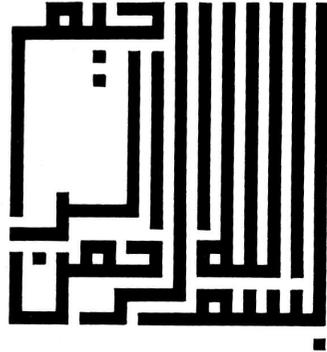




**Condensed Interim  
Financial Information  
(Un-audited)  
For the Half year  
ended December 31, 2014**



**Pak-Gulf Leasing Company Limited**



**Board of Directors**

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

**Company Secretary**

Ms. Mehreen Usama

**Audit Committee**

Mr. Rizwan Humayun	Chairman
Air Marshal Syed Masood Hatif (Retd)	Vice Chairman
Brig. Naveed Nasar Khan (Retd)	Member
Mr. Shaheed H. Gaylani	Member

**Human Resource and Remuneration Committee**

Air Marshal Syed Masood Hatif (Retd)	Chairman
Brig. Naveed Nasar Khan (Retd)	Vice Chairman
Mr. Pervez Inam	Member
Mr. Sohail Inam Ellahi	Member
Lt.. Col. Saleem Ahmed Zafar (Retd)	Member

**Senior Management**

Mr. Mahfuz-ur-Rahman Pasha	Chief Executive Officer
Mr. Khalil Anwer Hassan	Chief Manager
Lt.. Col. Saleem Ahmed Zafar (Retd)	Chief Operating Officer
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.

**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) 3538077, 3571653, 35872690  
Fax # : (92-21) 35870240, 35870468

**Shariah Advisor**

Mufti Muhammad Ibrahim Essa

**Bankers**

Albaraka Bank (Pakistan) Limited  
Askari Commercial Bank Limited  
Bank Al-Falah Limited  
Bank Al Habib Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Silk bank Limited  
Soneri Bank Limited

**Registered Office**

Pak-Gulf Leasing Company Limited  
THE FORUM:  
Room # 125-127, First Floor,  
G-20, Block # 9,  
Main Khayaban-e-Jami,  
Clifton, P.O.Box # 12215,  
Karachi-75600.  
Tel #: (92-21) 35820301, 35820956-7  
(92-21) 35824401, 35375986-7  
Fax #: (92-21) 35820302, 35375985  
E-mail: pgl@pakgulfleasing.com  
Website: www.pakgulfleasing.com

**Share Registrar / Transfer Office**

THK Associates (Pvt.) Limited  
Ground Floor, State Life Building - 3,  
Dr. Ziauddin Ahmed Road, Karachi.  
Tel # : (92-21) 111-000-322  
Fax # : (92-21) 35655595

## 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 December 31, 2014. 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. Room for improvement is always there, and your directors being conscious of their responsibilities are determined to ensure that better results are obtained in future.

As at the end of the 2nd Quarter of the Financial Year on 31 December 2014, the Balance Sheet footing of the Company stands at Rs. 1.25 billion, as compared to Rs. 1.21 billion as on June 30, 2014. Your Company achieved a Total Revenue of Rs. 62.02 million, for the half year ended December 31, 2014. This reflects an increase of 35.61%, over the Total Revenue of Rs. 45.73 million posted, in the corresponding period of the Financial Year 2013-14. This increase was however slightly curtailed by an inflation-based increase in operating expenses, in addition to a substantial rise in Finance Cost, as compared to the corresponding figures for the half year ended December 31, 2014. Despite the increase in administrative expenses and financial cost, the Company's Profit before Taxation for the half year ended December 31, 2014 has increased by 14.3% to Rs. 27.19 million, when compared with the Profit before Taxation of Rs. 23.79 million, earned in the corresponding period of the previous year. Net profit after Tax has improved to Rs.23.79 million for the six months ended December 31, 2014 as compared to Rs.14.76 million for the corresponding period during the preceding year.

The Shareholders Equity of your Company has risen from Rs. 452.5 million, as at June 30, 2014, to Rs. 477.91 million, as at December 31, 2014 and the Earnings per Share have shown an improvement by rising to Rs. 0.94, when compared with the EPS of Rs. 0.58 for the corresponding period in FY-2013-14.

At the end of September 2014, JCR-VIS Credit Rating Company Limited has upgraded the Medium to Long-term Entity Rating for your Company to A- (Single A Minus) from BBB + (Triple B Plus), and the Short-term Rating to A-2 (A-Two) from A-3 (A-Three). The Outlook for your Company has continued to be graded as "Stable". This up gradation has enhanced the prestige of your Company and is likely to add financial benefits to your Company in the future.

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, not only to maintain, but enhance their positive stance and make every effort towards improving upon the quality of their services to your Company's clients and the image of your Company in the financial services sector of Pakistan.

The Directors acknowledge, with thanks, the cooperation and guidance extended to your Company by the Securities and Exchange Commission of Pakistan (SECP) and other regulatory authorities. Their role is critical in developing the financial services sector and it is hoped that these agencies 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, February 26, 2015**

**Auditor's Report**  
First Half 2014-15

**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, 2014 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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to note 1.2 to the financial statements which discusses the matter relating to the non-compliance of minimum equity requirement as required by the Non Banking Finance Companies and Notified Entities Regulations, 2008.

**Other matters**

The figures for the quarters ended December 31, 2014 and December 31, 2013 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.

The financial statements for the year ended June 30, 2014 and for the half year ended December 31, 2013 were audited and reviewed, respectively, by another firm of chartered accountants who had expressed an unqualified opinion and conclusion thereon vide their report dated September 26, 2014 and February 27, 2014 respectively. The reports included an emphasis of matter in respect of the matter emphasised above.

KARACHI

DATED: 26 February 2015

**BDO Ebrahim & Co.**  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

**CONDENSED INTERIM  
BALANCE SHEET  
AS AT DECEMBER 31, 2014**

Note	(Un-audited) December 31, 2014	(Audited) June 30, 2014
----- Rupees -----		
<b>ASSETS</b>		
<b>Current Assets</b>		
	144,440,805	18,734,373
6	3,585,429	3,072,837
	1,487,498	5,873,261
7	75,826	81,914
	1,106,000	1,044,514
	896,702	717,925
8	392,515,509	429,472,999
	-	4,579,176
	<b>544,107,769</b>	<b>463,576,999</b>
<b>Non-current assets</b>		
	580,504,740	623,154,313
8	20,801,576	20,862,810
9	109,500	109,500
	103,464,094	100,976,272
10	374,505	449,406
	<b>705,254,415</b>	<b>745,552,301</b>
	<b>1,249,362,184</b>	<b>1,209,129,300</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
	12,275,607	10,061,629
	9,175,985	3,438,338
	16,404,164	-
11	130,872,710	137,107,176
12	146,101,893	99,922,571
	-	22,000,000
	2,145,744	3,191,362
	80,657,553	104,069,602
	<b>397,633,656</b>	<b>379,790,678</b>
<b>Non-current liabilities</b>		
	218,750,656	204,525,380
	3,486,950	1,562,773
	110,370,238	128,427,443
	<b>332,607,844</b>	<b>334,515,596</b>
	<b>730,241,500</b>	<b>714,306,274</b>
	<b>519,120,684</b>	<b>494,823,026</b>
<b>NET ASSETS</b>		
<b>FINANCED BY</b>		
	253,698,000	253,698,000
	221,818,710	196,919,786
	475,516,710	450,617,786
	2,391,229	1,878,637
	477,907,939	452,496,423
	41,212,745	42,326,603
	<b>519,120,684</b>	<b>494,823,026</b>
<b>Contingencies &amp; Commitments</b>	13	

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT  
(UN-AUDITED)  
FOR HALF YEAR AND QUARTER  
ENDED DECEMBER 31, 2014**

	Note	Half year ended		Quarter ended	
		December 31		December 31	
		2014	2013	2014	2013
<b>INCOME</b>					
Income from leasing operations	14	60,036,879	43,760,154	29,481,641	21,372,376
<b>OTHER OPERATING INCOME</b>					
Profit on bank accounts / return on investments		1,974,393	1,935,036	852,605	1,571,525
Other income / (loss)		7,412	37,297	2,281	(189,703)
		<u>1,981,805</u>	<u>1,972,333</u>	<u>854,886</u>	<u>1,381,822</u>
		62,018,684	45,732,487	30,336,527	22,754,198
<b>OPERATING EXPENSES</b>					
Administrative and operating expenses	15	22,784,925	18,390,116	12,046,695	9,559,164
Finance cost	16	12,092,440	3,877,075	5,315,052	2,021,727
		<u>34,877,365</u>	<u>22,267,191</u>	<u>17,361,747</u>	<u>11,580,891</u>
Operating profit before provision		27,141,319	23,465,296	12,974,780	11,173,307
Reversal / (provision) for potential lease losses		52,620	329,813	52,620	224,366
<b>Profit before taxation</b>		<u>27,193,939</u>	<u>23,795,109</u>	<u>13,027,400</u>	<u>11,397,673</u>
Taxation - current		(21,466,078)	(475,652)	(17,236,571)	(245,869)
- deferred		18,057,205	(8,562,942)	17,935,969	(7,060,078)
		<u>(3,408,873)</u>	<u>(9,038,594)</u>	<u>699,398</u>	<u>(7,305,947)</u>
<b>Profit after taxation</b>		<u>23,785,066</u>	<u>14,756,515</u>	<u>13,726,798</u>	<u>4,091,726</u>
<b>Earning per share - basic and diluted</b>					
		0.94	0.58	0.54	0.16

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE  
INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER  
ENDED DECEMBER 31, 2014**

	Half year ended		Quarter ended	
	31 December		31 December	
	2014	2013	2014	2013
Profit after taxation	23,785,066	14,756,515	13,726,798	4,091,726
<b>Other Comprehensive Income</b>				
<i>Item that is or may be reclassified subsequently to profit and loss account</i>				
Unrealised gain on revaluation of available for sale investment	512,592	397,476	403,449	501,189
<b>Total Comprehensive income for the period</b>	<u>24,297,658</u>	<u>15,153,991</u>	<u>14,130,247</u>	<u>4,592,915</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

**CONDENSED INTERIM  
CASH FLOW STATEMENT  
(UN-AUDITED)  
FOR THE HALF YEAR  
ENDED DECEMBER 31, 2014**

Note	Half year ended	
	31 December	2013
	2014	2013
	----- Rupees -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	27,193,939	23,795,109
Adjustments for :		
- Depreciation	7,174,628	3,831,497
- Amortisation of long term investments	61,234	6,358
- Amortisation of intangible asset	74,901	74,901
- Financial charges	12,092,440	3,877,075
- Gain on disposal of fixed assets	-	(2,450)
- (Reversal) / provision against potential lease losses	(52,620)	(329,813)
	<u>19,350,583</u>	<u>7,457,568</u>
<b>Operating profit before working capital charges</b>	<b>46,544,522</b>	<b>31,252,677</b>
<b>Movements in working capital</b>		
<b>Decrease / (increase) in current assets</b>		
- Other receivables - net	4,385,763	664,470
- Advances to employees	6,088	(54,756)
- Accrued mark-up / return on investments	(61,486)	(401,205)
- Prepayments	(178,777)	(125,313)
	<u>4,151,588</u>	<u>83,196</u>
<b>Increase in current liabilities</b>		
Trade and other payables	2,213,978	466,433
<b>CASH GENERATED FROM OPERATIONS</b>	<b>52,910,088</b>	<b>31,802,306</b>
Financial charges paid	(6,354,793)	(2,935,282)
Taxes paid	(482,738)	(1,818,263)
Deposits (paid to) / received from lessees	(9,186,773)	2,689,277
Advance rental (ijarah) received from lessees	878,559	-
Decrease in net investment in lease finance	79,659,683	21,342,871
	<u>64,513,938</u>	<u>19,278,603</u>
Net cash flow generated from operating activities	117,424,026	51,080,909
<b>Cash flow from investing activities</b>		
Additions in operating fixed assets	(9,662,450)	(1,940,530)
Proceeds from disposal of operating fixed assets	-	39,150
Long term investment - net	-	(7,835,284)
Net cash flow used in investing activities	(9,662,450)	(9,736,664)
<b>Cash flow from financing activities</b>		
(Payment against) / receipt from issue of certificate of investments - net	(6,234,466)	10,402,527
Repayment of short term loan from related party - net	(22,000,000)	-
Net cash flow (used in) / generated from financing activities	(28,234,466)	10,402,527
Net increase in cash and cash equivalents	79,527,110	51,746,772
Cash and cash equivalents at beginning of the period	(81,188,198)	(19,223,626)
Cash and cash equivalents at the end of the period	17 <u>(1,661,088)</u>	<u>32,523,146</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**CONDENSED INTERIM STATEMENT  
OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR  
ENDED DECEMBER 31, 2014**

Note	Issued, subscribed and paid up Capital	Reserves -----			Sub Total	Surplus / (Deficit) on revaluation of available for sale investments	Total equity
		Capital	Reserve for issue of bonus shares	Revenue			
		Statutory reserve		Unappropriated profit			
							Rupees
<b>Balance as at 1 July 2013</b>	253,698,000	45,701,974	4,402,000	115,367,485	165,471,459	1,108,663	420,278,122
<b>Total comprehensive income for the period ended 31 Dec. 2013</b>							
Profit after taxation	-	-	-	14,756,515	14,756,515	-	14,756,515
Other comprehensive income	-	-	-	-	-	-	-
Surplus on revaluation of available for sale investment	-	-	-	-	-	397,476	397,476
Transfer from surplus on revaluation of operating fixed assets to unappropriated profit - net of deferred tax	-	-	-	1,130,994	1,130,994	-	1,130,994
Transfer to statutory reserve	-	2,951,303	-	(2,951,303)	-	-	-
<b>Balance as at 31 Dec. 2013</b>	<u>253,698,000</u>	<u>48,653,277</u>	<u>4,402,000</u>	<u>128,303,691</u>	<u>181,358,918</u>	<u>1,506,139</u>	<u>436,563,107</u>
<b>Balance as at 1 July 2014</b>	253,698,000	51,546,096	4,402,000	140,971,690	196,919,786	1,878,637	452,496,423
<b>Total comprehensive income for the period ended 31 Dec. 2014</b>							
Profit after taxation	-	-	-	23,785,066	23,785,066	-	23,785,066
Other comprehensive income	-	-	-	-	-	-	-
Surplus on revaluation of available for sale investment	-	-	-	-	-	512,592	512,592
Transfer from surplus on revaluation of operating fixed assets to unappropriated profit - net of deferred tax	-	-	-	23,785,066	23,785,066	512,592	24,297,658
Transfer to statutory reserve	-	-	-	-	-	-	-
reserve	-	4,757,013	-	(4,757,013)	-	-	-
<b>Balance as at 31 Dec. 2014</b>	<u>253,698,000</u>	<u>56,303,109</u>	<u>4,402,000</u>	<u>161,113,601</u>	<u>221,818,710</u>	<u>2,391,229</u>	<u>477,907,939</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

**Chief Executive Officer**

**Director**

**1. STATUS AND NATURE OF BUSINESS**

**1.1** Pak-Gulf Leasing Company Limited ("the Company") was incorporated in Pakistan on 27 December 1994 and commenced its operations on 16 September 1996. The Company is principally engaged in the business of leasing and is listed on all three Stock Exchanges of Pakistan. The registered office of the Company is situated at the Forum, Rooms 125-127, First Floor, Main Khayaban-e-Jami, Clifton, Karachi.

**1.2** Regulation 4 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008) requires a leasing company to maintain, at all times, minimum equity of Rs. 700 million by 30 June 2013. The equity of the Company as at 31 December 2014 is Rs. 477.91 million which is Rs. 222.09 million short of the minimum capital requirement. Securities and Exchange Commission of Pakistan is reviewing the overall regulatory regime including the minimum equity requirement. For this purpose Securities and Exchange Commission of Pakistan has issued NBF-Reform Committee Report for comments of the stakeholders which includes among other measures, extension in time for minimum equity requirements whereby a leasing company is required to meet minimum equity requirements of Rs. 700 million by 30 June 2018.

**2. BASIS OF PREPARATION**
**2.1 Statement of compliance**

This condensed interim financial information of the Company for the half year ended 31 December 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case where requirements differ, the provision or directives issued under the Companies Ordinance, 1984, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

**2.2** The requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement", relating to the assessment of impairment loss on leasing portfolio have not been followed in the preparation of this condensed interim financial information based on a clarification received from the SECP specifying that the requirements of IAS 39 should only be followed by leasing companies so far as it relates to investments made by them.

**2.3** The comparative balance sheet presented in this condensed interim financial information as at 31 December 2014 has been extracted from the audited financial statements of the Company for the year ended 30 June 2014, whereas the comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been extracted from the condensed interim financial information for the period ended 31 December 2013. Further, the figures in the condensed interim financial information for the three months period ended 31 December 2013 and 31 December 2014 have not been reviewed by the auditors.

**2.4** 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. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Company as at and for the year ended 30 June 2014.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of the Company for the year ended 30 June 2014.

**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 30 June 2014.

**6. CASH AND BANK BALANCES**

	Note	(Un-audited) 31 December 2014	(Audited) 30 June 2014
(Rupees)			
Cash in hand		29,900	5,076
Balances with banks:			
- in current accounts		38,433,537	16,829,807
- in saving accounts	6.1	105,977,368	1,899,490
		<u>144,440,805</u>	<u>18,734,373</u>

**6.1** Return on these savings accounts is earned at rates ranging from 6.5% to 9.1% (30 June 2014: 6.5% to 9%) per annum.

**7. OTHER RECEIVABLES-NET**

Lease receivables held under litigation	7.1	28,581,952	28,581,952
Insurance premium receivable and other receivable	7.2 & 7.3	2,665,335	7,051,098
		<u>31,247,287</u>	35,633,050
Provision against leases held under litigation		(25,600,250)	(25,600,250)
Mark-up held in suspense		(2,728,847)	(2,728,847)
Provision against insurance premium and other receivable		(1,430,692)	(1,430,692)
		<u>1,487,498</u>	<u>5,873,261</u>

- 7.1 This represents net investment in finance lease for cases terminated by the Company and where litigation has commenced.
- 7.2 This represents 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.
- 7.3 This includes Rs. 242,925 (30 June 2014: Rs. 239,100) receivable from an associated company in respect of expenses incurred on its behalf.

	(Un-audited) 31 December 2014	(Audited) 30 June 2014
<b>8. NET INVESTMENT IN LEASE FINANCE</b>		
	(Rupees)	
Net investment in lease finance	973,020,249	1,052,627,312
Current portion shown under current assets	<u>(392,515,509)</u>	<u>(429,472,999)</u>
	<u><b>580,504,740</b></u>	<u><b>623,154,313</b></u>

	(Un-audited)			(Audited)		
	31 December 2014			30 June 2014		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
Minimum lease payments	388,918,150	407,585,533	798,530,490	413,632,492	480,423,646	1,004,904,895,061,042
Add: Residual value of leased assets (8.1)	80,657,553	217,691,731	1,058,925,299,408,209	104,069,602	204,385,755	308,594,982
Gross investment in finance leases	469,575,703	625,277,264	3,065,732,1,097,938,699	517,702,094	684,809,401	1,144,529,1,203,656,024
Unearned lease income	<u>(76,066,112)</u>	<u>(47,656,618)</u>	<u>(201,638)</u>	<u>(87,192,451)</u>	<u>(62,690,093)</u>	<u>(149,992,068)</u>
Mark-up held in suspense	<u>(116,033)</u>	<u>(76,182,145)</u>	<u>(201,638)</u>	<u>(105,975)</u>	<u>(87,298,426)</u>	<u>(105,975)</u>
	<u>393,393,558</u>	<u>577,620,646</u>	<u>2,884,094</u>	<u>430,403,668</u>	<u>622,119,308</u>	<u>1,053,557,981</u>
Provision for potential lease losses (8.2)	-	-	(878,049)	(930,669)	-	(930,669)
Net investment in finance leases	<u><b>392,515,509</b></u>	<u><b>577,620,646</b></u>	<u><b>2,884,094</b></u>	<u><b>429,472,999</b></u>	<u><b>622,119,308</b></u>	<u><b>1,052,627,312</b></u>

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

- 8.1 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. 64.845 million.

	Note	(Un-audited) 31 December 2014	(Audited) 30 June 2014
<b>8.2. Provision for potential lease losses</b>			
		(Rupees)	
Balance at beginning of the period / year		930,669	1,764,266
(Reversal) / charge for the period / year		<u>(52,620)</u>	<u>(833,597)</u>
Balance at end of the period / year		<u>878,049</u>	<u>930,669</u>
<b>9. LONG TERM INVESTMENTS</b>			
<b>Government Securities</b>			
Pakistan Investment Bonds		<u>20,801,576</u>	<u>20,862,810</u>
These Pakistan Investment Bonds have a cost of Rs.20.805 million (30 June 2014: Rs. 20.81 million) and will mature between 19 July 2017 to 18 July 2018.			
<b>10. OPERATING FIXED ASSETS</b>			
Operating fixed assets - own use	10.1	75,664,174	77,754,130
Operating fixed assets - Ijarah finance	10.2	<u>27,799,920</u>	<u>23,222,142</u>
		<u>103,464,094</u>	<u>100,976,272</u>
<b>10.1 OPERATING FIXED ASSETS - Own Use</b>			
Opening written down value		77,754,130	80,411,501
<b>Additions during the period / year - at cost</b>			
Vehicles		-	1,709,100
Office equipments		148,000	290,826
Computer equipment		302,950	424,405
Furnitures and fittings		-	15,400
		<u>450,950</u>	<u>2,439,731</u>
Depreciation for the period / year		<u>(2,540,906)</u>	<u>(5,097,102)</u>
Closing written down value		<u>75,664,174</u>	<u>77,754,130</u>
<b>10.2 OPERATING FIXED ASSETS - Ijarah Finance</b>			
Opening written down value		23,222,142	3,344,192
<b>Additions during the period / year - at cost</b>			
Vehicles		1,867,500	2,231,240
Machinery		7,344,000	20,700,000
		<u>9,211,500</u>	<u>22,931,240</u>
Written down value of disposals during the period / year		-	(36,700)
Depreciation for the period / year		<u>(4,633,722)</u>	<u>(3,016,590)</u>
		<u>(4,633,722)</u>	<u>(3,053,290)</u>
Closing written down value		<u>27,799,920</u>	<u>23,222,142</u>

	Note	(Unaudited) 31 December 2014	(Audited) 30 June 2014
<b>11. CERTIFICATES OF INVESTMENT - UNSECURED</b>			
		(Rupees)	
Opening balance		137,107,176	59,834,426
Certificates issued during the period / year	11.1	35,760,466	154,684,709
Rolled over in the period / year		(31,299,994)	(75,711,959)
Payments made during the period / year		<u>(10,694,938)</u>	<u>(1,700,000)</u>
Closing balance		<u>130,872,710</u>	<u>137,107,176</u>
11.1	These represent certificates of investment issued by the Company with the permission of Securities and Exchange Commission of Pakistan. The term of these certificates is 12 months (30 June 2014: 12 months) and carry mark-up at the of rate of 10% to 11% (30 June 2014: 10% to 11%) per annum.		
<b>12. SHORT TERM BORROWING - secured</b>			
The Company has arranged short-term running finance facility from various commercial banks amounting to Rs. 150 million (30 June 2014: Rs. 100 million) @ 3 months KIBOR plus 2.5% per annum to 3 months KIBOR plus 1.5% per annum. Facilities are secured by hypothecation charge over leased assets and assigned rentals.			
<b>13. CONTINGENCIES &amp; COMMITMENTS</b>			
The Alternate Corporate Tax Charge for the Tax Year 2014 amounted to Rs. 8.1 million which is Rs. 7.14 million in excess of the Minimum tax, payable at Rs. 0.96 million 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 Honourable Sindh High Court and on 29 December 2014 the Honourable Court has issued an order restraining the Federal Board of Revenue (FBR) from taking any coercive action against the Company. Accordingly, 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.			
Leasing contracts committed but not executed at the balance sheet date amounted to Rs. 125.5 million (30 June 2014: Rs. 40.94 million).			
There were no other contingencies and commitments as at 31 December 2014.			
<b>14. INCOME FROM LEASING OPERATIONS</b>		Half year ended 31 December (Un-audited)	
		Quarter ended 31 December (Un-audited)	
		2014	2013
		2014	2013
		Rupees	
Income on lease contracts		52,872,068	41,570,429
Gain / (loss) on lease termination		311,010	14,052
Income from Ijarah operations		5,609,983	1,391,934
Other income		1,243,818	783,739
		<u>60,036,879</u>	<u>43,760,154</u>
		<u>29,481,641</u>	<u>21,372,376</u>

15. ADMINISTRATIVE AND OPERATING EXPENSES	Half year ended 31 December (Un-audited)		Quarter ended 31 December (Un-audited)	
	2014	2013	2014	2013
	Rupees			
Directors' fee	275,000	100,000	125,000	100,000
Salaries, allowances and benefits	8,944,592	9,765,397	4,518,801	4,906,739
Depreciation	7,174,628	3,831,497	3,795,758	1,689,668
Amortisation	74,901	74,901	37,450	37,450
Office utilities	705,016	558,986	350,115	335,710
Legal and professional	1,479,349	1,094,874	940,325	707,712
Auditor's remuneration	275,000	275,000	168,650	148,484
Postage, subscription, printing and stationary	783,946	451,312	434,270	225,116
Vehicle running and maintenance	717,813	409,852	380,062	(10,050)
Office repair and general maintenance	518,487	546,539	289,395	305,869
Workers' Welfare Fund	600,000	465,728	312,000	465,728
Insurance	428,798	464,600	98,879	441,945
Advertisement	90,550	49,506	46,550	36,400
Travelling and conveyance	128,550	81,567	82,860	19,440
Miscellaneous	588,295	220,357	466,580	148,953
	<u>22,784,925</u>	<u>18,390,116</u>	<u>12,046,695</u>	<u>9,559,164</u>

**16. FINANCE COST**

Mark-up on:				
- Short term Loan - related party	313,556	-	126,805	-
- Running finance	4,121,917	160,097	1,381,928	32,685
- Certificates of investment - unsecured	7,616,488	3,658,543	3,766,420	1,933,606
Bank charges	17,679	14,900	17,679	11,901
CIB reports charges	22,800	43,535	22,220	43,535
	<u>12,092,440</u>	<u>3,877,075</u>	<u>5,315,052</u>	<u>2,021,727</u>

17. CASH AND CASH EQUIVALENTS	Note	(Un-audited) 31 December 2014	(Audited) 30 June 2014
		(Rupees)	
Cash and bank balances	6	144,440,805	18,734,373
Short term borrowings	12	(146,101,893)	(99,922,571)
		<u>(1,661,088)</u>	<u>(81,188,198)</u>

**18. TRANSACTIONS WITH RELATED PARTIES**

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

	Half year ended 31 December (Un-audited)	
	2014	2013
	Rupees	
Profit on Certificates of Investment	7,133,113	3,213,927
Certificate of Investment issued / rolled over during the period to Close relative(s) of Director(s)	25,207,710	22,936,952
Finance leases disbursed during the period to an associated undertaking	-	2,459,000
Finance leases disbursed during the period to Director(s)	1,753,500	-
Rental received during the period against finance lease disbursed to associated undertaking(s)	540,054	540,054
Rental received during the period against finance lease disbursed to Director(s)	543,832	-
Short term loan from a related party obtained during the period	10,000,000	-
Short term loan from a related party repaid during the period	32,000,000	-
Financial charges on short term loan from a related party	313,557	-
Contribution during the period to Provident Fund	181,358	188,508
Directors' fee	275,000	100,000
Salary and allowances	2,236,680	1,200,000
	(Un-audited) 31 December 2014	(Audited) 30 June 2014
<b>Balances outstanding at the period / year end</b>	Rupees	
Certificates of Investments issued to director(s)	62,475,000	62,475,000
Certificates of Investments issued to close relatives of director(s)	66,197,710	63,926,952
Accrued mark-up on certificate of investment issued to director	3,668,834	204,155
Accrued mark-up on certificate of investment issued to close relatives of director(s)	4,076,874	2,921,099
Closing balance of rentals receivable from an associated undertaking related to finance leases	3,732,878	4,272,932
Closing balance of rentals receivable from Director(s) related to finance lease	5,611,579	1,980,016
Closing balance of short term loan from a related party	-	22,000,000
Accrued mark-up on short term loan from a related party	-	7,335

**19. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorised for issue on 26 February 2015 by the Board of Directors of the Company.

**Chief Executive Officer**
**Director**