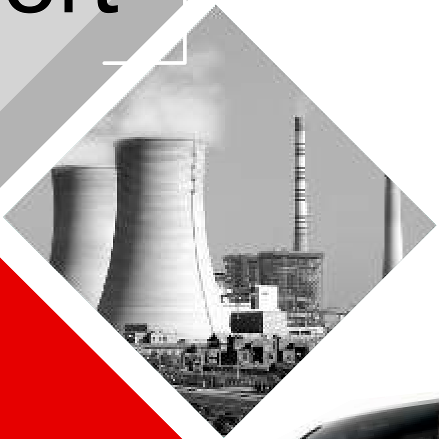
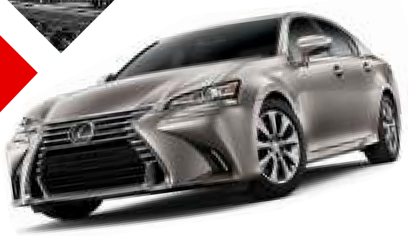
GRAYS LEASING LIMITED

Annual 2017 Report





CONTENTS

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	
BANKERS	Standard Chartered Bank (Pakistan) 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 22nd ANNUAL GENERAL MEETING

Notice is hereby given that the 22th Annual General Meeting of the Company will be held on October 26, 2017 at 11:00 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 21th Annual General Meeting held on October 26, 2016.

2 To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2017 together with the Directors' and Auditors' reports thereon

3 To appoint auditors for the year 2017-2018 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, 2018.

4 To elect seven (7) directors of the company for a period of three years as fixed by the Board of Directors, in accordance with the provisions of Section 159(1) of the Companies Act, 2017, for a term of three (3) years. Following are the names of retiring directors;

1. Mr. Khawar Anwar Khawaja
2. Mr. Muhammad Tahir Butt
3. Mr. Khurram Anwar Khawaja
4. Mr. Abdul Qayum Malik
5. Mr. Iftikhar Ahmed Butt
6. Mr. Omer Khawar Khawaja
7. Mr. Muhammad Khalid

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

BY ORDER OF THE BOARD

Muhammad Adil Munir
(COMPANY SECRETARY)

Lahore: October 05, 2017

NOTES:

1. Any person who seeks to contest the election of the office of Director shall, whether he/she is a retiring Director or otherwise: a. File at the Registered Office of the Company, not later than fourteen (14) days before the date of meeting, his/her intention to offer himself/herself for the election of Director together with consent on Form-28, as prescribed by the Act. b. File a declaration to the effect that he/she is aware of the duties and powers of Directors under the relevant laws, Memorandum and Articles of Association of the Company and the Rule Book of the Pakistan Stock Exchange and that he/she meets the requirement of appointment as Director under the Code of Corporate Governance and the Companies Act, 2017. c. Detailed profile along with office address for placement on the Company's website th seven (7) days prior to the date of election in terms of SRO 25(1)/2012 of 16 January 2012.

2. The Share Transfer Books of the Company will remain closed from October 20, 2017 to October 26, 2017 (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 19, 2017 will be considered in time for determination of entitlement of shareholders to attend and vote at the meeting.

3. 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.

4. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially 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.

5. Members, who have deposited their shares into Central Depositary Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan

A. For Attending the Meeting

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his identity by showing his original NIC or original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Boards' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.

b. Two persons whose names, addresses and NIC numbers shall be mentioned on the form shall witness the proxy form.

c. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original NIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Boards' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

6. SUBMISSION OF COPIES OF CNICS / NTN

In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 779(I) 2011 dated August 18, 2011 and SRO 831(1)/2012 dated July 05, 2012; dividend warrants should bear Computerized National Identity Card (CNIC) numbers of the registered member or the authorized person, except in case of minor(s) and corporate members.

Accordingly, Members who have not yet submitted copy of their valid CNIC/ NTN (in case of corporate entities) are again requested to submit the same to the Share Registrar, with Members folio no. mentioned thereon. It may kindly be noted that in case of non-receipt of the copy of valid CNIC, the Company would be constrained to withhold dispatch of dividend warrants.

7. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE

In accordance with the compliance of Section 242 of the Companies Act, 2017, payment of dividend will only be made by way of electronic mode, directly to the bank accounts of entitled shareholders designated by them. In this regard E-Dividend Mandate Form has already been sent to all the shareholders.

Further, SECP through Circular No. 18/2017 has provided relaxation till October 31, 2017 for the compliance of this section and required the listed companies to approach their shareholders for obtaining Electronic Dividend Mandate. With effect from November 01, 2017, all dividend payments shall be paid through electronic mode only.

Accordingly, all shareholders are requested to submit the duly filled Dividend Mandate Form to Company's Share Registrar. Shareholders having shares in CDC/Brokerage House are requested to submit the duly filled Dividend Mandate Form to their respective participants/investor account services.

DIRECTORS' REPORT

The Directors of Grays Leasing Limited (GLL/Company) are pleased to present the 22nd Annual Report together with the audited financial statements for the year ended June 30, 2017.

OPERATING RESULTS

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

	Rupees
Total revenue	10,909,844
Total expenses	(11,335,050)
Profit before tax	(425,206)
Provision for taxation	
Current	
For the year	(543,406)
Prior year	44,774
Deferred	
For the year	19,702
	(478,930)
Loss after tax	(904,136)
Loss per share	**(0.042)**

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 79.525 million (2016:72.407 million). Gross investment in finance leases as at 30 June 2017 stands at Rupees 482.448 million against Rupees 461.147 million on June 30, 2016, while the net investment stands at Rupees 420.668 million on 30 June 2017 against Rupees 400.993 million of the last year. The gross revenue from operations was Rupees 10.910 million against Rupees 10.222 million in 2016. The loss before and loss after tax for the current year is Rupees 0.425 million and Rupees 0.904 million as compared to loss before and after tax of preceding year which was Rupees 0.176 million and Rupees 0.714 million respectively. Shareholders equity of the company is at Rupees 73.768 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

The company is utilizing funding available from the associated undertaking Anwar Khawaja Industries (Private) Limited, Chief Executive and internal cash generation through recovery measures. 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.

CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their Listing Regulations, relevant for the year ended 30 June 2017 have been adopted by the company. A statement of compliance with the best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL FRAMEWORK

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting framework:

- The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flow and changes in equity.
- Proper book of accounts 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.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- No training program was attended by the directors during the year as three (3) directors of the Company are exempt from directors' training program due to 14 years of education and 15 years of experience on the board of listed company and one (1) of the Director has completed directors' training program during the year ended 30 June 2016.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as going concern.

PATTERN OF SHAREHOLDING

A statement showing pattern of shareholding in the company as on 30 June 2017 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 Messrs Riaz Ahmad & Company, Chartered Accountants, have retired and being eligible, offer themselves for reappointment.

MATERIAL CHANGES

There have been no material changes and commitments affecting the financial position of the company which have occurred between 30 June 2017 and 19 September 2017.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

Your company strives to follow best practices such as paper less environment and conserving 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

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	2	2
Mr. Muhammad Khalid Butt	2	2

AUDIT COMMITTEE MEETINGS

During the year, four meetings of the audit committee were held. Attendance of each director is asunder:

	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 director is as under:

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

ACKNOWLEDGMENT

I would like to thank 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
Sialkot: 19th September 2017

Iftikhar Ahmad Butt
Director

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں 30 جون 2017 کو اختتام پذیر ہونے والے سال کے لیے بائیسویں ڈائریکٹرز رپورٹ بمعہ آڈٹ شدہ مالی اسٹیٹمنٹس مسرت سے پیش کر رہے ہیں۔

عمل کاری کے نتائج:

کمپنی کے عمل کاری کے نتائج درج ذیل ہیں:

کل آمدن	10,909,844
کل اخراجات	(11,335,050)
نقصان قبل از ٹیکس	(425,206)
قواعد برائے ٹیکس	
موجودہ سال	(543,406)
گزشتہ سال	44,774
تاخیر برائے سال	19,702
	(478,930)
نقصان بعد از ٹیکس	(904,136)
نقصان فی شیئر	**(0.042)**

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 79.525 ملین روپے کا کاروبار کیا (ملین 2016:72.407) ۔30 جون 2017 تک مالی لیز میں کل سرمایہ کاری 30 جون 2016 کے 461.147 ملین روپے کی جگہ 482.448 ملین تھی، جبکہ 30 جون 2017 تک کی حتمی سرمایہ کاری گزشتہ سال کے 400.993 ملین روپے کی جگہ 420.668 ملین تھی۔ عوامل سے کل آمدن 2016 کے 10.222 ملین کی جگہ 10.910 ملین ہوئی۔ ٹیکس سے قبل اور بعد میں نقصان 0.425 ملین اور 0.704 ملین روپے ہے جبکہ گزشتہ سال ٹیکس سے قبل اور بعد میں نقصان کے موازنہ میں بالترتیب 0.176 ملین روپے اور 0.715 ملین روپے تھا۔ کمپنی کی Shareholders Equity مبلغ 73.768 ملین روپے پر ہے۔

کریڈٹ کی درجہ بندی

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے گریز لیزنگ لمیٹڈ (جی ایل ایل) کی کریڈٹ کی درجہ بندی کی BB-/B (ڈبل B مائنس / سنگل B) پر دوبارہ توثیق کی ہے۔ مقرر کردی 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۔

مقسوم

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

ضابطہ کاروباری نگرانی

کمپنی نے کارپوریٹ گورننس کی ضروریات کے متعلق 30 جون 2017 کو ختم ہونے والے سال کی پاکستان سٹاک ایکسچینج کی مقرر کردہ لیسٹ اپنائی ہے۔کارپوریٹ گورننس کے کوڈ کے بہترین طریقوں کے مطابق تعمیل کا ایک بیان شامل ہے۔

کاروباری و مالی ڈھانچہ

ضابطہ کاروباری نگرانی کے تحت، ہم کاروباری و مالی ڈھانچے پر درج ذیل بیان دیتے ہیں:

☆ 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 باقاعدہ 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۔

☆ مالی اسٹیٹمنٹس کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ کے معیاروں کی پیروی کی گئی ہے اور کسی بھی انحراف کا انکشاف کیا گیا ہے۔

☆ رواں سال ڈائریکٹرز نے کسی تربیتی پروگرام میں شرکت نہیں کی چونکہ کمپنی کے تین ڈائریکٹرز صاحبان کو 14 سالہ تعلیم اور 15 سالہ تجربے کی بناء پر تربیتی پروگرام میں شرکت چھوٹ حاصل ہے اور ایک ڈائریکٹر نے سال 30 جون 2016 کے اختتام میں ڈائریکٹر ٹریننگ پروگرام مکمل کیا ہے۔

☆ 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 خاطر خواہ شبہات نہ ہیں۔

☆ لسٹنگ کے قواعد میں درج کاروباری نگرانی کے بہترین آداب سے کوئی مادی انحراف نہیں ہوا۔

شیئر ہولڈنگ کی ترتیب:

30 جون 2017 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۔

تبدیلیئے مواد

اس میں 30 جون 2017 اور 19 ستمبر 2017 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 ڈائریکٹر

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	2	2
جناب محمد خالد بٹ	2	2

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 ومعاوضہ کمیٹی

دوران سال انسانی وسائل ومعاوضہ 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	-

اعتراف

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

بجانب بورڈ

محمد طاہر بٹ	**افتخار احمد بٹ**
چیف ایگزیکٹو	**ڈائریکٹر**

سیالکوٹ، 19 ستمبر 2017

KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS

	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
PROFIT AND LOSS			(Rupees in Thousand)			
Revenue	25,930	9,206	10,246	10,667	10,222	10,910
Financial charges	8,631	1,426	1,105	2,127	2,022	2,276
Provision / (Reversal)for doubtful receivables	2,897	10,595	(6,650)	(1,474)	(3,407)	(2,276)
Profit / (Loss) before tax	(1,784)	3,686	(677)	(1,705)	176	(425)
Profit / (Loss) after tax	(3,523)	3,439	(1,075)	102	(714)	(904)
Dividend	-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-

BALANCE SHEET

Paid up share capital	215,000	215,000	215,000	215,000	215,000	215,000
Shareholders' equity	71,910	75,349	75,140	75,248	74,626	73,768
Borrowings	12,383	4,000	15,000	25,000	25,000	40,000
Net investment in finance lease	424,714	373,463	383,630	384,207	400,993	420,668
Total assets	243,381	214,753	223,832	234,461	248,032	268,485

PERFORMANCE INDICATORS

Profit / (Loss) before tax/Gross revenue	-7%	40%	-7%	-16%	2%	-4%
Profit / (Loss) after tax/Gross revenue	-14%	37%	-10%	1%	-7%	-8%
Pre tax return on shareholders' equity	-2%	5%	-1%	-2%	0.2%	-0.6%
After tax return on shareholders' equity	-5%	5%	-1%	0%	-1%	(0.01)
Income / expense ratio	0.93	0.76	0.83	0.75	0.76	0.80
Interest coverage ratio	(1.23)	2.11	(1.61)	(1.80)	(0.91)	(1.18)
Earning / (Loss) per share	(0.16)	0.16	(0.05)	0.005	(0.03)	(0.04)
Break up value per share	3.34	3.50	3.49	3.50	3.47	3.43
Lease disbursements	2,680	29,232	40,880	45,436	65,686	79,525
Number of contracts	2	20	31	19	29	33

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE (CCG)

Grays Leasing Limited

Year ended: June 30, 2017.

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Abdul Qayum Malik Mr. Iftikhar Ahmed Butt
Executive Director	Mr. Muhammad Tahir Butt
Non-Executive Directors	Mr. Khawar Anwar Khawaja Mr. Khurram Anwar Khawaja Mr. Muhammad Khalid Butt Mr. Omer Khawar Khawaja

The above named independent directors meet the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year, no casual vacancy was occurred on the board.

5. 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.

6. 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.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board. No remuneration is paid to CEO and directors of the company.

8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. Three Directors of the company are exempt from orientation course due to 14 years of education and 15 years of experience on the board of a listed company. One director completed the directors' training program during the year ended 30 June 2016. Remaining directors of the company will complete directors training program within the time allowed by the Code.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the Board. However, remuneration of the aforesaid officers was ratified as per company policy approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 3 members, of whom two are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the Audit committee were held at least once every quarter prior to the approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of 3 members, 2 of them are non-executive directors and one is executive director. Chairman of the Committee is non- executive director.

18. The Board has set-up effective internal audit function by appointing a full-time Head of Internal Audit. The day to day operations of this function are being performed and supervised by the Head of Internal Audit, who is experienced for the purpose and conversant with the policies and procedures of the Company.

19. 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, 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) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

IFTIKHAR AHMAD BUTT
Director

Muhammad Tahir Butt
Chief Executive

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 30,2017 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.

Riaz Ahmad & Company
Chartered Accountants

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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **GRAYS LEASING LIMITED** ("the Company") for the year ended 30 June 2017 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

(i) During the year ended 30 June 2016, two casual vacancies occurred on the Board of Directors of the Company. One casual vacancy was filled in the year ended 30 June 2016 and the other casual vacancy has been filled in May 2017. Both casual vacancies were filled after 90 days of occurrence, therefore, do not meet the criteria given in clause 5.19.3 of the Code.

(ii) Chief Financial Officer of the Company does not meet the qualification criteria given in clause 5.19.9(a) of the Code.

(iii) Head of Internal Audit of the Company does not meet the qualification criteria given in clause 5.19.9(b) of the Code.

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International

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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 19 SEP 2017

LAHORE

Riaz Ahmad & Company
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GRAYS LEASING LIMITED** as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, 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 2017 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 19 SEP 2017

LAHORE

BALANCE SHEET AS AT 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
Current assets			
Cash and bank balances	3	3,028,927	4,244,979
Advances and prepayments	4	529,389	322,673
Sales tax recoverable		220,406	114,981
Other receivables	5	518,951	469,360
Current maturity of non-current assets	6	183,603,573	185,904,619
		187,901,246	191,056,612
Non-current assets			
Net investment in lease finance	7	78,571,327	54,319,704
Long term security deposits and prepayment	8	280,309	530,308
Deferred income tax	9	-	-
Property, plant and equipment	10	1,731,915	2,125,562
		80,583,551	56,975,574
TOTAL ASSETS		268,484,797	248,032,186
LIABILITIES			
Current liabilities			
Loans from related parties	11	40,000,000	25,000,000
Accrued and other liabilities	12	3,641,083	7,417,858
Accrued mark-up	13	572,907	392,723
Current maturity of non-current liabilities	14	109,404,047	111,754,205
Provision for taxation		652,967	588,550
		154,271,004	145,153,336
Non-current liabilities			
Deposit on lease contracts	15	39,021,900	26,882,615
Employees' retirement benefit	16	1,423,886	1,370,063
		40,445,786	28,252,678
TOTAL LIABILITIES		194,716,790	173,406,014
NET ASSETS		73,768,007	74,626,172
REPRESENTED BY:			
Authorized share capital			
35,000,000 (2016: 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 (2016: 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		(200,488,608)	(199,630,443)
Shareholders' equity		73,768,007	74,626,172
Contingencies and commitments	19		
		73,768,007	74,626,172

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

MUHAMMAD TAHIR BUTT	IFTIKHAR AHMAD BUTT	MUHAMMAD AVAIS IBRAHIM
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 Rupees	2016 Rupees
REVENUE			
Income from lease operations	20	10,068,629	9,711,670
Other income	21	841,215	510,376
		10,909,844	10,222,046
EXPENDITURE			
Administrative and other expenses	22	(11,215,156)	(11,431,372)
Financial and other charges	23	(2,395,440)	(2,022,731)
Net reversal of provision for potential lease losses	7.2	2,275,546	3,407,612
		(11,335,050)	(10,046,491)
(LOSS) / PROFIT BEFORE TAXATION		(425,206)	175,555
Taxation	24	(478,930)	(889,564)
LOSS AFTER TAXATION		(904,136)	(714,009)
Loss per share - basic and diluted	25	(0.042)	(0.033)

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

MUHAMMAD TAHIR BUTT	IFTIKHAR AHMAD BUTT	MUHAMMAD AVAIS IBRAHIM
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017 Rupees	2016 Rupees
Loss after taxation	(904,136)	(714,009)
Other comprehensive income :		
Item that will not be reclassified to profit or loss		
Gain on remeasurement of defined benefit obligation	65,673	132,940
Deferred tax on remeasurement of defined benefit obligation	(19,702)	(41,211)
	45,971	91,729
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive loss for the year	(858,165)	(622,280)

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

MUHAMMAD TAHIR BUTT	IFTIKHAR AHMAD BUTT	MUHAMMAD AVAIS IBRAHIM
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(425,206)	175,555
Adjustments for non-cash charges and other items:		
Depreciation	393,647	351,703
Provision for gratuity	282,354	309,880
Financial charges	2,395,440	2,022,731
Net reversal of provsion for potential lease losses	(2,275,546)	(3,407,612)
Profit on bank deposits	(67,101)	(218,255)
	728,794	(941,553)
Profit / (Loss) before working capital changes	303,588	(765,998)
(Increase) / decrease in advances and prepayments	(206,716)	383,583
Increase in sales tax recoverable	(105,425)	(114,981)
Decrease / (increase) in other receivable	33,442	(31,175)
(Decrease) / increase in accrued and other liabilities	(3,776,775)	5,266,044
Cash (used in) / generated from operations	(3,751,886)	4,737,473
Financial charges paid	(2,215,256)	(1,919,532)
Income tax paid	(517,248)	(914,215)
Gratuity paid	(162,858)	-
Net (increase) / decrease in long term prepayment	249,999	(500,000)
Net cash (used in) / generated from operating activities	(6,397,249)	1,403,726
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in lease finance - net	(19,675,031)	(16,899,962)
Property, plant and equipment acquired	-	(721,300)
Profit on bank deposits	67,101	218,255
Net cash used in investing activities	(19,607,930)	(17,403,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from related parties	15,000,000	-
Deposits on lease contracts - net	9,789,127	9,054,590
Lease rentals paid	-	(276,930)
Net cash from financing activities	24,789,127	8,777,660
Net decrease in cash and cash equivalents	(1,216,052)	(7,221,621)
Cash and cash equivalents at the beginning of the year	4,244,979	11,466,600
Cash and cash equivalents at the end of the year	3,028,927	4,244,979

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

MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE

IFTIKHAR AHMAD BUTT
DIRECTOR

MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVE STATUTORY RESERVE	ACCUMULATED LOSS	SHAREHOLDERS' EQUITY
	------------------------ Rupees ------------------------			
Balance as at 30 June 2015	215,000,000	59,256,615	(199,008,163)	75,248,452
Loss for the year	-	-	(714,009)	(714,009)
Other comprehensive income for the year	-	-	91,729	91,729
Total comprehensive loss for the year	-	-	(622,280)	(622,280)
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

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

MUHAMMAD TAHIR BUTT	IFTIKHAR AHMAD BUTT	MUHAMMAD AVAIS IBRAHIM
CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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). Its registered office is situated at 701-A, 7th floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.

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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). Wherever the requirements of the repealed Companies Ordinance, 1984, NBFC Rules, NBFC Regulations and directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the repealed Companies Ordinance, 1984, NBFC Rules, NBFC Regulations and the said directives take precedence.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

b) 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.

c) 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

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

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2016:

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

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

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2016 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.

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 2017 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 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 derecognition 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 January 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. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31' Revenue-Barter Transactions Involving Advertising Services. 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.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is 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.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 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.

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 will result 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 are not likely to have significant impact on Company's financial statements.

a) 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 2017 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 profit and loss account.

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 profit and loss account 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 statement of other 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 statement of other comprehensive income is included in profit and loss account.

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 balance sheet 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 profit and loss account. 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 profit and loss account.

2.8 Leases

Where the company is the lessee:

a) Finance lease

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease.

Each lease payment is allocated between the liability and the finance charge so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful lives of the assets on a reducing balance method at the rates given in Note 10. Depreciation on leased assets is charged to income.

Depreciation on additions to leased assets is charged from the day in which an asset is acquired while no depreciation is charged from the day on which the asset is disposed of.

Where the company is the lessor:

b) Operating lease

Assets leased out under operating leases are included in property, plant and equipment. These are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognized on accrual basis over the lease term.

2.9 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.

2.10 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 balance sheet 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 balance sheet date. Deferred tax is charged or credited in the income statement, 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.

2.11 Financial instruments

Financial instruments carried on the balance sheet include deposits, net investment in finance leases, advances, other receivable, cash and bank balances, loans from associated undertaking, 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.

2.12 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.

2.13 Accrued and other liabilities

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

2.14 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 balance sheet date and adjusted to reflect the current best estimate.

2.15 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet 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.

2.16 Revenue 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.

2.17 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.

2.18 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet 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.

2.19 Share capital

Ordinary shares are classified as equity.

2.20 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.

		2017 Rupees	2016 Rupees
3.	CASH AND BANK BALANCES		
	Cash in hand	863,059	13,065
	Cash with banks:		
	Balance with State Bank of Pakistan	5,816	1,071
	Current accounts	2,086,729	2,446,575
	Saving accounts (Note 3.1)	73,323	1,784,268
		3,028,927	4,244,979

3.1 Cash with banks in saving accounts carry mark-up at 5 % (2016: 5%) per annum.

		2017 Rupees	2016 Rupees
4.	ADVANCES AND PREPAYMENTS		
	Advances - considered good:		
	Advances against expenses	100,956	71,660
	Advances to employees	295,000	116,500
		395,956	188,160
	Prepayments	133,433	134,513
		529,389	322,673
5.	OTHER RECEIVABLES		
	Advance income tax - considered good	517,248	434,215
	Other receivable - considered good	1,703	35,145
		518,951	469,360
6.	CURRENT MATURITY OF NON-CURRENT ASSETS		
	Net investment in lease finance (Note 7)	183,353,573	185,654,619
	Prepayment (Note 8)	250,000	250,000
		183,603,573	185,904,619
7.	NET INVESTMENT IN LEASE FINANCE		
	Lease rentals receivable	334,021,778	322,510,412
	Add: Guaranteed residual value of leased assets	148,425,947	138,636,820
	Gross investment in lease finance (Note 7.1)	482,447,725	461,147,232
	Less: Unearned finance income	(61,780,069)	(60,154,607)
	Net investment in lease finance (Note 7.1)	420,667,656	400,992,625
	Less: Allowance for potential lease losses (Note 7.2)	(158,742,756)	(161,018,302)
	Net investment in lease finance - net off provision	261,924,900	239,974,323
	Less: Current maturity shown under current assets (Note 6)	(183,353,573)	(185,654,619)
		78,571,327	54,319,704

7.1

	GROSS INVESTMENT IN LEASE FINANCE		NET INVESTMENT IN LEASE FINANCE	
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
Not later than one year	394,342,521	400,665,402	342,096,329	346,672,921
Later than one year but not later than five years	88,105,204	60,481,830	78,571,327	54,319,704
	482,447,725	461,147,232	420,667,656	400,992,625
Less: Unearned finance income	(61,780,069)	(60,154,607)		
	420,667,656	400,992,625		

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 (2016: 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 29.1(b). The non-performing leases are determined in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

7.2 ALLOWANCE FOR POTENTIAL LEASE LOSSES

Balance as at 01 July	161,018,302	164,539,752
Provision for potential lease losses made during the year	42,616	124,914
Reversal of provision for potential lease losses during the year	(2,318,162)	(3,532,526)
Net reversal of provision for potential lease losses	(2,275,546)	(3,407,612)
Net investment in lease finance written off against provision	-	(113,838)
Balance as at 30 June	158,742,756	161,018,302

8. LONG TERM SECURITY DEPOSITS AND PREPAYMENT

Security deposits	62,500	62,500
Prepayment	467,809	717,808
	530,309	780,308
Less: Current maturity of prepayment shown under current assets (Note 6)	(250,000)	(250,000)
	280,309	530,308

9. DEFERRED INCOME TAX

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

Accelerated tax depreciation	(83,315,268)	(82,121,334)
Tax losses	99,031,288	104,483,241
Provision for gratuity	427,166	424,720
	16,143,186	22,786,627
Less: Deferred income tax asset not recognized	(16,143,186)	(22,786,627)
	-	-

9.1 The net deferred income tax asset of Rupees 16.143 million (2016: Rupees 22.786 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:

	OWNED					LEASED	TOTAL
	OWN USE					OWN USE	
	FURNITURE AND FIXTURES	VEHICLES	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	TOTAL	VEHICLE	
	Rupees						
As at 30 June 2015							
Cost	511,740	1,544,324	580,555	1,510,417	4,147,036	1,040,800	5,187,836
Accumulated depreciation	(339,033)	(912,799)	(345,224)	(1,372,045)	(2,969,101)	(384,542)	(3,353,643)
Accumulated impairment loss	(22,035)	-	(26,798)	(29,395)	(78,228)	-	(78,228)
Net book value	150,672	631,525	208,533	108,977	1,099,707	656,258	1,755,965
Year ended 30 June 2016							
Opening net book value	150,672	631,525	208,533	108,977	1,099,707	656,258	1,755,965
Additions	31,000	648,300	42,000	-	721,300	-	721,300
Transferred from leased assets :							
Cost	-	1,040,800	-	-	1,040,800	(1,040,800)	-
Accumulated depreciation	-	(489,256)	-	-	(489,256)	489,256	-
	-	551,544	-	-	551,544	(551,544)	-
Depreciation charge	(17,726)	(173,035)	(23,535)	(32,693)	(246,989)	(104,714)	(351,703)
Closing net book value	163,946	1,658,334	226,998	76,284	2,125,562	-	2,125,562
As at 30 June 2016							
Cost	542,740	3,233,424	622,555	1,510,417	5,909,136	-	5,909,136
Accumulated depreciation	(356,759)	(1,575,090)	(368,759)	(1,404,738)	(3,705,346)	-	(3,705,346)
Accumulated impairment loss	(22,035)	-	(26,798)	(29,395)	(78,228)	-	(78,228)
Net book value	163,946	1,658,334	226,998	76,284	2,125,562	-	2,125,562
Year ended 30 June 2017							
Opening net book value	163,946	1,658,334	226,998	76,284	2,125,562	-	2,125,562
Depreciation charge	(16,395)	(331,667)	(22,700)	(22,885)	(393,647)	-	(393,647)
Closing net book value	147,551	1,326,667	204,298	53,399	1,731,915	-	1,731,915
As at 30 June 2017							
Cost	542,740	3,233,424	622,555	1,510,417	5,909,136	-	5,909,136
Accumulated depreciation	(373,154)	(1,906,757)	(391,459)	(1,427,623)	(4,098,993)	-	(4,098,993)
Accumulated impairment loss	(22,035)	-	(26,798)	(29,395)	(78,228)	-	(78,228)
Net book value	147,551	1,326,667	204,298	53,399	1,731,915	-	1,731,915
Annual rate of depreciation (%)	10	20	10	30		20	

		2017 Rupees	2016 Rupees
11.	LOANS FROM RELATED PARTIES		
	Chief Executive Officer (Note 11.1)	10,000,000	-
	Anwar Khawaja Industries (Private) Limited - associated company (Note 11.2)	30,000,000	25,000,000
		40,000,000	25,000,000

11.1. This unsecured loan carries mark-up at the rate of 3 months KIBOR. This loan is repayable on demand.

11.2. This unsecured loan carries mark-up at the rate of 3 months KIBOR (2016: 3 months KIBOR). This loan is repayable till 04 November 2017.

11.3. Mark-up rae on these loans ranged from 5.99% to 6.36% (2016: 6.36% to 7.27%) per annum during the year.

		2017 Rupees	2016 Rupees
12.	ACCRUED AND OTHER LIABILITIES		
	Accrued liabilities	913,406	481,672
	Income tax deducted at source	188,577	720
	Un-claimed dividend	777,785	777,785
	Insurance premium and claims payable	1,761,315	1,487,681
	Payable against purchase of vehicles given on lease	-	4,670,000
		3,641,083	7,417,858

13. ACCRUED MARK-UP

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

14.	CURRENT MATURITY OF NON-CURRENT LIABILITIES		
	Deposits on lease contracts (Note 15)	109,404,047	111,754,205
15.	DEPOSITS ON LEASE CONTRACTS		
	Balance as at 30 June	148,425,947	138,636,820
	Less: Current maturity shown under current liabilities	(109,404,047)	(111,754,205)
		39,021,900	26,882,615

15.1 These represent interest free security deposits received from lessees, at the rates ranging from 2% to 70% (2016: 5% to 70%) of lease amount, against lease contracts and are refundable / adjustable at the expiry / termination of respective leases.

16. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the defined benefit plan as at 30 June 2017 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

		2017 Rupees	2016 Rupees
	Present value of defined benefit obligation (Note 16.1)	1,423,886	1,370,063
	Net Liability as at 01 July	1,370,063	1,193,123
	Charge to profit and loss account (Note 16.2)	282,354	309,880
	Remeasurement recognized in other comprehensive income	(65,673)	(132,940)
	Payments	(162,858)	-
	Liability as at 30 June	1,423,886	1,370,063
16.1	The movement in the present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligations	1,370,063	1,193,123
	Current service cost	188,928	193,551
	Interest cost	93,426	116,329
	Benefit paid	(162,858)	-
	Experience adjustment	(65,673)	(132,940)
		1,423,886	1,370,063
16.2	Charge to profit and loss account:		
	Current service cost	188,928	193,551
	Interest cost	93,426	116,329
		282,354	309,880

		2017	2016	2015	2014	2013
16.3	Present value of defined benefit obligation (Rupees)	1,423,886	1,370,063	1,193,123	962,997	961,215
	Experience adjustment on obligation	(4.79%)	(11.14%)	(1.02%)	(29.98%)	50.26%

16.4 Principal actuarial assumptions used:

	2017	2016
	(% per annum)	
Discount rate	7.75	7.25
Expected rate of increase in salary	6.75	6.25

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 0.284 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 reporting date:

	Defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees	Rupees
Discount rate	100	1,301,986	1,565,737
Future salary increase	100	1,565,737	1,299,850

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

	2017	2016
The weighted average duration of the obligation (in years)	9	9

17. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		2017	2016
(Number of shares)			Rupees	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

17.1 Ordinary shares of the Company held by associated companies:

	2017	2016
	(Number of shares)	
GOC (PAK) Limited (Formerly Grays of Cambridge (Pakistan) Limited)	7,999,999	7,999,999
Anwar Khawaja Industries (Private) Limited	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.

		2017	2016
19.	Contingencies and commitments		
19.1	Contingencies	-	-
19.2	Commitments	-	-

20. INCOME FROM LEASE OPERATIONS

	2017	2016
	Rupees	Rupees
Finance lease income	9,566,858	8,990,149
Documentation charges	288,920	164,003
Additional lease rentals	212,851	557,518
	10,068,629	9,711,670

		2017 Rupees	2016 Rupees
21.	OTHER INCOME		
	Income from financial assets		
	Processing fee and other charges	774,114	292,121
	Profit on bank deposits	67,101	218,255
		841,215	510,376
22.	ADMINISTRATIVE AND OTHER EXPENSES		
	Salaries, allowances and other benefits (Note 22.1)	5,289,983	2` 5,402,213
	Repair and maintenance	498,023	550,696
	Rent, rates and taxes	591,200	567,200
	Postage and telephone	225,180	234,438
	Vehicles' running	787,545	796,495
	Utilities	128,450	136,848
	Legal and professional	634,109	811,036
	Insurance	101,592	96,136
	Fees and subscription	868,705	811,850
	Travelling and conveyance	496,560	450,992
	Printing and stationery	217,117	237,365
	Auditors' remuneration (Note 22.2)	612,500	565,000
	Entertainment	177,480	209,767
	Advertisement	38,500	38,500
	Newspapers and periodicals	10,736	11,874
	Depreciation on property, plant and equipment (Note 10)	393,647	351,703
	Miscellaneous	143,829	159,259
		11,215,156	11,431,372

22.1 These include Rupees 0.282 million (2016: Rupees 0.310 million) charged in respect of gratuity as referred to in Note 16 and Rupees 0.263 million (2016: Rupees 0.287 million) charged in respect of compensated absences.

		2017 Rupees	2016 Rupees
22.2	Auditors' remuneration		
	Audit fee	330,000	300,000
	Half yearly review and other sundry certifications	192,500	185,000
	Out-of-pocket expenses	90,000	80,000
		612,500	565,000
23.	FINANCIAL AND OTHER CHARGES		
	Financial charges		
	Mark up on:		
	Loans from related parties	2,033,199	1,656,347
	Lease liability	-	20,922
		2,033,199	1,677,269
	Other charges		
	Commission and other bank charges	362,241	345,462
		2,395,440	2,022,731
24.	TAXATION		
	Current:		
	For the year (Note 24.1)	(543,406)	(478,989)
	Prior year	44,774	(451,786)
	Deferred:		
	For the year	19,702	41,211
		(478,930)	(889,564)

24.1 The Company has carry forwardable tax losses of Rupees 330.104 million (2016: Rupees 337.043 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.

25. LOSS PER SHARE - BASIC AND DILUTED

Loss after taxation	Rupees	(904,136)	(714,009)
Weighted average number of ordinary shares	Number	21,500,000	21,500,000
Loss per share - basic	Rupees	(0.042)	(0.033)

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

26. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS AND OTHER RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors 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:

	2017 Rupees	2016 Rupees
i) Transactions		
Associated company		
Mark-up paid	1,645,997	1,571,341
Mark-up charged to profit and loss account	1,711,848	1,656,347
Loan obtained	5,000,000	-
Rent of office building	300,000	300,000
Lease rentals received	-	1,017,525
Related Party		
Mark-up paid	207,018	-
Mark-up charged to profit and loss account	321,351	-
Loan obtained	10,000,000	-
ii) Period end balances		
Associated company and related party		
Loans	40,000,000	25,000,000
Accrued mark up	572,907	392,723

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

No amount is charged in these financial statements for remuneration, benefits of the chief executive, directors and executives of the Company.

28. NUMBER OF EMPLOYEES

	2017	2016
Number of employees as on June 30		
Permanent	9	10
Contractual	3	3
Average number of employees during the year		
Permanent	9	10
Contractual	3	3

29. FINANCIAL RISK MANAGEMENT

29.1 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 balance sheet 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 balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2017 Rupees	2016 Rupees
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	73,323	1,784,268
Net investment in lease finance - net off potential lease losses	261,924,900	239,974,323
Financial liabilities		
Loans from related parties	40,000,000	25,000,000

Effective interest rates on these financial instruments are disclosed in the respective notes.

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 balance sheet 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 2.219 million (2016: Rupees 2.168 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 balance sheet dates 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:

	2017 Rupees	2016 Rupees
Bank balances	2,165,868	4,231,914
Advances	295,000	116,500
Other receivable	1,703	35,145
Net investment in lease finance	261,924,900	239,974,323
Long term security deposits	62,500	62,500
	264,449,971	244,420,382

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	2017		2016	
	Personal	Corporate	Personal	Corporate
	Rupees	Rupees	Rupees	Rupees
Net Investment in lease finance				
Neither past due nor impaired	37,645,500	54,391,841	48,973,059	65,828,345
Past due up to 179 days but not impaired	36,617,517	27,412,929	8,181,833	7,618,498
Impaired				
Past due 180-364 days	660,766	-	-	-
Past due more than one year and less than one and half year	-	-	-	-
Past due more than one and half year	8,151,953	255,787,150	9,184,700	261,206,190
	8,812,719	255,787,150	9,184,700	261,206,190
Total	83,075,736	337,591,920	66,339,592	334,653,033
Less: Provision for potential lease losses	6,999,063	151,743,693	6,283,773	154,734,529
Net Investment in lease finance - net off potential lease losses	76,076,673	185,848,227	60,055,819	179,918,504

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:

	Rating			2017	2016
	Short Term	Long term	Agency	Rupees	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	22,064	22,064
Askari Bank Limited	A1+	AA+	PACRA	2,036,890	3,941,713
First Women Bank Limited	A2	A-	PACRA	7,286	7,286
Bank Al-Habib Limited	A1+	AA+	PACRA	50,159	217,508
The Bank of Punjab	A1+	AA	PACRA	27,469	26,039
Habib Bank Limited	A-1+	AAA	JCR-VIS	16,184	16,233
				2,160,052	4,230,843

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	2017		2016	
	Rupees	%	Rupees	%
Industrial sectors				
Chemical, fertilizer and pharmaceuticals	19,905,949	4.73	16,704,118	4.17
Construction	5,508,826	1.31	6,359,094	1.59
Energy, oil and gas	12,726,041	3.03	14,299,670	3.57
Food, tobacco and beverage	7,782,021	1.85	7,770,094	1.94
Leather, footwear and tanneries	12,542,073	2.98	7,492,138	1.87
Paper and board	5,944,216	1.41	8,491,263	2.12
Rubber and plastic	10,502,682	2.50	17,552,149	4.38
Services	24,554,624	5.84	19,270,900	4.81
Steel, engineering and automobiles	2,653,947	0.63	3,546,875	0.88
Sugar and allied	6,552,728	1.56	6,487,702	1.62
Surgical	494,240	0.12	477,073	0.12
Textile and allied	124,465,035	29.59	121,085,810	30.20
Trading	9,655,647	2.30	9,498,788	2.37
Transport and communication	83,269,939	19.79	67,348,008	16.80
Individuals and others	94,109,688	22.37	94,608,942	23.59
	420,667,656	100	400,992,625	100
Segment by public / private sector				
Public / Government	-	-	-	-
Private	420,667,656	100.00	400,992,625	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

	2017 Rupees	2016 Rupees
Personal	83,075,736	66,339,592
Corporate	337,591,920	334,653,033
	420,667,656	400,992,625

(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 30 June 2017, the company has Rupees 3.029 million (2016: Rupees 4.245 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 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	3,452,506	3,452,506	3,452,506	-	-	-
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	-	-	-

Contractual maturities of financial liabilities as at 30 June 2016

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees					
Accrued and other liabilities	7,417,138	7,417,138	7,417,138	-	-	-
Accrued mark up	392,723	392,723	392,723	-	-	-
Loans from related parties	25,000,000	25,530,000	25,530,000	-	-	-
	32,809,861	33,339,861	33,339,861	-	-	-

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.

29.2 Financial instruments by categories

As at 30 June 2017 Assets as per balance sheet	Loans and receivables 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

Liabilities as per balance sheet	Financial liabilities at amortized cost Rupees
Accrued and other liabilities	3,452,506
Accrued mark-up	572,907
Loan from related parties	40,000,000
	44,025,413

As at 30 June 2016	Loans and receivables
Assets as per balance sheet	Rupees
Cash and bank balances	4,244,979
Advances	116,500
Other receivable	35,145
Net investment in lease finance	239,974,323
Long term security deposits	62,500
	244,433,447

Liabilities as per balance sheet	Financial liabilities at amortized cost
	------------- Rupees ------------
Accrued and other liabilities	7,417,138
Accrued mark up	392,723
Loan from related party	25,000,000
	32,809,861

30. 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 2017 and 30 June 2016 is as follows:

		2017	2016
Borrowings	Rupees	40,000,000	25,000,000
Total equity	Rupees	73,768,007	74,626,172
Total capital employed	Rupees	113,768,007	99,626,172
Gearing ratio	Percentage	35.16	25.09

31. Maturities of assets and liabilities

	2017					
	TOTAL	UP TO ONE MONTH	OVER ONE MONTH TO ONE YEAR	OVER ONE YEAR TO FIVE YEAR	OVER FIVE YEAR	NON FIXED MATURITIES
Assets	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Cash and bank balances	3,028,927	3,028,927	-	-	-	-
Advances and prepayments	529,389	116,598	412,791	-	-	-
Sales tax recoverable	220,406	-	220,406	-	-	-
Other receivables	518,951	-	518,951	-	-	-
Net investment in finance lease	261,924,900	144,028,993	39,324,580	78,571,327	-	-
Long term security deposits and prepayment	530,309	21,233	228,767	280,309	-	-
Property, plant and equipment	1,731,915	-	-	-	-	1,731,915
	268,484,797	147,195,751	40,705,495	78,851,636	-	1,731,915

	2017					
	TOTAL	UP TO ONE MONTH	OVER ONE MONTH TO ONE YEAR	OVER ONE YEAR TO FIVE YEAR	OVER FIVE YEAR	NON FIXED MATURITIES
Liabilities	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Accrued and other liabilities	3,641,083	3,641,083	-	-	-	-
Accrued mark up	572,907	572,907	-	-		-
Loans 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
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)	39,829,736	-	308,029
Net Assets	73,768,007					

	2016					
	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	4,244,979	4,244,979	-	-	-	-
Advances and prepayments	322,673	15,800	306,873	-	-	-
Sales tax recoverable	114,981	-	114,981	-	-	-
Other receivables	469,360	-	469,360	-	-	-
Net investment in lease finance	239,974,323	142,855,851	42,798,768	54,319,704	-	-
Long term security deposits and prepayment	780,308	21,233	228,767	530,308	-	-
Property, plant and equipment	2,125,562	-	-	-	-	2,125,562
	248,032,186	147,137,863	43,918,749	54,850,012	-	2,125,562
Liabilities						
Accrued and other liabilities	7,417,858	7,417,858	-	-	-	-
Accrued mark up	392,723	392,723	-	-		-
Loan from related party	25,000,000	-	25,000,000	-	-	-
Deposits on lease contracts	138,636,820	101,060,105	10,694,100	26,882,615	-	-
Employees' retirement benefit	1,370,063	-	-	-	-	1,370,063
Provision for taxation	588,550	-	588,550	-	-	-
	173,406,014	108,870,686	36,282,650	26,882,615	-	1,370,063
Net balance	74,626,172	38,267,177	7,636,099	27,967,397	-	755,499
Net Assets	74,626,172					

32. 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.

33. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

33.1

Description	Note	2017		2016	
		Carried under		Carried under	
		Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
		------------------------------- Rupees -------------------------------			
Assets					
Loans and advances					
Net Investment in lease finance - net off potential lease losses	7	261,924,900	-	239,974,323	-
Advances to employees	4	-	395,956	-	188,160
Deposits					
Long term security deposits	8	-	62,500	-	62,500
Bank balances	3	73,323	2,092,545	1,784,268	2,447,646
Liabilities					
Loans and advances					
Loans from related parties	11	40,000,000	-	25,000,000	-
Deposits					
Deposit on lease contracts	15	-	148,425,947	-	138,636,820

Income

Sources of other income	2017 Rupees	2016 Rupees
Processing fee and other charges	774,114	292,121
Profit on deposits with banks	67,101	218,255
	841,215	510,376

33.2 Relationship with banks

Name	Relationship: Non Islamic window operations	Relationship: With Islamic windows operations
State Bank of Pakistan	✔	–
Askari Bank Limited	✔	–
National Bank of Pakistan	✔	–
Bank Al-Habib Limited	✔	–
Habib Bank Limited	✔	–
First Women Bank Limited	✔	–
The Bank of Punjab	✔	–

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 senior management 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 management 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 senior management 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 on19 September, 2017.

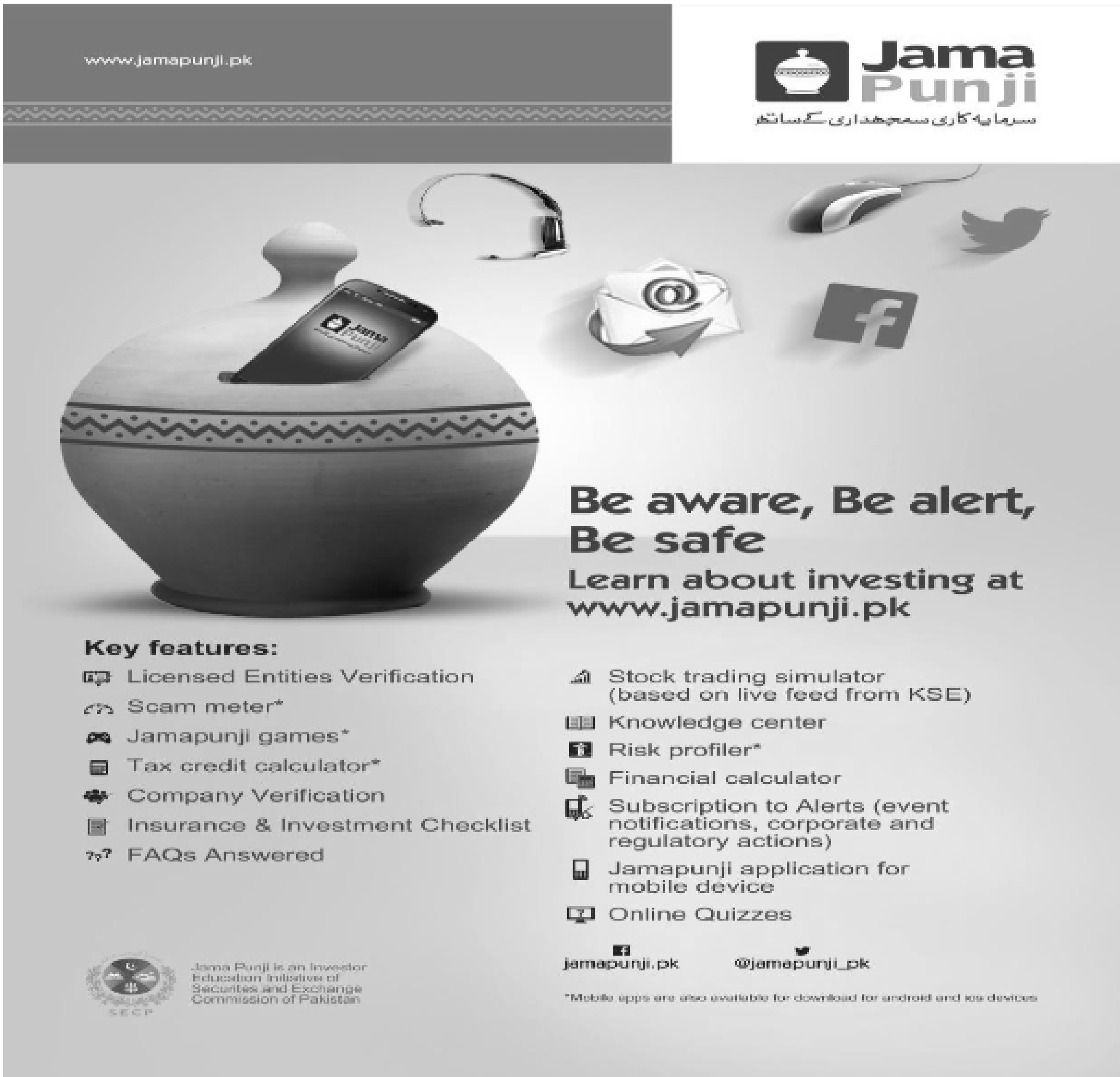
36. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on 19 September, 2017.

37. CORRESPONDING FIGURES

Corresponding figures have been re-arranged wherever necessary for the purpose of comparison. However, no significant rearrangements have been made.

MUHAMMAD TAHIR BUTT CHIEF EXECUTIVE	IFTIKHAR AHMAD BUTT DIRECTOR	MUHAMMAD AVAIS IBRAHIM CHIEF FINANCIAL OFFICER



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PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2017

Categories of Shareholder	Physical	CDC	Total	% age
1 - Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mr. Mohammad Tahir Butt	-	339,312	339,312	1.58
Directors				
Mr. Abdul Qayum Malik	50	-	50	0.00
Mr. Iftikhar Ahmed Butt	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
Mr. Muhammad Khalid	50	-	50	0.00
Mr. Omar Khawar Khawaja	95,675	-	95,675	0.45
Director's Spouses and Their Minor Childern				
Mrs. Farough Tahir Butt	351,574	-	351,574	1.64
Mrs. Khadeeja Khurram	575,840	-	575,840	2.68
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				
Anwar Khawaja Industries (Pvt) Limited	3,739,603	-	3,739,603	17.39
Grays Of Cambridge (pakistan) Limited	-	7,999,999	7,999,999	37.21
	3,739,603	**7,999,999**	**11,739,602**	**54.60**
Banks, NBFCs, DFIs, Takaful, Pension Funds	**-**	**-**	**-**	**-**
Modarabas	**-**	**-**	**-**	**-**
Insurance Companies	**-**	**-**	**-**	**-**
Other Companies,Corporate Bodies, Trust etc.	**111,111**	**111,001**	**222,112**	**1.03**
General Public				
A. Local	3,664,455	1,369,531	5,033,986	23.41
B. Foreign	26,736	-	26,736	0.12
	3,691,191	**1,369,531**	**5,060,722**	**23.54**
	8,842,494	**12,657,506**	**21,500,000**	**100.00**
Shareholders More Than 5.00%				
Grays Of Cambridge (pakistan) 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

The Companies Ordinance 1984

Form - 34

(Section 236(1) and 464)

Pattern Of Shareholding

1. Incorporation Number
2. Name of The Company **Grays Leasing Limited**
3. Pattern of Holding of the Shares held by the Shareholders as at :June 30, 2017
4.

No. of Shareholders	Shareholding		Total Shares held
	From	To	
70	1	100	1,420
53	101	500	21,227
97	501	1,000	71,859
70	1,001	5,000	171,852
23	5,001	10,000	167,779
13	10,001	15,000	159,122
8	15,001	20,000	150,147
11	20,001	25,000	248,757
4	25,001	30,000	111,290
2	30,001	35,000	66,333
1	35,001	40,000	40,000
3	40,001	45,000	131,000
1	45,001	50,000	50,000
1	50,001	55,000	55,000
3	55,001	60,000	173,888
2	60,001	65,000	128,666
5	95,001	100,000	487,025
1	100,001	105,000	103,000
3	110,001	115,000	334,721
1	115,001	120,000	116,435
1	120,001	125,000	120,400
2	125,001	130,000	258,000
3	135,001	140,000	417,350
1	180,001	185,000	181,666
1	225,001	230,000	228,086
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
391			**21,500,000**

GRAYS LEASING LTD.

22ND 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 26, 2017 at 11:00 a.m or at any adjournment thereof.

As witness my/our hand this ____ day of 2017.

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

۱۰۷-اے، ساتویں منزل، سٹی ٹاورز،
مین بلیوارڈ، گلبرگ-II، لاہور

میں/ہم ____________________

ساکن ____________________

بحیثیت رکن **گریز لیزنگ لمیٹڈ** اور حامل ____________ عام حصص بمطابق شیئرز 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 شیئرز 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 شیئرز رجسٹر فولیو نمبر ____________

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

مورخہ 26 اکتوبر 2017 کو منعقد ہونے والے کمپنی کے 22 ویں سالانہ اجلاس عام (۱۰۷-اے، ساتویں منزل، سٹی ٹاورز، مین بلیوارڈ، گلبرگ-II، 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۔

5 روپے کا رسیدی ٹکٹ چسپاں کریں

دستخط.................. آج بروز.................. بتاریخ.................. 2017ء

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے مطابق ہونے چاہئیں

تاریخ ممبر کے دستخط

جگہ گواہ کے دستخط