

**CONDENSED INTERIM  
FINANCIAL STATEMENTS  
31 DECEMBER 2019**

---

**(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. Iftikhar Ahmad Butt  
Mr. Omer Khawar Khawaja  
Mr. Abdul Qayum Malik  
Mr. Muhammad Khalid Butt

### AUDIT COMMITTEE

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

### AUDITORS

HLB Ijaz Tabussum & Company  
Chartered Accountants  
Office # 1, 3rd Floor, Madina Heights 87-E,  
Maulana Shaukat Ali Road, Johar Town, Lahore-Pakistan.

### 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 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

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

### SHARE REGISTRAR

**DIRECTORS' REPORT**

We are pleased to present the condensed interim financial information for the period ended 31 December 2019, together with report of the Board of Directors of the company and review report by the statutory auditors of the company.

During the period ended 31 December 2019, the company transacted business worth Rupees 47.867 million as compared to Rupees 49.695 million on 31 December 2017. During the period ended 31 December 2019, the company earned a profit before and after tax of Rupees 1.002 million and Rupees 0.538 million respectively as compared to loss before and loss after tax of Rupees 1.437 million and Rupees 1.215 million during the corresponding period of 2018. Net investment stands at Rupees 447.312 million as on 31 December 2019 as compared to Rupees 435.838 million as on June 30, 2019. During the period ended 31 December 2019, there is net reversal of Rupees 1.286 million against potential lease losses, resultantly the equity of the company comes to Rupees 68.005 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: 24 February 2020

## ڈائریکٹرز رپورٹ

ہم کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2019 کو اختتام پذیر ہونے والی عبوری مالی اسٹیٹمنٹ بمعہ ڈائریکٹرز اینڈ کمپنی کے قانونی آڈیٹرز کی جائزے کی رپورٹ مسرت سے پیش کرتے ہیں۔

مرکزی کام اور مالی اعداد و شمار

زیر جائزہ 31 دسمبر 2019 کے دورانیے کے اختتام پر کمپنی نے 47.867 ملین روپے کا کاروبار کیا 31 دسمبر 2018 کے 49.695 ملین روپے کے مقابلے میں۔ 31 دسمبر 2019 کے دورانیے کے اختتام پر کمپنی نے ٹیکس سے قبل اور بعد میں منافع 1.002 ملین اور 0.538 ملین کمایا جبکہ 2018 کے دورانیے میں ٹیکس سے قبل اور بعد میں نقصان 1.437 ملین اور 1.215 ملین رہا۔ حتمی سرمایہ کاری 31 دسمبر 2019 کو 447.312 ملین روپے کی 30 جون 2019 کے 435.838 ملین کے مقابلے میں۔ 31 دسمبر 2019 کے دوران مکمل لیزز کے الٹ 1.286 ملین ہے، جس کے نتیجے میں کمپنی کی اکٹائی 68.005 ملین پر ہے۔

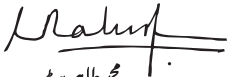
عزیز شیئرز ہولڈرز ہمارے ملک میں ایس ایم ای شعبہ میں سرمایہ کاری کی بڑی مانگ ہے جو ابھی بھی ناقابل دریافت ہے۔ لیکن لیز بنگ شعبہ کمرشل بینکوں سے فنڈز کی عدم دستیابی کی وجہ سے ممکنہ گاہکوں کی ضروریات کو پورا کرنے کے قابل نہیں ہے۔ تاہم کمپنی نے چھننے ہوئے گاہکوں سے وصولی پر زور دیا ہے، اور اس سلسلے میں قابل 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 لیز بنگ لمیٹڈ (جی ایل ایل) کی کریڈٹ کی درجہ بندی کی BB-/B (ڈبل بی مائنس اسٹنڈل B) پر دوبارہ توثیق کی ہے۔ مقرر کردہ درجہ بندی کا جائزہ ہے "مستحکم"۔

اختتام میں ہم ان کلائنٹس کے نہایت مشکور ہیں جنہوں نے ہمیں خدمت کا موقعہ دیا۔ اور ہم کمپنی کے ایمپلائیز کے بھی بہت قدر دان ہیں جنہوں نے کمپنی کیلئے اس حد تک محنت کی۔

بجانب بورڈ



محمد طاہر بٹ

چیف ایگزیکٹو

سیالکوٹ، 24 فروری 2020



**IJAZ TABUSSUM & CO.**  
Chartered Accountants

**INDEPENDENT AUDITORS' REVIEW REPORT**

**TO THE MEMBERS OF GRAYS LEASING LIMITED  
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **GRAYS LEASING LIMITED** as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, 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 this condensed interim financial information based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2019.

**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 condensed interim financial information 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.

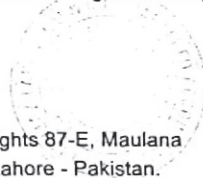
**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the six month ended December 31, 2019 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Last half year financial statement was reviewed by Riaz Ahmed and Company, Chartered Accountants

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Aslam Tabussum (FCA)

*matabussum*  
HLB Ijaz Tabussum & CO.  
Chartered Accountants  
hibitc.com



Place: Lahore  
Date: February 24, 2020

Office # 1, 3rd Floor, Madina Heights 87-E, Maulana Shaukat Ali Road, Johar Town, Lahore - Pakistan.


Tel: 042-35173258, 35173260

E-mail: matabussum@yahoo.com

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

|   | NOTE | UN-AUDITED          | AUDITED            |
|---|------|---------------------|--------------------|
|   |      | 31 DECEMBER<br>2019 | 30 JUNE<br>2019    |
|   |      | Rupees              | Rupees             |
| <b>ASSETS</b>   |      |                     |                    |
| <b>Current assets</b>   |      |                     |                    |
| Cash and bank balances  |      | 5,442,517           | 10,470,979         |
| Advances and prepayments  |      | 2,341,751           | 844,281            |
| Sales tax recoverable   |      | 750,303             | 557,611            |
| Other receivables   |      | 395,758             | 724,046            |
| Current maturity of non-current assets                                  |      | 184,485,425         | 185,797,815        |
|   |      | 193,415,754         | 198,394,732        |
| <b>Non-current assets</b>   |      |                     |                    |
| Net investment in lease finance   | 4    | 106,558,222         | 92,486,297         |
| Long term security deposits   |      | 373,500             | 470,816            |
| Deferred income tax   | 5    |                     |                    |
| Property, plant and equipment   | 6    | 2,811,401           | 1,141,865          |
|   |      | 109,743,123         | 94,098,978         |
| <b>TOTAL ASSETS</b>   |      | <b>303,158,877</b>  | <b>292,493,710</b> |
| <b>LIABILITIES</b>  |      |                     |                    |
| <b>Current liabilities</b>  |      |                     |                    |
| Loans from related parties  | 7    | 57,500,000          | 57,500,000         |
| Accrued and other liabilities   |      | 3,538,470           | 3,707,539          |
| Accrued mark-up   |      | 3,316,049           | 134,630            |
| Current maturity of non-current liabilities                             |      | 123,986,644         | 120,436,323        |
| Unclaimed dividend  |      | 777,785             | 777,785            |
| Provision for taxation  |      | 1,405,623           | 941,872            |
|   |      | 190,524,571         | 183,498,149        |
| <b>Non-current liabilities</b>  |      |                     |                    |
| Deposits on lease contracts   |      | 40,524,388          | 39,364,239         |
| Lease liability against asset subject to finance lease                  |      | 1,760,545           |                    |
| Employees' retirement benefit   |      | 2,344,498           | 2,164,498          |
|   |      | 44,629,431          | 41,528,737         |
| <b>TOTAL LIABILITIES</b>  |      | <b>235,154,002</b>  | <b>225,026,886</b> |
| <b>NET ASSETS</b>   |      | <b>68,004,875</b>   | <b>67,466,824</b>  |
| <b>REPRESENTED BY:</b>  |      |                     |                    |
| <b>Authorized share capital</b>   |      |                     |                    |
| 35,000,000 (30 June 2019: 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 2019: 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>   |      | (206,251,740)       | (206,789,791)      |
| <b>Shareholders' equity</b>   |      | 68,004,875          | 67,466,824         |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    |      |                     |                    |
|   | 8    | 68,004,875          | 67,466,824         |

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE


  
**Khurram Anwar Khawaja**  
 DIRECTOR

  
**MUHAMMAD AVAIS IBRAHIM**  
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

|   | HALF YEAR ENDED    |                    | QUARTER ENDED      |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 31 DECEMBER        | 31 DECEMBER        | 31 DECEMBER        | 31 DECEMBER        |
|   | 2019               | 2018               | 2019               | 2018               |
| NOTE  | Rupees             | Rupees             | Rupees             | Rupees             |
| <b>REVENUE</b>                                |                    |                    |                    |                    |
| Income from lease operations                  | 8,447,469          | 6,492,326          | 4,276,411          | 3,980,402          |
| Other income                                  | 793,102            | 444,136            | 402,163            | 73,439             |
|   | <u>9,240,571</u>   | <u>6,936,462</u>   | <u>4,678,574</u>   | <u>4,053,841</u>   |
| <b>EXPENDITURE</b>                            |                    |                    |                    |                    |
| Administrative and other operating expenses   | (5,958,504)        | (5,880,528)        | (2,937,872)        | (3,625,682)        |
| Financial and other charges                   | (3,566,072)        | (2,203,762)        | (1,902,879)        | (1,419,249)        |
| Reversal of potential lease losses            | 4.1 1,285,807      | 2,584,721          | 760,837            | 2,399,111          |
|   | <u>(8,238,769)</u> | <u>(5,499,569)</u> | <u>(4,079,914)</u> | <u>(2,645,820)</u> |
| PROFIT / (LOSS) BEFORE TAXATION               | 1,001,802          | 1,436,893          | 598,660            | 1,408,021          |
| Taxation                                      | (463,751)          | (221,445)          | (234,562)          | (64,729)           |
| PROFIT / (LOSS) AFTER TAXATION                | <u>538,051</u>     | <u>1,215,448</u>   | <u>364,098</u>     | <u>1,343,292</u>   |
| Profit / (loss) per share - basic and diluted | <u>0.025</u>       | <u>0.057</u>       | <u>0.017</u>       | <u>0.062</u>       |

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE


  
**Khurram Ahwar Khawaja**  
 DIRECTOR

  
**MUHAMMAD AVAIS IBRAHIM**  
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

|   | HALF YEAR ENDED     |                     | QUARTER ENDED       |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31 DECEMBER<br>2019 | 31 DECEMBER<br>2018 | 31 DECEMBER<br>2019 | 31 DECEMBER<br>2018 |
|   | Rupees              | Rupees              | Rupees              | Rupees              |
| PROFIT /(LOSS) AFTER TAXATION                                 | 538,051             | 1,215,448           | 364,098             | 1,343,292           |
| 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 / (LOSS) FOR THE PERIOD</b>     | <u>538,051</u>      | <u>1,215,448</u>    | <u>364,098</u>      | <u>1,343,292</u>    |

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE

  
**Khurram Ahwar Khawaja**  
 DIRECTOR

  
**MUHAMMAD AVAIS IBRAHIM**  
 CHIEF FINANCIAL OFFICER



## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2019

|   | HALF YEAR ENDED     |                     |
|---|---------------------|---------------------|
|   | 31 DECEMBER<br>2019 | 31 DECEMBER<br>2018 |
|   | Rupees              | Rupees              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                     |                     |
| Profit / (loss) before taxation                                 | 1,001,802           | 1,436,893           |
| <b>Adjustments for non-cash charges and other items:</b>        |                     |                     |
| Depreciation  | 197,278             | 129,950             |
| Provision for gratuity  | 180,000             | 176,000             |
| Financial charges   | 3,566,072           | 2,203,762           |
| Reversal for potential lease losses                             | (1,285,807)         | (2,584,721)         |
| Gain on sale of property, plant and equipment                   | 1,184               | -                   |
| Profit on bank deposits   | (179,281)           | (68,042)            |
|   | 2,479,446           | (143,051)           |
| <b>Operating profit / (loss) before working capital changes</b> | 3,481,248           | 1,293,842           |
| Increase in advances and prepayments                            | (1,497,470)         | (579,022)           |
| Increase in sales tax recoverable                               | (192,692)           | 36,258              |
| (Increase) / decrease in accrued and other liabilities          | (169,069)           | 1,151,843           |
| Increase in other receivables                                   | (37,998)            | (69,500)            |
|   | 1,584,019           | 1,833,421           |
| <b>Cash generated from / (used in) operations</b>               | 1,584,019           | 1,833,421           |
| Financial charges paid  | (384,653)           | (332,726)           |
| Income tax paid   | 328,288             | (205,935)           |
|   | 1,527,654           | 1,294,760           |
| <b>Net cash generated from / (used in) operating activities</b> |                     |                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                     |                     |
| Net Investment in lease finance                                 | (11,473,728)        | (15,596,518)        |
| Property, plant and equipment - acquired                        | -                   | -                   |
| Security deposits and prepayment                                | 97,316              | 408,316             |
| Profit on bank deposits   | 179,281             | 68,042              |
|   | (11,197,131)        | (15,120,160)        |
| <b>Net cash from / (used in) investing activities</b>           |                     |                     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                     |                     |
| Deposits on lease contracts - net                               | 4,710,470           | (3,686,180)         |
| Proceeds from sale of property, plant and equipment             | 25,000              | -                   |
| Lease rentals paid  | (94,455)            | -                   |
|   | 4,641,015           | (3,686,180)         |
| <b>Net cash from / (used in) financing activities</b>           |                     |                     |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   | (5,028,462)         | (17,511,580)        |
| <b>Cash and cash equivalents at the beginning of the period</b> | 10,470,979          | 10,470,979          |
| <b>Cash and cash equivalents at the end of the period</b>       | 5,442,517           | (7,040,601)         |

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE

  
**Khurram Anwar Khawaja**  
 DIRECTOR


  
**MUHAMMAD AVAIS IBRAHIM**  
 CHIEF FINANCIAL OFFICER


**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

|   | ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL |            | CAPITAL RESERVE |             | ACCUMULATED LOSS | SHAREHOLDERS' EQUITY |
|---|--|------------|-----------------|-------------|------------------|----------------------|
|   | Rupees                                       | Rupees     | Rupees          | Rupees      |                  |                      |
| <b>Balance as at 30 June 2018 (Audited)</b>                         | 215,000,000                                  | 59,256,615 | (204,893,698)   | 69,362,917  |                  |                      |
| Profit for the half year ended 31 December 2018                     | -  | -          | 1,215,448       | 1,215,448   |                  |                      |
| Other comprehensive income for the half year ended 31 December 2018 | -  | -          | -               | -           |                  |                      |
| Total comprehensive loss for the half year ended 31 December 2018   | -  | -          | -               | 1,215,448   |                  |                      |
| <b>Balance as at 31 December 2018 (Un-Audited)</b>                  | 215,000,000                                  | 59,256,615 | (203,678,250)   | 70,578,365  |                  |                      |
| Loss for the year ended 30 June 2019                                | -  | -          | (3,073,927)     | (3,073,927) |                  |                      |
| Other comprehensive loss for the half year ended 30 June 2019       | -  | -          | (37,614)        | (37,614)    |                  |                      |
| Total comprehensive loss for the half year ended 30 June 2019       | -  | -          | (3,111,541)     | (3,111,541) |                  |                      |
| <b>Balance as at 30 June 2019 (Audited)</b>                         | 215,000,000                                  | 59,256,615 | (206,789,791)   | 67,466,824  |                  |                      |
| Profit for the half year ended 31 December 2019                     | -  | -          | 538,051         | 538,051     |                  |                      |
| Other comprehensive income for the half year ended 31 December 2019 | -  | -          | -               | -           |                  |                      |
| Total comprehensive income for the half year ended 31 December 2019 | -  | -          | 538,051         | 538,051     |                  |                      |
| <b>Balance as at 31 December 2019 (Un-Audited)</b>                  | 215,000,000                                  | 59,256,615 | (206,251,740)   | 68,004,875  |                  |                      |

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE

  
**Khuram Anwar Khawaja**  
 DIRECTOR

  
**MUHAMMAD AVAIS IBRAHIM**  
 CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Grays Leasing Limited ("the Company") is a public limited Company incorporated in Pakistan under the 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.

**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 2019. 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, 2017 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 2019.

**3.1 ACCOUNTING CONVENTION**

These condensed interim financial statements have been prepared under historical cost convention except for employee benefit liability at present value and certain financial instruments carried at fair value.

**3.2 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 2019.

## GRAYS LEASING LIMITED

|  | Un-Audited<br>31 December<br>2019<br>Rupees | Audited<br>30 June<br>2019<br>Rupees |
|--|---|--------------------------------------|
| <b>4 NET INVESTMENT IN LEASE FINANCE</b>   |   |                                      |
| Lease rentals receivable   | 357,974,324                                 | 345,295,003                          |
| Add: Guaranteed residual value of leased assets  | 164,511,032                                 | 159,800,562                          |
| Gross investment in lease finance  | 522,485,356                                 | 505,095,565                          |
| Less: Unearned finance income  | <u>(75,173,250)</u>                         | <u>(69,257,187)</u>                  |
|  | 447,312,106                                 | 435,838,378                          |
| Less: Allowance for potential lease losses (Note 4.1)  | <u>(156,268,459)</u>                        | <u>(157,554,266)</u>                 |
| Net investment in lease finance - net off provision  | 291,043,647                                 | 278,284,112                          |
| Less: Current maturity shown under current assets  | <u>(184,485,425)</u>                        | <u>(185,797,815)</u>                 |
|  | <u>106,558,222</u>                          | <u>92,486,297</u>                    |
| <b>4.1 Allowance for potential lease losses</b>  |   |                                      |
| Balance as at 01 July 2019   | 157,554,266                                 | 156,522,964                          |
| Add: Allowance for potential lease losses made during the period   | -   | 4,651,272                            |
| Less: Reversal of Allowance for potential lease losses during the period   | <u>(1,285,807)</u>                          | <u>(3,619,970)</u>                   |
| Net reversal of potential lease losses during the period / year  | <u>(1,285,807)</u>                          | <u>1,031,302</u>                     |
| Balance as at 31 December 2019   | <u>156,268,459</u>                          | <u>157,554,266</u>                   |
| <b>5 DEFERRED INCOME TAX</b>   |   |                                      |
| Deferred income tax assets / (liability) arising due to:   |   |                                      |
| Accelerated tax depreciation   | (79,753,063)                                | (84,145,175)                         |
| Tax losses   | 84,602,002                                  | 92,270,251                           |
| Provision for gratuity   | 621,292                                     | 627,704                              |
|  | 5,470,231                                   | 8,752,780                            |
| Less: Deferred income tax asset not recognized   | <u>(5,470,231)</u>                          | <u>(8,752,780)</u>                   |
|  | -   | -                                    |
| <b>5.1</b> The net deferred income tax asset of Rupees 5.470 million (30 June 2019: Rupees 8.753 million) has not been recognized in these condensed interim financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits may not be available against which the temporary differences can be utilized. |   |                                      |
| <b>6 PROPERTY, PLANT AND EQUIPMENT</b>   |   |                                      |
| Owned Assets (Note 6.1)  | 1,014,008                                   | 1,141,865                            |
| Leased Asset (6.2)   | 1,797,393                                   | -                                    |
|  | <u>2,811,401</u>                            | <u>1,141,865</u>                     |
| <b>6.1 Owned Assets</b>  |   |                                      |
| Opening book value   | 1,141,865                                   | 1,431,221                            |
| Add: Cost of additions during the period / year (Note 6.1.1)   | -   | 22,827                               |
|  | 1,141,865                                   | 1,454,048                            |
| Less: Book value of deletions during the period / year (Note 6.1.2)  | <u>23,816</u>                               | <u>51,226</u>                        |
|  | 1,118,049                                   | 1,402,822                            |
| Less: Depreciation charged during the period / year  | 104,041                                     | 260,957                              |
| Closing book value   | <u>1,014,008</u>                            | <u>1,141,865</u>                     |
| <b>6.1.1 Cost of additions</b>   |   |                                      |
| Computer equipment   | -   | 22,827                               |
|  | -   | 22,827                               |
| <b>6.1.1 Book value of deletion</b>  |   |                                      |
| Furniture and fixtures   | -   | 8,564                                |
| Office Equipment   | -   | 42,246                               |
| Vehicle  | 23,816                                      | -                                    |
| Computer equipment   | -   | 416                                  |
|  | 23,816                                      | 51,226                               |
| <b>6.2 Leased Asset</b>  |   |                                      |
| Opening book value   | -   | -                                    |
| Add: cost of addition during the period / year (Note 6.2.1)  | 1,890,630                                   | -                                    |
|  | 1,890,630                                   | -                                    |
| Less: Depreciation charged during the period / year  | 93,237                                      | -                                    |
| Closing book value   | <u>1,797,393</u>                            | <u>-</u>                             |
| <b>6.2.1 Cost of additions</b>   |   |                                      |
| Vehicle  | 1,890,630                                   | -                                    |
|  | 1,890,630                                   | -                                    |

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

|   | Un-Audited<br>31 December<br>2019<br>Rupees  | Audited<br>30 June<br>2019<br>Rupees |
|---|--|--------------------------------------|
| <b>7 LOANS FROM RELATED PARTIES</b>                                     |  |                                      |
| Chief Executive Officer (Note 7.1)                                      | 5,000,000  | 5,000,000                            |
| Anwar Khawaja Industries (Private) Limited - holding company (Note 7.2) | 52,500,000   | 52,500,000                           |
|   | <u>57,500,000</u>  | <u>57,500,000</u>                    |
| <b>7.1</b>  | This unsecured loan is obtained from Chief Executive Officer of the Company under mark-up arrangements for working capital requirements. This form part of total credit facility of Rupees 10 million (30 June 2019 : Rupees 10 million). This loan carries mark-up at the rate of 6 months KIBOR (30 June 2019: 3 months KIBOR) and is repayable on demand.                                     |                                      |
| <b>7.2</b>  | This unsecured loan is obtained from Anwar Khawaja Industries (Private) Limited - holding company under mark up arrangements for working capital requirements. This form part of total credit facilities of Rupees 65 million (30 June 2019 : Rupees 65 million). This loan carries mark-up at the rate of 3 months KIBOR (30 June 2019: 3 months KIBOR) and is repayable till 04 November 2020. |                                      |
| <b>7.3</b>  | Effective rate of mark-up charged on these loans during the period / year ranged from 6.41% to 9.06% (30 June 2019: 6.14% to 9.40% ) per annum.  |                                      |
| <b>7.4</b>  | As on the reporting date, un-utilized credit facilities from related parties comprise of Rupees 17.500 million (30 June 2019: Rupees 32.50 million).   |                                      |

**8 CONTINGENCIES AND COMMITMENTS**

There are no reportable contingencies and commitments as at 31 December 2019 (30 June 2019: NIL).

**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          |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|
| HALF YEAR ENDED     |                     | QUARTER ENDED       |                     |
| 31 December<br>2019 | 31 December<br>2018 | 31 December<br>2019 | 31 December<br>2018 |
| Rupees              | Rupees              | Rupees              | Rupees              |

**i) Transactions**

**Holding company**

|                         |           |            |           |            |
|-------------------------|-----------|------------|-----------|------------|
| Mark-up paid            | -         | 548,958    | -         | 548,958    |
| Mark-up charged         | 3,150,575 | 1,828,219  | 2,456,270 | 1,133,914  |
| Loan obtained           | -         | 15,000,000 | -         | 15,000,000 |
| Loan repaid             | -         | -          | -         | -          |
| Rent of office building | 150,000   | 150,000    | 75,000    | 75,000     |

**Other Related Parties**

**Chief Executive Officer**

|                 |         |         |         |        |
|-----------------|---------|---------|---------|--------|
| Mark-up charged | 330,948 | 177,447 | 243,611 | 90,110 |
| Mark-up paid    | 300,104 | 78,536  | 300,104 | 78,536 |

**Chief Financial Officer**

|   |         |         |         |         |
|---|---------|---------|---------|---------|
| Lease rentals received                  | 376,535 | 376,535 | 200,000 | 200,000 |
| Remuneration of chief financial officer | 495,000 | 433,100 | 286,900 | 225,000 |

**Head of Internal Audit**

|  |   |         |   |        |
|--|---|---------|---|--------|
| Deductions of advance against salary   | - | 25,000  | - | -      |
| Remuneration of head of internal audit | - | 170,512 | - | 90,000 |

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

|                                   | Un-Audited<br>31 December<br>2019 | Audited<br>30 June<br>2019 |
|-----------------------------------|-----------------------------------|----------------------------|
|                                   | Rupees                            | Rupees                     |
| <b>ii) Period end balances</b>    |                                   |                            |
| <b>Holding company</b>            |                                   |                            |
| Loan                              | 52,500,000                        | 52,500,000                 |
| Accrued mark-up                   | 3,150,575                         | -                          |
| <b>Chief Executive Officer</b>    |                                   |                            |
| Loan                              | 5,000,000                         | 50,000,000                 |
| Accrued mark-up                   | 165,474                           | 134,630                    |
| <b>Chief Financial Officer</b>    |                                   |                            |
| Advance against salary receivable | 125,000                           | 195,000                    |
| Net investment in lease finance   | 5,245,820                         | 4,857,137                  |
| Deposit against lease contract    | 3,168,000                         | 3,168,000                  |

**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 2019.

**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 recognised 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 24 February, 2020.

**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

  
**Khurram Anwar Khawaja**  
 DIRECTOR

  
**MUHAMMAD AVAIS IBRAHIM**  
 CHIEF FINANCIAL OFFICER

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