

**INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE PERIOD ENDED
31 MARCH 2009
(UN-AUDITED)**



GRAYS LEASING LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Paul Douglas Gray Mr. Khawar Anwar Khawaja Mr. Abdul Rashid Mir Mr. Neil Douglas James Gray Mr. Muhammad Tahir Butt Mr. Khurram Anwar Khawaja Khawaja Zaka-ud-Din	Chairman Vice Chairman Chief Executive
AUDIT COMMITTEE	Mr. Khawar Anwar Khawaja Mr. Muhammad Tahir Butt Mr. Khurram Anwar Khawaja	
AUDITORS	Riaz Ahmad & Co. Chartered Accountants 10-B Saint Mary Park Main Boulevard, Gulberg III Lahore.	
MANAGEMENT CONSULTANT	Sarfraz Mahmood (Pvt) Ltd.	
COMPANY SECRETARY	Mr. Nadeem Ahmad	
CHIEF FINANCIAL OFFICER	Mr. Naveed Amin Khawaja	
HEAD OF INTERNAL AUDIT	Mr. Mohsin Bilal Aamir	
LEGAL ADVISOR	Saeed Akhtar Advocate & Corporate Counsel	
REGISTERED AND HEAD OFFICE	701-A, 7 th Floor, City Towers 6-K, Main Boulevard, Gulberg - II, Lahore Tel: (042) 5770382 - 7 Fax: (042) 5770389 E-mail: gll@cyber.net.pk Website: www.graysleasing.com	
BANKERS	Standard Chartered Bank Limited Bank Alfalah Limited The Bank of Punjab Askari Bank Limited MCB Bank Limited First Women Bank Limited National Bank of Pakistan Allied Bank Limited	
SHARE REGISTRAR	Hassan Farooq Associates (Pvt) Ltd. HF House. 7-G, Mushtaq Ahmed Gurmani Road Gulberg II Lahore.	

Directors' Review

We are pleased to present the un-audited accounts for the quarter ended March 31, 2009 and nine months period thereafter ended.

During the period ended March 31, 2009, a nominal amount of Rupees 4.852 million in the form of new lease contract was disbursed as compared to the corresponding period of 2008 in which we have disbursed 98 cases of asset financing worth Rupees 305.647 million. Net investment in leases is Rupees 1,050,087 million as on March 31, 2009 as compared to Rupees 1,414.457 million as on June 30, 2008. The current recession is the worst-ever after World War-II as stated by World Bank, which not only created liquidity crunch but also reduced the purchasing power of the Nations. This recession totally smash the financial sector classical business attitude, that's why your company since inception of such recession focus only on Recovery in which the company succeeded. The magnitude of leasing business of the company is not at the level, which was planned before the start of financial year; the reasons are non-availability of funds from the Financial Institutions. However, I am pleased to inform you that your company has started the business in secured marketable assets from its own sources.

The gross revenue from operations is Rupees 88.123 million as against Rupees 115.750 million in the corresponding period of 2008 and net loss before and after tax is Rupees 66.148 million and Rupees 56.862 million respectively as compared to loss of Rupees 4.860 million and Rupees 5.051 million respectively during the corresponding period of 2008.

The JCR-VIS Credit Rating Company has assigned the company medium to long term entity rating of BBB+ and short term entity rating at A3. The outlook on the entity was considered "negative".

Dear shareholders, as you know that the current recession affected the business community badly and the demand of exportable goods especially the textile goods (a leading exportable product of Pakistan) remarkably declined. This tremendous pressure and due to uncertain political situation of the country, people are facing cash flow problems which resulted in slow down recovery and stuck-ups. By keeping in view the prudent policy an amount of Rupees 24.686 million is transferred to suspense account and Rupees 43.80 million has been provided for potential lease losses. We expect that recovery situation will further improve and we will also succeed to get back on to the track.

At the end, we would like to thank banks and financial institutions for their support and the clients who provided us the opportunity to serve them. We also extend lot of appreciation to company employees at all levels for their efforts.

For and on behalf of the board




Muhammad Tahir Butt
Director


Sialkot: April 28, 2009

Interim Condensed Balance Sheet
As at 31 March 2009

	NOTE	Un-audited 31 MARCH 2009 Rupees	Audited 30 June 2008 Rupees
ASSETS			
Current Assets			
Cash and bank balances		21,457,405	28,814,468
Advances, deposits, prepayments, accrued interest and other receivables		8,310,662	20,598,070
Current maturity of non current assets		<u>625,575,390</u>	<u>641,375,043</u>
		655,343,457	690,787,581
Non Current Assets			
Net investment in finance leases	5	<u>424,511,917</u>	<u>773,432,369</u>
Long term investment	6	10,000,000	10,000,000
Property, plant and equipment	7	92,253,221	97,397,083
Long term security deposits		<u>983,482</u>	<u>877,482</u>
		<u>527,748,620</u>	<u>881,706,934</u>
Total Assets		<u>1,183,092,077</u>	<u>1,572,494,515</u>
LIABILITIES			
Current Liabilities			
Short term borrowings		<u>89,818,689</u>	<u>131,928,948</u>
Subordinated loan		-	15,000,000
Accrued and other liabilities		6,519,328	9,150,566
Accrued mark up		15,749,838	20,618,036
Current maturity of non current liabilities		355,833,832	315,231,017
Provision for taxation		<u>289,902</u>	<u>3,016,561</u>
		468,211,589	494,945,128
Non Current Liabilities			
Deferred taxation		<u>38,731,806</u>	<u>48,248,813</u>
Deposits on lease contracts		279,979,161	369,897,867
Certificates of investment		2,000,000	2,000,000
Long term financing	8	151,702,364	372,352,989
Liabilities against assets subject to finance lease		1,340,265	2,020,822
Deferred liability		<u>3,782,044</u>	<u>3,821,951</u>
		<u>477,535,640</u>	<u>798,342,442</u>
Total Liabilities		<u>945,747,229</u>	<u>1,293,287,570</u>
NET ASSETS		<u>237,344,848</u>	<u>279,206,945</u>
REPRESENTED BY:			
Authorized share capital 35,000,000 (30 June 2008: 35,000,000) ordinary shares of Rupees 10 each		<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid up share capital	9	215,000,000	200,000,000
Statutory reserves		58,625,295	58,625,295
Unappropriated profit / (Accumulated loss)		<u>(55,505,748)</u>	<u>613,040</u>
Shareholders' equity		218,119,547	259,238,335
Surplus on revaluation of buildings		19,225,301	19,968,610
Contingencies and commitments	10	<u>237,344,848</u>	<u>279,206,945</u>

The annexed notes form an integral part of this interim financial information.


Khawar Anwar Khawaja
Director


Muhammad Tahir Butt
Director

Interim Condensed Profit & Loss Account
For the Period Ended 31 March 2009 (Un-Audited)

Note	PERIOD ENDED		QUARTER ENDED	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	----- Rupees -----			
REVENUE				
Income from lease financing	84,650,003	112,747,654	39,379,577	36,953,937
Other income	3,473,480	3,002,906	1,569,587	475,949
	<u>88,123,483</u>	<u>115,750,560</u>	<u>40,949,164</u>	<u>37,429,886</u>
EXPENDITURE				
Administrative and other operating expenses	26,213,135	24,679,159	7,294,745	6,910,361
Financial and other charges	74,778,119	82,268,861	20,975,881	25,688,042
Provision for doubtful receivables	53,281,072	13,662,197	8,861,478	3,265,704
	<u>154,272,326</u>	<u>120,610,217</u>	<u>37,132,104</u>	<u>35,864,107</u>
PROFIT / (LOSS) BEFORE TAXATION	(66,148,843)	(4,859,657)	3,817,060	1,565,779
Provision for taxation	11 9,286,746	(191,603)	-	(1,385,128)
LOSS AFTER TAXATION	<u>(56,862,097)</u>	<u>(5,051,260)</u>	<u>3,817,060</u>	<u>180,651</u>
Earnings per share - basic and diluted	12 (0.26)	(0.25)	0.02	0.01

The annexed notes form an integral part of this interim financial information.


Khawar Anwar Khawaja
Director


Muhammad Tahir Butt
Director

Interim Condensed Cash Flow Statement
For the Period Ended 31 March 2009 (Un-Audited)

	PERIOD ENDED	
	31 March 2009	31 March 2008
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(66,148,843)	(4,859,657)
Adjustments for non-cash charges and other items:		
Depreciation	6,112,885	4,384,779
Provision for gratuity	803,360	454,000
Finance charges	74,778,119	82,268,861
Provision for doubtful receivables	53,281,072	13,662,197
Exchange gain	-	(143,502)
Markup on loan to employee	(10,526)	-
Gain on disposal of property, plant and equipment	(176,482)	(101,937)
Profit on bank deposits and investments	(1,244,196)	(770,017)
	<u>133,544,232</u>	<u>99,753,381</u>
Operating profit before working capital changes	67,395,389	94,893,724
Decrease/(increase) in advances, prepayments, accrued interest and other receivables	441,779	(730,880)
Increase/(decrease) in accrued and other liabilities	(2,696,795)	(713,638)
	<u>65,140,373</u>	<u>93,449,206</u>
Cash generated from operations	65,140,373	93,449,206
Financial charges paid	(79,145,331)	(83,911,397)
Income tax paid	(64,535)	-
Gratuity paid	(843,267)	(92,666)
	<u>(14,912,760)</u>	<u>9,445,143</u>
Net cash from / (used in) operating activities	(14,912,760)	9,445,143
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment in finance leases	320,570,300	53,480,054
Property, plant and equipment acquired	(207,541)	(17,861,370)
Long term security deposits	(106,000)	133,070
Sale proceeds of property, plant and equipment	475,000	3,124,022
Long term loans and advances	350,000	3,900,000
Profit on bank deposits and investments	792,256	909,100
	<u>321,874,015</u>	<u>43,684,876</u>
Net cash from / (used in) investing activities	321,874,015	43,684,876
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(190,829,953)	(66,058,221)
Short term borrowings - net	(32,999,368)	32,177,181
Subordinated loan	(15,000,000)	-
Certificates of investment repaid	(18,500,000)	(46,500,000)
Deposits on lease contracts	(60,998,962)	41,707,671
Lease rentals paid	(1,879,144)	(521,119)
Share capital issued	15,000,000	-
	<u>(305,207,427)</u>	<u>(39,194,488)</u>
Net cash used in financing activities	(305,207,427)	(39,194,488)
Net decrease in cash and cash equivalents	1,753,828	13,935,531
Cash and cash equivalents at the beginning of the period (Note 13)	(70,114,480)	(93,328,653)
Cash and cash equivalents at the end of the period (Note 13)	(68,360,652)	(79,393,122)

The annexed notes form an integral part of this interim financial information.


Khawar Anwar Khawaja
Director


Muhammad Tahir Butt
Director

Interim Condensed Statement of Changes in Equity
For the Period Ended 31 March 2009 (Un-Audited)

	Share Capital	RESERVES			Total Equity
		Statutory Reserve	Unappropriated Profit / (Accumulated Loss)	Total	
	-----Rupees-----				
Balance as at 30 June 2007	200,000,000	58,625,295	9,844,609	68,469,904	268,469,904
Net loss for the period	-	-	(5,051,260)	(5,051,260)	(5,051,260)
Transfer from surplus on revaluation of buildings					
-Incremental depreciation-net of deferred taxation	-	-	791,834	791,834	791,834
Balance as at 31 March 2008	200,000,000	58,625,295	5,585,183	64,210,478	264,210,478
Net loss for the period	-	-	(5,231,289)	(5,231,289)	(5,231,289)
Transfer from surplus on revaluation of buildings					
-Incremental depreciation-net of deferred taxation	-	-	259,146	259,146	259,146
Balance as at 30 June 2008	200,000,000	58,625,295	613,040	59,238,335	259,238,335
Issue of share capital	15,000,000	-	-	-	15,000,000
Net loss for the period	-	-	(56,862,097)	(56,862,097)	(56,862,097)
Transfer from surplus on revaluation of buildings					
-Incremental depreciation-net of deferred taxation	-	-	743,309	743,309	743,309
Balance as at 31 March 2009	215,000,000	58,625,295	(55,505,748)	3,119,547	218,119,547

The annexed notes form an integral part of this interim financial information.


Khawar Anwar Khawaja
 Director


Muhammad Tahir Butt
 Director

Selected Notes to the Interim Condensed Financial Information For the Period Ended 31 March 2009 (Un-Audited)

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 on 31 August 1995. The company's shares are listed on Karachi and Lahore Stock Exchanges. The company is engaged in leasing business and 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. STATEMENT OF COMPLIANCE

This interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This interim financial information should be read in conjunction with the preceding annual published financial statements of the company for the year ended 30 June 2008.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this interim financial information are the same as applied in the preparation of the preceding annual published financial statements of the company for the year ended 30 June 2008.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgments and estimates made by the management in the preparation of this interim financial information are the same as those applied to the preceding annual published financial statements of the company for the year ended 30 June 2008.

	Un-Audited 31 March 2009 Rupees	Audited 30 June 2008 Rupees
5. Net investment in finance leases		
Lease rentals receivable	914,825,856	1,230,042,720
Add: Guaranteed residual value of leased assets	395,606,457	456,605,419
Gross investment in finance leases	1,310,432,313	1,686,648,139
Less: Unearned finance income	172,346,149	227,991,675
Net investment in finance leases	1,138,086,164	1,458,656,464
Less: Allowance for potential lease losses	87,998,857	44,199,052
	1,050,087,307	1,414,457,412
Less: Current portion shown under current liabilities	625,575,390	641,025,043
	<u>424,511,917</u>	<u>773,432,369</u>
6. LONG TERM INVESTMENT		
Held to maturity		
8% Pakistan Investment Bonds (Note 6.1)	<u>10,000,000</u>	<u>10,000,000</u>
6.1 Investment in Pakistan Investment Bonds has been made in accordance with Rule 14(4)(i) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 in order to maintain liquidity against certificates of investment issued by the company. These bonds have a maturity period of 10 years and carry profit at the rate of 8% per annum receivable semi annually.		
7. PROPERTY, PLANT AND EQUIPMENT		
Owned assets (Note 7.1)	86,807,372	92,123,146
Leased assets (Note 7.2)	5,445,848	5,273,937
	<u>92,253,220</u>	<u>97,397,083</u>
7.1 Owned assets		
Opening book value	92,123,146	58,699,316
Add: Cost of additions during the period / year (Note 7.1.1)	198,840	44,014,074
	92,321,986	102,713,390
Less: Book value of vehicles disposed of during the period / year	298,518	1,123,921
	92,023,468	101,589,469
Less: Depreciation charged for the period / year	5,216,096	9,466,323
Closing book value (Note 7.1.2)	<u>86,807,372</u>	<u>92,123,146</u>
7.1.1 Cost of additions during the period / year		
Freehold land	-	11,706,695
Machinery	-	26,591,486
Furniture and fixtures	48,000	49,700
Office equipment	11,840	94,000
Computer equipment	139,000	538,863
Vehicles	-	5,033,330
	<u>198,840</u>	<u>44,014,074</u>
7.1.2 It includes book value of property, plant and equipment on operating lease amounting to Rupees 21,816,252 (30 June 2008: Rupees 24,586,078).		

Selected Notes to the Interim Condensed Financial Information
For the Period Ended 31 March 2009 (Un-Audited)

7.2 Leased assets

Opening book value	5,273,937	4,163,711
Add: Cost of vehicles acquired during the period / year	1,068,700	3,416,989
	<u>6,342,637</u>	<u>7,580,700</u>
Less: Book value of vehicles disposed of during the period / year	-	1,066,747
	<u>6,342,637</u>	<u>6,513,953</u>
Less: Depreciation charged for the period / year	896,789	1,240,016
Closing book value	<u>5,445,848</u>	<u>5,273,937</u>

8. LONG TERM FINANCING

SECURED

Opening balance	543,966,667	680,791,066
Add: Obtained during the period / year	-	120,000,000
Less: Repaid during the period / year	191,420,920	256,824,399
Closing balance	<u>352,545,747</u>	<u>543,966,667</u>
Less: Unamortized transaction cost	2,593,383	3,184,350
	<u>349,952,364</u>	<u>540,782,317</u>
Less: Current portion shown under current liabilities	198,250,000	168,429,328
Non-Current Portion	<u>151,702,364</u>	<u>372,352,989</u>

9. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Opening balance		
18,000,000 ordinary shares of Rupees 10 each fully paid up in cash	180,000,000	180,000,000
2,000,000 ordinary shares of Rupees 10 each issued as bonus shares	20,000,000	20,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
Add: Shares issued during the period		
1,500,000 ordinary shares of Rupees 10 each issued as right shares	15,000,000	-
Closing balance	<u>215,000,000</u>	<u>200,000,000</u>

9.1 Time schedule to comply with minimum equity requirement of Rupees 350 million has been extended upto 30 June 2009 by the Securities and Exchange Commission of Pakistan.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

Nil (30 June 2008 : Nil)

Commitments

Lease contracts approved but not disbursed as at 31 March 2009 are of Rupees 35.602 million (30 June 2008: Rupees 40.403 million). Commitments for capital expenditures are Rupees Nil (30 June 2008: Rupees 0.12 million).

11. PROVISION FOR TAXATION

Provision for taxation is on an estimated basis

12. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share.

	Period Ended 31 March 2009	Period Ended 31 March 2008
	Rupees	Rupees
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	21,457,405	18,519,150
Less: Short term running finance	89,818,057	97,912,272
	<u>(68,360,652)</u>	<u>(79,393,122)</u>

14. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

	Period ended 31 March 2009	Period ended 31 March 2008
	Rupees	Rupees
Associated companies		
Certificates of investments issued during the period	40,000,000	1,500,000
Certificates of investments matured during the period	40,000,000	3,000,000
Mark up on certificates of investment	8,020,429	4,847,856
Short term borrowings acquired	6,000,000	10,000,000
Short term borrowings repaid	6,000,000	-
Lease rentals received	1,910,308	1,434,735


15. DATE OF AUTHORIZATION FOR ISSUE

This interim financial information was approved by the Board of Directors and authorized for issue on 28 April 2009.

16. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison. However, no significant rearrangements have been made.


Khawar Anwar Khawaja
Director


Muhammad Tahir Butt
Director

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