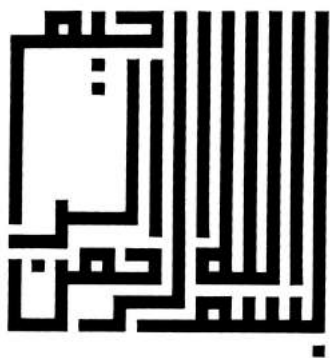


Condensed Interim  
Financial Information  
(Un-audited)  
For the Half Year  
ended 31 December 2018



Pak-Gulf Leasing Company Limited





**Board of Directors**

Mr. Sohail Inam Ellahi	Chairman
Brig. Naveed Nasar Khan (Retd)	Vice Chairman
Mr. Pervez Inam	Director
Mr. Fawad Salim Malik	Director
Mr. Shaheed H. Gaylani	Director
Mr. Rizwan Humayun	Director
Lt. Col. Saleem Ahmed Zafar (Retd)	Executive Director
Mr. Ismail H. Ahmed	Director
Mr. Mahfuz-ur-Rehman Pasha	Chief Executive Officer

**Company Secretary**

Ms. Mehreen Usama

**Audit Committee**

Mr. Ismail H. Ahmed	Chairman
Mr. Rizwan Humayun	Vice Chairman
Brig. Naveed Nasar Khan (Retd)	Member
Mr. Shaheed H. Gaylani	Member
Mr. Pervez Inam	Member

**Human Resource and Remuneration Committee**

Brig. Naveed Nasar Khan (Retd)	Chairman
Mr. Pervez Inam	Vice Chairman
Mr. Sohail Inam Ellahi	Member
Lt. Col. Saleem Ahmed Zafar (Retd)	Member
Ms. Mehreen Usama	Secretary

**Senior Management**

Mr. Mahfuz-ur-Rehman Pasha	Chief Executive Officer
Lt. Col. Saleem Ahmed Zafar (Retd)	Chief Operating Officer
Mr. Khalil Anwer Hassan	General Manager Sindh
Lt. Col. Farhat Parvez Kayani (Retd)	General Manager Punjab
Mr. Afzal-ul-Haque	Deputy COO & Senior Manager Risk
Ms. Mehreen Usama	Chief Financial Officer
Ms. Farah Farooq	Head of Audit
Major Arifullah Lodhi (Retd)	Manager HR & Admin.
Mr. Ayaz Latif	Manager IT

**Credit Rating Agency**

JCR-VIS Credit Rating Company Limited

**Entity Rating**

- A- (Single A Minus) for Medium to Long term
- A-2 (A-Two) for Short term
- Outlook - Stable

**Auditors**

M/s. BDO Ebrahim & Co.  
Chartered Accountants  
2nd Floor, Block C,  
Lakson Square Building No. 1  
Sarwar Shaheed Road  
Karachi-74200

**Legal Advisors**

M/s. Mohsin Tayebaly & Company  
2nd Floor, Dime Centre,  
BC-4, Block # 9, Kehkashan, Clifton,  
Karachi.

Tel # : (92-21) 111-682-529

Fax # : (92-21) 35870240, 35870468

**Shariah Advisor**

M/s. Alhamd Shariah Advisory Services (Pvt) Ltd.

**Bankers**

**Islamic bank**

Albaraka Bank (Pakistan) Limited

**Conventional banks**

Askari Commercial Bank Limited  
Bank Al-Falah Limited  
Bank Al Habib Limited  
Bank of Punjab  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Silkbank Limited  
Soneri Bank Limited

**Registered Office**

UNIBRO House  
Ground and Mezzanine Floor  
Plot No. 114, 9th East Street, Phase I  
DHA, P.O.Box # 12215, Karachi-75500  
Tel #: (92-21) 35820301, 35820965-6  
(92-21) 35824401, 35375986-7  
Fax #: (92-21) 35820302, 35375985  
E-mail: pgl@pakgulfleasing.com  
Website: www.pakgulfleasing.com

**Branch Office**

202, 2nd Floor, Divine Mega II,  
New Airport Road, Lahore  
Tel #: (92-42) 35700010  
Fax #: (92-42) 35700011

**Share Registrar / Transfer Office**

THK Associates (Pvt.) Limited  
1st Floor, 40-C, Block 6,  
P.E.C.H.S., Karachi  
Tel # : (92-21) 111-000-322  
Fax # : (92-21) 34168271

## **Mission Statement**

*The Company will:*

- Aim to gain the confidence of all its stakeholders by earning a credible reputation for being an innovative enterprise that is prepared to change in the best interests of its stakeholders.
- Continually monitor structural changes in the various sectors of the economy, and accordingly alter the Company's business strategy to benefit from the emerging opportunities.
- Focus on changing customer needs and strive to improve tangible and intangible returns to its customers by providing service and satisfaction at par with the best in the industry, which would be reflected in prompt risk evaluation and facility disbursement procedures and practices.
- Consciously share, and remain part of all initiatives by the leasing industry to play a positive role in the evolution of small and medium size enterprises to expand the country's industrial base and support economic growth, higher employment and a better future for all.



**Dear Shareholders,**

The Directors of your Company are pleased to present before you the Financial Statements of your Company for the half year ended on December 31, 2018 of the current financial year. They are equally pleased to share with you the fact that despite the challenging economic conditions prevailing in the country, the overall performance of your Company remained highly satisfactory during this period. Moreover, even in the face of the tough competition offered by commercial banks and NBFIs sponsored by banks, having access to cheaper funds, and increased cost of doing business, your Company has been able to maintain its profitability. Your directors being conscious of their responsibilities and in their unrelenting pursuit of perfection and excellence are determined to ensure that better results are obtained in future.

Your Company earned a Total Revenue of Rs. 104.77 million, for the half year ended on December 31, 2018. This reflects an increase of 17.18%, over the total revenue of Rs. 89.41 million posted in the first half of the Financial Year 2017-18. With reference to expenses incurred during the half year there was an inflation-based increase in operating expenses and a rise in Finance Cost due to increased utilization of available finance facilities, as compared to the corresponding figures for the half year ended December 31, 2017. Further, during the half year ended December 31, 2018 the Company had to charge provision of Rs. 0.99 million and Rs. 4.69 million for non-performing lessees and non-performing diminishing musharaka contracts, respectively. Despite the increase in administrative expenses and finance cost, the Company's Profit before Taxation for the half year ended December 31, 2018 amounted to Rs. 28.4 million. Net Profit after Tax for the half year ended December 31, 2018, amounted to Rs. 27.43 million as compared to Rs. 2.85 million, for the corresponding period of the last Financial Year 2017-18 due to decrease in tax charge for the period.

The Shareholders Equity of your Company amounts to Rs. 627.841 million, as at December 31, 2018 while Earning per Share for the half year ended December 31, 2018 stands at Rs. 1.08 per share.

In January 2018, JCR-VIS Credit Rating Company Limited has re-affirmed the Medium to Long-term Entity Rating of your Company at A- (Single A Minus), and the Short-term Rating at A-2 (A-Two) and has graded the Outlook of your Company as "Stable".

Your Directors, in their capacity as your representatives for overseeing the performance of your Company, would like to place on record their appreciation for the services rendered and the dedicated efforts made by the Management Team and indeed by all staff members of your Company, towards obtaining the positive results placed before you, notwithstanding the testing market conditions. We expect the management and staff of PGL to make every effort towards improving further the quality of their services to your Company's clients and not only to maintain, but enhance their positive stance and the image of your Company in the financial services sector of Pakistan.

The Directors acknowledge, with thanks, the cooperation and guidance provided to your Company by the Securities and Exchange Commission of Pakistan (SECP), Pakistan Institute of Corporate Governance (PICG) and other regulatory authorities. Their role is critical in developing the financial services sector and it is hoped that these institutions would continue to strengthen this sector, by taking appropriate measures for its betterment.

In the end, we would like to thank you, our valued Shareholders, as well as PGL's customers and bankers, for the valuable support given by them to PGL. We look forward to reinforcing and building further a mutually beneficial and cordial relationship between PGL and all its stakeholders.

**Chairman**

**Chief Executive Officer**

**Karachi: 25 February 2019**

**مالی احترام حصص یافتگان**

آپ کی کمپنی کے ڈائریکٹرز موجود مالی سال کی ششماہی، جو کہ 31 دسمبر 2018 کو ختم ہوئی ہے کے مالیاتی گوشوارے انتہائی مسرت کے ساتھ آپ کو پیش کرتے ہیں اور یہ بتاتے ہوئے فخر محسوس کرتے ہیں کہ ملک کے موجودہ معاشی حالات میں آپ کی کمپنی کی کارکردگی اس ششماہی میں نمایاں ہے۔ اطمینان بخش رہی باوجود ازیں کے کمپنی کو کرنشل بینکس اور ان NBFI کو کرنشل بینکس سے مالی تعاون حاصل ہے، کی طرف سے بہت سخت مقابلہ رہا، کیونکہ ان اداروں کی رسائی ان ٹیکسٹز تک ہے جو سب سے نرغ پر دستیاب ہیں اور وہ کمر چھپے پکارا دبا کر رہے ہیں اس کے باوجود آپ کی کمپنی نے نتائج کو برقرار رکھا۔ حاصل کردہ نتائج بہتر ہونے کے باوجود آپ کے ڈائریکٹرز اپنی ذمہ داریوں کو محسوس کرتے ہوئے اور خوب سے خوب تر کی تلاش میں اس بات کا تہیہ کئے ہوئے ہیں کہ مستقبل میں مزید بہتر نتائج حاصل ہوں۔

آپ کی کمپنی نے اس مالی سال کی ششماہی میں جو 31 دسمبر 2018 کو اختتام پذیر ہوئی میں کل 104.77 ملین روپے کی آمدنی حاصل کی ہے بمقابلہ 89.41 ملین روپے کی آمدن کے جو کہ پچھلے مالی سال 2017-18 کی ششماہی میں حاصل ہوئی تھی۔ اخراجات کے حوالے سے اس ششماہی میں کئے گئے انتظامی اور مالی سرمایہ کاری اخراجات میں اضافہ ہوا اگر اس کا مقابلہ 31 دسمبر 2017 سے کیا جائے۔ علاوہ ازیں کمپنی نے موجودہ سال کی ششماہی میں غیر کارکردگی والی بھروسہ زائد اور دیگر ہشک مشارک کے لیے 0.99 ملین اور 6.89 ملین روپے محسوس کئے۔ اس کے باوجود کمپنی کا موجودہ مالی سال کی ششماہی کا معاشی عمل از گنجل 28.4 ملین روپے تھا جو کہ گزشتہ مالی سال کی ششماہی میں 27.52 ملین روپے تھا۔ موجودہ مالی سال کی ششماہی جو کہ 31 دسمبر 2018 کو اختتام پذیر ہوئی کا بھروسہ گنجل معاش 27.43 ملین روپے ہے بمقابلہ 2.85 ملین روپے جو کہ پچھلے مالی سال کی دورانیہ میں تھا۔

آپ کی کمپنی کے شیئرز ہولڈرز کی ایکٹیویٹی (Equity) 31 دسمبر 2018 کو 627.841 ملین روپے ہو گئی ہے۔ جبکہ موجودہ مالی سال کی ششماہی کا نئی شیئر معاش 1.08 روپے نئے شیئر ہے۔

جنوری 2018 میں JCR-VIS کرڈٹ ریٹنگ کمپنی ریٹنگ نے کمپنی کی تشخیصی ریٹنگ کا دوبارہ اعادہ کرنے کے بعد دوبارہ اسے طویل المیعاد کے لئے A- ریٹنگ، اور مختصر مدت کی ریٹنگ 2-A برقرار رکھی ہے اور کمپنی کے اسٹوڈیو امکانات کو تقسیم قرار دیا گیا۔

آپ کے ڈائریکٹرز جو کہ آپ کے اسٹوڈیو سے ہونے کی حیثیت سے آپ کی کمپنی کی کارکردگی کو دیکھ رہے ہیں وہ انتظامی کو ششوں کا جائزہ کرتے ہیں اور انتظامیہ نے مثبت نتائج حاصل کرنے کیلئے جو انتھک محنت کی ہے اس کو سراہتے ہیں۔ وہ ٹائٹل مارکیٹ کے مشکل حالات کے باوجود وہ امید رکھتے ہیں کہ انتظامیہ اور عملہ صرف کمپنی کی موجودہ صورت حال کو برقرار رکھیں گے بلکہ اس کو مزید ترقی کی طرف گامزن کریں گے اور اپنی تمام مثبت کوششیں کمپنی کے صارفین کو اچھی خدمات مہیا کرنے اور آپ کی کمپنی کو بہتر بنانے میں بروئے کار لائیں گے۔

کمپنی کے ڈائریکٹرز SECP, PICG اور دوسرے ریگولیٹری اداروں نے جو رہنمائی / تعاون آپ کی کمپنی کے ساتھ کیا ہے اور صرف اس کا اعتراف بلکہ شکر یہ بھی ادا کرتے ہیں۔ ان اداروں کا کردار مالی شعبے کو بہتر بنانے میں نہایت اہم رہا ہے۔ امید کی جاتی ہے کہ یہ تمام ادارے مستقبل میں بھی اچھے اقدامات کرتے ہوئے اس شعبے کو مزید مستحکم اور بہتر بنا سکیں گے۔

آخر میں ہم اپنے تمام حاکم حصص یافتگان زبشکل کمپنی کے صارفین اور ٹیکسٹرز کو کمپنی کے ساتھ اپنے بھرپور تعاون پر ان کا شکریہ ادا کرتے ہیں۔ اس کے ساتھ ساتھ اس بات کی بھی توجی امید رکھتے ہیں کہ ہمارے شرکاء داروں اور کمپنی کے درمیان جو مضبوط روابط اور باہم مفید اور خوشگوار تعلقات قائم ہیں ان میں مستقبل میں مزید اضافہ ہوتا رہے گا۔

چیف ایگزیکٹو آفیسر

چیزیشن

25 فروری 2019

# AUDITOR'S REVIEW REPORT FIRST HALF 2018-19



Tel: +92 21 3568 3030  
Fax: +92 21 3568 4239  
www.bdo.com.pk

2nd Floor, Block-C  
Lakson Square, Building No.1  
Sarwar Shaheed Road  
Karachi-74200  
Pakistan

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pak-Gulf Leasing Company Limited** ("the Company") as at December 31, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the half year ended December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures for the quarters ended December 31, 2018 and December 31, 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 25 FEB 2019

  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants  
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

**CONDENSED INTERIM  
STATEMENT OF  
FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	NOTE	(Un-audited) 31 December 2018	(Audited) 30 June 2018
Rupees -----			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances	6	30,338,335	15,600,826
Short term investments	7	57,727,774	40,386,562
Other receivables - net	8	5,998,827	5,247,451
ljarah rental receivables		546,492	536,780
Advance to employees		70,159	225,663
Accrued mark-up / return on investments		236,075	1,031,624
Prepayments		4,535,390	2,236,243
Current portion of net investment in finance lease	9	754,608,007	753,478,039
Current portion of diminishing musharaka receivable	10	2,085,088	4,674,337
Current portion of long-term investments	11	2,028,182	16,045,277
Taxation - net		2,705,746	5,980,061
		<b>860,880,075</b>	<b>845,442,863</b>
<b>NON-CURRENT ASSETS</b>			
Net investment in finance lease	9	1,520,960,432	1,495,119,110
Diminishing musharaka receivable	10	12,006,661	14,389,663
Long-term investments	11	4,049,357	6,123,909
Long-term deposits		112,500	300,460
Investment property	12	146,718,000	146,718,000
Property, plant and equipment	13	29,151,485	39,112,572
Intangible assets		1,589,039	1,610,818
		<b>1,714,587,474</b>	<b>1,703,374,532</b>
		<b>2,575,467,549</b>	<b>2,548,817,395</b>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		31,512,870	35,029,892
Unclaimed dividend		3,415,768	480,438
Accrued mark-up		17,891,417	16,035,582
Short term borrowings	15	434,985,715	387,568,906
Current portion of certificates of investment	14	22,338,424	173,593,636
Current portion of long-term loan	16	12,499,997	16,666,668
Current portion of advance rental against ljarah leasing		4,180,314	5,557,912
Current portion of long-term deposits		167,032,990	200,055,615
		<b>693,857,495</b>	<b>834,988,649</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	16	-	4,166,663
Long-term deposits		606,359,801	587,231,293
Certificates of investment	14	364,748,940	204,533,908
Advance rental against ljarah leasing		1,777,308	3,178,676
Deferred taxation - net		185,267,407	187,682,393
		<b>1,158,153,456</b>	<b>986,792,933</b>
		<b>1,852,010,951</b>	<b>1,821,781,582</b>
<b>TOTAL LIABILITIES</b>			
<b>NET ASSETS</b>			
<b>FINANCED BY</b>			
Authorised share capital			
50,000,000 ordinary shares (June 30, 2018: 50,000,000 ordinary shares) of Rs. 10 each		<b>500,000,000</b>	<b>500,000,000</b>
Issued, subscribed and paid-up capital		<b>253,698,000</b>	<b>253,698,000</b>
Capital reserves			
Statutory reserve		98,520,153	93,034,892
Reserve for issue of bonus shares		4,402,000	4,402,000
Surplus on revaluation of property, plant and equipment - net of tax		91,778,911	90,504,204
Surplus on revaluation of investments at fair value through other comprehensive income		2,247,877	2,815,855
		<b>196,948,941</b>	<b>190,756,951</b>
Revenue reserve			
Unappropriated profit		272,809,657	282,580,862
		<b>723,456,598</b>	<b>727,035,813</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	17		

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**Chief Financial Officer**





**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT  
(UN-AUDITED)  
FOR HALF YEAR AND QUARTER  
ENDED 31 DECEMBER 2018**

	Note	Half year ended		Quarter ended	
		31 December		31 December	
		2018	2017	2018	2017
		Rupees			
<b>INCOME</b>					
Income from financing operations	18	<b>96,575,098</b>	82,335,053	<b>48,481,752</b>	40,299,854
<b>OTHER OPERATING INCOME</b>					
Return on investments		<b>3,148,245</b>	2,554,570	<b>1,900,022</b>	1,228,742
Other income		<b>5,048,360</b>	4,518,912	<b>2,562,959</b>	2,259,456
		<b>8,196,605</b>	7,073,482	<b>4,462,981</b>	3,488,198
<b>TOTAL INCOME</b>		<b>104,771,703</b>	89,408,535	<b>52,944,733</b>	43,788,052
<b>OPERATING EXPENSES</b>					
Administrative and operating expenses	19	<b>37,242,294</b>	36,092,793	<b>18,994,673</b>	18,043,219
Finance cost	20	<b>33,658,206</b>	22,919,871	<b>17,524,448</b>	12,426,836
		<b>70,900,500</b>	59,012,664	<b>36,519,121</b>	30,470,055
Operating profit before provision		<b>33,871,203</b>	30,395,871	<b>16,425,612</b>	13,317,997
Provision for potential lease losses		<b>(986,639)</b>	(2,880,335)	<b>(945,986)</b>	(2,880,335)
Reversal of provision against litigation lease receivables		<b>213,333</b>	-	<b>-</b>	-
Provision for diminishing musharaka receivables		<b>(4,697,250)</b>	-	<b>(4,697,250)</b>	-
<b>Profit before taxation</b>		<b>28,400,647</b>	27,515,536	<b>10,782,376</b>	10,437,662
Taxation - current		<b>(2,114,621)</b>	(30,153,804)	<b>(1,482,037)</b>	(21,847,279)
- deferred		<b>1,140,280</b>	5,484,847	<b>41,929</b>	4,836,204
		<b>(974,341)</b>	(24,668,957)	<b>(1,440,108)</b>	(17,011,075)
<b>Profit / (loss) after taxation</b>		<b>27,426,306</b>	2,846,579	<b>9,342,268</b>	(6,573,413)
<b>Earning / (loss) per share - basic &amp; diluted</b>		<b>1.08</b>	0.11	<b>0.37</b>	(0.26)

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**Chief Financial Officer**



**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE  
INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER  
ENDED 31 DECEMBER 2018**

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Rupees</b>			
Profit / (loss) after taxation	<b>27,426,306</b>	2,846,579	<b>9,342,268</b>	(6,573,413)
<b>Other Comprehensive Income</b>				
<i>Items that may be reclassified subsequently to profit and loss account</i>				
Unrealised loss on investments at fair value through other comprehensive income	<b>(567,978)</b>	(715,131)	<b>(308,967)</b>	(312,768)
<b>Total comprehensive income / (loss) for the period</b>	<b>26,858,328</b>	<b>2,131,448</b>	<b>9,033,301</b>	<b>(6,886,181)</b>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**Chief Financial Officer**

**CONDENSED INTERIM  
CASH FLOW STATEMENT  
(UN-AUDITED)  
FOR THE HALF YEAR  
ENDED 31 DECEMBER 2018**

	<b>Half year ended</b>	
Note	<b>31 December</b>	
	<b>2018</b>	<b>2017</b>
	----- Rupees -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	28,400,647	27,515,536
Adjustments for :		
Depreciation	10,149,047	11,391,528
Amortisation of premium / (discount) on long term investments - net	91,647	(40)
Amortisation of intangible asset	21,779	21,779
Finance cost	33,658,206	22,919,871
Reversal of provision against litigation lease receivable	(213,333)	-
Provision for diminishing musharaka receivable	4,697,250	-
Provision for potential lease losses	986,639	2,880,335
	<b>49,391,235</b>	<b>37,213,473</b>
Operating profit before working capital charges	77,791,882	64,729,009
<b>Movement in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Other receivables - net	(538,043)	(769,036)
Advance to employees	155,504	167,329
Accrued mark-up / return on investments	795,549	497,673
Ijarah rental receivables	(9,712)	133,052
Prepayments	(2,299,146)	1,079,725
	(1,895,848)	1,108,743
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(3,517,022)	(1,031,192)
Unclaimed dividend	2,935,330	194,163
	(581,692)	(837,029)
Cash generated from operations	75,314,342	65,000,723
Finance cost paid	(31,802,371)	(17,080,843)
Taxes refunded - net	1,159,694	1,020,139
Deposits received from lessees - net	(13,894,117)	30,395,569
Advance rental (Ijarah) from lessees - net	(2,778,966)	(3,085,556)
Decrease / (increase) in diminishing musharaka receivable - net	275,001	(19,064,000)
Increase in net investment in finance lease - net	(27,957,929)	(75,438,852)
Net cash generated from / (used in) operating activities	315,654	(18,252,820)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(187,960)	(3,104,534)
Short term investments - net	(17,909,190)	(6,292,326)
Long-term investments - net	16,000,000	5,000,000
Net cash used in investing activities	(2,097,150)	(4,396,860)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from / (repayment) of certificates of investment - net	8,959,820	(39,489,980)
Dividend paid	(31,712,250)	(19,027,350)
Long term deposits	187,960	-
Long-term loan - net	(8,333,334)	(8,333,334)
Net cash used in financing activities	(30,897,804)	(66,850,664)
Net decrease in cash and cash equivalents	(32,679,300)	(89,500,344)
Cash and cash equivalents at beginning of the period	(371,968,080)	(125,958,554)
Cash and cash equivalents at the end of the period	(404,647,380)	(215,458,898)

21

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**Chief Financial Officer**



**Pak-Gulf Leasing  
Company Limited**

**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER  
ENDED 31 DECEMBER 2018**

	Reserves		Capital		Revenue		Total equity
	Statutory reserve	Reserve for issue of bonus shares	Surplus on revaluation of property, plant & equipment - net of tax	Surplus / (deficit) on revaluation of investment at fair value through other comprehensive income	Unappropriated profit	Total reserves	
<b>Balance as at 1 July 2017</b>	79,161,214	4,402,000	89,229,496	3,352,882	246,113,498	422,259,090	675,957,090
Final dividend for the year ended 30 June, 2017 @ Rs. 0.75 per share	-	-	-	-	(19,027,350)	(19,027,350)	(19,027,350)
Total comprehensive income for the period ended	-	-	-	(715,131)	2,846,579	2,846,579	2,846,579
Profit after taxation	-	-	-	(715,131)	-	(715,131)	(715,131)
Other comprehensive income	-	-	-	(715,131)	-	(715,131)	(715,131)
Deficit on revaluation of investments at fair value through other comprehensive income	-	-	-	(715,131)	-	(715,131)	(715,131)
Transfer from surplus on revaluation of property, plant and equipment to unappropriated profit - net of deferred tax	569,316	-	-	-	(669,316)	-	-
Transfer to statutory reserve	79,730,530	4,402,000	89,229,496	2,637,751	229,363,411	405,363,188	659,061,188
<b>Balance as at 31 Dec. 2017</b>	93,034,892	4,402,000	90,504,204	2,815,855	282,580,862	473,337,813	727,035,813
<b>Balance as at 1 July 2018</b>	-	-	-	-	(31,712,250)	(31,712,250)	(31,712,250)
Final dividend for the year ended 30 June 2018 @ Rs. 1.25 per share	-	-	-	-	-	-	-
Total comprehensive income for the period ended	-	-	-	-	27,426,306	27,426,306	27,426,306
Profit after taxation	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	(567,978)	-	(567,978)	(567,978)
Deficit on revaluation of investments at fair value through other comprehensive income	-	-	-	(567,978)	-	(567,978)	(567,978)
Transfer from surplus on revaluation of property, plant and equipment to unappropriated profit - net of deferred tax	5,485,261	-	1,274,707	-	(5,485,261)	-	-
Transfer to statutory reserve	98,520,153	4,402,000	91,778,311	2,247,877	272,809,657	469,758,598	723,456,598
<b>Balance as at 31 Dec. 2018</b>	98,520,153	4,402,000	91,778,311	2,247,877	272,809,657	469,758,598	723,456,598

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**Chief Financial Officer**



**1. STATUS AND NATURE OF BUSINESS**

- 1.1 Pak-Gulf Leasing Company Limited ("the Company") was incorporated in Pakistan on December 27, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations on September 16, 1996. The Company is principally engaged in the business of leasing and is listed on Pakistan Stock Exchange Limited.
- 1.2 Regulation 4 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008) requires an existing deposit taking leasing company to maintain, at all times, minimum equity of Rs. 500 million. The equity of the Company as at December 31, 2018 is Rs. 627.841 million which is Rs. 127.841 million in excess of the minimum equity requirement.
- 1.3 JCR-VIS Credit Rating Company Limited (JCR-VIS) has re-affirmed A- and A-2 ratings to the Company for medium to long term and short term, respectively on January 30, 2018.

**2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS**

The registered office of the Company is located at UNIBRO House, Ground and Mezzanine Floor, Plot No. 114, 9th East Street, Phase-1, Defence Housing Authority, Karachi and a branch office is located at Office No. 202, 2nd Floor, Divine Mega II, Opp Honda Point, New Airport Road, Lahore.

**3. BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984;
- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by the Institute of Chartered Accountants of Pakistan; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IAS-34 and IFAS-2, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.



**3.2** The disclosures in this condensed interim financial information are presented in accordance with International Accounting Standard 34 "Interim Financial Reporting" and do not contain all the information required for full annual financial statements. Consequently, this condensed interim financial information should be read in conjunction with the financial statements of the Company for the year ended June 30, 2018.

**3.3** The comparative statement of financial position presented in this condensed interim financial information as at December 31, 2018 has been extracted from the audited financial statements of the Company for the year ended June 30, 2018, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been extracted from the condensed interim financial information for the period ended December 31, 2017. Further, the figures in the condensed interim financial information for the three months period ended December 31, 2017 and December 31, 2018 have not been reviewed by the auditors.

**3.4** This condensed interim financial information has been presented in Pakistani Rupees, which is the functional currency of the Company. The figures are rounded off to the nearest rupee.

**3.5 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except that investment property is stated at revalued amount and investments classified as 'fair value through other comprehensive income' are marked to market and carried at fair value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

**4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

**4.1** The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2018 except as explained in note 4.3.

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**4.2** The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.

**4.3** The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2018. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

**4.4** IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**i. Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
----------------------------------	--

**Financial assets at amortised cost** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

**Debt investments at FVOCI** These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original Carrying Amount under IAS 39	New Carrying amount under IFRS 9
<b>Financial assets</b>					
----- (Rupees) -----					
Cash and bank balances	(a)	Loans and receivables	Amortised cost	15,600,826	15,600,826
Other receivable-net	(a)	Loans and receivables	Amortised cost	5,247,451	5,247,451
Ijarah rental receivable	(a)	Loans and receivables	Amortised cost	536,780	536,780
Advance to employees	(a)	Loans and receivables	Amortised cost	225,663	225,663
Accrued mark-up / return on investment	(a)	Loans and receivables	Amortised cost	1,031,624	1,031,624
Net investment in finance lease	(a)	Loans and receivables	Amortised cost	2,248,597,149	2,248,597,149
Diminishing musharaka receivable	(a)	Loans and receivables	Amortised cost	19,064,000	19,064,000
<b>Long-term investments</b>					
Pakistan Investment Bonds	(b)	Held to maturity	Amortised cost	22,169,186	22,169,186
<b>Short term investments</b>					
National Investment (Unit) Trust	(c)	Available for Sale	FVOCI	4,010,055	4,010,055
Market Treasury Bills	(b)	Held to maturity	Amortised cost	36,376,507	36,376,507

(a) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

(b) These financial assets classified as 'held to maturity' have been classified as amortised cost.

(c) These financial assets classified as 'available for sale' have been classified as fair value through other comprehensive income.

## ii. Impairment of financial assets

The impairment model under IFRS 9 requires the recognition of impairment based on expected credit losses and replaces the incurred loss concept under IAS 39. The impairment model applies to financial assets classified at amortised cost. The Company has recorded provisions as per Schedule X, Regulation 25 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 as this prevails over the requirements of IFRS 9.

## iii. Transition

The Company has used the exemption not to restate comparative periods. Comparative periods have not generally been restated. Differences, if any, in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in condensed interim statement of changes in equity as at July 1, 2018. Accordingly, comparative information does not reflect the requirements of IFRS 9, but rather those of IAS 39.





## Pak-Gulf Leasing Company Limited

### 5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2018.

6.	CASH AND BANK BALANCES	Note	(Un-audited) 31 December 2018	(Audited) 30 June 2018
------(Rupees)-----				
	Cash in hand		130,000	68,277
	Balances with banks:			
	- in current accounts		24,969,612	12,864,928
	- in saving accounts	6.1	5,238,723	2,667,621
			<u>30,338,335</u>	<u>15,600,826</u>

6.1 Return on these savings accounts is earned at rates ranging from 8% to 9% (June 30, 2018: 5% to 6.70%) per annum.

### 7. SHORT-TERM INVESTMENTS

At fair value through other comprehensive income  
(June 30, 2018: available for sale)

Cost

54,300 units of National Investment (Unit) Trust  
(30 June 2018 : 54,300 units) 1,194,200 1,194,200

Revaluation Surplus

Opening

(Deficit) for the period / year

2,815,855	3,352,882
(567,978)	(537,027)
<u>2,247,877</u>	<u>2,815,855</u>
3,442,077	4,010,055

At amortised cost (June 30, 2018: held to maturity)

Government Securities - Market Treasury Bills

54,285,697	36,376,507
<u>57,727,774</u>	<u>40,386,562</u>

### 8. OTHER RECEIVABLES-NET

Lease receivables held under litigation	8.1	26,883,231	27,515,285
Insurance premium receivable and other receivable	8.2 & 8.3	7,176,665	6,425,290
		<u>34,059,896</u>	<u>33,940,575</u>

Provision against lease receivables held under litigation (24,066,775) (24,533,585)

Mark-up held in suspense against lease receivables under litigation (2,563,602) (2,728,847)

Provision against insurance premium and other receivable (1,430,692) (1,430,692)

5,998,827	5,247,451
-----------	-----------

8.1 This includes net investment in finance lease for leases terminated by the Company and where litigation has commenced.

8.2 This includes insurance premium receivable from lessees for leased assets insured on their behalf by the Company. These amounts will be recovered either during the lease period or on termination / maturity of the lease contract.

8.3 This includes Rs. 251,075 (June 30, 2018: Rs. 251,075) receivable from an associated company in respect of expenses incurred on its behalf.



**9. NET INVESTMENT IN FINANCE LEASE**

Net investment in finance lease  
Current portion shown under current assets

	(Un-audited)		(Un-audited)		(Audited)	
	31 December 2018	Later than one year and less than five years	30 June 2018	Later than one year and less than five years	30 June 2018	Later than one year and less than five years
Minimum lease payments	753,398,829	1,056,139,628	1,849,623	1,811,388,080	700,151,725	1,013,042,060
Add: Residual value of leased assets	167,032,990	499,077,496	107,282,305	773,392,791	200,055,615	479,948,988
Gross investment in finance lease	920,431,819	1,555,217,124	109,131,928	2,584,780,871	900,207,340	1,492,991,048
Unearned lease income	(157,435,276)	(143,366,844)	(21,776)	(300,823,898)	(143,991,962)	(136,438,452)
Mark-up held in suspense	(6,081,026)	-	-	(6,081,026)	(1,416,470)	-
	(163,516,304)	(143,366,844)	(21,776)	(306,904,924)	(145,408,432)	(136,438,452)
	756,915,515	1,411,850,280	109,110,152	2,277,875,947	754,798,908	1,356,552,596
Provision for potential lease losses	(2,307,508)	-	-	(2,307,508)	(1,320,869)	-
Net investment in finance lease	754,608,007	1,411,850,280	109,110,152	2,275,568,439	753,478,039	1,356,552,596
	2,275,568,439	2,248,597,149	2,275,568,439	2,248,597,149	2,275,568,439	2,248,597,149
	(754,608,007)	(753,478,039)	(754,608,007)	(753,478,039)	(754,608,007)	(753,478,039)
	1,520,960,432	1,495,119,110	1,520,960,432	1,495,119,110	1,520,960,432	1,495,119,110

9.1 In certain leases, the Company has security, in addition to leased assets, in the form of mortgages / corporate / personal guarantees of associated companies / directors.

9.2 These represent interest free security deposits received against lease contracts and are refundable / adjustable at the expiry / termination of the respective leases. The amount is net of security deposit held against matured leases amounting to Rs. 123.324 million (June 30, 2018: Rs. 123.892 million).



**Pak-Gulf Leasing  
Company Limited**

	Note	(Un-audited) 31 December 2018	(Audited) 30 June 2018
<b>9.3</b>			
<b>Provision for potential lease losses</b>		------(Rupees)-----	
Balance at beginning of the period / year		1,320,869	878,049
Charge for the period / year		1,470,108	3,101,747
Reversal for the period / year		<u>(483,469)</u>	<u>(2,658,927)</u>
Balance at end of the period / year		<u><u>2,307,508</u></u>	<u><u>1,320,869</u></u>
<b>10.</b>			
<b>DIMINISHING MUSHARAKA RECEIVABLE</b>			
Considered good		-	19,064,000
Considered doubtful		<u>18,788,999</u>	-
		18,788,999	19,064,000
Less: Provision for doubtful receivable	10.1	<u>(4,697,250)</u>	-
		14,091,749	19,064,000
Less: Current portion of musharaka finances		<u>(2,085,088)</u>	<u>(4,674,337)</u>
		<u><u>12,006,661</u></u>	<u><u>14,389,663</u></u>
<b>10.1</b>			
<b>Provision for doubtful receivable</b>			
Balance at beginning of the period		-	-
Charge for the period		<u>4,697,250</u>	-
Balance at end of the period		<u><u>4,697,250</u></u>	<u><u>-</u></u>
<b>11.</b>			
<b>LONG-TERM INVESTMENTS</b>			
At amortised cost (June 30, 2018: held to maturity)			
Government Securities			
Pakistan Investment Bonds		6,077,539	22,169,186
Current portion shown under current assets		<u>(2,028,182)</u>	<u>(16,045,277)</u>
		<u><u>4,049,357</u></u>	<u><u>6,123,909</u></u>
11.1			
These Pakistan Investment Bonds have face value of Rs. 6.00 million (June 30, 2018: Rs. 22.050 million) and will mature between July 17, 2019 to March 25, 2020.			
<b>12.</b>			
<b>INVESTMENT PROPERTY</b>			
Opening balance		146,718,000	138,996,000
Fair value adjustment		-	7,722,000
		<u><u>146,718,000</u></u>	<u><u>146,718,000</u></u>
12.1			
The carrying value of investment property is the fair value of the property as determined by approved independent valuer M/s. Akbani and Javed Associates as on June 30, 2018 on the basis of market value.			
<b>13.</b>			
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - own use		7,648,314	8,679,844
Operating fixed assets - Ijarah finance		<u>21,503,171</u>	<u>30,432,728</u>
		<u><u>29,151,485</u></u>	<u><u>39,112,572</u></u>



**Pak-Gulf Leasing  
Company Limited**

	Note	(Un-audited) 31 December 2018	(Audited) 30 June 2018
<b>13.1 OPERATING FIXED ASSETS - Own Use</b>		----- (Rupees) -----	
Opening net book value		<b>8,679,844</b>	5,586,904
Additions during the period / year - at cost			
Furniture and fittings		-	790,360
Office equipment		-	215,740
Vehicles		<b>187,960</b>	4,197,238
Computer equipment		-	351,321
		<b>187,960</b>	5,554,659
Depreciation for the period / year		<b>(1,219,490)</b>	(2,461,719)
Closing net book value		<u><b>7,648,314</b></u>	<u>8,679,844</u>
<b>13.2 OPERATING FIXED ASSETS - Ijarah Finance</b>			
Opening net book value		<b>30,432,728</b>	49,364,316
Depreciation for the period / year		<b>(8,929,557)</b>	(18,931,588)
Closing net book value		<u><b>21,503,171</b></u>	<u>30,432,728</u>
<b>14. CERTIFICATES OF INVESTMENT</b>			
Unsecured			
Certificates of Investment		<b>387,087,364</b>	378,127,544
Current portion shown under current liabilities		<b>(22,338,424)</b>	(173,593,636)
		<u><b>364,748,940</b></u>	<u>204,533,908</u>
<b>14.1 Movement in balance of Certificates of Investment</b>			
Opening balance		<b>378,127,544</b>	404,130,173
Certificates issued during the period / year		<b>467,195,258</b>	418,127,532
Rolled over during the period / year		<b>(445,090,319)</b>	(384,880,161)
Payments made during the period / year		<b>(13,145,119)</b>	(59,250,000)
Closing balance		<u><b>387,087,364</b></u>	<u>378,127,544</u>
<b>14.2</b>			
These represent certificates of investment issued by the Company with the permission of Securities and Exchange Commission of Pakistan. The term of these certificates ranges from 3 months to 36 months (June 30, 2018: 6 months to 36 months) and carry mark-up at the rate of 8% to 11.45% (June 30, 2018: 7.5% to 8.5%) per annum.			
<b>15. SHORT TERM BORROWINGS</b>			
The Company has arranged short-term running finance facility from various commercial banks amounting to Rs. 480 million (June 30, 2018: Rs. 430 million). The facility carries mark-up at the rate ranging from 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.5% per annum. The facilities are secured by hypothecation charge over leased assets and lease rentals receivable.			
<b>16. LONG-TERM LOAN</b>			
Secured			
Long-term loan	16.1	<b>12,499,997</b>	20,833,331
Current portion shown under current liabilities	16.1	<b>(12,499,997)</b>	(16,666,668)
		<u>-</u>	<u>4,166,663</u>



**16.1** The Company has arranged long term finance facility from a commercial bank amounting to Rs. 50 million (June 30, 2018: Rs. 50 million). The facility has been obtained for a tenure of three (3) years which is repayable in quarterly instalments by August 16, 2019. It carries mark-up at the rate of 3 months KIBOR plus 1.5% and is secured by hypothecation charge over specific leased assets and lease rentals receivable.

**17 CONTINGENCIES AND COMMITMENTS**

**17.1 Contingencies**

**17.1.1** The Alternate Corporate Tax charge for the Tax Year 2018, 2017, 2016, 2015 and 2014 amounted to Rs. 13.702 million, Rs. 11.135 million, Rs. 8.702 million, Rs. 9.233 million and Rs. 8.100 million, respectively which is Rs. 11.411 million, Rs. 9.464 million, Rs. 7.127 million, Rs. 8.005 million and Rs. 7.140 million in excess of the minimum tax payable at Rs. 2.291 million, Rs. 1.671 million, Rs. 1.575 million, Rs. 1.228 million and Rs. 0.960 million, respectively under section 113 of the Income Tax Ordinance, 2001 (Ordinance).

The Company has filed a Constitutional Petition against the levy and payment of Alternate Corporate Tax (ACT) in the Honorable High Court of Sindh and on December 29, 2014 the Honorable Court has issued an order restraining the Federal Board of Revenue (FBR) from taking any coercive action against the Company. Accordingly, provisions and payment for only minimum tax has been made. The Company has a strong case and the management is confident that the decision will be in the Company's favor.

**17.1.2** The Assistant Commissioner of the Sindh Revenue Board (SRB) vide Order-in-original No. 551 of 2016 dated June 15, 2016 has created a demand amounting to Rs. 3.199 million under Sections 23, 43(2)(3)(6d) and 44 of the Sindh Sales Tax on Services Act, 2011 (the "Act") relating to Tax Years 2012 to 2015. The demand includes Rs. 2.353 million on account of sales tax on Income from Ijarah Operations.

The Company had filed an appeal against the Order under Section 57 of the Sindh Sales Tax on Services Act, 2011 before the Commissioner (Appeals) of the SRB, however Commissioner (Appeals) has not allowed the appeal and instead vide Order-in-Appeal No. 20 of 2017 dated March 01, 2017 has upheld the Order-in-original. The Company has further filed an appeal against the Order(s) under Section 61 of the Sindh Sales Tax on Services Act, 2011 before the Appellate Tribunal of the SRB which is currently in process.

No payment against the unjustified demand created under the Order has been made by the Company. The Company has a strong case and the management is confident that the outcome of the appeal will be in the Company's favor. Accordingly, no provision has been recorded in respect of the matter.

		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>31 December</b>	<b>30 June</b>
<b>17.2</b>	<b>Commitments</b>	<b>2018</b>	<b>2018</b>
		<b>(Rupees)</b>	
<b>17.2.1</b>	Commitments for finance lease	<u><b>6,438,100</b></u>	<u><b>122,399,900</b></u>

**17.2.2 Contractual rentals receivable on Ijarah contracts**

This represents the rentals receivable by the Company in respect of Ijarah assets.

As at 31 December 2018 (Un-audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Rentals receivable in future	<u><b>13,816,840</b></u>	<u><b>21,739,380</b></u>



**Pak-Gulf Leasing  
Company Limited**

As at 30 June 2018 (Audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Rentals receivable in future	16,096,084	29,808,234
	13,712,150	

**17.2.3 Contractual rentals receivable on Diminishing Musharaka contracts**

This represents the rentals receivable by the Company in respect of Diminishing Musharaka contracts.

As at 31 December 2018 (Un-audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Rentals receivable in future	9,700,647	23,652,884
	13,952,237	

As at 30 June 2018 (Audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Rentals receivable in future	6,786,306	23,955,493
	17,169,187	

(Un-audited)

Half year ended 31 December		Quarter ended 31 December	
2018	2017	2018	2017
----- Rupees -----			

<b>18. INCOME FROM FINANCING OPERATIONS</b>				
Finance income on lease contracts	83,032,076	65,949,463	40,710,876	32,091,259
Gain on lease termination	699,568	827,467	480,071	568,965
Income from Islamic finance operations	10,736,352	13,948,213	5,954,796	6,716,273
Other income on leases	2,107,102	1,609,910	1,336,009	923,357
	<u>96,575,098</u>	<u>82,335,053</u>	<u>48,481,752</u>	<u>40,299,854</u>



(Un-audited)

	Half year ended 31 December		Quarter ended 31 December	
	2018	2017	2018	2017
	Rupees			
<b>19. ADMINISTRATIVE AND OPERATING EXPENSES</b>				
Directors' fee	979,998	939,998	489,999	689,999
Salaries, allowances and benefits	16,431,499	14,198,213	8,078,947	7,295,198
Depreciation	10,149,047	11,391,528	5,046,805	5,368,072
Amortisation	21,779	21,779	10,889	10,889
Office utilities	863,841	784,954	501,890	411,113
Legal and professional charges	1,921,540	1,676,734	1,170,345	956,210
Auditors' remuneration	332,300	332,300	201,050	201,050
Postage, subscription, printing and stationary	894,806	1,372,185	540,183	706,258
Vehicle running and maintenance	1,116,022	766,799	701,397	314,019
Office repair and general maintenance	426,936	566,735	221,300	236,816
Workers' Welfare Fund	550,000	555,000	189,400	185,000
Insurance	493,279	558,235	255,365	247,321
Advertisement	132,600	161,600	132,600	86,800
Travelling and conveyance	159,417	152,963	116,647	36,351
Rent on Ijarah finance	90,050	326,652	-	163,326
Office rent	2,025,014	1,813,554	1,027,685	906,777
Miscellaneous	654,166	473,564	310,171	228,020
	<u>37,242,294</u>	<u>36,092,793</u>	<u>18,994,673</u>	<u>18,043,219</u>
<b>20. FINANCE COST</b>				
Mark-up on:				
- Long-term loan	774,598	1,283,270	369,051	602,124
- Running finance	16,726,743	5,837,749	8,925,202	4,199,762
- Certificates of investment	16,054,281	15,711,626	8,133,076	7,578,073
Bank charges	43,064	42,226	42,119	26,877
CIB reports charges	59,520	45,000	55,000	20,000
	<u>33,658,206</u>	<u>22,919,871</u>	<u>17,524,448</u>	<u>12,426,836</u>
<b>21. CASH AND CASH EQUIVALENTS</b>				
		Note	(Un-audited) 31 December 2018	(Un-audited) 31 December 2017
Cash and bank balances	6		30,338,335	17,203,387
Short term borrowings	15		(434,985,715)	(232,662,285)
			<u>(404,647,380)</u>	<u>(215,458,898)</u>

**22. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. The estimated fair value of all other financial assets and liabilities is not considered to be significantly different from book values as the items are either short-term in nature or periodically repriced.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investments of the Company carried at fair value are categorised as follows:

As at 31 December 2018 (Un-audited)			
Level 1	Level 2	Level 3	Total
----- Rupees -----			

**At fair value through other comprehensive income**

National Investment  
Trust units

<u>3,442,077</u>	-	-	<u>3,442,077</u>
------------------	---	---	------------------

As at 30 June 2018 (Audited)			
Level 1	Level 2	Level 3	Total
----- Rupees -----			

**Available-for-sale**

National Investment  
Trust units

<u>4,010,055</u>	-	-	<u>4,010,055</u>
------------------	---	---	------------------

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting year during which the changes have occurred. During the half year ended December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

**23. TRANSACTIONS WITH RELATED PARTIES**

The related parties and associated undertakings comprise associated companies, staff retirement funds, Directors and key management personnel. Transactions with related parties and associated undertakings are as under:





**Pak-Gulf Leasing  
Company Limited**

Nature of transaction	Basis of Relation	(Un-audited)	
		Half year ended December 31,	
		2018	2017
		----- Rupees -----	
<b><u>Certificates of investment</u></b>			
<b><u>Issued during the year</u></b>			
Close relative(s) of Director(s)	Descendant(s) of Director(s)	<b>8,000,000</b>	-
<b><u>Rolled over during the year</u></b>			
Board of Directors	Directorship	<b>288,117,842</b>	95,190,699
Close relative(s) of Director(s)	Spouse(s) and Descendant(s) of Director(s)	<b>56,198,100</b>	66,145,435
<b><u>Repaid during the year</u></b>			
Board of Directors	Directorship	-	57,500,000
Close relative(s) of Director(s)	Spouse(s) and Descendant(s) of Director(s)	<b>2,145,119</b>	-
<b><u>Financial Charges</u></b>			
Board of Directors	Directorship	<b>10,154,598</b>	9,869,109
Close relative(s) of Director(s)	Spouse(s) and Descendant(s) of Director(s)	<b>4,911,043</b>	4,229,820
<b><u>Finance lease</u></b>			
<b><u>Rental received</u></b>			
Board of Directors	Directorship	-	568,326
Saira Industries (Pvt) Ltd.	Associated undertaking (Common Director)	<b>413,898</b>	953,952
<b><u>Office rent</u></b>			
<b><u>Rental paid during the year</u></b>			
Unibro Industries Ltd.	Associated undertaking (Common Director)	<b>3,587,045</b>	-
<b><u>Prepaid rent charged as expense during the year</u></b>			
Unibro Industries Ltd.	Associated undertaking (Common Director)	<b>1,808,345</b>	1,617,000
<b><u>Gross dividend</u></b>			
<b><u>Gross dividend paid during the year</u></b>			
Board of Directors	Directorship	<b>9,730,931</b>	5,838,559
Close relative(s) of Directors(s)	Spouse(s) and Descendant(s) of Director(s)	<b>9,136,444</b>	5,481,867
Unibro Industries Ltd.	Associated undertaking (Common Director)	<b>1,874,731</b>	1,124,839
Mid-East Agencies (Pvt) Ltd.	Associated undertaking (Common Director)	<b>1,608,743</b>	965,245
<b><u>Contribution to Staff Retirement Benefit Plan</u></b>			
<b><u>Contribution charge for the year</u></b>			
Pak-Gulf Leasing Company Ltd.	Staff retirement benefit plan	<b>365,270</b>	278,824
-Employees' Provident Fund			
<b><u>Contribution paid for the year</u></b>			
Pak-Gulf Leasing Company Ltd.	Staff retirement benefit plan	<b>410,300</b>	278,824
-Employees' Provident Fund			



**Pak-Gulf Leasing  
Company Limited**

	(Un-audited) 31 December 2018	(Audited) 30 June 2018
	-----Rupees-----	
<b>23.1</b>	<b>Period / Year ended balances</b>	
	<b>361,208,048</b>	342,824,462
	Certificates of investment	
	7,949,487	9,893,585
	Accrued mark-up on Certificates of investment	
	954,662	1,295,732
	Net investment in finance lease	
	1,320,000	1,320,000
	Security deposit (in respect of finance lease)	
	3,260,950	1,482,250
	Prepaid rent	
	245,000	245,000
	Security deposit (in respect of rented office premises)	

**23.2** All transactions with related parties have been carried out on commercial terms and conditions.

**24. SEGMENT INFORMATION**

The Company has two primary reporting segments namely, "Finance lease" and "Islamic finance", based on the mode of finance, related risks and returns associated with the segments and reporting of income and expenditure in accordance with the applicable accounting standards as disclosed in Note 2.1. Other operations, which are not deemed by management to be sufficiently significant to disclose as separate items and do not fall into the above segment categories, are reported under "Others".

	<b>31 December 2018 (Un-audited)</b>			
	-----Rupees-----			
	Finance Lease	Islamic Finance	Others	Total
<b><u>Segment analysis for the half year ended 31 December 2018 (Un-audited)</u></b>				
Segment revenue	85,858,827	10,793,829	8,119,047	104,771,703
Administrative and operating expense	<u>17,919,615</u>	<u>14,220,586</u>	<u>2,036,933</u>	<u>34,177,134</u>
Segment result	67,939,212	(3,246,757)	6,082,114	70,594,569
Provision for Workers' Welfare Fund				(550,000)
Unallocated expenses				<u>(7,985,716)</u>
Result from operating activities				62,058,853
Finance cost				(33,658,206)
Provision for taxation				(974,341)
Profit for the period				<u><u>27,426,306</u></u>

<b>31 December 2018 (Un-audited)</b>				
-----Rupees-----				
	Finance Lease	Islamic Finance	Others	Total
<b>Segment assets and liabilities</b>				
<b>as at 31 December 2018</b>				
<b>(Un-audited)</b>				
Segment assets	<u>2,279,452,378</u>	<u>37,503,972</u>	<u>240,194,088</u>	2,557,150,438
Unallocated assets				18,317,111
Total assets				<u>2,575,467,549</u>
Segment liabilities	<u>795,079,422</u>	<u>6,555,951</u>	<u>2,468,296</u>	804,103,669
Unallocated liabilities				1,047,907,282
Total liabilities				<u>1,852,010,951</u>

**Other information for the  
half year 31 December 2018  
(Un-audited)**

Depreciation	<u>-</u>	<u>8,929,557</u>	<u>-</u>	8,929,557
Unallocated capital expenditure				187,960
Unallocated depreciation				<u>1,219,490</u>

<b>31 December 2017 (Un-audited)</b>				
-----Rupees-----				
	Finance Lease	Islamic Finance	Others	Total
<b>Segment analysis for the</b>				
<b>half year ended 31 December</b>				
<b>2017 (Un-audited)</b>				
Segment revenue	68,386,840	13,948,900	7,072,795	89,408,535
Administrative and operating expense	<u>17,243,150</u>	<u>11,121,020</u>	<u>1,960,656</u>	30,324,826
Segment result	51,143,690	2,827,880	5,112,139	59,083,709
Provision for Workers' Welfare Fund				(550,000)
Unallocated expenses				(8,098,302)
Result from operating activities				50,435,407
Finance cost				(22,919,871)
Provision for taxation				(24,668,957)
Profit for the period				<u>2,846,579</u>

	30 June 2018 (Audited)			
	-----Rupees-----			
	Finance Lease	Islamic Finance	Others	Total
<u>Segment assets and liabilities</u> as at 30 June 2018 (Audited)				
Segment assets	<u>2,252,081,402</u>	<u>51,597,549</u>	<u>214,700,243</u>	2,518,379,194
Unallocated assets				<u>30,438,201</u>
Total assets				<u>2,548,817,395</u>
Segment liabilities	<u>804,345,704</u>	<u>9,250,032</u>	<u>7,439,098</u>	821,034,834
Unallocated liabilities				<u>1,000,746,748</u>
Total liabilities				<u>1,821,781,582</u>

	31 December 2017 (Un-audited)			
	-----Rupees-----			
<u>Other information for the half year</u> ended 31 December 2017 (Un-audited)				
Depreciation	<u>-</u>	<u>10,002,015</u>	<u>-</u>	<u>10,002,015</u>
Unallocated capital expenditure				<u>3,104,534</u>
Unallocated depreciation				<u>1,389,513</u>

**25. GENERAL**

This condensed interim financial information was authorised for issue on 25 February 2019 by the Board of Directors of the Company.

**Chief Executive Officer**

**Director**








**Chief Financial Officer**










**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event  
notifications, corporate and  
regulatory actions)
-  Jamapunji application for  
mobile device
-  Online Quizzes



Jama Punji is an Investor  
Education Initiative of  
Securities and Exchange  
Commission of Pakistan

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices