

CONDENSED INTERIM  
FINANCIAL STATEMENTS  
**31 DECEMBER 2022**

---

(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. Muhammad Arshad  
Mrs. Nuzhat Khawar Khawaja

### 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 54660, Pakistan  
Phone: 92 (042) 35718137-9  
E-mail: [racolhr@racopk.com](mailto:racolhr@racopk.com)

### COMPANY SECRETARY

Muhammad Adil Munir

### CHIEF FINANCIAL OFFICER

Muhammad Faisal Azam

### 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

### 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 2022, 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 2022, the company transacted business worth Rupees 18.674 million as compared to Rupees 27.915 million on 31 December 2021. During the period ended 31 December 2022, the company earned profit before and after tax of Rupees 5.795 million and Rupees 4.912 million respectively as compared to profit before and after tax of Rupees 1.776 million and Rupees 0.212 million during the corresponding period of 2021. Net investment stands at Rupees 435.318 million as on 31 December 2022 as compared to Rupees 460.191 million as on June 30, 2022. During the period ended 31 December 2022, there is reversal in provision of Rupees 2.216 million against potential lease losses, resultantly the equity of the company comes to Rupees 62.847 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.

Grays Leasing Limited (GLL) is a non-deposit taking organization, therefore credit rating of Company is not mandatory.

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 2023

## ڈائریکٹرز رپورٹ

ہم کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2022 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 2022 کے دورانیے کے اختتام پر کمپنی نے 18.674 ملین روپے کا کاروبار کیا 31 دسمبر 2021 کے 27.915 ملین روپے کے مقابلے میں۔ 31 دسمبر 2022 کے دورانیے کے اختتام پر کمپنی نے ٹیکس سے قبل اور بعد میں منافع 5.795 ملین اور 4.912 ملین کمایا جبکہ 2021 کے دورانیے میں ٹیکس سے قبل اور بعد میں منافع 1.777 ملین اور 0.212 ملین رہا۔ حتمی سرمایہ کاری 31 دسمبر 2022 کو 435.318 ملین روپے کی 30 جون 2022 کے 460.191 ملین کے مقابلے میں۔ 31 دسمبر 2022 کے دوران ممکنہ لیزز کے الٹ 2.216 ملین ہے، جس کے نتیجے میں کمپنی کی اکوٹی 62.847 ملین پر ہے۔

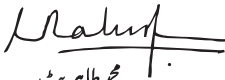
عزیز شیئر ہولڈرز ہمارے ملک میں ایس ایم ای شعبہ میں سرمایہ کاری کی بڑی مانگ ہے جو ابھی بھی ناقابل دریافت ہے۔ لیکن لیز بیگ شعبہ کمرشل بنکوں سے فنڈز کی عدم دستیابی کی وجہ سے ممکنہ گاہکوں کی ضروریات کو پورا کرنے کے قابل نہیں ہے۔ تاہم کمپنی نے چھٹے ہوئے گاہکوں سے وصولی پر زور دیا ہے، اور اس سلسلے میں قابل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

کریڈٹ کی درجہ بندی

چونکہ گریز لیزنگ لمیٹڈ ایک نان ڈپازٹ والی نان بینکنگ فنانٹیشیل کمپنی (NBFC) ہے اس لیے کمپنی کی کریڈیٹ ریٹنگ نہیں کی گئی۔

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

بجانب بورڈ



محمد طاہر ہٹ

چیف ایگزیکٹو

سیالکوٹ، 23 فروری 2023

**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 2022 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 2022 and 31 December 2021 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 2022.

**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 Scheduled X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company has adopted International Financial Reporting Standard (IFRS) 9 "Financial Instruments", therefore, provisioning against lease receivables should be made at higher of the amount determined in accordance with Expected Credit Loss model of IFRS 9 and Scheduled X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company has not determined the allowance for potential lease losses under Expected Credit Loss model of IFRS 9, hence, 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.

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: 24 February 2023

UDIN: RR202210168nUcrV2XvH

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	NOTE	UN-AUDITED	AUDITED
		31 DECEMBER 2022	30 JUNE 2022
		Rupees	Rupees
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		7,529,139	14,649,145
Advances and prepayments		874,218	514,054
Sales tax recoverable		444,606	386,594
Current maturity of net investment in lease finance	4	178,025,228	177,249,602
		186,873,191	192,799,395
<b>Non-current assets</b>			
Net investment in lease finance	4	102,075,594	125,509,256
Long term security deposits and prepayments		2,500	2,500
Fixed assets	5	494,329	536,581
		102,572,423	126,048,337
<b>TOTAL ASSETS</b>		289,445,614	318,847,732
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loan from related party	6	25,000,000	50,000,000
Accrued and other liabilities		4,289,157	4,478,405
Current maturity of non-current liabilities		132,950,136	128,649,346
Unclaimed dividend		777,785	777,785
Provision for taxation - net		1,919,843	4,341,562
		164,936,921	188,247,098
<b>Non-current liabilities</b>			
Deposits on lease contracts		57,705,820	66,699,920
Deferred income tax	7	2,955,419	4,247,082
Employees' retirement benefit		1,000,760	1,718,642
		61,661,999	72,665,644
<b>TOTAL LIABILITIES</b>		226,598,920	260,912,742
<b>NET ASSETS</b>		62,846,694	57,934,990
<b>REPRESENTED BY:</b>			
<b>Authorized share capital</b>			
35,000,000 (30 June 2022: 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 2022: 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>		(211,409,921)	(216,321,625)
<b>Shareholders' equity</b>		62,846,694	57,934,990
<b>CONTINGENCIES AND COMMITMENTS</b>	8	62,846,694	57,934,990

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE OFFICER


  
**(KHAWAR ANWAR KHAWAJA)**  
 DIRECTOR

  
**MUHAMMAD FAISAL AZAM**  
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	NOTE	HALF YEAR ENDED		QUARTER ENDED	
		31 DECEMBER	31 DECEMBER	31 DECEMBER	31 DECEMBER
		2022	2021	2022	2021
		Rupees	Rupees	Rupees	Rupees
<b>REVENUE</b>					
Income from lease operations	9	11,088,680	7,934,155	6,337,949	4,465,473
Other income		1,369,512	738,344	596,411	(156,422)
		<u>12,458,192</u>	<u>8,672,499</u>	<u>6,934,360</u>	<u>4,309,051</u>
<b>EXPENDITURES</b>					
Administrative and other operating expenses		(8,702,123)	(6,657,404)	(4,802,106)	(3,826,130)
Financial and other charges		(176,734)	(524,590)	(173,561)	(305,779)
Allowance for potential lease losses - net	4.1	2,215,615	285,904	-	243,341
		<u>(6,663,242)</u>	<u>(6,896,090)</u>	<u>(4,975,667)</u>	<u>(3,888,568)</u>
<b>PROFIT BEFORE TAXATION</b>		<u>5,794,950</u>	<u>1,776,409</u>	<u>1,958,693</u>	<u>420,483</u>
Taxation		(883,246)	(1,564,374)	(231,082)	(1,245,360)
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<u>4,911,704</u>	<u>212,035</u>	<u>1,727,611</u>	<u>(824,877)</u>
Earnings / (loss) per share - basic and diluted		<u>0.228</u>	<u>0.010</u>	<u>0.080</u>	<u>(0.038)</u>

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE OFFICER

  
**(KHAWAR ANWAR KHAWAJA)**  
 DIRECTOR

  
**MUHAMMAD FAISAL AZAM**  
 CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	HALF YEAR ENDED		QUARTER ENDED	
	31 DECEMBER 2022	31 DECEMBER 2021	31 DECEMBER 2022	31 DECEMBER 2021
	Rupees	Rupees	Rupees	Rupees
PROFIT / (LOSS) AFTER TAXATION	4,911,704	212,035	1,727,611	(824,877)
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>4,911,704</u>	<u>212,035</u>	<u>1,727,611</u>	<u>(824,877)</u>

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



MUHAMMAD TAHIR BUTT  
CHIEF EXECUTIVE OFFICER



(KHAWAR ANWAR KHAWAJA)  
DIRECTOR




MUHAMMAD FAISAL AZAM  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	HALF YEAR ENDED		
	31 DECEMBER 2022	31 DECEMBER 2021	
Note	Rupees	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	2,458,379	1,374,870
Finance cost paid		(27,903)	(524,590)
Income tax paid		(4,596,628)	(2,243,093)
Gratuity paid		(900,000)	-
Long term security deposits and prepayments - net		-	371,000
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(3,066,152)</b>	<b>(1,021,813)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investment in lease finance		24,873,651	6,140,647
Fixed assets - acquired		(13,500)	(87,500)
Proceeds from sale of fixed assets		-	80,000
Profit on bank deposits received		779,305	163,988
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>25,639,456</b>	<b>6,297,135</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Deposits on lease contracts - net		(4,693,310)	(2,587,435)
Loan repaid to chief executive officer		-	(10,000,000)
Loan repaid to Anwar Khawaja Industries (Private) Limited - Holding Company		(25,000,000)	-
Repayment of lease liability		-	(1,027,809)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(29,693,310)</b>	<b>(13,615,244)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(7,120,006)</b>	<b>(8,339,922)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>14,649,145</b>	<b>12,910,945</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>7,529,139</b>	<b>4,571,023</b>

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE OFFICER

  
**(KHAWAR ANWAR KHAWAJA)**  
 DIRECTOR

  
**MUHAMMAD FAISAL AZAM**  
 CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		CAPITAL RESERVE		ACCUMULATED LOSS	SHAREHOLDERS' EQUITY
	Rupees	Rupees	STATUTORY RESERVE	Rupees		
<b>Balance as at 30 June 2021 (Audited)</b>	215,000,000	59,256,615	-	(212,158,043)	62,098,572	
Profit for the half year ended 31 December 2021	-	-	212,035	-	212,035	
Other comprehensive income for the half year ended 31 December 2021	-	-	-	-	-	
Total comprehensive income for the half year ended 31 December 2021	-	-	-	212,035	212,035	
<b>Balance as at 31 December 2021 (Un-Audited)</b>	215,000,000	59,256,615	-	(211,946,008)	62,310,607	
Loss for the half year ended 30 June 2022	-	-	(4,301,928)	-	(4,301,928)	
Other comprehensive loss for the half year ended 30 June 2022	-	-	(73,689)	-	(73,689)	
Total comprehensive loss for the half year ended 30 June 2022	-	-	(4,375,617)	-	(4,375,617)	
<b>Balance as at 30 June 2022 (Audited)</b>	215,000,000	59,256,615	-	(216,321,625)	57,934,990	
Profit for the half year ended 31 December 2022	-	-	4,911,704	-	4,911,704	
Other comprehensive income for the half year ended 31 December 2022	-	-	-	-	-	
Total comprehensive income for the half year ended 31 December 2022	-	-	4,911,704	-	4,911,704	
<b>Balance as at 31 December 2022 (Un-Audited)</b>	215,000,000	59,256,615	-	(211,409,921)	62,846,694	

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE OFFICER

  
**(KHAWAR ANWAR KHAWAJA)**  
 DIRECTOR

  
**MUHAMMAD FAISAL AZAM**  
 CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

**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 Act, 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 62,846,694. The Company as a non-deposit taking NBF1 meets the minimum equity requirement of Rupees 50.000 million. During the period, the Company has sanctioned new leases of Rupees 18,674,920 and recovered Rupees 41,708,855 against gross investment in lease finance. Further, during the period, the Company earned income from lease operations of Rupees 11,088,680. Holding Company has sanctioned credit facility of Rupees 50,000,000 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
- Provisions of and directives issued under the Non-Banking Finance Companies (Establishment and Regulation) 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 2022. 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 2022.

**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 2022.

**GRAYS LEASING LIMITED**

	<b>Un-Audited 31 December 2022 Rupees</b>	<b>Audited 30 June 2022 Rupees</b>
<b>4 NET INVESTMENT IN LEASE FINANCE</b>		
Lease rentals receivable	312,547,713	336,263,957
Add: Guaranteed residual value of leased assets	<u>190,655,956</u>	<u>195,349,266</u>
Gross investment in lease finance	503,203,669	531,613,223
Less: Unearned finance income	<u>(67,886,024)</u>	<u>(71,421,927)</u>
Net investment in lease finance	435,317,645	460,191,296
Less: Allowance for potential lease losses (Note 4.1)	<u>(155,216,823)</u>	<u>(157,432,438)</u>
Net investment in lease finance - net off provision	280,100,822	302,758,858
Less: Current maturity shown under current assets	<u>(178,025,228)</u>	<u>(177,249,602)</u>
	<u>102,075,594</u>	<u>125,509,256</u>
<b>4.1 Allowance for potential lease losses</b>		
Opening balance	157,432,438	158,187,559
Add: Allowance for potential lease losses made during the period / year	<u>-</u>	<u>14,952,803</u>
Less: Reversal of allowance for potential lease losses during the period / year	<u>(2,215,615)</u>	<u>(10,727,074)</u>
Allowance for potential lease losses - net	(2,215,615)	4,225,729
Less: Written off against allowance for potential lease losses	<u>-</u>	<u>(4,980,850)</u>
Closing balance	<u>155,216,823</u>	<u>157,432,438</u>
	<b>Un-Audited 31 December 2022 Rupees</b>	<b>Audited 30 June 2022 Rupees</b>
<b>5 FIXED ASSETS</b>		
Owned assets (Note 5.1)	<u>494,329</u>	<u>536,581</u>
<b>5.1 Owned assets</b>		
Opening book value	536,581	615,137
Add: Cost of additions during the period / year (Note 5.1.1)	13,500	87,500
Add: Cost of asset transferred from right-of-use asset during the period / year (Note 5.1.2)	<u>-</u>	<u>1,111,006</u>
	550,081	1,813,643
Less: Book value for deletions during the period / year (Note 5.1.3)	<u>-</u>	<u>(1,098,368)</u>
Less: Depreciation charged during the period / year	<u>(55,752)</u>	<u>(178,694)</u>
Closing book value	<u>494,329</u>	<u>536,581</u>
<b>5.1.1 Cost of additions during the period / year</b>		
Computer equipment	<u>13,500</u>	<u>87,500</u>

Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
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**5.1.2 Cost of asset transferred from right-of-use asset during the period / year**

Vehicles	-	1,111,006
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**5.1.3 Deletions during the period / year**

Owned vehicles:

Cost	-	(2,320,268)
Accumulated depreciation	-	1,221,900
	-	(1,098,368)
	-	(1,098,368)

**6 LOANS FROM RELATED PARTY**

Anwar Khawaja Industries (Private) Limited - holding company (Note 6.1)	25,000,000	50,000,000
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6.1 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 50 million (30 June 2022: Rupees 50 million). This loan is interest free and is repayable till 30 June 2023.

6.2 As on the reporting date, un-utilized credit facility from related party comprise of Rupees 25 million (30 June 2022: Rupees Nil).

Un-Audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
---	--------------------------------------

**7 DEFERRED INCOME TAX**

The deferred income tax liability / (asset) originated due to timing differences relating to:

**Taxable temporary differences on:**

Accelerated tax depreciation	81,634,597	85,083,355
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**Deductible temporary differences on:**

Un-absorbed tax depreciation	(78,388,958)	(80,337,867)
Provision for gratuity	(290,220)	(498,406)
	2,955,419	4,247,082

**8 CONTINGENCIES AND COMMITMENTS**

There are no reportable contingencies and commitments as at 31 December 2022 (30 June 2022: NIL).

HALF YEAR ENDED		QUARTER ENDED	
31 DECEMBER	31 DECEMBER	31 DECEMBER	31 DECEMBER
2022	2021	2022	2021
Rupees	Rupees	Rupees	Rupees

**9 INCOME FROM LEASE OPERATIONS**

Finance lease income	10,929,656	7,034,800	6,247,805	4,183,428
Documentation charges	40,000	112,250	30,000	30,000
Additional lease rentals	119,024	787,105	60,144	252,045
	<u>11,088,680</u>	<u>7,934,155</u>	<u>6,337,949</u>	<u>4,465,473</u>

HALF YEAR ENDED	
31 DECEMBER	31 DECEMBER
2022	2021
Rupees	Rupees

**10. CASH GENERATED FROM OPERATIONS**

Profit before taxation	5,794,950	1,776,409
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**Adjustments for non-cash charges and other items:**

Depreciation on fixed assets	55,752	102,009
Depreciation on right-of-use asset	-	82,015
Provision for gratuity	182,118	182,226
Finance cost	27,903	524,590
Reversal of allowance for potential lease losses - net	(2,215,615)	(285,904)
Gain on sale of fixed assets	-	(46,372)
Provision against doubtful sales tax recoverable	10,500	-
Profit on bank deposits	(779,305)	(163,988)
Gain on termination of lease liability	-	(43,259)
Working capital changes (Note 10.1)	(617,924)	(752,856)
	<u>2,458,379</u>	<u>1,374,870</u>

**10.1 Working capital changes**

**(Increase) / decrease in current assets:**

Advances and prepayments	(360,164)	(18,651)
Sales tax recoverable	(68,512)	(121,054)
	(428,676)	(139,705)

**Decrease in current liabilities:**

Accrued and other liabilities	(189,248)	(613,151)
	<u>(617,924)</u>	<u>(752,856)</u>

**11 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 2022	31 December 2021	31 December 2022	31 December 2021
Rupees	Rupees	Rupees	Rupees

**11.1 Transactions**

**Holding Company**

Repayment of loan	25,000,000	-	25,000,000	-
Rent expense of office building	150,000	150,000	75,000	75,000

**Other Related Parties**

**Chief Executive Officer**

Mark-up charged	-	259,309	-	65,983
Mark-up paid	-	259,309	-	259,309

**Ex-Chief Financial Officer (Note 11.3)**

Deduction of advance against salary	-	155,000	-	-
Remuneration		272,250	-	90,750

**Chief Financial Officer / Executive**

Remuneration	1,104,000	320,000	552,000	320,000
Received against finance lease	184,370	-	92,600	-

<b>Un-Audited</b>	<b>Audited</b>
<b>31 December</b>	<b>30 June</b>
<b>2022</b>	<b>2021</b>
<b>Rupees</b>	<b>Rupees</b>

**11.2 Period end balances**

**Holding Company**

Loan payable	25,000,000	50,000,000
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**Ex-Chief Financial Officer (Note 11.3)**

Net investment in lease finance (Net of potential lease losses)	3,168,000	3,168,000
Deposit against lease contract	3,168,000	3,168,000

**Chief Financial Officer / Executive**

Net investment in lease finance	684,576	809,410
Deposit against lease contract	360,000	360,000

**11.3** During the year ended 30 June 2022, Chief Financial Officer who obtained lease facility and advance against salary has resigned from the Company.



**12 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 2022.

**13 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

**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.

**14 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 23, 2023.


**15 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.

**16 GENERAL**

Figures have been rounded off to nearest of Rupee.

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE OFFICER

  
**(KHAWAR ANWAR KHAWAJA)**  
 DIRECTOR

  
**MUHAMMAD FAISAL AZAM**  
 CHIEF FINANCIAL OFFICER

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