GRAYS LEASING LIMITED

Annual 2018 Report

CONTENTS

	Page No.
COMPANY INFORMATION	3
VISION AND MISSION STATEMENT	4
NOTICE OF THE MEETING	5
DIRECTORS' REPORT'S	6-11
KEY OPERATING AND FINANCIAL DATA	12
STATEMENT OF COMPLIANCE With LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATION, 2017	13
CHAIRMAN'S REPORT	14
INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT	15-16
AUDITORS' REPORT	17-21
STATEMENT OF FINANCIAL POSITION	22
STATEMENT OF PROFIT OR LOSS	23
STATEMENT OF COMPREHENSIVE INCOME	24
STATEMENT OF CHANGES IN EQUITY	25
STATEMENT OF CASH FLOWS	26
NOTES TO THE FINANCIAL STATEMENTS	27-49
PATTERN OF SHAREHOLDING	51-52
FORM OF PROXY	53

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	Riaz Ahmad & Company Chartered Accountants 10-B Saint Mary Park Main Boulevard, Gulberg III Lahore.	
COMPANY SECRETARY	Muhammad Adil Munir	
CHIEF FINANCIAL OFFICER	M. Avais Ibrahim	
HEAD OF INTERNAL AUDIT	Mr. Bilal Arsalan Mir	
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 Website: www.graysleasing.com	
ANKERS	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.	

VISION

To be one of the most progressive institutions in the financial sector by providing quality service to our clientele in a superior manner, maintaining high ethical and professional standards, striving for continuous improvements and consistent growth to add value to our shareholders and our team of conscientious employees and a fair contribution to the national economy.

MISSION

To develop a client base representing all segments of the economy; emphasis being placed on financial support to medium and small enterprises for their expansion, balancing and modernization requirements.

To endeavor for a lasting relationship with clients and associates on the principles of Mutualism.

To transform the company into a dynamic, profitable and growth oriented institution through an efficient resource mobilization and the optimum utilization thereof.

To provide healthy environment and corporate culture for good governance of the company which ensures exceptional value for clients, personnel and the investors above all.

To implement the best professional standards with due observance of moral and ethical values in all respects of corporate life which will Insha Allah bring social and economic parity and prosperity among Nation and turn Pakistan into a Modern and Liberal Muslim Welfare State.

NOTICE OF THE 23RD ANNUAL GENERAL MEETING

Notice is hereby given that the 23th Annual General Meeting of the Company will be held on October 25, 2018 at 10:00 am at registered office of the Company located at 701-A, 7th Floor, City Towers, Main Boulevard, Gulberg - II, Lahore to transact the following business:

Ordinary Business

1 To confirm the minutes of the 22th Annual General Meeting held on October 26, 2017.

2 To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2018 together with the Directors' and Auditors' reports thereon

3 To appoint auditors for the year 2018-2019 and to fix their remuneration. The present auditor Messrs Riaz Ahmed & Company Chartered Accountants has retired. The audit committee and Board of Directors have recommended Messrs Riaz Ahmed & Company, Chartered Accountants, for the year ending 30th June, 2019.

4 To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD

Muhammad Adil Munir
(COMPANY SECRETARY)

Lahore: October 04, 2018

NOTES:

a. The Share Transfer Books of the Company will remain closed from October 19, 2018 to October 25, 2018 (both days inclusive). Physical transfers / CDS Transaction Ids received in order at our Registrar M/s. Corptec Associates (pvt) Limited, 503 – E Johar Town Lahore, up to the close of business on October 18, 2018 will be considered in time for determination of entitlement of shareholders to attend and vote at the meeting.

b. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend and vote instead of him. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a naturally attested copy of the power of attorney must be deposited at registered office of the Company at least 48 hours before the time of the meeting.

C. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting , must bring his/her original CNIC or passport, Accounts and Participants', ID Numbers to prove his/her identity, and in case of proxy it must enclose an attested copy of his/her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

D. Shareholders are requested to immediately notify change in address, if any to the company Share Registrar M/s. Corptec Associates (pvt) Limited, 503 – E Johar Town Lahore. And also furnish attested photocopy of their CNIC as per listing Regulation, if not provided earlier.

DIRECTORS' REPORT'S

The Directors of Grays Leasing Limited (GLL / Company) are pleased to present the 23rd Annual Report together with the audited financial statements for the year ended June 30, 2018.

OPERATING RESULTS

The operating results of the Company for the year are as under:

	Rupees
Total revenue	9,892,468
Total expenses	(12,581,423)
Loss before tax	(2,688,955)
Provision for taxation	
Current	
For the year	(679,773)
Prior year	(999,592)
Deferred	
For the year	(9,928)
	(1,689,293)
Loss after tax	(4,378,248)
Loss per share	**(0.204)**

KEY OPERATING AND FINANCIAL DATA

Key operating and other financial data for the last six years are being given hereinafter this report.

REVIEW OF OPERATIONS

During the year under review, the company transacted business worth Rupees 57.251 million (2017: 79.525 million). Gross investment in finance leases as at 30 June 2018 stands at Rupees 484.396 million against Rupees 482.448 million on June 30, 2017, while the net investment stands at Rupees 421.020 million on 30 June 2018 against Rupees 420.668 million of the last year. The gross revenue from operations was Rupees 9.892 million against Rupees 10.910 million in 2017. The loss before and loss after tax for the current year is Rupees 2.689 million and Rupees 4.378 million as compared to loss before and after tax of preceding year which was Rupees 0.425 million and Rupees 0.904 million respectively. Loss incurred during the year was mainly due to lower income from lease operations. Shareholders' equity of the Company is at Rupees 69.363 million.

CREDIT RATING

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'.

FUTURE OUTLOOK

In the absence of any funding from commercial banks, the company is utilizing funding available from the Anwar Khawaja Industries (Private) Limited-holding company, Chief Executive Officer of the Company and internal cash generation through recovery measures. The impact of these disbursements is not that significant on current year's financials, nevertheless, it is a step towards revival and the management is optimistic about bringing improvement in the next year's results.

RISK MANAGEMENT

Risk is inherent in all spheres of GLL's activities. Overall responsibility for establishing the risk management framework rests with the Board of Directors, which is actively involved in review, approval and monitoring the Company's risk management policies and ensuring that an appropriately sound internal control system in place to manage those risks. This oversight is implemented through independent internal audit and compliance functions reporting to the Audit Committee.

DIVIDEND

Dear shareholders, the company could not generate profits. Due to this reasons we could not declare dividend this year.

DIRECTORS DECLARATION

- The financial statements, prepared by the management of the Grays Leasing Limited, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as going concern.
- Two Directors and Chief Executive are exempt from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Two directors are already certified under the Directors Training Program. Remaining two directors will undergo Directors' Training Program within the time allowed by Listed Companies (Code of Corporate Governance) Regulations, 2017.

PATTERN OF SHAREHOLDING

A statement showing pattern of shareholding in the company as on 30 June 2018 is given herewith.
The Director CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the company during the year.

AUDITORS

The present auditors Messers Riaz Ahmad & Company, Chartered Accountants, have retired and being eligible, offer themselves for reappointment. The Board of Directors endorses the recommendation of the Audit Committee for the appointment of Messers Riaz Ahmad & Company, Chartered Accountants as auditors of the Company for the year ending June 30, 2019.

MATERIAL CHANGES

There have been no material changes and commitments affecting the financial position of the Company which have occurred between 30 June 2018 and 25 September 2018.

IMPACT OF COMPANY'S BUSSINES ON ENVIRONMENT

Your Company strives to follow best practices such as paper less environment and conservation energy.

CORPORATE SOCIAL RESPONSIBILITY

The Company has plans to undertake activities with regard to CSR in future with focus on education and social welfare.

BOARD OF DIRECTORS AND BOARD COMMITTEES

The composition of Board of Directors and its sub-committees are given in the statement of compliance is appended to this report.

BOARD'S REMUNERATION POLICY

The board of directors is in the process of developing a formal policy and transparent procedures for remuneration of directors.

BOARD OF DIRECTORS' MEETINGS

The members of the Company elected new board comprised of 07 directors, 22nd Annual General Meeting of the Company, held on 26 October 2017, for the term of three years.

During the year, 4 meetings of the board were held. Attendance of each director is as under:

Name of director	Attended	Leave granted
Mr. Khawar Anwar Khawaja	4	-
Mr. Muhammad Tahir Butt	4	-
Mr. Khurram Anwar Khawaja	4	-
Mr. Omer Khawar Khawaja	4	-
Mr. Iftikhar Ahmad Butt	4	-
Mr. Abdul Qayum Malik	1	3
Mr. Muhammad Khalid Butt	3	1

AUDIT COMMITTEE MEETINGS

During the year, four meetings of the audit committee were held. Attendance of each member is as under:

	Attended	Leave granted
Mr. Khurram Anwar Khawaja	4	-
Mr. Omer khawar Khawaja	4	-
Mr. Iftikhar Ahmad Butt	4	-

HUMAN RESOURCE AND REMUNERATION COMMITTEE

During the year, two meetings of the human resource and remuneration committee were held. Attendance of each member is as under:

	Attended	Leave granted
Mr. Omer khawar Khawaja	2	-
Mr. Muhammad Tahir Butt	2	-
Mr. Khurram Anwar Khawaja	2	-

EVALUATION OF THE PERFORMANCE OF THE BOARD

GLL has a formal process of evaluation of the performance of the Board of Directors and its committee. This evaluation is carried out in-house on an annual basis.

ACKNOWLEDGMENT

I would like to thank the banks and financial institutions for their support, the clients who provided us opportunity to serve them and company employees at all levels for their dedicated efforts.

ON BEHALF OF THE BOARD

MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER
25th September 2018

(KHAWAR ANWAR KHUWAJA)
DIRECTOR

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں 30 جون 2018 کو اختتام پذیر ہونے والے سال کے لیے تیئسویں ڈائریکٹرز رپورٹ بمعہ آڈٹ شدہ مالی اسٹیٹمنٹس مسرت سے پیش کر رہا ہوں۔

عمل کاری کے نتائج:

کمپنی کے عمل کاری کے نتائج درج ذیل ہیں:

کل آمدن	9,892,468
کل اخراجات	(12,581,423)
نقصان قبل از ٹیکس	(2,688,955)
قواعد برائے ٹیکس:	
موجودہ سال	(679,773)
گزشتہ سال	(999,592)
تاخیر برائے سال	(9,928)
	(1,689,293)
نقصان بعد از ٹیکس	(4,378,248)
نقصان فی شیئر	(0.204)

کلیدی آپریٹنگ اور دیگر مالیاتی اعداد و شمار

گزشتہ چھ سالوں کیلیئے کلیدی آپریٹنگ اور دیگر مالیاتی اعداد و شمار اس رپورٹ کے بعد دیئے جائیں گے

مرکزی کام اور مالی اعداد و شمار

زیر جائزہ سال کے دوران، کمپنی نے 57.251 ملین روپے کا کاروبار کیا (ملین 2017:79.525)۔ 30 جون 2018 تک مالی لیز میں کل سرمایہ کاری 30 جون 2017 کے 482.448 ملین روپے کی جگہ 484.396 ملین تھی، جبکہ 30 جون 2018 تک کی حتمی سرمایہ کاری گزشتہ سال کے 420.668 ملین روپے کی جگہ 421.020 ملین تھی۔ عوامل سے کل آمدن 2017 کے 10.910 ملین کی جگہ 9.892 ملین ہوئی۔ ٹیکس سے قبل اور بعد میں نقصان 2.689 ملین اور 4.378 ملین روپے ہے جبکہ گزشتہ سال ٹیکس سے قبل اور بعد میں نقصان کے موازنہ میں بالترتیب 0.425 ملین روپے اور 0.904 ملین روپے تھا۔ کمپنی کی Shareholders Equity مبلغ 69.363 ملین روپے پر ہے۔

کریڈٹ کی درجہ بندی

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

مستقبل کا جائزہ

کمرشل بنکس کی جانب سے کسی بھی فنڈنگ کی غیر موجودگی کی صورت میں کمپنی ملحقہ ادارے انور خواجہ انڈسٹریز پرائیویٹ لمیٹیڈ، چیف ایگزیکٹیو اور اندرونی رقم بذریعہ ریکوری کی جانب سے دستیاب فنڈز اور وصولی تدابیر کے ذریعے اندرونی کیش استعمال کر رہی ہے۔ انتظامیہ اگلے سال کے نتائج میں بہتری لانے کے لیے پر امید ہے۔

انتظامی خطرات

کمپنی کی سرگرمیوں کے تمام شعبوں میں خطرات ہیں۔ ان خطرات کے فریم ورک کو چلانے کے لیئے مجموعی ذمیداری بورڈ آف ڈائریکٹرز کی ہے، جو کمپنی کے خطرات کے انتظام کی پالیسیوں کی نظر ثانی، منظوری اور نگرانی میں فعل طور پر شامل ہے اور مناسب خطرناک داخلی کنٹرول سسٹم کو یقینی بنانے کے لیئے یہ نگرانی خود مختار اندرونی آڈٹ اور تعمیل کے افعال کے ذریعے آڈٹ کمپنی کے حوالے سے لاگو ہوتا ہے۔

ڈیویڈنڈ

عزیز شیئر ہولڈرز اس سال کمپنی کوئی منافع حاصل نہ کر سکی۔ اس وجہ سے ہم اس سال ڈیویڈنڈ کا اعلان نہیں کر سکے۔

ڈائریکٹرز ڈیکلیریشن

☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی اسٹیٹمنٹس کمپنی کے معاملات، اس کے عوامل، کیش فلو اور ایکوئٹی میں تبدیلی جائز طور پر پیش کرتی ہیں۔

☆ کمپنی کے یا قاعدہ کھاتے برقرار رکھے گئے ہیں۔

☆ مالی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مسلسل طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ کے تخمینہ جات مناسب اور باشعور فیصلوں پر مبنی ہیں۔

☆ اندرونی کنٹرول کا نظام اپنے ڈھانچے میں درست ہے اور اس کا موثر طور پر اطلاق اور نگرانی کی گئی ہے۔

☆ کمپنی کے بطور جاری کاروبار رہنے کی قابلیت پر کوئی شبہات نہ ہیں۔

☆ دو ڈائریکٹرز صاحبان اور چیف ایگزیکٹو کو 14 سالہ تعلیم اور 15 سالہ تجربے کی بناء پر تربیتی پروگرام میں شرکت چھوٹ حاصل ہے۔ دو ڈائریکٹرز پہلے ہی ڈائریکٹرز ٹریننگ پروگرام کے تحت سند یافتہ ہیں۔ باقی دو ڈائریکٹرز لسٹڈ کمپنیز کے (کوڈ اوف کارپوریٹ گورنینس) ریگولیشن 2017 میں تہ کردہ مقررہ وقت میں ڈائریکٹر

تحت سند یافتہ ہیں۔ باقی دو ڈائریکٹرز لسٹڈ کمپنیز کے (کوڈ اوف کارپوریٹ گورننس) ریگولیشن 2017 میں تہ کردہ مقررہ وقت میں ڈائریکٹر ٹریننگ پروگرام مکمل کرلیں گے۔

شیئر ہولڈنگ کی ترتیب:

30 جون 2018 کو کمپنی میں شیئر ہولڈنگ کی ترتیب ظاہر کرتی ہوئی اسٹیٹمنٹ لف ہذا ہے۔

ڈائریکٹر، CEO، CFO کمپنی سیکریٹری اور ان کی زوجین یا بچوں نے دوران سال کمپنی کے شیئر کے کاروبار میں کوئی حصہ نہیں رکھا۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ریاض اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوئے اور اہل ہوتے ہوئے انھوں نے خود کو دوبارہ تقرری کے لیے پیش کیا۔

آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور کمپنی آڈیٹر برائے سال مختتمہ 30 جون 2019 سفارش کی ہے۔

تبدیلیئے مواد

اس میں 30 جون 2018 اور 25 ستمبر 2018 کے درمیان کوئی ایسے وعدے اور سامان نہیں ہے جو کمپنی کی مالی حیثیت کو متاثر کرے۔

کمپنی کے کاروبار کے ماحول پر اثرات

آپ کی کمپنی بہترین کمرشل طریقوں کی پیروی کرنے کی کوشش کرتی ہے جیسے کہ کاغذ کم ماحول اور توانائی کی حفاظت۔

کارپوریٹ سماجی ذمہ داری

کمپنی نے مستقبل میں کارپوریٹ سماجی ذمہ داری کے سلسلے میں تعلیم اور سماجی فلاح و بہبود میں سرگرمیاں انجام دینے کی منصوبہ بندی کی ہے۔

بورڈ آف ڈائریکٹرز اینڈ بورڈ کمیٹی

بورڈ آف ڈائریکٹرز اور ذیلی کمیٹیوں کی جو تعمیل اس رپورٹ میں شامل ہے جو تشکیل دی گئی ہے۔

بورڈ کی مشاہرہ پالیسی

بورڈ آف ڈائریکٹرز باقاعدگی سے ڈائریکٹرز کی بحالی کے لیئے شفاف طریقہ کار اور پالیسیوں پر عمل پیرا ہیں۔

ڈائریکٹرز اینڈ میٹنگز

کمپنی کے ممبران نے کمپنی کی بائیسویں اینول جنرل میٹنگ کیلیئے سات ڈائریکٹرز پر مشتمل تین سال کے اصولوں پہ بورڈ تشکیل دیا جو 26 اکتوبر 2017 کو منعقد ہوئی تھی۔

دوران سال، بورڈ کی 4 میٹنگز ہوئی۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

نام ڈائریکٹر	حاضری	رخصت
جناب خاور انور خواجہ	4	-
جناب محمد طاہر بٹ	4	-
جناب خرم انور خواجہ	4	-
جناب عمر خاور خواجہ	4	-
جناب افتخار احمد بٹ	4	-
جناب عبدالقیوم ملک	1	3
جناب محمد خالد بٹ	3	1

آڈٹ کمیٹی کی میٹنگز

دوران سال آڈٹ کمیٹی کی 4 میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

نام ڈائریکٹر	حاضری	رخصت
جناب خرم انور خواجہ	4	-
جناب عمر خاور خواجہ	4	-
جناب افتخار احمد بٹ	4	-

انسانی وسائل و معاوضہ کمیٹی

دوران سال انسانی وسائل و معاوضہ کمیٹی کی دو میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

نام ڈائریکٹر	حاضری	رخصت
جناب عمر خاور خواجہ	2	-
جناب محمد طاہر بٹ	2	-
جناب خرم انور خواجہ	2	-

بورڈ کی کارکردگی کا جائیزہ

کمپنی کے بورڈ آف ڈائیریکٹرز اور اس کی کمیٹی کی کارکردگی کی تشخیص کا ایک رسمی عمل ہے۔ اس تشخیص کو سالانہ بنیاد پر کیا جاتا ہے۔

اعتراف

میں اُن بنکس اور فائینینشیل انسٹیٹیوشنز کا ان کی حمایت کے لیے شکریہ ادا کرنا چاہتا ہوں، اور ان کلائنٹس کا جنھوں نے ہمیں اپنی خدمت کا موقع دیا اور تمام درجے کے کمپنی ملازمین کا، ان کی مخلص کوششوں کے لیے۔

بجانب بورڈ

خاور انور خواجہ
ڈائیریکٹر

محمد طاہر بٹ
چیف ایگزیکٹیو آفیسر
سیالکوٹ، 25 ستمبر 2018

KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS

	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
PROFIT AND LOSS			(Rupees in Thousand)			
Revenue	9,206	10,246	10,667	10,222	10,910	9,892
Financial charges	1,426	1,105	2,127	2,022	2,395	2,813
Provision / (Reversal)for doubtful receivables	10,595	(6,650)	(1,474)	(3,407)	(2,276)	(2,220)
Profit / (Loss) before tax	3,686	(677)	(1,705)	176	(425)	(2,689)
Profit / (Loss) after tax	3,439	(1,075)	102	(714)	(904)	(4,378)
Dividend	-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-
BALANCE SHEET						
Paid up share capital	215,000	215,000	215,000	215,000	215,000	215,000
Shareholders' equity	75,349	75,140	75,248	74,626	73,768	69,363
Borrowings	4,000	15,000	25,000	25,000	40,000	42,500
Net investment in finance lease	373,463	383,630	384,207	400,993	420,668	421,020
Total assets	214,753	223,832	234,461	248,032	268,485	272,086
PERFORMANCE INDICATORS						
Profit / (Loss) before tax/Gross revenue	40%	-7%	-16%	2%	-4%	-27%
Profit / (Loss) after tax/Gross revenue	37%	-10%	1%	-7%	-8%	-44%
Pre tax return on shareholders' equity	5%	-1%	-2%	0.2%	-0.6%	-3.9%
After tax return on shareholders' equity	5%	-1%	0%	-1%	(0.01)	(0.06)
Income / expense ratio	0.76	0.83	0.75	0.76	0.80	0.67
Interest coverage ratio	2.11	(1.61)	(1.80)	(0.91)	(1.18)	(1.96)
Earning / (Loss) per share	0.16	(0.05)	0.005	(0.03)	(0.04)	(0.204)
Break up value per share	3.50	3.49	3.50	3.47	3.43	3.23
Lease disbursements	29,232	40,880	45,436	65,686	79,525	57,251
Number of contracts	20	31	19	29	33	28

STATEMENT OF COMPLIANCE
WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
NAME OF COMPANY: GRAYS LEASING LIMITED
YEAR ENDED: JUNE 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 07 as per the following:

   a. Male: 7
   b. Female: -

2. The composition of board is as follows:

	Category	Names
a)	Independent Directors	Mr. Iftikhar Ahmed Butt Mr. Abdul Qayyum Malik
b)	Other Non-executive Directors	Mr. Khawar Anwar Khawaja Mr. Khurram Anwar Khawaja Mr. Omer Khawar Khawaja Mr. Muhammad Khalid Butt
c)	Executive Director	Mr. Muhammad Tahir Butt (CEO)

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors is in the process of developing a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Two Directors and Chief Executive are exempt from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Two directors are already certified under the Directors Training Program as follows:

   i) Mr. Omer Khawar Khawaja

   ii) Mr. Abdul Qayum Malik
   Remaining two directors will undergo Directors' Training Program within the time allowed by Listed Companies (Code of Corporate Governance) Regulations, 2017.

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

    a) Audit Committee (Name of members and Chairman)
       Mr. Iftikhar Ahmed Butt (Chairman)
       Mr. Omer Anwar Khawaja (Member)
       Mr. Khurram Anwar Khawaja (Member)

    b) HR and Remuneration Committee (Name of members and Chairman)
       Mr. Omer Anwar Khawaja (Chairman)
       Mr. Khurram Anwar Khawaja (Member)
       Mr. Muhammad Tahir Butt(Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

    a) Audit Committee: Four meetings held during the year ended 30 June 2018.

    b) HR and Remuneration Committee: Two meetings held during the year ended 30 June 2018.

15. The board has setup of an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelineson code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

16. We confirm that all other requirements of the Regulations have been complied with.

Signature
(KHAWAR ANWAR KHUWAJA)
Chairman

Chairman's Report

Review Report by the Chairman on Board's overall Performance u/s 192 of the Companies Act 2017:

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Grays Leasing Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

The Board has recently completed its annual self-evaluation for the year ended June 30,2018 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

The overall assessment as Satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives:

1. Vision, mission and values: Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time.

2. Engagement in strategic planning: Board has a clear understanding of the stakeholders (shareholders, customers, employees, Society at large) whom the Company serves. The Board has a strategic vision of how the organization should be evolving over the next three to five years. Further Board sets annual goals and targets for the management in all major performance areas.

3. Diligence: The Board members diligently performed their duties and thoroughly reviewed, discussed and approved Business Strategies, Corporate Objectives, plans, budgets, financial statements and other reports. It received dear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.

4. Monitoring of organization's business activities: The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors. The Board provided appropriate direction and oversight on a timely basis.

5. Diversity and Mix: The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.

6. Governance and Control Environment: The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the Company.

(KHAWAR ANWAR KHUWAJA)
CHAIRMAN

INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

To the members of Grays Leasing Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Grays Leasing Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017 (the Act). We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

i. Chief Financial Officer of the Company does not meet the qualification criteria given in the regulation 23 of the Regulations.

ii. Head of Internal Audit of the Company does not meet the qualification criteria given in the regulation 24 of the Regulations.

iii. Company Secretary of the Company does not meet the qualification criteria given in the regulation 25 of the Regulations.

iv. No member of the audit committee qualifies as “financially literate”. Hence, audit committee constituted by the Board of Directors of the Company does not meet the requirement of the regulation 28 (1)(c) of the Regulations.

v. Composition of the human resource and remuneration committee is not as per the requirements of the regulation 29 (1) of the Regulations as human resource and remuneration committee does not include an independent director, hence chairman of the human resource and remuneration committee is not an independent director.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended 30 June 2018.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No.	Paragraph reference	Description
(i)	8	The Board of Directors does not have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

RIAZ AHMAD & COMPANY
Chartered Accountants

LAHORE

Date: 25 September, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Grays Leasing Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Grays Leasing Limited ('the Company'), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section* of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Classification and provisioning for non-performing lease receivables** Allowance for potential lease losses is a key area of judgement for the management. The Company has net investment in lease finance of Rupees 264.497 million, which comprise 97.21% of the Company's total assets presented in its statement of financial position. As at 30 June 2018, total allowance for potential lease losses of Rupees 156.523 million has been recognized. There is a risk that allowance for potential lease losses provided in the books of account of the Company may not meet the requirements of the Regulation 25 of The Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).Failure in determining the lease receivables that are classified and not recording adequate provision against these classified lease receivables is a significant risk. Accordingly, classification and provisioning for non-performing lease receivables is considered as a key audit matter. For further information, refer to the following: • Summary of significant accounting policies, Allowance for potential lease losses note 2.4 to the financial statements. • Net investment in lease finance note 7 to the financial statements.	Our procedures included, but were not limited to: • We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Company with respect to classification of non-performing lease receivables and determination and calculation of potential lease losses. • We performed lease receivables review procedures on selected samples with the objective of identifying whether the conditions relating to classification of lease receivables had occurred and whether the suspension against unrealized finance lease income and provision against lease receivables have been recognized in a timely manner in accordance with the Regulation 25 of the NBFC Regulations. • We selected samples and tested whether the forced sale value of leased assets and assets held as collateral is considered for provisioning purpose. Further, we ensured that forced sale value is not more than three years old and where necessary, proper adjustment factor is applied to the forced sale value of assets held as collateral. • We have mathematically tested the appropriateness of provision calculations made for non-performing lease receivables in line with the NBFC Regulations. • We tested the accuracy of assumptions and estimates made by the management underlying the calculation of any specific / subjective provision made against lease receivables. • We examined a sample of lease receivables which have not been classified by the management as overdue.

Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	Lease management system The calculation, recording and financial reporting of transactions and balances of net investment in lease finance, deposits on lease contracts, income from lease finance and calculation of overdue period used in determination of allowance / (reversal) for potential lease losses against classified portfolio in accordance with the NBFC Regulations are significantly dependent on IT automated lease management system. We, therefore, identified the lease management system as an area of focus to support our ability to rely on controls for the purpose of this report, as the Company's financial accounting and reporting of net investment in lease finance and its related areas are heavily dependent on lease management system. There is a risk that automated accounting procedures and related IT dependent controls are not designed and operating effectively.	Our procedures included, but were not limited to: • We tested general IT controls around system access and tested controls over computer operations within specific applications which are required to be operating correctly to mitigate the risk of misstatement in the financial statements. • We assessed whether appropriate restrictions were placed on access to lease management system through reviewing the permissions and responsibilities of those given that access. • Where we identify the need to perform additional procedures, we placed reliance on manual compensating controls, such as reconciliations between system and other information sources or performing additional testing, such as extending the size of our sample, to obtain sufficient appropriate audit evidence over the financial statement balances.
3.	Preparation of financial statements under **the** Companies Act, 2017 The Companies Act 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements. The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act. For further information, refer to summary of significant accounting policies, note 2.1(b) to the financial statements.	Our procedures included, but were not limited to: • We assessed the procedures applied by the management for identification of the changes required in the financial statements due the application of the Act. • We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. • We verified on test basis the supporting evidences for the additional disclosures and ensured appropriateness of the disclosures made.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 25 September, 2018

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Current assets			
Cash and bank balances	3	4,294,769	3,028,927
Advances and prepayments	4	860,242	779,389
Sales tax recoverable		438,185	220,406
Other receivables	5	502,142	518,951
Current maturity of non-current assets	6	180,862,650	183,353,573
		186,957,988	187,901,246
Non-current assets			
Net investment in lease finance	7	83,634,630	78,571,327
Long term security deposits and prepayment	8	62,500	280,309
Deferred income tax	9	-	-
Property, plant and equipment	10	1,431,221	1,731,915
		85,128,351	80,583,551
TOTAL ASSETS		272,086,339	268,484,797
LIABILITIES			
Current liabilities			
Loans from related parties	11	42,500,000	40,000,000
Accrued and other liabilities	12	3,202,567	2,863,298
Accrued mark-up	13	627,494	572,907
Current maturity of non-current liabilities	14	113,850,578	109,404,047
Unclaimed dividend		777,785	777,785
Provision for taxation		789,334	652,967
		161,747,758	154,271,004
Non-current liabilities			
Deposits on lease contracts	15	39,224,364	39,021,900
Employees' retirement benefit	16	1,751,300	1,423,886
		40,975,664	40,445,786
TOTAL LIABILITIES		202,723,422	194,716,790
NET ASSETS		69,362,917	73,768,007
REPRESENTED BY:			
Authorized share capital			
35,000,000 (2017: 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 (2017: 21,500,000) ordinary shares of Rupees 10 each	17	215,000,000	215,000,000
Statutory reserve	18	59,256,615	59,256,615
Accumulated loss		(204,893,698)	(200,488,608)
Shareholders' equity		69,362,917	73,768,007
Contingencies and commitments	19		
		69,362,917	73,768,007

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

MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER

(KHAWAR ANWAR KHUWAJA)
DIRECTOR

MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
REVENUE			
Income from lease operations	20	9,402,658	10,068,629
Other income	21	489,810	841,215
		9,892,468	10,909,844
EXPENDITURE			
Administrative and other expenses	22	(11,988,404)	(11,215,156)
Financial and other charges	23	(2,812,811)	(2,395,440)
Reversal of provision for potential lease losses - net	7.2	2,219,792	2,275,546
		(12,581,423)	(11,335,050)
LOSS BEFORE TAXATION		(2,688,955)	(425,206)
Taxation	24	(1,689,293)	(478,930)
LOSS AFTER TAXATION		(4,378,248)	(904,136)
Loss per share - basic and diluted	25	(0.204)	(0.042)

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

MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER

(KHAWAR ANWAR KHUWAJA)
DIRECTOR

MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	2018 Rupees	2017 Rupees
LOSS AFTER TAXATION	(4,378,248)	(904,136)
OTHER COMPREHENSIVE INCOME / (LOSS) :		
Item that will not be reclassified to profit or loss		
Gain / (loss) on remeasurement of defined benefit obligation	(36,770)	65,673
Deferred tax on remeasurement of defined benefit obligation	9,928	(19,702)
	(26,842)	45,971
Items that may be reclassified subsequently to profit or loss	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(4,405,090)	(858,165)

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

MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER

(KHAWAR ANWAR KHUWAJA)
DIRECTOR

MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVE STATUTORY RESERVE	ACCUMULATED LOSS	SHAREHOLDERS' EQUITY
	----------	Rupees	----------	
Balance as at 30 June 2016	215,000,000	59,256,615	(199,630,443)	74,626,172
Loss for the year	-	-	(904,136)	(904,136)
Other comprehensive income for the year	-	-	45,971	45,971
Total comprehensive loss for the year	-	-	(858,165)	(858,165)
Balance as at 30 June 2017	215,000,000	59,256,615	(200,488,608)	73,768,007
Loss for the year	-	-	(4,378,248)	(4,378,248)
Other comprehensive loss for the year	-	-	(26,842)	(26,842)
Total comprehensive loss for the year	-	-	(4,405,090)	(4,405,090)
Balance as at 30 June 2018	215,000,000	59,256,615	(204,893,698)	69,362,917

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

MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER

(KHAWAR ANWAR KHUWAJA)
DIRECTOR

MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,688,955)	(425,206)
Adjustments for non-cash charges and other items:		
Depreciation	319,194	393,647
Provision for gratuity	290,644	282,354
Financial charges	2,812,811	2,395,440
Reversal of provision for potential lease losses - net	(2,219,792)	(2,275,546)
Profit on bank deposits	(44,669)	(67,101)
	1,158,188	728,794
Profit / (loss) before working capital changes	(1,530,767)	303,588
Increase in advances and prepayments	(113,044)	(206,716)
Increase in sales tax recoverable	(217,779)	(105,425)
Decrease / (increase) in other receivable	(3,695)	33,442
Increase / (decrease) in accrued and other liabilities	339,269	(3,776,775)
Cash used in operations	(1,526,016)	(3,751,886)
Financial charges paid	(2,758,224)	(2,215,256)
Income tax paid	(1,522,494)	(517,248)
Gratuity paid	-	(162,858)
Decrease in long term prepayment	250,000	249,999
Net cash used in operating activities	(5,556,734)	(6,397,249)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in lease finance - net	(352,588)	(19,675,031)
Property, plant and equipment acquired	(18,500)	-
Profit on bank deposits	44,669	67,101
Net cash used in investing activities	(326,419)	(19,607,930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of loan from related party	16,975,730	15,000,000
Repayment of loans to related parties	(14,475,730)	-
Deposits on lease contracts - net	4,648,995	9,789,127
Net cash from financing activities	7,148,995	24,789,127
Net Increase / (decrease) in cash and cash equivalents	1,265,842	(1,216,052)
Cash and cash equivalents at the beginning of the year	3,028,927	4,244,979
Cash and cash equivalents at the end of the year	4,294,769	3,028,927

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

MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE OFFICER

(KHAWAR ANWAR KHUWAJA)
DIRECTOR

MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 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. The Company is engaged in leasing business. It has been classified as a Non-Banking Finance Company (NBFC).

1.2 Geographical locations and addresses of all business units are as follows:

Sr. No.	Offices	Address
1	Head office and Registered office	701-A, 7th floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.
2	Islamabad branch office	Flat No. 2, Block No. 4-A, Street No. 6, Sector I-8/1, Islamabad.
3	Karachi branch office	15-A, Al-Mubashir Apartment Block 13-C, Gulshan-e-Iqbal, Opposite Urdu University, Karachi.
4	Sialkot branch office	P.O Box No. 10, Small Industries Estate, Sialkot.

1.3 Summary of significant transactions and events affecting the Company's financial position and performance

All significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about the Company's performance, please refer to the Directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) 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) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations differ from the IFRS Standards, 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.

b) Preparation of financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to management assessment of sufficiency of tax provision in the financial statements (refer note 24.2), additional disclosure requirements for related parties (refer note 27.1) etc.

c) Accounting convention

These 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.

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Employees' retirement benefit
b) Provision for taxation
c) Residual values of property, plant and equipment
d) Impairment of assets

e) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive loss and total comprehensive loss.

f) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the de recognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term borrowings under mark-up arrangements.

2.3 Net Investment in lease finance

Leases where the company transfers substantially all the risks and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in lease finance is stated at an amount equal to the aggregate of the minimum lease payments receivable, including any guaranteed residual value and excluding any unearned income, write-offs and provision for potential lease losses, if any.

2.4 Allowance for potential lease losses

The specific allowance for potential lease losses, if any, is made quarterly in accordance with the Securities and Exchange Commission of Pakistan's Non-Banking Finance Companies and Notified Entities Regulations, 2008. In accordance with the SECP regulations, the company does not recognize income on financial assets which have been classified.

2.5 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. The management determines the appropriate classification of its investments at the time of purchase.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

The company assess at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

a) Investment at fair value through profit or loss

Investment classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in the statement of profit or loss.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in the statement of profit or loss when the investments are de-recognized or impaired, as well as through the amortization process.

c) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in the statement of comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in the statement of comprehensive income is included in the statement of profit and loss.

2.6 Property, plant and equipment

Property, plant and equipment except for land are stated at cost less accumulated depreciation and any identified impairment losses. Additions are stated at cost less accumulated depreciation and any identified impairment losses. Land is stated at cost less impairment loss, if any.

Depreciation on all property, plant and equipment is charged to income by applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Depreciation is being charged at the rates given in Note 10.

Depreciation on additions to property, plant and equipment is charged from the day the asset is available for use while no depreciation is charged from the day on which asset is disposed of.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

2.7 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

2.8 Employees' benefits

a) Employees' retirement benefit

The company operates a non-funded defined benefit gratuity scheme for its permanent employees who have completed the qualifying service period of three years. Provision in respect of the scheme is made in accordance with the actuarial recommendations. Experience adjustments in defined benefit obligation are recognized immediately in other comprehensive income.

b) Employees' compensated absences

The company provides for liability in respect of employees' compensated absences in the year in which these are earned.

2.9 Taxation

a) Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.10 Financial instruments

Financial instruments carried on the statement of financial position include deposits, net investment in finance leases, advances, other receivable, cash and bank balances, loans from related parties, accrued mark-up, liabilities against assets subject to finance lease, accrued and other liabilities. Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instrument at fair value through profit or loss” which is measured initially at fair value.

Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial asset. The company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item of financial instruments.

2.11 Borrowings

Loans and borrowings from financial institutions and others are initially recorded at the proceeds received together with associated transaction costs. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis. Transaction costs are amortized over the period of agreement using the effective interest rate method.

2.12 Accrued and other liabilities

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.13 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.14 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

2.15 Reveue recognition

Mark-up / return on investments and fund placements are recognized on a time proportion basis. The Company follows the finance method in accounting for recognition of lease income. Under this method, the unearned lease income, i.e., the excess of aggregate lease rentals and the residual value over the cost of leased asset is deferred and then amortized to income over the term of the lease, by applying the annuity method to produce a constant rate of return on the net investment in lease finance. Income on non-performing loans is recognized on receipt basis in accordance with SECP regulations. Front-end fees, documentation charges and other lease related income are taken to income currently. Additional lease rentals being late payment charges on lease rentals are recognized on receipt basis.

2.16 Borrowing costs

Mark up, interest and other charges on borrowings are capitalized up to the date of commissioning of the qualifying asset, acquired out of the proceeds of such borrowings. All other mark up, interest and other charges are charged to income.

2.17 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

2.18 Share capital

Ordinary shares are classified as equity.

2.19 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

	2018 Rupees	2017 Rupees
3. CASH AND BANK BALANCES		
Cash in hand	261,708	863,059
Cash with banks:		
Balance with State Bank of Pakistan	12,465	5,816
Current accounts	2,260,473	2,086,729
Saving accounts (Note 3.1)	1,760,123	73,323
	4,294,769	3,028,927

3.1 Rate of profit on bank deposits ranges from 4% to 4.50% (2017: 5%) per annum.

4. ADVANCES AND PREPAYMENTS		
Advances - considered good:		
Advance against expenses	107,647	100,956
Advances to employees (Note 4.1)	401,000	295,000
	508,647	395,956
Prepayments		
Current maturity of prepayment shown under non-current assets (Note 8)	217,809	250,000
Others	133,786	133,433
	860,242	779,389

4.1 These represent unsecured and interest free advances given to employees of the Company against salaries. These include advance of Rupees 0.155 million (2017: Rupees Nil) receivable from Chief Financial Officer of the Company, maximum aggregate amount outstanding at the end of any month during the year was Rupees 0.200 million (2017: Rupees Nil) and advance of Rupees 0.025 million (2017: Rupees 0.025 million) receivable from Head of Internal Audit of the Company, maximum aggregate amount outstanding at the end of any month during the year was Rupees 0.025 million (2017: Rupees 0.070 million).

5. OTHER RECEIVABLES		
Considered good:		
Advance income tax	496,744	517,248
Other receivable	5,398	1,703
	502,142	518,951
6. CURRENT MATURITY OF NON-CURRENT ASSETS		
Net investment in lease finance (Note 7)	180,862,650	183,353,573
7. NET INVESTMENT IN LEASE FINANCE		
Lease rentals receivable	331,321,445	334,021,778
Add: Guaranteed residual value of leased assets	153,074,942	148,425,947
Gross investment in lease finance (Note 7.1)	484,396,387	482,447,725
Less: Unearned finance income	(63,376,143)	(61,780,069)
Net investment in lease finance (Note 7.1 and Note 7.3)	421,020,244	420,667,656
Less: Allowance for potential lease losses (Note 7.2)	(156,522,964)	(158,742,756)
Net investment in lease finance - net off provision (Note 7.3)	264,497,280	261,924,900
Less: Current maturity shown under current assets (Note 6)	(180,862,650)	(183,353,573)
	83,634,630	78,571,327

7.1

	GROSS INVESTMENT IN LEASE FINANCE		NET INVESTMENT IN LEASE FINANCE	
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
Not later than one year	392,224,307	394,342,521	337,385,614	342,096,329
Later than one year but not later than five years	92,172,080	88,105,204	83,634,630	78,571,327
	484,396,387	482,447,725	421,020,244	420,667,656
Less: Unearned finance income	(63,376,143)	(61,780,069)		
	421,020,244	420,667,656		

7.1.1 There are no lease contract receivables over five years. The company's implicit rate of return on leases ranges from 7.84% to 30.00% per annum (2017: 7.84% to 30.00 % per annum). In certain cases, in addition to leased assets the leases are secured against personal guarantees and charge on properties of the lessees.

7.1.2 Analysis of net investment in lease finance in respect of non-performing leases on which mark-up is being suspended is given in Note 30.1(b). The non-performing leases are determined in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	2018 Rupees	2017 Rupees
7.2 ALLOWANCE FOR POTENTIAL LEASE LOSSES		
Balance as at 01 July	158,742,756	161,018,302
Add: Provision for potential lease losses made during the year	-	42,616
Less: Reversal of provision for potential lease losses during the year	(2,219,792)	(2,318,162)
Net reversal of provision for potential lease losses	(2,219,792)	(2,275,546)
Balance as at 30 June	156,522,964	158,742,756

7.3 Net investment in lease finance includes an amount of Rupees 5.484 million (2017: Rupees 5.854 million) receivable from Mr. Muhammad Avais Ibrahim - Chief Financial Officer of the Company. The maximum aggregate of amount receivable from Chief Financial Officer of the Company at the end of any month during the year was Rupees 5.762 million (2017: Rupees 6.600 million). The age analysis of receivable from Chief Financial Officer of the Company is as follows:

	2018 Rupees	2017 Rupees
Neither past due nor impaired	4,731,217	5,853,840
Past due up to 179 days but not impaired	-	-
Past due 180-364 days - impaired	752,987	-
	5,484,204	5,853,840
Less: Allowance for potential lease losses	-	-
	5,484,204	5,853,840

7.4 In accordance with the Regulation 25 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, finance lease income against this lease facility is being suspended. Further, provision against outstanding balance of principal is not required due to adjustment of security deposit and forced sale value of leased asset.

8. LONG TERM SECURITY DEPOSITS AND PREPAYMENT

Security deposits	62,500	62,500
Prepayment	217,809	467,809
	280,309	530,309
Less: Current maturity of prepayment shown under current assets (Note 4)	(217,809)	(250,000)
	62,500	280,309

9. DEFERRED INCOME TAX

Deferred income tax assets / (liabilities) arising due to:

Accelerated tax depreciation	(75,118,498)	(83,315,268)
Tax losses	88,601,878	99,031,288
Provision for gratuity	472,851	427,166
	13,956,231	16,143,186
Less: Deferred income tax asset not recognized	(13,956,231)	(16,143,186)
	-	-

9.1 The net deferred income tax asset of Rupees 13.956 million (2017: Rupees 16.143 million) has not been recognized in these 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.

10. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the year is as follows:

	FURNITURE AND FIXTURES	VEHICLES	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	TOTAL
	----------Rupees----------				
As at 30 June 2016					
Cost	542,740	3,233,424	622,555	1,510,417	5,909,136
Accumulated depreciation	(356,759)	(1,575,090)	(368,759)	(1,404,738)	(3,705,346)
Accumulated impairment loss	(22,035)	-	(26,798)	(29,395)	(78,228)
Net book value	163,946	1,658,334	226,998	76,284	2,125,562
Year ended 30 June 2017					
Opening net book value	163,946	1,658,334	226,998	76,284	2,125,562
Depreciation charge	(16,395)	(331,667)	(22,700)	(22,885)	(393,647)
Closing net book value	147,551	1,326,667	204,298	53,399	1,731,915
As at 30 June 2017					
Cost	542,740	3,233,424	622,555	1,510,417	5,909,136
Accumulated depreciation	(373,154)	(1,906,757)	(391,459)	(1,427,623)	(4,098,993)
Accumulated impairment loss	(22,035)	-	(26,798)	(29,395)	(78,228)
Net book value	147,551	1,326,667	204,298	53,399	1,731,915
Year ended 30 June 2018					
Opening net book value	147,551	1,326,667	204,298	53,399	1,731,915
Additions	-	-	-	18,500	18,500
Depreciation charge	(14,755)	(265,333)	(20,430)	(18,676)	(319,194)
Closing net book value	132,796	1,061,334	183,868	53,223	1,431,221
As at 30 June 2018					
Cost	542,740	3,233,424	622,555	1,528,917	5,927,636
Accumulated depreciation	(387,909)	(2,172,090)	(411,889)	(1,446,299)	(4,418,187)
Accumulated impairment loss	(22,035)	-	(26,798)	(29,395)	(78,228)
Net book value	132,796	1,061,334	183,868	53,223	1,431,221
Annual rate of depreciation (%)	10	20	10	30	-

	2018 Rupees	2017 Rupees
11. LOANS FROM RELATED PARTIES		
Chief Executive Officer (Note 11.1)	5,000,000	10,000,000
Anwar Khawaja Industries (Private) Limited - holding company (Note 11.2)	37,500,000	30,000,000
	42,500,000	40,000,000

11.1. 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 (Rupees 10 million). This loan carries mark-up at the rate of 3 months KIBOR (2017: 3 months KIBOR) and is repayable on demand.

11.2. 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 (2017: Rupees 50 million). This loan carries mark-up at the rate of 3 months KIBOR (2017: 3 months KIBOR) and is repayable till 04 November 2018.

11.3. Effective rate of mark-up charged on these loans during the year ranged from 6.14% to 6.43% (2017: 5.99% to 6.36%) per annum.

11.4. As on the reporting date, un-utilized credit facilities from related parties comprise of Rupees 32.500 million (2017: Rupees 20.000 million).

	2018 Rupees	2017 Rupees
12. ACCRUED AND OTHER LIABILITIES		
Accrued liabilities	866,116	913,406
Income tax deducted at source	3,941	188,577
Insurance premium and claims payable	2,332,510	1,761,315
	3,202,567	2,863,298

13. ACCRUED MARK-UP

This represents mark-up payable on loans obtained from related parties.

14. CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Deposits on lease contracts (Note 15)	113,850,578	109,404,047

15. DEPOSITS ON LEASE CONTRACTS		
Balance as at 30 June	153,074,942	148,425,947
Less: Current maturity shown under current liabilities (Note 14)	(113,850,578)	(109,404,047)
	39,224,364	39,021,900

15.1 These represent interest free security deposits received from lessees, at the rates ranging from 1% to 70% (2017: 1% to 70%) of lease amount. These security deposits have been utilized for business purpose and are refundable / adjustable at the expiry / termination of respective leases. These security deposits include an amount of Rupees 3.168 million (Rupees 3.168 million) received from Chief Financial Officer of the Company.

16. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the defined benefit plan as at 30 June 2018 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2018 Rupees	2017 Rupees
Present value of defined benefit obligation (Note 16.1)	1,751,300	1,423,886
Net Liability as at 01 July	1,423,886	1,370,063
Charge to statement of profit or loss (Note 16.2)	290,644	282,354
Remeasurement recognized in other comprehensive income	36,770	(65,673)
Payments	-	(162,858)
Liability as at 30 June	1,751,300	1,423,886

16.1 The movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligations	1,423,886	1,370,063

	2018 Rupees	2017 Rupees
Current service cost	180,293	188,928
Interest cost	110,351	93,426
Benefit paid	-	(162,858)
Actuarial losses from change in financial assumptions	7,142	617
Experience adjustment	29,628	(66,290)
	1,751,300	1,423,886

16.2 Charge to statement of profit or loss:

Current service cost	180,293	188,928
Interest cost	110,351	93,426
	290,644	282,354

	2018	2017	2016	2015	2014
16.3 Present value of defined benefit obligation (Rupees)	1,751,300	1,423,886	1,370,063	1,193,123	962,997
Experience adjustment on obligation	2.08%	(4.79%)	(11.14%)	(1.02%)	(29.98%)

16.4 Principal actuarial assumptions used:

	2018	2017
	(% per annum)	
Discount rate	9.00	7.75
Expected rate of increase in salary	8.00	6.75

16.5 Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

16.6 The Company is expected to charge Rupees 0.352 million for gratuity in the next financial year.

16.7 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions at the reporting date:

	Defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees	Rupees
Discount rate	100	1,604,025	1,921,924
Future salary increase	100	1,926,359	1,597,441

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change in comparison to the previous period.

16.8 Maturity profile	2018	2017
The weighted average duration of the obligation (in years)	9	9

17. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2018 (Number of shares)	2017 (Number of shares)		2018 Rupees	2017 Rupees
19,500,000	19,500,000	Ordinary shares of Rupees 10 each fully paid-up in cash	195,000,000	195,000,000
2,000,000	2,000,000	Ordinary shares of Rupees 10 each issued as bonus shares	20,000,000	20,000,000
21,500,000	21,500,000		215,000,000	215,000,000

	2018	2017
	(Number of shares)	
17.1 Ordinary shares of the Company held by the holding company and associated company:		
GOC (PAK) Limited - associated company	7,999,999	7,999,999
Anwar Khawaja Industries (Private) Limited - holding company	3,739,603	3,739,603
	11,739,602	11,739,602

18. STATUTORY RESERVE

This represents reserve fund created under Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	2018	2017
19. Contingencies and commitments		
19.1 Contingencies	-	-
19.2 Commitments	-	-

	2018 Rupees	2017 Rupees
20. INCOME FROM LEASE OPERATIONS		
Finance lease income	8,741,129	9,566,858
Documentation charges	251,965	288,920
Additional lease rentals	409,564	212,851
	9,402,658	10,068,629
21. OTHER INCOME		
Income from financial assets		
Processing fee and other charges	445,141	774,114
Profit on bank deposits	44,669	67,101
	489,810	841,215
22. ADMINISTRATIVE AND OTHER EXPENSES		
Salaries, allowances and other benefits (Note 22.1)	5,594,598	5,289,983
Repair and maintenance	361,119	498,023
Rent, rates and taxes	591,200	591,200
Postage and telephone	236,480	225,180
Vehicles' running	862,935	787,545
Utilities	143,169	128,450
Legal and professional	870,774	634,109
Insurance	93,015	101,592
Fees and subscription	1,067,324	868,705
Travelling and conveyance	477,130	496,560
Printing and stationery	236,474	217,117
Auditors' remuneration (Note 22.2)	670,000	612,500
Entertainment	181,740	177,480
Advertisement	119,340	38,500
Newspapers and periodicals	16,539	10,736
Depreciation on property, plant and equipment (Note 10)	319,194	393,647
Miscellaneous	147,373	143,829
	11,988,404	11,215,156

22.1 These include Rupees 0.291 million (2017: Rupees 0.282 million) charged in respect of gratuity as referred to in Note 16 and Rupees 0.307 million (2017: Rupees 0.263 million) charged in respect of compensated absences.

	2018 Rupees	2017 Rupees
22.2 Auditors' remuneration		
Audit fee	368,000	330,000
Half yearly review and other sundry certifications	207,000	192,500
Out-of-pocket expenses	95,000	90,000
	670,000	612,500

	2018 Rupess	2017 Rupess
23. FINANCIAL AND OTHER CHARGES		
Mark up on loans from related parties	2,412,268	2,033,199
Commission and other bank charges	380,543	362,241
Penalties (Note 23.1)	20,000	-
	2,812,811	2,395,440

23.1 These represent penalties paid to Federal Board of Revenue against late filing of monthly withholding statements.

24. TAXATION

Current:		
For the year (Note 24.1)	(679,773)	(543,406)
Prior year	(999,592)	44,774
Deferred:		
For the year	(9,928)	19,702
	(1,689,293)	(478,930)

24.1 The Company has carry forwardable tax losses of Rupees 328.155 million (2017: Rupees 330.104 million). Provision for income tax in the current year is computed only for minimum tax as required under section 113 of the Income Tax Ordinance, 2001, therefore, it is impracticable to prepare the tax charge reconciliation for the years presented.

24.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

Description	Year ended 30 June		
	2017	2016	2015
Provision for taxation	543,406	479,111	408,213
Tax assessed	543,406	479,111	408,213

25. LOSS PER SHARE - BASIC AND DILUTED

Loss after taxation	Rupees	(4,378,248)	(904,136)
Weighted average number of ordinary shares	Number	21,500,000	21,500,000
Loss per share - basic	Rupees	(0.204)	(0.042)

There is no dilutive effect on the loss per share of the Company.

26. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities from financing activities		TOTAL
	Loans from related parties	Deposits on lease contracts	
	Rupees		
Balance as at 01 July 2017	40,000,000	148,425,947	188,425,947
Loan obtained	16,975,730	-	16,975,730
Repayment of loans	(14,475,730)	-	(14,475,730)
Deposits on new lease contracts - received	-	16,689,575	16,689,575
Adjusted at the time of expiry / termination of lease contracts	-	(12,040,580)	(12,040,580)
Balance as at 30 June 2018	42,500,000	153,074,942	195,574,942

27. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the 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, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		2018 Rupees	2017 Rupees
i)	Transactions		
	Holding company		
	Mark-up paid	1,849,258	1,645,997
	Mark-up charged to the statement of profit or loss	1,939,642	1,711,848
	Loan obtained	16,975,730	5,000,000
	Loan repaid	9,475,730	-
	Rent of office building	300,000	300,000
	Other Related Parties		
	Chief Executive Officer		
	Mark-up paid	508,423	207,018
	Mark-up charged to the statement of profit or loss	472,626	321,351
	Loan obtained	-	10,000,000
	Loan repaid	5,000,000	-
	Chief Financial Officer		
	Advance against salary given	200,000	-
	Deductions of advance against salary	45,000	-
	Net investment in finance lease received	369,636	746,160
	Deposit against lease contract received	-	3,168,000
	Lease disbursed	-	6,600,000
	Head of Internal Audit		
	Advance against salary	25,000	-
	Deductions of advance against salary	25,000	45,000
ii)	Period end balances		
	Holding company		
	Loan payable	37,500,000	30,000,000
	Accrued mark up	548,958	458,574
	Chief Executive Officer		
	Loan payable	5,000,000	10,000,000
	Accrued mark up	78,536	114,333
	Chief Financial Officer		
	Advance against salary receivable	155,000	-
	Net investment in lease finance	5,484,204	5,853,840
	Deposit against lease contract	3,168,000	3,168,000
	Head of Internal Audit		
	Advance against salary receivable	25,000	25,000

27.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Names of the holding company, associated companies and related parties	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year	Percentage of shareholding
Anwar Khawaja Industries (Private) Limited	Holding company	Yes	None
GOC (PAK) Limited	Common directorship	No	None
Muhammad Tahir Butt	Chief Executive Officer	Yes	Not Applicable
Muhammad Avais Ibrahim	Chief Financial Officer	Yes	Not Applicable
Mr. Bilal Arslan Mir	Head of Internal Audit	Yes	Not Applicable
Grays Fabrics Limited	Common directorship	No	None
Sialkot International Airport Limited	Common directorship	No	None
Port Services Limited	Common directorship	No	None
Gujranwala Electric Power Company Limited	Common directorship	No	None
A.K. Infotech (Private) Limited	Common directorship	No	None
Select Pak (Private) Limited	Common directorship	No	None
Derbystar Sportartikel GMBH	Common directorship	No	None

28. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

No amount is charged in these financial statements for remuneration, benefits of the chief executive officer and directors of the Company. Further, no employee of the company falls under the definition of executive given in fourth schedule to the Companies Act, 2017.

	2018	2017
29. NUMBER OF EMPLOYEES		
Number of employees as on June 30		
Permanent	9	9
Contractual	3	3
Average number of employees during the year		
Permanent	9	9
Contractual	3	3

30. FINANCIAL RISK MANAGEMENT

30.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company is not exposed to currency risk because there are no receivables and payables in foreign currency at the reporting date.

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The risk arises when there is a mismatch in the financial assets and financial liabilities which are subject to interest rate adjustment within a specified period. The Company's interest rate risk arises mainly from net investment in finance lease, bank balances and loans.

Interest rate gap is the common measure of interest rate risk. A positive gap occurs when more financial assets than financial liabilities are subject to rate changes during a prescribed period of time. A negative gap occurs when financial liabilities exceed financial assets subject to rate changes during a prescribed period of time.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2018 Rupees	2017 Rupees
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	1,760,123	73,323
Net investment in lease finance - net off potential lease losses	264,497,280	261,924,900
Financial liabilities		
Loans from related parties		
Effective interest rates on these financial instruments are disclosed in the respective notes.	42,500,000	40,000,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 2.238 million (2017: Rupees 2.219 million) lower / higher, mainly as a result of higher / lower interest income and expense on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at the reporting date were outstanding for the whole year.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. Currently, the Company is not exposed to other price and commodity price risks.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is crucial for the Company's business,therefore management carefully manages its exposure to credit risk.The Company has established credit policies and procedures to manage credit exposure including evaluation of lease, credit worthiness, credit approvals, assigning credit limits, obtaining securities such as lien on title of leased assets, security deposits, personal guarantees and mortgages over properties. Further, exposure to credit risk is being managed through regular analysis of the ability of lessees and potential lessees to meet repayment obligations. The Company has clear policies in place to identify early warning signals and to initiate appropriate and timely remedial actions.

The maximum exposure to credit risk at the reporting date was as follows:

	2018 Rupees	2017 Rupees
Bank balances	4,033,061	2,165,868
Advances	401,000	295,000
Other receivable	5,398	1,703
Net investment in lease finance	264,497,280	261,924,900
Long term security deposits	62,500	62,500
	268,999,239	264,449,971

The Company is engaged primarily in leasing operations, therefore its credit risk arises mainly from net investment in lease finance. Classification of net investment in finance leases on the basis of lease neither past due nor impaired, past due but not impaired and impaired is as follows:

Description	2018		2017	
	Personal	Corporate	Personal	Corporate
Net Investment in lease finance	Rupees	Rupees	Rupees	Rupees
Neither past due nor impaired	41,423,662	53,941,890	37,645,500	54,391,841
Past due up to 179 days but not impaired	31,157,347	30,424,396	36,617,517	27,412,929
Impaired				
Past due 180-364 days	5,549,122	-	660,766	-
Past due more than one year and less than one and half year	-	-	-	-
Past due more than one and half year	9,614,750	248,909,077	8,151,953	255,787,150
	15,163,872	248,909,077	8,812,719	255,787,150
Total	87,744,881	333,275,363	83,075,736	337,591,920
Less: Provision for potential lease losses	6,801,575	149,721,389	6,999,063	151,743,693
Net Investment in lease finance - net off potential lease losses	80,943,306	183,553,974	76,076,673	185,848,227

Rentals overdue by 1 day but less than 179 days are considered past due, but not impaired. Rescheduled leases have been monitored as per Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by Securities and Exchange Commission of Pakistan before setting to regular status. These cases are being kept under continuous review. Provision for potential lease losses is incorporated in the books of account on the basis of Regulation 25 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, after providing provision against doubtful receivables, credit risk is minimal.

The credit quality of balances with banks can be assessed with reference to external credit ratings of the banks:

Banks	Rating			2018	2017
	Short Term	Long term	Agency	Rupees	
National Bank of Pakistan	A1+	AAA	PACRA	22,064	22,064
Askari Bank Limited	A1+	AA+	PACRA	3,425,778	2,036,890
First Women Bank Limited	A2	A-	PACRA	7,286	7,286
Bank Al-Habib Limited	A1+	AA+	PACRA	316,445	50,159
The Bank of Punjab	A1+	AA	PACRA	5,322	27,469
Habib Bank Limited	A-1+	AAA	JCR-VIS	15,789	16,184
Meezan Bank Limited	A1+	AA+	JCR-VIS	227,912	-
				4,020,596	2,160,052

Concentration of risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations covering various industrial sectors and segments. Sector-wise break-up of lease portfolio is given below:

i) Sector wise concentration of net investment in lease finance

Lease portfolio	2018		2017	
	Rupees	%	Rupees	%
Industrial sectors				
Chemical, fertilizer and pharmaceuticals	16,876,646	4.01	16,738,199	3.98
Construction	7,519,265	1.79	5,034,201	1.20
Energy, oil and gas	11,540,218	2.74	11,507,406	2.74
Food, tobacco and beverage	7,397,237	1.76	7,336,554	1.74
Leather, footwear and tanneries	19,344,786	4.59	12,750,585	3.03
Paper and board	5,576,665	1.32	6,480,296	1.54
Rubber and plastic	18,017,397	4.28	24,310,209	5.78
Services	21,481,589	5.10	23,891,205	5.68
Steel, engineering and automobiles	2,705,740	0.64	3,155,310	0.75
Sugar and allied	6,554,710	1.56	6,500,939	1.55
Surgical	482,000	0.11	478,046	0.11
Textile and allied	114,817,126	27.27	120,027,898	28.53
Trading	9,245,191	2.20	9,520,390	2.26
Transport and communication	66,712,212	15.85	67,559,698	16.06
Individuals and others	112,749,462	26.78	105,376,720	25.05
	421,020,244	100	420,667,656	100
Segment by public / private sector				
Public / Government	-	-	-	-
Private	421,020,244	100.00	420,667,656	100.00

ii) Geographical concentration of net investment in lease finance

The Company only does business within Pakistan and geographical exposure is within the country.

iii) Concentration of net investment in lease finance by type of customers

	2018 Rupees	2017 Rupees
Personal	87,744,881	83,075,736
Corporate	333,275,363	337,591,920
	421,020,244	420,667,656

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through credit facilities from related parties. At the reporting date, the company has Rupees 32.500 million (2017: Rupees 20.000 million) available borrowing limits from related parties and Rupees 4.295 million (2017: Rupees 3.029 million) cash and bank balances. Management believes the liquidity risk to be manageable. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2018

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	----------Rupees----------					
Accrued and other liabilities	3,198,626	3,198,626	3,198,626	-	-	-
Unclaimed dividend	777,785	777,785	777,785			
Accrued mark up	627,494	627,494	627,494	-	-	-
Loans from related parties	42,500,000	43,240,164	43,240,164	-	-	-
	47,103,905	47,844,069	47,844,069	-	-	-

Contractual maturities of financial liabilities as at 30 June 2017

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	----------Rupees----------					
Accrued and other liabilities	2,674,721	2,674,721	2,674,721	-	-	-
Unclaimed dividend	777,785	777,785	777,785	-	-	-
Accrued mark up	572,907	572,907	572,907	-	-	-
Loans from related parties	40,000,000	40,740,164	40,740,164	-	-	-
	44,025,413	44,765,577	44,765,577	-	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June.

30.2 As at 30 June 2018

Financial instruments by categories	Loans and receivables
Assets as per statement of financial position	Rupees
Cash and bank balances	4,294,769
Advances	401,000
Other receivable	5,398
Net investment in lease finance	264,497,280
Long term security deposits	62,500
	269,260,947

	Financial liabilities at amortized cost
Liabilities as per statement of financial position	---------- Rupees ----------
Accrued and other liabilities	3,198,626
Accrued mark-up	627,494
Loan from related parties	42,500,000
Unclaimed dividend	777,785
	47,103,905

As at 30 June 2017

	Loans and receivables
Assets as per statement of financial position	Rupees
Cash and bank balances	3,028,927
Advances	295,000
Other receivable	1,703
Net investment in lease finance	261,924,900
Long term security deposits	62,500
	265,313,030

	Financial liabilities at amortized cost
Liabilities as per statement of financial position	---------- Rupees ----------
Accrued and other liabilities	2,674,721
Accrued mark up	572,907
Loan from related parties	40,000,000
Unclaimed dividend	777,785
	44,025,413

31. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt. Consistent with others in the industry the Company monitors the capital structure on the basis of gearing ratio.

The ratio is calculated as borrowings divided by total capital employed. Borrowings represent loans from related parties. Total capital employed includes shareholders' equity plus borrowings. The gearing ratio as at year ended 30 June 2018 and 30 June 2017 is as follows:

		2018	2017
Borrowings	Rupees	42,500,000	40,000,000
Total equity	Rupees	69,362,917	73,768,007
Total capital employed	Rupees	111,862,917	113,768,007
Gearing ratio	Percentage	37.99	35.16

32. Maturities of assets and liabilities

	2018					
	TOTAL	UP TO ONE MONTH	OVER ONE MONTH TO ONE YEAR	OVER ONE YEAR TO FIVE YEAR	OVER FIVE YEAR	NON FIXED MATURITIES
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets						
Cash and bank balances	4,294,769	4,294,769	-	-	-	-
Advances and prepayments	860,242	183,567	676,675	-	-	-
Sales tax recoverable	438,185	-	438,185	-	-	-
Other receivables	502,142	-	502,142	-	-	-
Net investment in finance lease	264,497,280	105,476,484	75,386,166	83,634,630	-	-
Long term security deposits	62,500	-	-	-	-	62,500
Property, plant and equipment	1,431,221	-	-	-	-	1,431,221
	272,086,339	109,954,820	77,003,168	83,634,630	-	1,493,721
Liabilities						
Accrued and other liabilities	3,202,567	3,202,567	-	-	-	-
Accrued mark up	627,494	627,494	-	-		-
Loans from related parties	42,500,000	-	42,500,000	-	-	-
Deposits on lease contracts	153,074,942	103,294,478	10,556,100	39,224,364	-	-
Employees' retirement benefit	1,751,300	-	-	-	-	1,751,300
Unclaimed dividend	777,785	777,785				
Provision for taxation	789,334	-	789,334	-	-	-
	202,723,422	107,902,324	53,845,434	39,224,364	-	1,751,300
Net balance	69,362,917	2,052,496	23,157,734	44,410,266	-	(257,579)
Net Assets	69,362,917					

	2017					
	TOTAL	UP TO ONE MONTH	OVER ONE MONTH TO ONE YEAR	OVER ONE YEAR TO FIVE YEAR	OVER FIVE YEAR	NON FIXED MATURITIES
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets						
Cash and bank balances	3,028,927	3,028,927	-	-	-	-
Advances and prepayments	779,389	137,831	641,558	-	-	-
Sales tax recoverable	220,406	-	220,406	-	-	-
Other receivables	518,951	-	518,951	-	-	-
Net investment in lease finance	261,924,900	144,028,993	39,324,580	78,571,327	-	-
Long term security deposits	280,309	-	-	217,809	-	62,500
Property, plant and equipment	1,731,915	-	-	-	-	1,731,915
	268,484,797	147,195,751	40,705,495	78,789,136	-	1,794,415

Liabilities						
Accrued and other liabilities	2,863,298	2,863,298	-	-	-	-
Accrued mark up	572,907	572,907	-	-		-
Loan from related parties	40,000,000	-	40,000,000	-	-	-
Deposits on lease contracts	148,425,947	103,165,028	6,239,019	39,021,900	-	-
Employees' retirement benefit	1,423,886	-	-	-	-	1,423,886
Unclaimed dividend	777,785	777,785				
Provision for taxation	652,967	-	652,967	-	-	-
	194,716,790	107,379,018	46,891,986	39,021,900	-	1,423,886
Net balance	73,768,007	39,816,733	(6,186,491)	39,767,236	-	370,529
Net Assets	73,768,007					

33. 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 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 trading and available-for-sale 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.

34. SEGMENT INFORMATION

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Company has been identified as the chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Company's entire product portfolio and considers the business to have a single operating segment. The Company's asset allocation decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

35. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company have not proposed any appropriations in their meeting held on 25 September, 2018.

36. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on 25 September, 2018.

37. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. To comply with the requirements of the fourth schedule to the Companies Act, 2017 unclaimed dividend has been reclassified from accrued and other liabilities and presented on the face of the statement of financial position. Except for this, no significant rearrangements have been made in these financial statements.

MUHAMMAD TAHIR BUTT	(KHAWAR ANWAR KHUWAJA)	MUHAMMAD AVAIS IBRAHIM
CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

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PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2018

Categories of Shareholder	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. MOHAMMAD TAHIR BUTT	-	339,312	339,312	1.58
Directors				
Mr. Omar Khawar Khawaja	95,675	-	95,675	0.45
Mr. Iftikhar Ahmed Butt	50	-	50	0.00
Mr. Abdul Qayum Malik	50	-	50	0.00
Mr. Muhammad Khalid	50	-	50	0.00
Mr. Khawar Anwar Khawaja	138,675	1,131,018	1,269,693	5.91
Mr. Khurram Anwar Khawaja	138,675	1,230,333	1,369,008	6.37
Director's Spouses and Their Minor Childern				
Mrs. Khadeeja Khurram	575,840	-	575,840	2.68
Mrs. Farough Tahir Butt	351,574	-	351,574	1.64
Mrs. NUZHAT KHAWAR KHAWAJA	-	476,312	476,312	2.22
	1,300,589	3,176,975	4,477,564	20.83
Associated Companies, Undertakings & Related Parties				
M/s. GOC (PAK) LIMITED	-	7,999,999	7,999,999	37.21
M/s. Anwar Khawaja Industries (Pvt) Limited	3,739,603	-	3,739,603	17.39
	3,739,603	7,999,999	11,739,602	54.60
Other Companies, Corporate Bodies, Trust etc.	111,111	144,005	255,116	1.19
General Public				
A. General Public (Local)	3,663,500	1,333,482	4,996,982	23.14
B. General Public (Foreigner)	26,736	4,000	30,736	0.25
	3,690,236	1,337,482	5,027,718	23.38
	8,841,539	12,658,461	21,500,000	100.00
Shareholders More Than 5.00%				
GOC (PAK) LIMITED			7,999,999	37.21
Anwar Khawaja Industries (Pvt) Limited			3,739,603	17.39
Khurram Anwar Khawaja			1,369,008	6.37
KHAWAR ANWAR KHAWAJA			1,269,693	5.91

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2018

No. of Shareholders	Shareholding		Total Shares held
	From	To	
65	1	100	1,553
57	101	500	22,789
106	501	1,000	80,199
81	1,001	5,000	214,313
28	5,001	10,000	205,779
9	10,001	15,000	108,122
4	15,001	20,000	73,147
12	20,001	25,000	273,757
4	25,001	30,000	111,290
2	30,001	35,000	66,333
2	35,001	40,000	80,000
2	40,001	45,000	86,000
2	45,001	50,000	96,000
3	55,001	60,000	173,888
1	60,001	65,000	64,666
1	65,001	70,000	70,000
1	90,001	95,000	91,500
4	95,001	100,000	387,025
3	110,001	115,000	334,721
1	115,001	120,000	116,435
1	120,001	125,000	120,400
1	130,001	135,000	132,004
3	135,001	140,000	417,350
1	180,001	185,000	181,666
1	225,001	230,000	228,086
1	255,001	260,000	258,000
1	285,001	290,000	288,510
1	310,001	315,000	311,524
1	330,001	335,000	334,312
1	350,001	355,000	351,574
1	475,001	480,000	476,312
1	575,001	580,000	575,840
1	1,065,001	1,070,000	1,065,952
1	1,130,001	1,135,000	1,131,018
1	1,230,001	1,235,000	1,230,333
1	3,735,001	3,740,000	3,739,603
1	7,995,001	8,000,000	7,999,999
407			21,500,000

GRAYS LEASING LTD.

23RD ANNUAL GENERAL MEETING

FORM OF PROXY

This form of Proxy, in order to be effective, must be completed and deposited at the Company's registered office at 701-A, 7th Floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

I/We_____

of _____ being a member of **GRAYS LEASING LTD.**

Registered at Folio No._____and / or CDC participant I.D. No._____ and sub account No._____

holder of _____

Ordinary shares hereby appointed Mr./Mrs./Miss _____

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf in the annual general meeting of the Company at 701-A, 7th Floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore on October 25, 2018 at 10:00 a.m or at any adjournment thereof.

As witness my/our hand this _____ day of 2018.

Signed by the said _____ in the presence of

Date (Member's Signature)

Affix Rs. 5/- revenue stamp which must be canceled either by signature over it or by some other means

Place (Witness Signature)

پراکسی فارم (مختار نامہ)

سیکرٹری

گریز لیزنگ لمیٹڈ

۷۰۱-اے، ساتویں منزل، سٹی ٹاورز،

مین بلیوارڈ، گلبرگ-۱۱، لاہور

میں/ہم _____

ساکن _____

بحیثیت رکن **گریز لیزنگ لمیٹڈ** اور حامل _____ عام حصص بمطابق شیئر رجسٹر فولیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____)

بذریعہ ہذا

محترم/محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____)

یا اسکی غیر موجودگی میں محترم/محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے بمطابق شیئر رجسٹر فولیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیسپنٹ (شرکت) آئی ڈی نمبر _____) کو

مورخہ 25 اکتوبر 2018ء کو منعقد ہونے والے کمپنی کے 23 ویں سالانہ اجلاس عام (۷۰۱-اے، ساتویں منزل، سٹی ٹاورز، مین بلیوارڈ، گلبرگ-۱۱، لاہور) میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/ کرتے ہیں۔

دستخط..... آج بروز..... بتاریخ.....2018ء

5 روپے کا رسیدی ٹکٹ
چسپاں کریں

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے
مطابق ہونے چاہئیں

تاریخ

ممبر کے دستخط

جگہ

گواہ کے دستخط

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REGISTERED AND HEAD OFFICE
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