

**CONDENSED INTERIM  
FINANCIAL STATEMENTS  
31 MARCH 2021**

---

**(UN-AUDITED)**



**GRAYS LEASING LIMITED**

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Khawar Anwar Khawaja  
Mr. Muhammad Tahir Butt  
Mr. Khurram Anwar Khawaja  
Mr. Iftikhar Ahmad Butt  
Mr. Omer Khawar Khawaja  
Mr. Abdul Qayum Malik  
Mr. Muhammad Khalid Butt  
Mrs. Nuzhat Khawar Khawaja

Chairman  
Chief Executive

### AUDIT COMMITTEE

Mr. Iftikhar Ahmad Butt  
Mr. Khurram Anwar Khawaja  
Mr. Omer Khawar Khawaja

### AUDITORS

Riaz Ahmad & Company  
Chartered Accountants  
10-B Saint Mary Park  
Main Boulevard, Gulberg III Lahore.  
E-mail: [racolhr@racopk.com](mailto:racolhr@racopk.com)

### COMPANY SECRETARY

Muhammad Adil Munir

### CHIEF FINANCIAL OFFICER

M. Avais Ibrahim

### HEAD OF INTERNAL AUDIT

Saeed Ahmad Shaheen

### 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](mailto:info@graysleasing.com)  
Website: [www.graysleasing.com](http://www.graysleasing.com)

### BANKERS

Meezan Bank Limited  
The Bank of Punjab  
Askari Bank Limited  
National Bank of Pakistan  
Habib Bank Limited  
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 2021, together with report of the Board of Directors of the company.

During the period ended 31 March 2021, the company transacted business worth Rupees 14.996 million as compared to Rupees 14.279 million on 31 March 2020. During the period ended 31 March 2021, the company earned a profit before and after tax of Rupees 2.921 million and Rupees 2.015 million respectively as compared to profit before and after tax of Rupees 1.306 million and Rupees 0.553 million during the corresponding period of 2020. Net investment stands at Rupees 459.270 million as on 31 March 2021 as compared to Rupees 433.273 million as on June 30, 2020. During the period ended 31 March 2021, there is net charge of Rupees 1.856 million against potential lease losses, resultantly the equity of the company comes to Rupees 65.758 million.

In our country there is a huge demand of financing in SME sector which are still undiscovered, but the leasing sector is unable to cater the needs of the potential customers due to non availability of the funds from commercial banks. However, the company has emphasized on the recoveries from the stuck up clients and the proceeds from stuck ups are directed to new leases.

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  
Chief Executive

Sialkot: 27 April 2021

## ڈائریکٹرز رپورٹ

ہم کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2021 کو اختتام پذیر ہونے والی عبوری مالی اسٹیٹمنٹ بمعہ ڈائریکٹرز رپورٹ مسرت سے پیش کرتے ہیں۔

مرکزی کام اور مالی اعداد و شمار

زیر جائزہ 31 مارچ 2021 کے دورانیے کے اختتام پر کمپنی نے 14.996 ملین روپے کا کاروبار کیا 31 مارچ 2020 کے 14.279 ملین روپے کے مقابل۔ 31 مارچ 2021 کے دورانیے کے اختتام پر کمپنی نے ٹیکس سے قبل اور بعد میں منافع 2.921 ملین اور 2.015 ملین کمایا جب 2020 کے دورانیے میں ٹیکس سے قبل اور بعد میں منافع 1.306 ملین اور 0.553 ملین رہا۔ حتمی سرمایہ کاری 31 مارچ 2021 کو 459.270 ملین روپے کی 30 جون 2020 کے 433.273 ملین کے مقابل۔ 31 مارچ 2021 کے دوران مکملہ لیزز کے الٹ 1.856 ملین ہے، جس کے نتیجے میں کمپنی کی اکوٹی 65.758 ملین ہو گئی ہے۔

عزیز شیئر ہولڈرز ہمارے ملک میں ایس ایم ای شعبہ میں سرمایہ کاری کی بڑی مانگ ہے جو ابھی بھی ناقابل دریافت ہے۔ لیکن لیزنگ شعبہ کمرشل بنکوں سے فنڈز کی عدم دستیابی کی وجہ سے مکملہ گاہکوں کی ضروریات کو پورا کرنے کے قابل نہیں ہے۔ تاہم کمپنی نے بھنے ہوئے گاہکوں سے وصولی پر زور دیا ہے، اور اس سلسلے میں قابل ذکر کامیابی حاصل کی ہے اور اس آمدنی سے نئی لیزز کی ہیں۔

کریڈٹ کی درجہ بندی

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے گریز لیزنگ لمیٹڈ (جی ایل ایل) کی کریڈٹ کی درجہ بندی کی BB-/B (ڈبل بی منس / سنگل بی) پر دوبارہ توثیق کی ہے۔ مقرر کردہ درجہ بندی کا جائزہ ہے "مستحکم"۔

اختتام میں ہم اُن کلائنٹس کے نہایت مشکور ہیں جنہوں نے ہمیں خدمت کا موقع دیا۔ اور ہم کمپنی کے ایسپلائرز کے بھی بہت قدردان ہیں جنہوں نے کمپنی کیلئے اس حد تک محنت کی۔

بجانب بورڈ



محمد طاہر بیٹ


چیف ایگزیکٹو

سیالکوٹ، 27 اپریل 2021

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021**

		UN-AUDITED 31 MARCH 2021	AUDITED 30 JUNE 2020
	NOTE	Rupees	Rupees
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		12,103,153	17,096,476
Advances and prepayments		1,729,010	932,910
Sales tax recoverable		951,757	796,742
Other receivables		600,751	1,582,070
Current maturity of non-current assets	4	198,798,752	186,458,776
		214,183,423	206,866,974
<b>Non-current assets</b>			
Net investment in lease finance	4	100,198,024	87,740,912
Long term security deposits and prepayments		373,500	623,500
Fixed assets	5	500,772	695,700
Right-of-use asset		1,374,271	1,617,050
		102,446,567	90,677,162
<b>TOTAL ASSETS</b>		<b>316,629,990</b>	<b>297,544,136</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loans from related parties	6	62,500,000	57,500,000
Accrued and other liabilities		2,705,722	3,436,065
Accrued mark-up		181,233	5,172,580
Current maturity of non-current liabilities		123,220,707	124,607,534
Unclaimed dividend		777,785	777,785
Provision for taxation		1,014,944	1,874,935
		190,400,391	193,368,899
<b>Non-current liabilities</b>			
Deposits on lease contracts		57,436,737	36,835,789
Lease liabilities		1,187,059	1,091,199
Employees' retirement benefit		1,847,550	2,505,309
		60,471,346	40,432,297
<b>TOTAL LIABILITIES</b>		<b>250,871,737</b>	<b>233,801,196</b>
<b>NET ASSETS</b>		<b>65,758,253</b>	<b>63,742,940</b>
<b>REPRESENTED BY:</b>			
<b>Authorized share capital</b>			
35,000,000 (30 June 2020: 35,000,000) ordinary shares of Rupees 10 each		350,000,000	350,000,000
<b>Issued, subscribed and paid-up share capital</b>			
21,500,000 (30 June 2020: 21,500,000) ordinary shares of Rupees 10 each		215,000,000	215,000,000
<b>Statutory reserve</b>		59,256,615	59,256,615
<b>Accumulated loss</b>		(208,498,362)	(210,513,675)
<b>Shareholders' equity</b>		<b>65,758,253</b>	<b>63,742,940</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	65,758,253	63,742,940

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE

  
**(KHAWAR ANWAR KHUWAJA)**  
 DIRECTOR

  
**MUHAMMAD AVAIS IBRAHIM**  
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM PROFIT OR LOSS (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

	PERIOD ENDED		QUARTER ENDED	
	31 MARCH 2021	31 MARCH 2020	31 MARCH 2021	31 MARCH 2020
NOTE	Rupees	Rupees	Rupees	Rupees
<b>REVENUE</b>				
Income from lease operations	13,120,275	13,107,350	4,595,545	4,659,881
Other income	1,875,274	1,171,864	1,017,722	378,762
	14,995,549	14,279,214	5,613,267	5,038,643
<b>EXPENDITURE</b>				
Administrative and other operating expenses	(9,370,029)	(8,738,718)	(2,461,806)	(2,780,214)
Financial and other charges	(848,343)	(5,520,346)	(221,251)	(1,954,274)
Allowance for potential lease losses - net	(1,856,481)	1,285,807	-	-
	(12,074,853)	(12,973,257)	(2,683,057)	(4,734,488)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	2,920,696	1,305,957	2,930,210	304,155
Taxation	(905,383)	(753,098)	(400,005)	(289,347)
<b>PROFIT / (LOSS) AFTER TAXATION</b>	2,015,313	552,859	2,530,205	14,808
Earnings / (loss) per share - basic and diluted	0.094	0.026	0.118	0.001

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE


  
**(KHAWAR ANWAR KHUWAJA)**  
 DIRECTOR

  
**MUHAMMAD AWAIZ IBRAHIM**  
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

	PERIOD ENDED		QUARTER ENDED	
	31 MARCH 2021	31 MARCH 2020	31 MARCH 2021	31 MARCH 2020
	Rupees	Rupees	Rupees	Rupees
PROFIT / (LOSS) AFTER TAXATION	2,015,313	552,859	2,530,205	14,808
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>2,015,313</u>	<u>552,859</u>	<u>2,530,205</u>	<u>14,808</u>

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE

  
**(KHAWAR ANWAR KHUWAJA)**  
 DIRECTOR

  
**MUHAMMAD AVAIS IBRAHIM**  
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

		PERIOD ENDED	
		31 MARCH 2021	31 MARCH 2020
	Note	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	8	4,394,538	4,751,377
Finance cost paid		(5,839,690)	(1,914,708)
Income tax paid		(835,622)	(661,241)
Gratuity paid		(990,123)	-
Long term security deposits and prepayments - net		250,000	97,316
<b>NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES</b>		<b>(3,020,897)</b>	<b>2,272,744</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net Investment in lease finance		(26,653,569)	(3,740,903)
Fixed assets - acquired		(13,660)	-
Proceeds from sale of fixed assets		133,000	-
Profit on bank deposits received		251,822	329,107
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(26,282,407)</b>	<b>(3,411,796)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Deposits on lease contracts - net		19,217,074	5,128,920
Loan obtained from chief executive officer		5,000,000	-
Repayment of lease liabilities		92,907	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>24,309,981</b>	<b>5,128,920</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,993,323)</b>	<b>3,989,868</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>17,096,476</b>	<b>10,470,979</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>12,103,153</b>	<b>14,460,847</b>

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE

  
**(KHAWAR ANWAR KHUWAJA)**  
 DIRECTOR

  
**MUHAMMAD AVAIS IBRAHIM**  
 CHIEF FINANCIAL OFFICER



	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVE		ACCUMULATED LOSS	SHAREHOLDERS' EQUITY
	Rupees	Rupees	STATUTORY RESERVE		
<b>Balance as at 30 June 2019 (Audited)</b>	215,000,000	59,256,615			
profit for the period ended 31 March 2020	-	-			
Other comprehensive income for the period ended 31 March 2020	-	-			
Total comprehensive income for the half year ended 31 March 2020					
<b>Balance as at 31 March 2020 (Un-Audited)</b>	215,000,000	59,256,615			
Loss for the half year ended 30 June 2020	-	-			
Other comprehensive loss for the half year ended 30 June 2020	-	-			
Total comprehensive loss for the half year ended 30 June 2020	-	-			
<b>Balance as at 30 June 2020 (Audited)</b>	215,000,000	59,256,615			
Profit for the period ended 31 March 2021	-	-			
Other comprehensive income for the period ended 31 March 2021	-	-			
Total comprehensive loss for the period ended 31 March 2021	-	-			
Transfer to statutory reserve		100,766			
<b>Balance as at 31 March 2021 (Un-Audited)</b>	215,000,000	59,357,381			

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

  
MUHAMMAD TAHIR BUTT  
CHIEF EXECUTIVE

Lawrence Mwangi  
(KHAWAR ANWAR KHUWAJAJA)  
DIRECTOR

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MUHAMMAD AVAIS IBRAHIM  
CHIEF FINANCIAL OFFICER

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2021

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Grays Leasing Limited (the Company) is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies, 2017). The Company's shares are listed on Pakistan Stock Exchange Limited. 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.

- 1.1 As on the reporting date, equity of the Company is Rupees 65,758,253. The Company as a non-deposit taking NBFIs meets the minimum equity requirement of Rupees 50,000 million. During the period, the Company has sanctioned new leases of Rupees 99,351,000 and recovered Rupees 72,166,109 against lease finance receivable. Further, during the period, the Company earned income of Rupees 13,120,275 from lease operations and has incurred profit before taxation of Rupees 2,920,696. Sponsors of the Company have sanctioned credit facilities of Rupees 75,000,000, out of which loans of Rupees 62,500,000 have been utilized by the Company for working capital requirements. The sponsors of the Company have explicitly provided a commitment to provide the necessary support to the Company, if the need arises, to address any liquidity and minimum equity requirement to enable the Company to continue its business.

### 2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise 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; 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 with the requirements of IAS 34, 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 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2020. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements 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 2020.

### 3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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 2020.

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

	Un-Audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
<b>4 NET INVESTMENT IN LEASE FINANCE</b>		
Lease rentals receivable	345,173,948	341,489,371
Add: Guaranteed residual value of leased assets	180,657,444	160,976,632
Gross investment in lease finance	525,831,392	502,466,003
Less: Unearned finance income	(65,904,386)	(69,192,566)
	459,927,006	433,273,437
Less: Allowance for potential lease losses (Note 4.1)	(160,930,230)	(159,073,749)
Net investment in lease finance - net off provision	298,996,776	274,199,688
Less: Current maturity shown under current assets	(198,798,752)	(186,458,776)
	100,198,024	87,740,912
<b>4.1 Allowance for potential lease losses</b>		
Balance as at 01 July 2020	159,073,749	157,554,266
Add: Allowance for potential lease losses made during the period	2,781,496	3,751,969
Less: Reversal of allowance for potential lease losses during the period	(925,015)	(2,232,486)
	1,856,481	1,519,483
Balance as at 31 March 2021	160,930,230	159,073,749
	Un-Audited 31 March 2021 Rupees	Audited 30 June 2020 Rupees
<b>5 FIXED ASSETS</b>		
Owned Assets (Note 5.1)	500,772	695,700
<b>5.1 Owned Assets</b>		
Opening book value	695,700	1,141,865
Add: Cost of additions during the period / year (Note 5.1.1)	13,660	-
	709,360	1,141,865
Less: Book value for deletion during the period / year (Note 5.1.2)	(126,285)	(285,407)
Less: Depreciation charged during the period / year	(82,303)	(160,758)
Closing book value	500,772	695,700
<b>5.1.1 Cost of additions</b>		
Computer equipment	13,660	-
	Un-Audited 31 March 2020 Rupees	Audited 30 June 2020 Rupees
<b>5.1.2 Deletion during the period / year</b>		
Owned vehicles		
Cost	(773,325)	(1,141,800)
Accumulated depreciation	649,241	856,393
	(124,084)	(285,407)
Computer equipment		
Cost	(6,500)	-
Accumulated depreciation	4,299	-
	(2,201)	-
	(126,285)	(285,407)

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

	Un-Audited 31 March 2020 Rupees	Audited 30 June 2020 Rupees						
<b>6 LOANS FROM RELATED PARTIES</b>								
Chief Executive Officer (Note 6.1)	10,000,000	5,000,000						
Anwar Khawaja Industries (Private) Limited - holding company (Note 6.2)	52,500,000	52,500,000						
	<u>62,500,000</u>	<u>57,500,000</u>						
<b>6.1</b>	This unsecured loan is obtained from Chief Executive Officer of the Company. This form part of total credit facility of Rupees 10 million (30 June 2020: Rupees 10 million). This loan carries mark-up at the rate 6 months KIBOR (30 June 2020: 6 months KIBOR) and is repayable till 30 June 2021.							
<b>6.2</b>	This unsecured loan is obtained from Anwar Khawaja Industries (Private) Limited - holding company for working capital requirements. This form part of total credit facilities of Rupees 65 million (30 June 2020: Rupees 65 million). This loan carries no mark-up (30 June 2020: 6 months KIBOR) and is repayable till 30 June 2021.							
<b>6.3</b>	Effective rate of mark-up charged on these loans during the period / year is 6.95% (30 June 2020: 6.14% to 10.80%) per annum.							
<b>6.4</b>	As on the reporting date, un-utilized credit facilities from related parties comprise of Rupees 12.500 million (30 June 2020: Rupees 17.500 million).							
<b>7 CONTINGENCIES AND COMMITMENTS</b>								
There are no reportable contingencies and commitments as at 31 March 2021 (30 June 2020: NIL).								
	<table><tr><th colspan="2">PERIOD ENDED</th></tr><tr><th>31 MARCH 2021</th><th>31 MARCH 2020</th></tr><tr><td>Rupees</td><td>Rupees</td></tr></table>		PERIOD ENDED		31 MARCH 2021	31 MARCH 2020	Rupees	Rupees
PERIOD ENDED								
31 MARCH 2021	31 MARCH 2020							
Rupees	Rupees							
<b>8 CASH GENERATED FROM OPERATIONS</b>								
Profit / (loss) before taxation	2,920,696	1,305,957						
<b>Adjustments for non-cash charges and other items:</b>								
Depreciation on fixed assets	82,303	342,802						
Depreciation on right-of-use asset	242,779	-						
Provision for gratuity	332,364	-						
Finance cost	848,343	5,520,346						
Allowance for potential lease losses - net	1,856,481	(1,285,807)						
Gain on sale of fixed assets	(6,715)	-						
Profit on bank deposits	(251,822)	(329,107)						
Working capital changes (Note 8.1)	(1,629,891)	(802,814)						
	<u>4,394,538</u>	<u>4,751,377</u>						
<b>8.1 Working capital changes</b>								
<b>(Increase) / decrease in current assets:</b>								
Advances and prepayments	(796,100)	(500,858)						
Sales tax recoverable	(155,015)	(213,248)						
Other receivables	51,567	(610,679)						
<b>Decrease in current liabilities:</b>								
Accrued and other liabilities	(730,343)	521,971						
	<u>(1,629,891)</u>	<u>(802,814)</u>						

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

**9 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of holding company, associated undertakings, other related group companies, directors of the Company, Chief Executive Officer 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 2021	31 March 2020	31 March 2021	31 March 2020
Rupees	Rupees	Rupees	Rupees

**i) Transactions**

**Holding company**

Mark-up paid	4,672,603	1,490,022	3,012,050	1,490,022
Mark-up charged	-	4,896,653	-	1,746,078
Rent expense of office building	225,000	225,000	75,000	75,000

**Other Related Parties**

**Chief Executive Officer**

Mark-up charged	513,500	499,111	181,233	168,163
Loan obtained	5,000,000	-	-	-
Mark-up paid	832,244	300,104	330,444	-

**Chief Financial Officer**

Deduction of advance against salary	25,000	45,000	10,000	15,000
Lease rentals received	845,000	376,535	210,000	-
Remuneration of chief financial officer	767,250	724,000	272,250	241,500

**Un-Audited  
31 March  
2021  
Rupees**

**Audited  
30 June  
2020  
Rupees**

**ii) Period end balances**

**Holding company**

Loan payable	52,500,000	52,500,000
Accrued mark-up	-	4,672,603

**Chief Executive Officer**

Loan payable	10,000,000	5,000,000
Accrued mark-up	181,233	499,977

**Chief Financial Officer**

Advance against salary receivable	310,000	335,000
Net investment in lease finance	4,039,225	4,748,866
Deposit against lease contract	3,168,000	3,168,000

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2021

### 10 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 2020.

### 11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

### 12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 27 April 2021.

### 13 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position 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 statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows 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.

### 14 GENERAL

Figures have been rounded off to nearest of Rupee.

  
MUHAMMAD TAHIR BUTT  
CHIEF EXECUTIVE

  
(KHAWAR ANWAR KHUWAJA)  
DIRECTOR

  
MUHAMMAD AVAIS IBRAHIM  
CHIEF FINANCIAL OFFICER

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