,645,568
Final dividend for the year ended 30 June 2019 @ Rs. 0.75 per share	-	-	-	-	-	(19,027,350)	(19,027,350)	(19,027,350)
Profit after taxation	-	-	-	-	-	16,190,696	16,190,696	16,190,969
Other comprehensive income	-	-	-	-	494,130	-	494,130	494,130
Total comprehensive income for the period	-	-	-	-	494,130	16,190,696	16,684,826	16,684,826
Transfer to statutory reserve	-	3,238,139	-	-	-	(3,238,139)	-	-
Balance as at 31 Dec. 2019	253,698,000	109,148,659	4,402,000	90,504,204	2,253,850	296,296,331	502,605,044	756,303,044
Balance as at 1 July 2020	**253,698,000**	**108,089,370**	**4,402,000**	**90,504,204**	**1,858,646**	**291,062,199**	**495,916,319**	**749,614,319**
Final dividend for the year ended 30 June 2020 @ Rs.0.25 per share	-	-	-	-	-	**(6,342,450)**	**(6,342,450)**	**(6,342,450)**
Profit after taxation	-	-	-	-	-	**15,322,474**	**15,322,474**	**15,322,474**
Other comprehensive income	-	-	-	-	**717,303**	-	**717,303**	**717,303**
Total comprehensive income for the period	-	-	-	-	**717,303**	**15,322,474**	**16,039,777**	**16,039,777**
Transfer to statutory reserve	-	**3,064,495**	-	-	-	**(3,064,495)**	-	-
Balance as at 31 Dec. 2020	**253,698,000**	**111,153,865**	**4,402,000**	**90,504,204**	**2,575,949**	**296,977,728**	**505,613,746**	**759,311,746**

The annexed notes 1 to 22 form an integral part of this condensed interim financial statements.

Chief Executive Officer **Chief Financial Officer** **Director**

1. STATUS AND NATURE OF BUSINESS

1.1 Pak-Gulf Leasing Company Limited ("the Company") was incorporated in Pakistan on December 27, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations on September 16, 1996. The Company is principally engaged in the business of leasing and is listed on Pakistan Stock Exchange Limited.

The registered office of the Company is located at UNIBRO House, Ground and Mezzanine Floor, Plot No. 114, 9th East Street, Phase-1, Defence Housing Authority, Karachi and a branch office is located at Office No. 202, 2nd Floor, Divine Mega II, Opp Honda Point, New Airport Road, Lahore.

JCR-VIS Credit Rating Company Limited (JCR-VIS) has re-affirmed A- and A-2 ratings to the Company for medium to long term and short term, respectively on June 30, 2020.

1.2 Regulation 4 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 requires an existing deposit taking leasing company to maintain, at all times, minimum equity of Rs. 500 million. The equity of the Company as at December 31, 2020 is Rs. 666.170 million which is Rs. 166.170 million in excess of the minimum equity requirement.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim reporting comprising of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting," issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984;

- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by the Institute of Chartered Accountants of Pakistan; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IAS-34 and IFAS-2, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 The disclosures in these condensed interim financial statements do not contain all the information required for full annual financial statements. Consequently, this condensed interim financial statements should be read in conjunction with the financial statements of the Company for the year ended June 30, 2020.

The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2020 has been extracted from the audited financial statements of the Company for the year ended June 30, 2020, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been extracted from the condensed interim financial statements for the period ended December 31, 2019. Further, the figures in the condensed interim financial statements for the three months period ended December 31, 2019 and December 31, 2020 have not been reviewed by the auditors.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2020 except for the adoption of the following new amended standards, which become effective for the current period:

Standards	Effective date (Annual period begining on or after)
IFRS 3 Definition of a Business (Amendment to IFRS 3)	January 01, 2020
IAS 1 and IAS 8 Definition of Material (Amendment to IAS 1 and IAS 8)	January 01, 2020
IFRS 9, IAS 39 and IFRS 7 Investment rate benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7)	January 01, 2020
IFRS 16 - Covid-19 Related rent concessions (Amendments to IFRS 16)	January 01, 2020

The adoption of the above standards, amendments and interpretation are not expected to have any material impact on the Company's condensed interim financial statements.

3.2 The significant estimates and judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements for the year ended June 30, 2020.

4. CASH AND BANK BALANCES

	Note	(Un-audited) 31 December 2020	(Audited) 30 June 2020
		----------(Rupees)----------	
Cash in hand		**405,655**	106,254
Balances with banks:			
- in current accounts		**110,403,273**	108,673,212
- in saving accounts	4.1	**7,689,046**	6,026,120
		118,497,974	114,805,586

4.1 Return on these savings accounts is earned at rates ranging from 4.05% to 6.05% (June 30, 2020 : 5.25% to 5.75%) per annum.

		Note	(Un-audited) 31 December 2020	(Audited) 30 June 2020
			----------(Rupees)----------	
5.	**SHORT TERM INVESTMENTS**			
	Available for sale			
	National Investment (Unit) Trust		**3,770,049**	3,052,746
	At amortised cost			
	Government Securities - Market Treasury Bills	**5.1**	**39,703,866**	61,455,487
			43,473,915	64,508,233

5.1 These represent Market Treasury Bills having cost of Rs. 39.423 million (June 30, 2020: Rs. 61.038 million) and interest accrued thereon of Rs. 0.27 million (June 30, 2020: Rs. 0.417 million). The effective rate of return is 7.1% (June 30, 2020: 7.9%) per annum. These will mature latest by February 11, 2021.

6.	**OTHER RECEIVABLES - net**			
	Lease receivables held under litigation		**241,205,279**	60,483,652
	Insurance premium receivable and other receivables		**5,907,283**	5,615,281
			247,112,562	66,098,933
	Provision against lease receivables held under litigation	**6.1**	**(89,405,745)**	(49,636,528)
	Povision against insurance premium and other receivables		**(2,592,451)**	(2,479,451)
	Mark-up held in suspense against lease receivables under litigation		**(21,893,227)**	(5,597,124)
			(113,891,423)	(57,713,103)
			133,221,139	8,385,830

6.1	**Provision against lease receivables held under litigation**		
	Opening balance	**49,636,528**	29,198,603
	Charge for the period / year	**39,769,217**	20,437,925
	Closing balance	**89,405,745**	49,636,528

7. NET INVESTMENT IN FINANCE LEASE - Secured

	(Un-audited) 31 December 2020	(Audited) 30 June 2020
	(Rupees)	
Net investment in finance lease	**1,676,384,380**	2,333,690,264
less: Current portion	**(731,802,400)**	(887,042,453)
	944,581,980	1,446,647,811

	Note	(Un-audited) 31 December 2020			(Audited) 30 June 2020		
		Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
		Rupees					
Minimum lease payments		**664,218,814**	**575,610,639**	**1,239,829,453**	880,957,218	959,494,570	1,840,451,788
Residual value of leased assets		**231,926,812**	**453,093,395**	**685,020,207**	234,778,192	647,766,213	882,544,405
Gross investment in finance lease		**896,145,626**	**1,028,704,034**	**1,924,849,660**	1,115,735,410	1,607,260,783	2,722,996,193
Unearned lease income		**(113,470,400)**	**(84,122,054)**	**(197,592,454)**	(170,705,159)	(160,612,972)	(331,318,131)
Mark-up held in suspense		**(15,324,295)**	**-**	**(15,324,295)**	(24,521,639)	-	(24,521,639)
		(128,794,695)	**(84,122,054)**	**(212,916,749)**	(195,226,798)	(160,612,972)	(355,839,770)
		767,350,931	**944,581,980**	**1,711,932,911**	920,508,612	1,446,647,811	2,367,156,423
Provision for potential lease losses	7.1	**(35,548,531)**	**-**	**(35,548,531)**	(33,466,159)	-	(33,466,159)
Net investment in finance lease		**731,802,400**	**944,581,980**	**1,676,384,380**	887,042,453	1,446,647,811	2,333,690,264

7.1 Provision for potential lease losses

	(Un-audited) 31 December 2020	(Audited) 30 June 2020
	(Rupees)	
Balance at beginning of the period / year	**33,466,159**	2,628,042
Charge for the period / year - net	**2,082,372**	30,838,117
Balance at end of the period / year	**35,548,531**	33,466,159

		(Un-audited) 31 December 2020	(Audited) 30 June 2020
		----------(Rupees)----------	
8.	**DIMINISHING MUSHARAKAH RECEIVABLE - Secured**		
	Considered doubtful	**18,788,999**	18,788,999
	Less: Provision for doubtful receivable	**(18,788,999)**	(18,788,999)
		-	-

9. SHORT TERM BORROWINGS - Secured

The Company has arranged short-term running finance facilities from various commercial banks amounting to Rs. 550 million (June 30, 2020: Rs. 630 million). These carry mark-up at the rate ranging from 3 months KIBOR plus 1% to 2.5% (June 30, 2020: 3 months KIBOR plus 1.5% to 2.5%) per annum. These are secured by hypothecation charge over leased assets and lease rentals receivable with 25% margin.

10. CERTIFICATES OF INVESTMENT - Unsecured

Certificates of Investment	**189,100,000**	404,171,853
Less: Current portion	**(12,000,000)**	(12,000,000)
	177,100,000	392,171,853

10.1 These carry mark-up at the rate ranging from 8% to 11.45% (June 2020: 8% to 14%) per annum.

11. LONG-TERM LOAN - Secured

Long-term loan	**120,833,331**	29,166,665
Less: Current portion	**(50,000,004)**	(16,666,668)
	70,833,327	12,499,997

11.1 These carry mark-up at the rate ranging from 3 months KIBOR plus 1% to 1.5% (June 30, 2020: 3 months KIBOR plus 1.5%) per annum. These are secured by hypothecation charge over leased assets and lease rentals receivable with 25% margin.

12. LONG-TERM DEPOSITS

Deposit held against finance lease	**685,020,207**	882,544,405
Less: Current portion	**(231,926,812)**	(234,778,192)
	453,093,395	647,766,213

13. DEFERRED TAXATION

Taxable temporary difference arising in respect of:

Surplus on revaluation of property, plant and equipment	**36,966,506**	36,966,506
Un-realised gain on revaluation of investment property	**5,971,680**	5,971,680
Net investment in finance lease	**154,141,032**	192,344,766
	197,079,218	235,282,952

Deductible temporary difference arising in respect of:

Provisions		
Accelrated tax depreciation	**(43,360,762)**	(30,822,892)
Others	**(2,339,121)**	(5,234,278)
	(196,775)	(675,456)
	(45,896,658)	(36,732,626)
	151,182,560	198,550,326

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The aggregate amount of tax contingencies amounted to Rs. 55.612 million as at December 31, 2020. There were no changes in the status of contingencies during the period.

14.2 Commitments

	(Un-audited) 31 December 2020	(Audited) 30 June 2020
	(Rupees)	
Commitments for finance lease	**29,500,000**	5,865,000
Commitments for auto-finance loan	**14,632,000**	22,500,000

15. INCOME FROM FINANCING OPERATIONS

	(Un-audited)			
	Six months ended 31 December		Three months ended 31 December	
	2020	2019	**2020**	2019
	Rupees			
Finance income	**90,287,212**	110,280,108	**41,074,096**	53,537,541
Gain on lease termination	**13,758,207**	652,626	**3,716,222**	503,940
Late payment charges	**17,624,677**	7,036,447	**1,176,814**	2,191,928
Income from Ijarah operations	**2,797,922**	7,213,769	**1,528,730**	3,306,022
Income from long-term loan	**2,913,797**	-	**1,837,760**	-
Others	**632,100**	1,293,100	**379,200**	687,950
	128,013,915	126,476,050	**49,712,822**	60,227,381

16. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and benefits	**14,786,140**	19,157,663	**7,672,103**	9,523,710
Directors' fee	**800,000**	1,099,998	**560,000**	569,998
Depreciation	**5,050,698**	6,521,492	**2,480,032**	2,908,178
Intangibles - written off	**1,440,217**	-	**1,440,217**	-
Amortisation	**21,779**	21,779	**10,890**	10,890
Office utilities	**903,624**	951,823	**441,547**	467,257
Legal and professional charges	**1,507,165**	1,763,376	**(153,614)**	1,161,649
Auditors' remuneration	**332,300**	332,300	**201,050**	201,050
Postage, subscription, printing and stationary	**1,404,894**	987,271	**914,418**	687,011
Vehicle running and maintenance	**936,004**	1,212,034	**580,935**	600,908
Office repair and general maintenance	**509,113**	508,420	**256,968**	222,671
Workers' Welfare Fund	**800,000**	451,000	**512,000**	1,000
Insurance	**680,000**	567,526	**313,022**	262,729
Advertisement	**204,000**	117,830	**(26,830)**	(173,770)
Travelling and conveyance	**48,230**	27,250	**30,105**	21,510
Office rent	**-**	2,300,940	**-**	1,243,867
Miscellaneous	**436,922**	522,839	**279,378**	402,695
	29,861,086	36,543,541	**15,512,221**	18,111,353

		(Un-audited)			
		Six months ended 31 December		Three months ended 31 December	
17.	**FINANCE COST**	**2020**	2019	**2020**	2019
		Rupees			
	Mark-up on:				
	- Short term borrowings	**8,217,910**	25,457,201	**2,944,449**	10,794,517
	- Certificates of investment	**13,570,624**	29,019,754	**3,325,980**	17,796,041
	- Long-term loan	**2,046,363**	3,108,230	**1,438,140**	1,489,501
	- Lease liabilities	**713,741**	-	**309,672**	-
	Other charges	**176,903**	174,995	**165,624**	147,893
		24,725,541	57,760,180	**8,183,865**	30,227,952

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company as at June 30, 2020.

19. FAIR VALUES OF ASSETS AND LIABILITIES

The carrying values of all financial assets and liabilities are estimated to approximate their fair values. There were no transfers amongst levels during the period.

20. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise associated companies, staff retirement funds, Directors and key management personnel. Transactions with related parties are as under:

20.1 Transactions during the period

Nature of transaction	Relationship	(Un-audited) Six months ended 31 December 2020	2019
		Rupees	
Certificates of investment			
Issued / Rolled over during the period			
Board of Directors and their relatives	Director	**167,100,000**	382,171,853
Repaid during the period			
Board of Directors and their relatives	Director	**260,067,860**	-
Finance cost			
Board of Directors and their relatives	Director	**12,509,473**	23,682,936
Net investment in finance lease			
Rental received			
MACPAC Films Limited	Associated undertaking (Common Director)	**15,155,346**	15,155,346
Saira Industries (Pvt) Ltd	Associated undertaking (Common Director)	**-**	413,898

	Relationship	(Un-audited) Six months ended 31 December 2020	2019
		Rupees	
Office rent			
Rental paid during the year			
Unibro Industries Ltd.	Associated undertaking (Common Director)	**4,241,688**	3,945,750
Dividend paid during the period			
Board of Directors and their relatives	Director	**3,766,202**	11,298,607
Unibro Industries Ltd.	Associated undertaking (Common Director)	**374,946**	1,124,839
Mid-East Agencies (Pvt) Ltd.	Associated undertaking (Common Director)	**321,749**	965,246
Retirement benefit fund			
Charge for the period	Provident fund	**313,483**	443,717
Contribution paid for the period	Provident fund	**313,483**	443,717

		(Un-audited) 31 December 2020	(Audited) 30 June 2020
20.2	**Balances at period / year end**	Rupees	
	Certificates of investment	**167,100,000**	382,171,853
	Accrued mark-up on Certificates of investment	**2,493,688**	48,483,205
	Net investment in finance lease	**32,334,667**	48,441,609
	Security deposit (in respect of finance lease)	**9,830,000**	9,830,000
	Security deposit (in respect of rented office premises)	**245,000**	245,000
	Prepaid rent	**3,084,864**	1,076,115

21. SEGMENT INFORMATION

The Company has two primary reporting segments namely, "Conventional finance" and "Islamic finance". Other operations, which are not deemed by management to be sufficiently significant to disclose as separate items and do not fall into the above segment categories, are reported under "Others".

	31 December 2020 (Un-audited)			
	Rupees			
	Conventional finance	Islamic finance	Others	Total
Segment transactions				
Segment revenue	**124,215,993**	**2,898,481**	**7,571,104**	**135,685,578**
Administrative and operating expense	**55,491,138**	**3,103,072**	**3,318,278**	**61,912,488**
Segment result	**69,724,855**	**(204,591)**	**4,252,826**	**73,773,090**
Unallocated expenses				**(9,913,187)**
Result from operating activities				**63,859,903**
Finance cost				**(24,725,541)**
Provision for taxation				**(23,811,888)**
Profit for the period				**15,322,474**

	31 December 2020 (Un-audited)			
	----------Rupees----------			
	Conventional finance	Islamic finance	Others	Total
Segment assets and liabilities				
Segment assets	1,841,451,887	364,449	327,353,403	2,169,169,739
Unallocated assets				8,117,654
Total assets				2,177,287,393
Segment liabilities	701,761,677	591,148	473,383,902	1,175,736,727
Unallocated liabilities				242,238,920
Total liabilities				1,417,975,647

	31 December 2020 (Un-audited)			
	----------Rupees----------			
Other Information	Conventional finance	Islamic finance	Others	Total
Depreciation	-	2,137,117	2,127,066	4,264,183
Unallocated capital expenditure				140,000
Unallocated depreciation				786,515

	31 December 2019 (Un-audited)			
	----------Rupees----------			
	Conventional finance	Islamic finance	Others	Total
Segment transactions				
Segment revenue	119,308,726	7,214,517	9,134,067	135,657,310
Administrative and operating expense	36,119,682	6,838,595	3,318,278	46,276,555
Segment result	83,189,044	375,922	5,815,789	89,380,755
Unallocated expenses				(9,544,235)
Result from operating activities				79,836,520
Finance cost				(57,760,180)
Provision for taxation				(5,885,644)
Profit for the period				16,190,696

	30 June 2020 (Audited)			
	----------Rupees----------			
	Conventional finance	Islamic finance	Others	Total
Segment assets and liabilities				
Segment assets	2,364,869,166	4,492,099	239,205,435	2,608,566,700
Unallocated assets				118,764,425
Total assets				2,727,331,125
Segment liabilities	911,348,805	1,212,190	19,219,165	931,780,160
Unallocated liabilities				1,045,936,646
Total liabilities				1,977,716,806

	31 December 2019 (Un-audited)			
	----------Rupees----------			
	Conventional finance	Islamic finance	Others	Total
Other information				
Depreciation	-	5,726,649	-	5,726,649
Unallocated capital expenditure				81,500
Unallocated depreciation				794,843

22. GENERAL

These condensed interim financial statements was authorised for issue on February 16, 2021 by the Board of Directors of the Company.

Chief Executive Officer **Chief Financial Officer** **Director**