

Condensed Interim
Financial Statements
31 December 2020

(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	
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 Website: 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 December 2020, 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 2020, the company transacted business worth Rupees 58.559 million as compared to Rupees 47.867 million on 31 December 2019. During the period ended 31 December 2020, the company earned loss before and after tax of Rupees 0.009 million and Rupees 0.515 million respectively as compared to profit before and loss after tax of Rupees 1.002 million and Rupees 0.539 million during the corresponding period of 2019. Net investment stands at Rupees 456.425 million as on 31 December 2020 as compared to Rupees 433.273 million as on June 30, 2020. During the period ended 31 December 2020, there is net provision of Rupees 1.856 million against potential lease losses, resultantly the equity of the company comes to Rupees 63.228 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: 23 February 2021

ڈائریکٹرز رپورٹ

ہم کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020 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 2020 کے دورانیے کے اختتام پر کمپنی نے 58.559 ملین روپے کا کاروبار کیا 31 دسمبر 2019 کے 47.867 ملین روپے کے مقابلے میں۔ 31 دسمبر 2020 کے دورانیے کے اختتام پر کمپنی نے ٹیکس سے قبل اور بعد میں نقصان 0.009 ملین اور 0.515 ملین کمایا جبکہ 2019 کے دورانیے میں ٹیکس سے قبل اور بعد میں منافع 1.002 ملین اور 0.539 ملین رہا۔ حتمی سرمایہ کاری 31 دسمبر 2020 کو 456.425 ملین روپے کی 30 جون 2020 کے 433.273 ملین کے مقابلے میں۔ 31 دسمبر 2020 کے دوران ممکنہ لیزز کے الٹ 1.856 ملین ہے، جس کے نتیجے میں کمپنی کی کوئی 63.228 ملین پر ہے۔

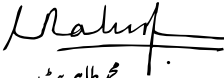
عزیز شہزاد ہولڈرز ہمارے ملک میں ایس ایم ای شعبے میں سرمایہ کاری کی بڑی مانگ ہے جو ابھی بھی ناقابل دریافت ہے۔ لیکن لیزینگ شعبہ کمرشل بینکوں سے فنڈز کی عدم دستیابی کی وجہ سے ممکنہ گاہکوں کی ضروریات کو پورا کرنے کے قابل نہیں ہے۔ تاہم کمپنی نے چھپنے ہوئے گاہکوں سے وصولی پر زور دیا ہے، اور اس سلسلے میں قابل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

کریڈٹ کی درجہ بندی

JCR-VIS کریڈٹ ریننگ کمپنی لمیٹیڈ (JCR-VIS) نے گریز لیزنگ لمیٹیڈ (جی ایل ایل) کی کریڈٹ کی درجہ بندی BB-/BB (ڈبل بی مائنس / سنگل 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 موقع دیا۔ اور ہم کمپنی کے ایگزیکٹوز کے بھی بہت قدر دان ہیں جنہوں نے کمپنی کیلئے اس حد تک محنت کی۔

بجانب بورڈ



محمد طاہر ہٹ

چیف ایگزیکٹو

سیالکوٹ، 23 فروری 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Grays Leasing Limited
Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of GRAYS LEASING LIMITED as at 31 December 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 condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 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 31 December 2020.

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 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.

Basis for Qualified Conclusion

Allowance for potential lease losses is made in these condensed interim financial statements in accordance with the criteria for classification and provisioning provided in Regulation No. 25 of Non-Banking Finance Companies and Notified Entities Regulations, 2008. In accordance with SRO 279(I)/2020 dated 31 March 2020 issued by Securities and Exchange Commission of Pakistan (SECP) the aforesaid Regulation is only applicable where implementation of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" has been deferred as per SRO 273(I)/2020 dated 30 March 2020 issued by SECP. The Company has adopted IFRS 9 from 01 July 2018, therefore, provisioning against lease receivables should be made in accordance with Expected Credit Loss model of IFRS 9 instead of Regulation No. 25 of Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the absence of Expected Credit Loss model of IFRS 9, we were unable to determine the financial impact of this matter on these condensed interim financial statements.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed 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.

Other matter

The condensed interim financial statements for the half year ended 31 December 2019 and financial statements for the year ended 30 June 2020 were reviewed / audited by another firm of Chartered Accountants whose review report dated 24 February 2020 and auditor's report dated 18 September 2020 expressed unqualified conclusion / opinion.

The engagement partner on the review resulting in this independent auditor's review report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 23 February 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	NOTE	UN-AUDITED	AUDITED
		31 DECEMBER 2020	30 JUNE 2020
		Rupees	Rupees
ASSETS			
Current assets			
Cash and bank balances		13,722,112	17,096,476
Advances and prepayments		1,258,825	932,910
Sales tax recoverable		960,212	796,742
Other receivables		402,340	1,582,070
Current maturity of non-current assets	4	196,470,237	186,458,776
		212,813,726	206,866,974
Non-current assets			
Net investment in lease finance	4	99,024,411	87,740,912
Long term security deposits and prepayments		465,415	623,500
Deferred income tax	5	-	-
Fixed assets	6	525,115	695,700
Right-of-use asset		1,426,503	1,617,050
		101,441,444	90,677,162
TOTAL ASSETS		314,255,170	297,544,136
LIABILITIES			
Current liabilities			
Loans from related parties	7	62,500,000	57,500,000
Accrued and other liabilities		2,643,487	3,436,065
Accrued mark-up		3,342,494	5,172,580
Current maturity of non-current liabilities		121,368,505	124,607,534
Unclaimed dividend		777,785	777,785
Provision for taxation		762,310	1,874,935
		191,394,581	193,368,899
Non-current liabilities			
Deposits on lease contracts		57,037,110	36,835,789
Lease liabilities		858,669	1,091,199
Employees' retirement benefit		1,736,762	2,505,309
		59,632,541	40,432,297
TOTAL LIABILITIES		251,027,122	233,801,196
NET ASSETS		63,228,048	63,742,940
REPRESENTED BY:			
Authorized share capital			
35,000,000 (30 June 2020: 35,000,000) ordinary shares of Rupees 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up share capital			
21,500,000 (30 June 2020: 21,500,000) ordinary shares of Rupees 10 each		215,000,000	215,000,000
Statutory reserve		59,256,615	59,256,615
Accumulated loss		(211,028,567)	(210,513,675)
Shareholders' equity		63,228,048	63,742,940
CONTINGENCIES AND COMMITMENTS	8	63,228,048	63,742,940

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


MUHAMMAD TAHIR BUTT
 CHIEF EXECUTIVE OFFICER



IFTIKHAR AHMAD BUTT
 DIRECTOR


MUHAMMAD AVAIS IBRAHIM
 CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE	HALF YEAR ENDED		QUARTER ENDED	
	31 DECEMBER	31 DECEMBER	31 DECEMBER	31 DECEMBER
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
REVENUE				
Income from lease operations	8,524,730	8,447,469	4,061,402	4,276,411
Other income	857,552	793,102	429,429	402,163
	<u>9,382,282</u>	<u>9,240,571</u>	<u>4,490,831</u>	<u>4,678,574</u>
EXPENDITURE				
Administrative and other operating expenses	(6,908,223)	(5,958,504)	(4,253,020)	(2,937,872)
Financial and other charges	(627,092)	(3,566,072)	606,626	(1,902,879)
Allowance for potential lease losses - net	4.1 (1,856,481)	1,285,807	(1,856,481)	760,837
	<u>(9,391,796)</u>	<u>(8,238,769)</u>	<u>(5,502,875)</u>	<u>(4,079,914)</u>
PROFIT / (LOSS) BEFORE TAXATION	(9,514)	1,001,802	(1,012,044)	598,660
Taxation	(505,378)	(463,751)	(215,686)	(234,562)
PROFIT / (LOSS) AFTER TAXATION	<u>(514,892)</u>	<u>538,051</u>	<u>(1,227,730)</u>	<u>364,098</u>
Earnings / (loss) per share - basic and diluted	<u>(0.024)</u>	<u>0.025</u>	<u>(0.057)</u>	<u>0.017</u>

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER



IFTIKHAR AHMAD BUTT
DIRECTOR


MUHAMMAD AVASI IBRAHIM
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	HALF YEAR ENDED		QUARTER ENDED	
	31 DECEMBER 2020	31 DECEMBER 2019	31 DECEMBER 2020	31 DECEMBER 2019
	Rupees	Rupees	Rupees	Rupees
PROFIT / (LOSS) AFTER TAXATION	(514,892)	538,051	(1,227,730)	364,098
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>(514,892)</u>	<u>538,051</u>	<u>(1,227,730)</u>	<u>364,098</u>

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER


IFTIKHAR AHMAD BUTT
DIRECTOR


MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	HALF YEAR ENDED	
		31 DECEMBER 2020	31 DECEMBER 2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	1,571,003	1,584,019
Finance cost paid		(2,457,178)	(384,653)
Income tax paid		(489,840)	328,288
Gratuity paid		(990,123)	-
Long term security deposits and prepayments - net		158,085	97,316
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(2,208,053)	1,624,970
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Investment in lease finance		(23,151,441)	(11,473,728)
Fixed assets - acquired		(13,660)	-
Proceeds from sale of fixed assets		133,000	25,000
Profit on bank deposits received		136,028	179,281
NET CASH USED IN INVESTING ACTIVITIES		(22,896,073)	(11,269,447)
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposits on lease contracts - net		16,965,245	4,710,470
Loan obtained from chief executive officer		5,000,000	-
Repayment of lease liabilities		(235,483)	(94,455)
NET CASH FROM FINANCING ACTIVITIES		21,729,762	4,616,015
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,374,364)	(5,028,462)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		17,096,476	10,470,979
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		13,722,112	5,442,517

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


MUHAMMAD TAHIR BUTT
 CHIEF EXECUTIVE OFFICER


IFTIKHAR AHMAD BUTT
 DIRECTOR


MUHAMMAD AVASI IBRAHIM
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

GRAYS LEASING LIMITED

	Rupees		Rupees		Rupees	
	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVE STATUTORY RESERVE	ACCUMULATED LOSS	SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY
Balance as at 30 June 2019 (Audited)	215,000,000	59,256,615	(206,789,791)	67,466,824	67,466,824	67,466,824
Profit for the half year ended 31 December 2019	-	-	538,051	538,051	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	538,051	538,051
Balance as at 31 December 2019 (Un-Audited)	215,000,000	59,256,615	(206,251,740)	68,004,875	68,004,875	68,004,875
Loss for the half year ended 30 June 2020	-	-	(4,408,703)	(4,408,703)	(4,408,703)	(4,408,703)
Other comprehensive income for the half year ended 30 June 2020	-	-	146,768	146,768	146,768	146,768
Total comprehensive loss for the half year ended 30 June 2020	-	-	(4,261,935)	(4,261,935)	(4,261,935)	(4,261,935)
Balance as at 30 June 2020 (Audited)	215,000,000	59,256,615	(210,513,675)	63,742,940	63,742,940	63,742,940
Loss for the half year ended 31 December 2020	-	-	(514,892)	(514,892)	(514,892)	(514,892)
Other comprehensive income for the half year ended 31 December 2020	-	-	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2020	-	-	(514,892)	(514,892)	(514,892)	(514,892)
Balance as at 31 December 2020 (Un-Audited)	215,000,000	59,256,615	(211,028,567)	63,228,048	63,228,048	63,228,048

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER


IFKHAR AHMAD BUTT
DIRECTOR


MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020****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 63,228,048. The Company as a non-deposit taking NBFI meets the minimum equity requirement of Rupees 50,000 million. During the period, the Company has sanctioned new leases of Rupees 64,259,000 and recovered Rupees 30,699,726 against lease finance receivable. Further, during the period, the Company earned income of Rupees 8,524,730 from lease operations and has incurred loss before taxation of Rupees 9,514. 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.

GRAYS LEASING LIMITED

	Un-Audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
4 NET INVESTMENT IN LEASE FINANCE		
Lease rentals receivable	346,512,590	341,489,371
Add: Guaranteed residual value of leased assets	177,941,877	160,976,632
Gross investment in lease finance	<u>524,454,467</u>	<u>502,466,003</u>
Less: Unearned finance income	<u>(68,029,589)</u>	<u>(69,192,566)</u>
	456,424,878	433,273,437
Less: Allowance for potential lease losses (Note 4.1)	<u>(160,930,230)</u>	<u>(159,073,749)</u>
Net investment in lease finance - net off provision	295,494,648	274,199,688
Less: Current maturity shown under current assets	<u>(196,470,237)</u>	<u>(186,458,776)</u>
	<u>99,024,411</u>	<u>87,740,912</u>
4.1 Allowance for potential lease losses		
Balance as at 01 July 2020	159,073,749	157,554,266
Add: Allowance for potential lease losses made during the period	<u>2,781,496</u>	<u>3,751,969</u>
Less: Reversal of allowance for potential lease losses during the period	<u>(925,015)</u>	<u>(2,232,486)</u>
	1,856,481	1,519,483
Balance as at 31 December 2020	<u>160,930,230</u>	<u>159,073,749</u>
5 DEFERRED INCOME TAX		
Deferred income tax assets / (liabilities) arising due to:		
Accelerated tax depreciation	(88,261,566)	(85,970,742)
Right-of-use asset	(413,686)	-
Tax losses	89,718,621	89,411,223
Provision for gratuity	503,661	726,540
Lease liabilities	<u>383,498</u>	<u>-</u>
	1,930,528	4,167,021
Less: Deferred income tax asset not recognized	<u>(1,930,528)</u>	<u>(4,167,021)</u>
	<u>-</u>	<u>-</u>
5.1 The net deferred income tax asset of Rupees 1.931 million (30 June 2020: Rupees 4.167 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.		
	Un-Audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
6 FIXED ASSETS		
Owned Assets (Note 6.1)	<u>525,115</u>	<u>695,700</u>
6.1 Owned Assets		
Opening book value	695,700	1,141,865
Add: Cost of additions during the period / year (Note 6.1.1)	13,660	-
	<u>709,360</u>	<u>1,141,865</u>
Less: Book value for deletion during the period / year (Note 6.1.2)	<u>(126,285)</u>	<u>(285,407)</u>
Less: Depreciation charged during the period / year	<u>(57,960)</u>	<u>(160,758)</u>
Closing book value	<u>525,115</u>	<u>695,700</u>
6.1.1 Cost of additions		
Computer equipment	<u>13,660</u>	<u>-</u>

GRAYS LEASING LIMITED

	Un-Audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
6.1.2 Deletion during the period / year		
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)	-
	<u>(126,285)</u>	<u>(285,407)</u>
7 LOANS FROM RELATED PARTIES		
Chief Executive Officer (Note 7.1)	10,000,000	5,000,000
Anwar Khawaja Industries (Private) Limited - holding company (Note 7.2)	52,500,000	52,500,000
	<u>62,500,000</u>	<u>57,500,000</u>
7.1 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.		
7.2 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.		
7.3 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.		
7.4 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).		
8 CONTINGENCIES AND COMMITMENTS		
There are no reportable contingencies and commitments as at 31 December 2020 (30 June 2020: NIL).		
	HALF YEAR ENDED	
	31 DECEMBER 2020	31 DECEMBER 2019
	Rupees	Rupees
9 CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	(9,514)	1,001,802
Adjustments for non-cash charges and other items:		
Depreciation on fixed assets	57,960	103,566
Depreciation on right-of-use asset	190,547	93,712
Provision for gratuity	221,576	180,000
Finance cost	627,092	3,566,072
Allowance for potential lease losses - net	1,856,481	(1,285,807)
Gain on sale of fixed assets	(6,715)	1,184
Profit on bank deposits	(136,028)	(179,281)
Working capital changes (Note 9.1)	(1,230,396)	(1,897,229)
	<u>1,571,003</u>	<u>1,584,019</u>
9.1 Working capital changes		
(Increase) / decrease in current assets:		
Advances and prepayments	(325,915)	(1,497,470)
Sales tax recoverable	(163,470)	(192,692)
Other receivables	51,567	(37,998)
Decrease in current liabilities:		
Accrued and other liabilities	(792,578)	(169,069)
	<u>(1,230,396)</u>	<u>(1,897,229)</u>
10 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:

GRAYS LEASING LIMITED

		Un-Audited			
		HALF YEAR ENDED		QUARTER ENDED	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Rupees	Rupees	Rupees	Rupees
i)	Transactions				
	Holding company				
4	Mark-up paid	1,660,553	-	-	-
	Mark-up charged	-	3,150,575	-	2,456,270
	Rent expense of office building	150,000	150,000	75,000	75,000
	Other Related Parties				
	Chief Executive Officer				
	Mark-up charged	332,267	330,948	175,178	243,611
	Loan obtained	5,000,000	-	-	-
	Mark-up paid	501,800	300,104	-	300,104
	Chief Financial Officer				
	Deduction of advance against salary	15,000	-	-	-
	Lease rentals received	635,000	376,535	-	200,000
	Remuneration of chief financial officer	495,000	495,000	247,500	286,900
				Un-Audited 31 December 2020	Audited 30 June 2020
				Rupees	Rupees
ii)	Period end balances				
	Holding company				
	Loan payable			52,500,000	52,500,000
	Accrued mark-up			3,012,050	4,672,603
	Chief Executive Officer				
	Loan payable			10,000,000	5,000,000
	Accrued mark-up			330,444	499,977
	Chief Financial Officer				
	Advance against salary receivable			310,000	335,000
	Net investment in lease finance			4,191,155	4,748,866
	Deposit against lease contract			3,168,000	3,168,000

11 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.

12 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.

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 23 February 2021.


14 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.

15 GENERAL

Figures have been rounded off to nearest of Rupee.


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER


IFTIKHAR AHMAD BUTT
DIRECTOR


MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

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