

Dear Shareholders,

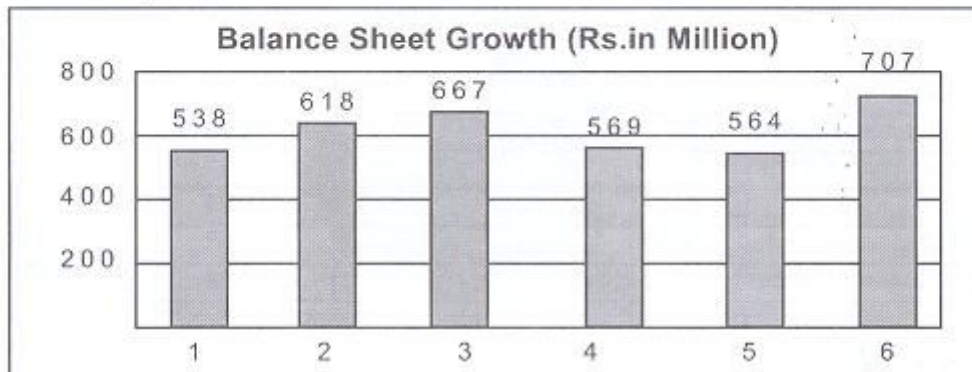
Your directors are pleased to present the 16th Annual Report of the Pak-Gulf Leasing Company Limited and the financial statements along with the auditor's report thereon for the year ended June 30, 2009.

Review of Operations

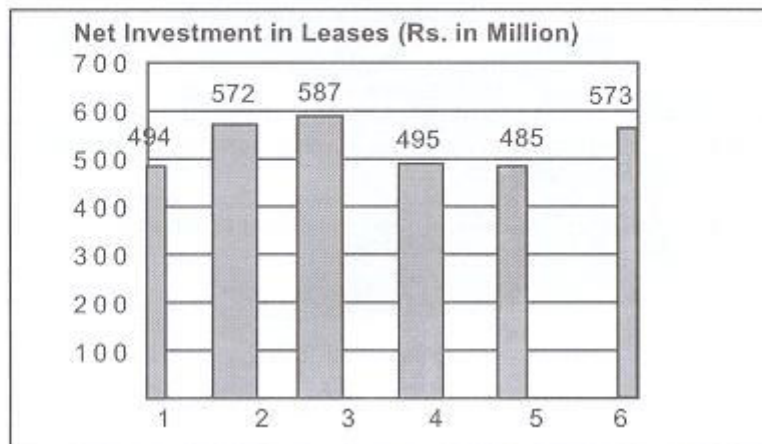
Despite the rising cost of capital and competitive markets, the overall performance of the company remained satisfactory. In the prevailing adverse market conditions and tougher competition with commercial lenders, higher interest rates, and trends of pre-mature termination of contractual legal obligations, your company's growth is quite reasonable and better than last years' performance.

Financial Strength

During the financial year under review, the balance sheet footing of your company was Rs.707 million as on June 30, 2009 as compared to Rupees 564 million on June 30, 2008 reflecting an increase of 25 percent. This increase is mainly attributed to revaluation surplus on the revaluation of the office premises and fresh business written during the period. During the year 2008-09, 89 new leases worth Rs.280 million were written as compared to Rs.236 million of last financial year representing an increase of 18.64 percent.



After taking the effect of leases that matured during the year, the lease portfolio of the company wound up the year 2009 at Rupees 666 million from Rupees 562 million on June 30, 2008



Financial Performance

It is matter of great satisfaction that your Company has improved well in terms of profitability. After tax profit for the year was Rs.14.877 million as against Rs.10.85 million of the corresponding period. Gross revenue for the period under review was Rupees 59.20 million representing 16.95 percent increase over last year. Administrative expenses were remained almost at same level as were last year. The directors have come to the conclusion that in order to expand the operations of the company, it is imperative that the company retains its post tax profits to expand its equity base. Consequently no dividend is being announced for the year ended June 30, 2009.

	2009	2008
	(Rupees in Million)	
Profit before taxation	23.02	12.16
Provision for taxation(including deferred tax of Rs.7.6 million)	8.14	1.31
Profit after taxation	14.88	10.85
Un-appropriated profit brought forward	33.42	23.40
Transferred from surplus on revaluation to un appropriated profit	2.19	1.34
Profit available for appropriation	50.49	35.56
Appropriations:		
Transfer to statutory reserve	2.98	2.17
Proposed cash dividend	-	-
Total appropriations	2.98	2.17
Un-appropriated profit carried forward	47.51	33.42
Earning Per Share (In Rupees)	0.64	0.56

Economic Scenario

The fiscal year 2008-09 was a year of economic recession and contraction as compared to preceding years. The demand push coupled with lack of adequate administrative measures to monitor the supply position and control hoarding resulted in pressure on food prices which coupled with ever increasing inflation in the country and cartelization by sugar, cement producers along with increasing gap in demand & supply of electricity had worsen the socio economic conditions of the common man.

Leasing companies, one of the major constituents of NBFCs sector have witnessed a reasonable growth rate in the past. However due to stiff competition with banks and some other constraints such as availability of finance at higher rates, smaller leasing companies have opted for merger with stronger institutions or voluntary liquidation.

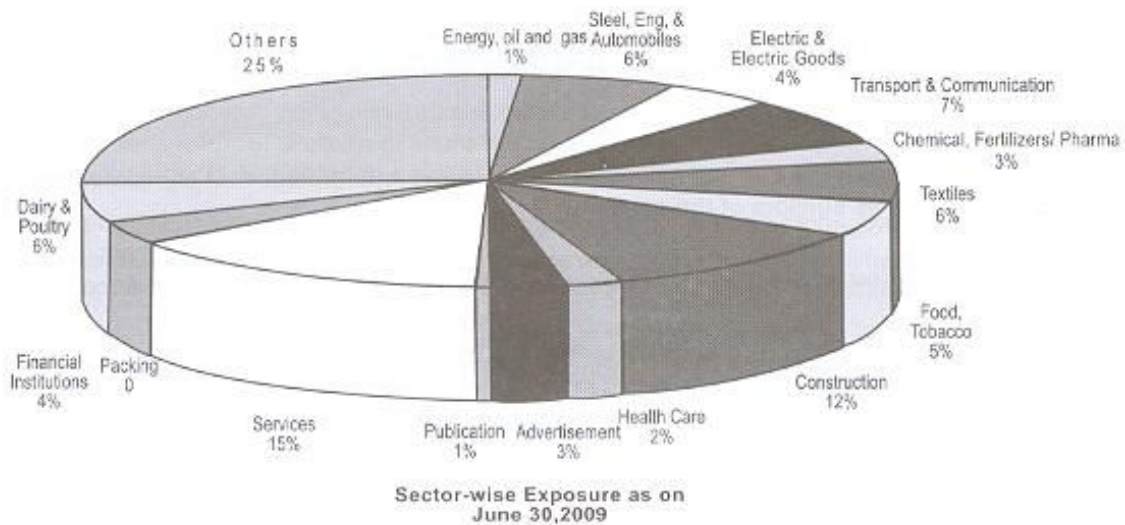
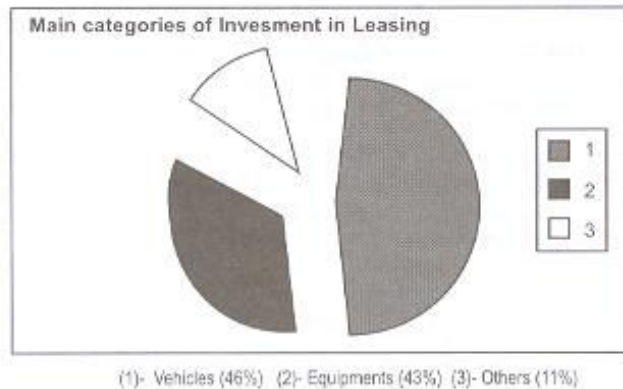
The commercial banks in leasing business with nominal cost of funds have made competition very tougher and one sided as against leasing companies.

Review of fiscal year 2009

Pakistan's macroeconomic environment has been affected by escalation of war on terror and deepening of the global financial crisis which penetrated into domestic economy through substantial decline in Pakistan's exports and slowdown in foreign direct investment. Although decrease in export receipts was balanced by massive reduction in import bill emanating from global crash of crude oil and commodity prices, the external sector vulnerabilities remain a threat. Pakistan's economy continues to remain exposed to developments at international front as well as internal security environment. Despite support from the IMF and other bilateral and multilateral donors, Pakistan's external account remains exposed to a host of uncertainties. The dependence on external inflows needs some rationalization and to this end additional domestic resource mobilization is influential. Growth rate which was over 5.8 percent for previous year has reduced to 2 percent during the year.

The fiscal year 2008-09 was a difficult year for equity markets in Pakistan. The benchmark equities index, KSE 100 which was all time high at 15,676 in April 2008 had witnessed its lowest level in the near past of below 5,000. The decline in KSE 100 index was due to ongoing war against terror and deteriorating socioeconomic conditions of the country, political instability and outflow of capital and decrease in foreign direct investment in the country.

Despite these problems, PGL had continued with its historic growth pace and had shown even better performance during the year 2009. Following is the break up of investment in leasing during the year under reference.



Future Prospects

The arrangements with the banks for credit lines at rates to be more competitive have been arranged and with the borrowing cost at lesser level, the Company hopes to gradually improve its profitability and performance in administering and writing leases by aggressive marketing. Negotiations with the banks are in process to meet additional requirements. Efforts are being made to further reduce the cost of borrowing and keep check on other expenses to achieve the desired profit margin.

After the historic success in war against terror in Swat and adjoined areas and successful transformation of the government and restoration of the full scale democracy in the country, it is hoped that economic directions of the country would be reset. However the entire economic environment appears to be challenging for the year 2009-10. Short fall in electricity supply, loan from IMF with stringent terms and tough market competition on international front along with corruption and cartelization by different manufacturers had worsen the situation. The economy had shown accelerated growth in recent past however under current global economic scenario, it seems quite difficult to continue with same momentum in near future. Besides all these challenges, your company has performed well and we are quite hopeful that with strict control over expenses, improved risk assessment procedures and conservative approach towards new business, PGL would perform even better in years to come. For the business risks, associated with repayment behavior of lessees and increasing financial costs, your company is taking strong measures to cope up with the situation.

Corporate Governance

The company has implemented the "The Code of Corporate Governance" (the 'Code') in its letter & spirit. The review report of the external auditor to the members on the statement of compliance with the best practices of the code of corporate governance is appended in this report.

Audit Committee

The Board of Directors, in compliance with the Code of Corporate Governance, has established an Audit Committee consisting of the following directors:

- | | | |
|---|-----------------------------------|------------------|
| - | Sheikh Mohammad Jawed | Chairman |
| - | Shaikh Aftab Ahmed | Vice Chairman |
| - | Mr. Fawad S. Malik | Member/Secretary |
| - | Air Marshal (R) Syed Masood Hatif | Member |

Credit Rating

In February, 2009 JCR-VIS had reaffirmed the entity rating of your company as BBB- for medium to long-term and A-3 for the short-term where as outlook of the Company has classified as stable.

Auditors

The retiring auditors Messer's A. F. Ferguson & Co. Chartered Accountants had completed their five years statutory period as auditors of the company.

The Board of Directors wish to place on record their appreciation for the high standards of professionalism, integrity and ethics maintained by auditors Messer's A. F. Ferguson & Co. Chartered Accountants.

Acknowledgements

The Board would like to place on record its appreciation for the management team of the Company and each and every member of its staff for the hard work and dedication in turning out a satisfactory performance in a difficult year. We, the Members of the Board, as representatives of shareholders, assure the management and staff of the Company of our continued support in strengthening the Company. We are sure that the management and the staff will continue to serve the customers of the Company with the same zeal as demonstrate last year and will be able to improve the reputation of the Company in financial services sector.

The Board also acknowledges the cooperation and guidance extended to the Company by the Securities and Exchange Commission of Pakistan (SECP), State Bank of Pakistan and other regulatory authorities. Their role is critical in developing the Financial Services Sector and we hope that their actions will continue to strengthen this sector.

At the end, we would like to thank our valued shareholders, customers, bankers, and financiers and other stakeholders for their valuable support and look forward to reinforce and build further an excellent relationship with you in coming years.

Statements in compliance with the Code of Corporate Governance

The Board of Directors has reviewed the Code of Corporate Governance and confirms the correctness of the following statements to the best of our knowledge and belief:

Financial statements prepared by the management of the Pak -Gulf Leasing Company Limited, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

Proper books of account of the listed company have been maintained.

Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates presented in the report are based on reasonable and prudent judgment.

International Accounting Standards (IAS), as applicable in Pakistan, have been followed in preparation of the financial statements, and there has been no departure from them.

The system of internal control is sound in design, and has been effectively implemented and monitored.

There is no significant doubt upon the company's ability to continue as a going concern.

There was no trade in shares of the company, carried out by its directors, CEO, CFO, Company Secretary and their spouses and minor children.

There has been no material departure from best practices of corporate governance, as detailed in the listing regulations.

Pattern of shareholding: Pattern of share holdings as required the Code of Corporate Governance as at June 30, 2009 is appended at the end of the report.

Significant deviations from last year in operating results have been highlighted at the beginning of this report, along with the reasons thereof.

Key operating and financial data of last six years is summarized below:

	2009	2008	2007	2006	2005	2004
	----- Rupees -----					
Operational Results:						
Revenues	59,198,876	50,620,517	51,169,516	54,893,665	47,618,705	45,598,527
Lease revenue	53,886,448	49,767,447	49,243,427	53,425,096	46,627,610	44,080,033
Profit before taxation	23,022,809	12,163,778	500,389	8,024,600	14,420,191	20,139,441
Profit after taxation	14,877,931	10,848,668	2,660,483	9,416,239	10,708,453	16,787,119
Finance cost	9,821,589	9,591,157	20,719,037	22,495,317	13,906,101	8,510,439
Provision for potential lease losses	7,378,303	10,362,393	4,995,229	3,948,112	2,967,846	1,006,895
Dividend/(stock) %			8%	5.50%	0.00%	0.00%
Balance Sheet						
Shareholders Equity	333,766,341	256,702,410	246,667,370	241,944,930	231,236,407	220,093,554
Surplus on revaluation of assets	47,600,689	24,871,032	24,562,394	25,902,161	-	-
Reserves	80,332,096	63,004,410	52,969,370	62,594,930	38,693,332	36,464,762
Fixed assets	82,709,719	47,894,065	51,530,224	55,201,141	12,370,029	13,548,390
Working capital	135,443,949	77,929,799	115,509,916	52,306,505	49,886,000	44,613,079
Long- term liabilities	227,756,845	151,143,864	157,981,518	210,574,741	215,176,266	175,310,784
Long-term loans	71,666,667	8,581,857	54,020,456	51,937,119	85,135,706	55,168,754
Long- term investments	1,457,955	2,842,605	3,347,595	7,722,671	7,377,682	6,996,669
Financial Ratios						
Income / expense ratio	2.05	1.80	1.12	1.28	1.43	1.79
Eaming per share (In Rupees)	0.65	0.56	0.14	0.49	0.60	0.99
Debt / Equity ratio	15.81	0.02	0.17	0.32	0.37	0.03
Current ratio	2.39	1.59	1.82	1.28	1.29	1.31

Information Technology

In order to meet the ever changing requirements of business and to keep PGL in competition with other market players in the field of information technology, your directors have decided to shift from outdated foxpro based lease management system to Financial Oracle. New management system is in its final testing phase and will be fully implemented soon. This will result to cater business needs more efficiently and effectively.

Board Meetings

Five Board Meetings were held during the year under review. Details of attendance are as follows:

	Name of Director	No. of Meetings Held	No. of Meetings Attended
1.	Mr.Sohail Inam Ellahi	5	5
2.	Mr.Fawad Salim Malik	5	3
3.	Shaikh Aftab Ahmad	5	5
4.	Mr.Shaheed H Gayalani	5	-
5.	Shaikh Mohammad Jawed	5	5
6.	Mr.Yousaf Jan Muhammad	5	1
7.	Air Marshal® Syed Masood Hatif	5	3
8.	Mr.Pervez Inam	5	5

No statutory payment on account of taxes, duties, levies and charges was outstanding against the company on June 30, 2009.

Value of investments of provident fund was Rupees 2,507,510 as at June 30, 2009. This represents funds placed with a bank at special rates and investment in National Investment Trust units.

Karachi: September 28, 2009



Chairman/Chief Executive



Vice Chairman



Director