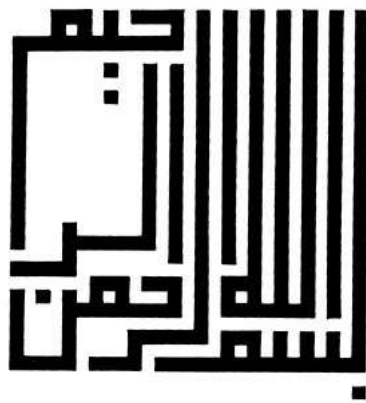


ANNUAL REPORT 2017



Pak-Gulf Leasing Company Limited



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

Human Resource & Remuneration Committee

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

Senior Management

Mr. Mahfuz-ur-Rehman Pasha	Chief Executive Officer
Lt. Col. Saleem Ahmed Zafar (Retd.)	Chief Operating Officer
Mr. Afzal-ul-Haque	Deputy Chief Operating Officer & Senior Manager Risk
Ms. Mehreen Usama	Chief Financial Officer
Lt. Col. Farhat Parvez Kayani (Retd.)	General Manager Punjab
Ms. Farah Farooq	Head of Audit
Major Arifullah Lodhi (Retd.)	Manager HR & Administration
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 # : 35870240, 35870468

Shariah Advisor

Mufti Muhammad Ibrahim Essa

Bankers
Islamic Banks

Albaraka Bank (Pakistan) Limited

Conventional Banks

Askari Commercial Bank Limited
Bank Al-Falah Limited
Bank Al Habib Limited
Bank of Punjab
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
Karachi, P.O.Box # 12215, Karachi-75600.
Tel #: (92-21) 35820301, 35820965-6
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,
Opp. Honda Point, New Airport Road, Lahore.
Tel #: (92-42) 5700010
Fax #: (92-42) 5700011

Registrar / Share 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.

Notice is hereby given that the 24th Annual General Meeting of Pak-Gulf Leasing Company Limited will be held at the Company's Registered Office, UNIBRO House, Ground and Mezzanine Floor, Plot No. 114, 9th East Street, Phase I DHA, Karachi-75500, on Thursday, October 26, 2017 at 4:00 p.m. to transact the following business.

Ordinary Business

1. To read and confirm the minutes of the 23rd Annual General Meeting held on October 24, 2016.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2017 together with Directors' and Auditors' Report thereon.
3. To approve the payment of cash dividend to the shareholders at the rate of Rs. 0.75 per share of Rs. 10 each for the year ended June 30, 2017.
4. To appoint Auditors for the year 2017-18 and fix their remuneration. The present Auditors M/s BDO Ebrahim & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

Any Other Business

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

By Order of the Board

Mehreen Usama
Company Secretary

Karachi: October 04, 2017

Notes:

1. The Register of Members of the Company shall remain closed from October 20, 2017 to October 26, 2017 (both days inclusive).
2. A Member entitled to attend and vote at the Annual General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A form of proxy is enclosed.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan (SECP).

A. For attending the meeting:

- (i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For appointing proxies:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

CNIC / NTN

5. The Securities and Exchange Commission of Pakistan (SECP) vide its notification SRO 831(1)/2012 dated 5 July 2012 require that the dividend warrant(s) should bear CNIC number of the registered member or the authorised person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Share Registrar. In case of non-compliance, the Company may withhold dispatch of dividend warrants under intimation to regulator till such time they provide the valid copy of their CNIC as per law.

E-Mandate

6. After the promulgation of the Companies Act, 2017 the listed companies are obliged to pay cash dividend through electronic mode only by directly crediting the dividend amount in the designated bank accounts of the entitled shareholders. Accordingly the shareholders who hold shares in physical form are requested to submit the e-dividend mandate to the Company's registered office while the shareholders who hold shares in Central Depository Company Limited are requested to submit the e-dividend mandate to the participants/investor account services department of the Central Depository Company Limited. In case of non-compliance, the Company in line with the directions given by the regulator will not be able to make payment of dividend.

Filer and Non-Filer Status

7. Pursuant to the provisions of Finance Act, 2017 effective 1 July 2017, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

For filers of income tax returns	15%
For non-filers of income tax returns	20%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website. Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the details of their shareholding to the Share Registrar of the Company latest by the AGM date.

8. Shareholders are requested to notify change of their addresses, if any immediately.

Dear Shareholders,

I am pleased to present to you a review of the overall performance of the Board of the Company and effectiveness of the role played by it in achieving the Company's objectives for the year ended June 30, 2017. It is heartening to know that like previous years FY 2016-17 remained a year of increased profitable performance for the Company. Resultantly, the Board has recommended to pass on the benefit to shareholders by proposing a final cash dividend of 7.5% i.e. Rs. 0.75/- per share for approval from members at the forthcoming 24th Annual General Meeting of the Company.

Pakistan's overall economy indicates signs of promise despite hiccups and constraints for leasing sector, with improvements in the macroeconomic indicators and the overall economic scenario is foreseen to be conducive for growth. To this end the Company has started its branch based operations by starting its first branch at Lahore to good effect. The management of the Company is confident that the Company will continue to capitalize on growth opportunities through its commitment towards stakeholders.

Your Company is committed to follow the best business practices and religiously adheres to the regulatory framework and all applicable rules and regulations and the Board acknowledges its responsibility towards Corporate & Financial Reporting Framework. The Board evaluates its performance by considering the overall performance of the Company. Every member of the Board makes an all-out effort to attend the Board meetings and to actively participate in these proceedings, wherein in depth and detailed discussions are held on various strategic issues. The Board ensures that the Company adopts and follows the best practices of corporate governance in all areas of its operations, as well as having a robust internal control system in place. The Board closely monitors the financing transactions being undertaken by the Company. Compliance with the internal policies developed in accordance with regulatory requirements is one area on which the Board remains focused throughout the year. In line with the requirements of Code of Corporate Governance we have developed and successfully implemented a methodology for self-evaluation of the Board's performance as an entity based on: vision, mission, strategy, skills, knowledge, governance trends, financial overview, risk management, protection of shareholders' right, transparency, board committees, value addition, operational environment, competitive position, employee development and strategic planning.

The Company aims to achieve sustainable growth by undertaking strategic and forward looking initiatives and ensuring mutually beneficial business relationship with all its clients existing as well as new.

Chairman

**September 18, 2017
Karachi**

چیرمین کی جائزہ رپورٹ

محترم شیئر ہولڈرز (حصص یافتگان)

میں انتہائی مسرت کے ساتھ آپکو کمپنی کے بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور کمپنی کے مقاصد کو حاصل کرنے کے لیے انکے ادا کیے گئے کردار برائے سال اختتام 30 جون 2017 کا جائزہ پیش کر رہا ہوں۔ یہ بات خوش آئند ہے کہ پچھلے مالی سالوں کی طرح اس مالی سال 2016-17 بھی آپکی کمپنی کیلئے ایک منافع بخش سال رہا۔ اس کارکردگی کو مد نظر رکھتے ہوئے آپکے ڈائریکٹرز آئندہ 24 ویں سالانہ اجلاس عام میں ممبران سے منظوری کے لیے %7.5 فیصد نقد حصص (کیس ڈیویڈنڈ) کی سفارش کرتے ہیں۔

بحیثیت مجموعی پاکستان کی معیشت میں بہتری کے آثار دکھائی دیتے ہیں باوجود لیزنگ سیکٹر پر دباؤ کے۔ اس کے ساتھ مائیکرو، اکانومک انڈیکسٹرز میں بہتری کے ساتھ ساتھ مجموعی طور پر معاشی منظر نامے میں خاصی ترقی دکھائی دیتی ہے۔ اس چیز کو مد نظر رکھتے ہوئے کمپنی نے کاروبار کو وسعت دینے کیلئے اپنی ایک برانچ لاہور میں کھول دی ہے۔ کمپنی کی منجمنٹ پر اعتماد ہے کہ کمپنی آئندہ ترقی کے تمام مواقع سے بھرپور استفادہ کرے گی اور اپنے شراکت داروں سے کیے گئے وعدوں کے مطابق سرمایہ کاری جاری رکھے گی۔

آپکی کمپنی نے عہد کیا ہوا ہے کہ بہترین پیشہ وارانہ طریقے پر عمل کرتے ہوئے بہت دیانت داری کے ساتھ بنیادی کاروباری طریقوں اور تمام قاعدے اور قوانین پر عمل پیرا رہے گی اور بورڈ اپنی ان ذمے داریوں کا ادراک کرتا ہے جو کہ کارپوریٹ اور فنانشل رپورٹ کے فریم ورک کے متعلق بورڈ اپنی کارکردگی کی جانچ پڑتال کمپنی کی مجموعی کارکردگی کو مد نظر رکھ کر کرتا ہے۔ بورڈ کا ہر رکن بھرپور کوشش کرتا ہے کہ وہ بورڈ کی ہر میٹنگ میں حاضر ہو اور اسکی کارروائی میں بھرپور حصہ لے اور اسٹریٹجک معاملات پر بھرپور بحث کرے۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی اپنے دائرہ کار میں کارپوریٹ گورننس اور ساتھ ساتھ مضبوط اندرونی کنٹرول سسٹم کو بھرپور طریقے سے اپنائے اور اس پر عمل کرے۔ بورڈ بڑی توجہ اور ذمے داری سے کمپنی کے مالی لین دین کی نگرانی کرتا ہے۔ بورڈ جن چیزوں پر پورا سال اپنی توجہ مرکوز رکھتا ہے وہ کمپنی کی اندرونی پالیسیاں ہیں جو کہ ضوابط کو مد نظر رکھتے ہوئے بنائی گئی ہیں۔ ایک طریقہ وضع کرتے ہوئے اپنی کارکردگی پر خود تشخیصی کا نظام تیار کیا ہے جس کی بنیاد بصارت، مقصد، بورڈ حکمت عملی، مہارت، علم، حکومتی رجحانات، مالیاتی جائزہ، انتظام برائے خطرات، شراکت داروں کے حقوق کی نگہداشت، شفافیت، بورڈ کی کمیٹیاں، اضافی قدر، آپریشنل ماحول، مسابقتی حالت، ملازموں کی فلاح اور ترقی، اسٹریٹجک منصوبہ بندی جیسے عوامل ہیں۔

کمپنی کا سب سے اہم مقصد یہ ہے کہ وہ نئے اور مثبت اقدامات لے کر کمپنی کی شرح نمو کو یقینی بنائے اور اس امر کو بھی یقینی بنائے کہ وہ اپنے تمام نئے اور پرانے گاہکوں کے ساتھ ایک باہمی فائدہ مند کاروباری تعلق بنائے۔

چیرمین

18 ستمبر 2017

کراچی

Dear Shareholders,

Your directors are pleased to present the 24th Annual Report of Pak-Gulf Leasing Company Limited (PGL), including financial statements and the Auditors' Report, for the year ended June 30, 2017.

OPERATIONAL OVERVIEW

Keeping in view the restrictive operational environment, under which your Company was required to perform, the growth in PGL's business during the financial year under review appears to be fairly impressive.

During the year under review in line with your Company's well tested policy of the past Company undertook, repeat business with some of PGL's most consistently performing and well established lessees, adding at the same time fresh client relationships with good market standing. Wherever the quantum of exposure to a lessee necessitated mitigation of risk, additional collateral securities were obtained from the lessees, other than the leased assets. This approach to beef up the security for assets based financing is unique to your Company as most leasing companies in the market restrict the security for leasing finance only to the relative assets being leased.

As far as new business relationships are concerned same were considered by PGL, by taking into account the related financials of the prospective lessee, its market reputation and historical track record, in addition to other risk evaluation factors justifying the viability of the financing proposition offered to the Company. All approvals are subject to an independent survey and valuation of the assets to be leased.

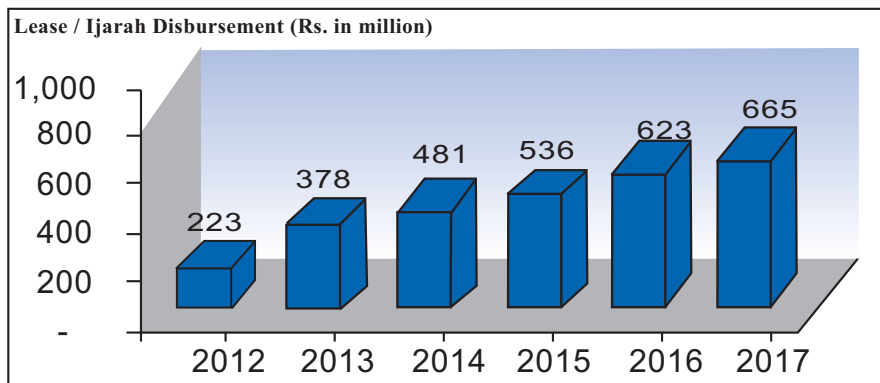
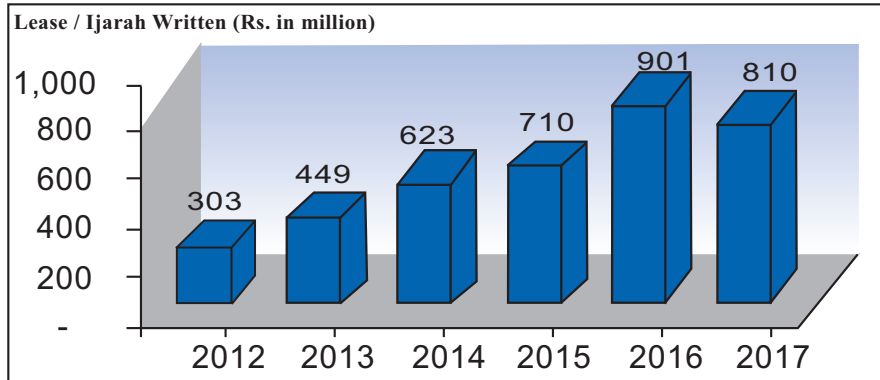
It has been a cornerstone of PGL's fund management policy to rely for a greater part on internally generated financial resource for funding the Company's business. Consequently, your Company lays great emphasis on timely and regular repayments from the lessees under all leasing commitments. It is a matter of pride to state that your Company for the past couple of years has been reporting an extraordinary Recovery Rate. For the year under review this Rate was 96.62%.

The exceptionally high growth in business, during FY-2016-17, despite the outstanding performance with respect to lease rental payments, required your Company to finance its increased business through Short Term Borrowings from commercial banks, and fresh investment from the Sponsors of PGL in the Company's Col Scheme. The Sponsors of your Company need to be thanked, for their contribution in hour of need to meet the Company's funding requirements and for the trust and confidence reposed by them in the management of your Company's affairs.

ANALYSIS OF PGL's OPERATIONAL AND FINANCIAL PERFORMANCE IN FY-2016-17

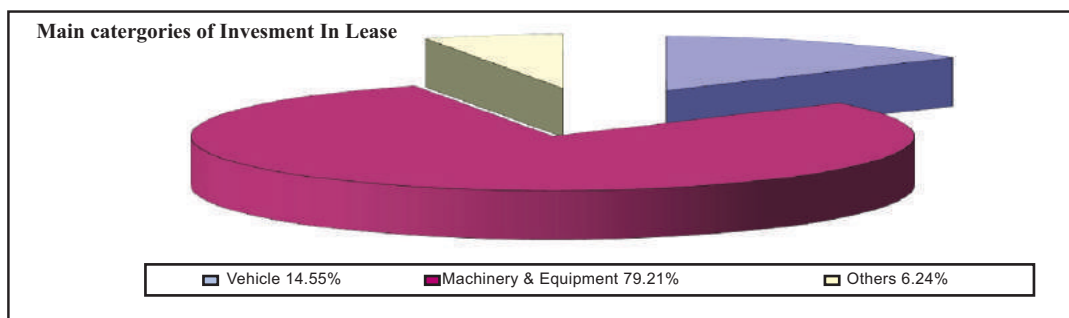
Leases Written and Disbursed

104 new leases of Rs. 810.13 million were written, during FY-2016-17, as compared to 80 number of leases of Rs. 901.15 million written in the FY-2015-16 while lease disbursement amount during FY-2016-17 was Rs. 664.92 million as compared to Rs. 622.64 million for FY-2015-16. The growth in Leases written and amount disbursed by your Company, over the past 6 years, is illustrated in the following Chart:



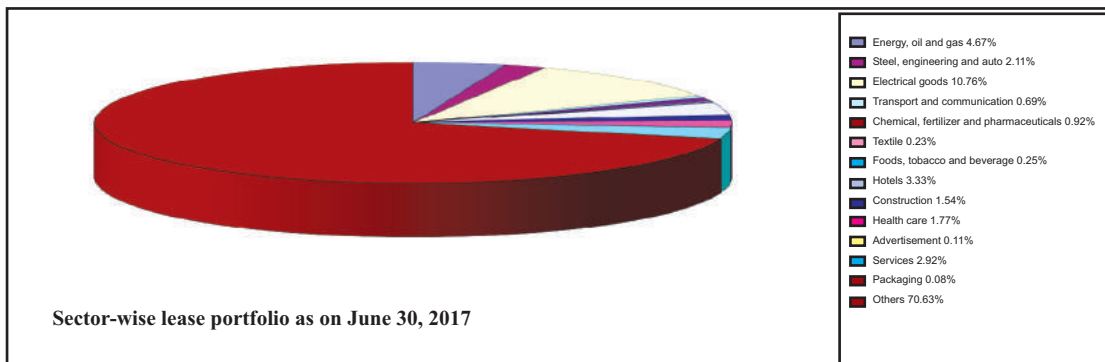
Categories of Investment in Lease

The Company as per its past practices and in order to cater for unexpected ups and downs in various business has kept the assets-wise distribution of its Company's Investment in Leasing, during FY-2016-17 well diversified. Major factors of assets diversification policy of PGL have been the tax advantages available to PGL with respect to the assets being leased; and the security associated with the relative forced sale values of those assets and marketability thereof, in the unlikely event of any foreclosure. The Chart below gives a visual picture of the breakdown of PGL's Assets-wise Investment in Leasing, during FY-2016-17:



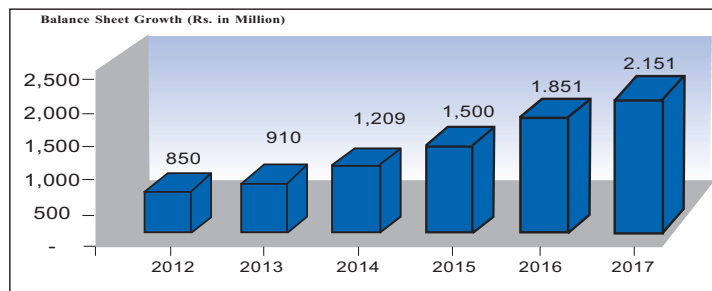
Sector-wise Composition of the Lease Portfolio

As per risk management policy rationally justifiable criteria for an efficient and prudent risk management was adopted in FY 2016-17 in extending your Company's exposure to varying secure sectors of business and industry, taking into consideration the behavior of individual sectors, comprising the domestic economy. A Chart illustrating, in graphical details, the manner in which the Sector-wise composition of PGL's Lease Portfolio has evolved, is as under:

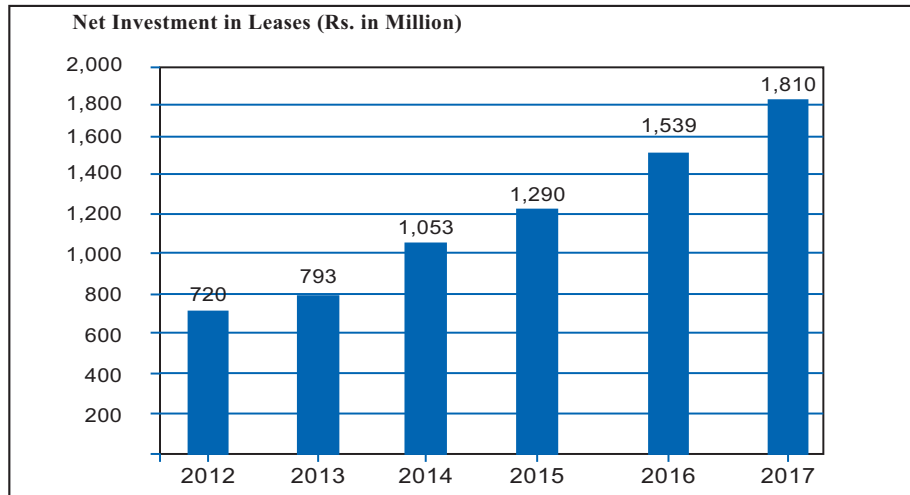


Financial Achievements

The Balance Sheet footings, which stood at Rs. 1,851.17 million as on June 30, 2016 as at June 30, 2017 has further increased to Rs. 2,151.26 million. This year-on-year increase of 13.95%, in the total assets of your Company, signifies a remarkable improvement, when compared with the performance of the few remaining profitable leasing companies, presently operating in Pakistan. The Balance Sheet growth of PGL is illustrated in the following Chart:



Gross Investment in Leases, stood at Rs. 2,062 million as on June 30, 2017 (FY-2015-16: Rs. 1,710 million), representing a year-on-year increase of 20.57% (FY-2015-16: 17.73%). Net Investment in Leases, after deduction of Unearned Income (Rs. 251.03 million), Mark-up held in Suspense (Rs. 0.32 million) and a Provision for Potential Lease Losses (Rs. 0.88 million), amounted to Rs. 1,809.76 million at the end of FY-2016-17, showing an increase of 17.62% over the previous year's corresponding figure of Rs. 1,538.65 million as at June 30, 2016. The Net Investment in Leases of the Company during the last six (6) years is illustrated in the Chart below:



Profitability Performance

It is noted with satisfaction that your Company has been consistent in its profitability performance, specifically with respect to its After-tax Profit which, for the Financial Year 2016-17, was recorded at Rs. 47.08 million, as against Rs. 40.71 million, recorded during FY-2015-16.

EPS for FY-2016-17, due to the increase in profit after tax for the year, has risen to Rs. 1.86, as compared to Rs. 1.60 for FY-2015-16.

Gross Revenue for the period under review (FY-2016-17), was 13.54% higher at Rs. 172.21 million, as compared to Rs. 151.67 million, for the corresponding period in FY-2015-16.

Leases of Rs. 810.13 million were written during FY-2016-17 as compared to the amount of leases written in FY-2015-16 of Rs. 901.15 million however the lease disbursement amount during FY-2016-17 amounting to Rs. 664.95 million was greater than the lease disbursement amount of Rs. 622.64 million during FY-2015-16.

Due to inflationary impact on all operational inputs there was an increase of 5.80% in the Operating Expenses of the Company, over the preceding year (Rs. 76.48 million in FY-2016-17 as against Rs. 72.29 million in FY-2015-16). Financial charges for the FY-2016-17 have also increased by 7.22%, from Rs. 28.09 million in FY-2015-16 to Rs. 30.12 million, due to increase in financial liabilities, during FY-2016-17, for meeting increased requirements for funding.

The Equity of your Company as at June 30, 2017 amounted to Rs. 581.72 million which is Rs. 81.72 million excess of the minimum equity requirement of Rs. 500 million.

Comparative Analysis of Profitability Performance For the year ended 30th June	2017	2016	Change %
	(Rupees in Million)		+ or (-)
Income	172.21	151.67	+ 13.54
Administrative Expenses	76.48	72.29	+5.80
Financial Charges	30.12	28.09	+7.22
Profit before Taxation	65.50	51.19	+27.97
Provision for Taxation (including Deferred Tax)	18.43	10.47	+75.95
Profit after Taxation	47.08	40.71	+15.62
Un-appropriated Profit Brought Forward	219.05	183.53	+ 19.35
Transferred from Surplus on Revaluation to Un-appropriated Profit	2.09	2.95	(-) 29.20
Profit Available for Appropriation	268.21	227.19	+ 18.06
Appropriations			
Transfer to Statutory Reserve	9.42	8.14	+15.63
Dividend	12.68	-	+100.00
Total Appropriations	22.10	8.14	+171.41
Un-appropriated Profit Carried Forward	246.11	219.05	+ 12.35
Earnings Per Share (In Rupees)	1.86	1.60	+16.25

Dividend / Post Balance Sheet Date Event

Your Directors are pleased to recommend a Cash Dividend of 7.5% to be declared for the Financial Year ended June 30, 2017. The financial statements do not reflect this proposed dividend.

ECONOMIC SCENARIO

Pakistan's economy continued to gather pace during the current fiscal year. According to the Pakistan Economic Survey 2016-17 GDP growth for the current year was 5.3%. While the service sector surpassed its targeted growth, the industrial sector grew by 5.02% against 5.8% last year. Agriculture Sector grew by 3.46% compared with 0.27% last year. The economic outlook of the Country is bright and looks favorable on the basis of improvement in the agriculture sector, and investment in industrial and infrastructure projects under China Pakistan Economic Corridor (CPEC).

The external debts and liabilities of Pakistan stood at US\$ 75.5 billion as of 31st March 2017, with Foreign Exchange Reserves at US\$ 20.8 billion. Current Account remained under pressure due to increase in imports, decline in exports and foreign remittances. Workers remittance for the period Jul-April 2017 stood at US\$ 15.6 billion as against US\$ 16.04 billion for the same period last year; a decline of 2.8%. The current account deficit for the nine months increased to US\$ 7.25 billion. Net trade deficit for the period July-April 2017 was US\$ 25.9 billion as compared with US\$ 21.1 billion for the same period last year. Inflation in the country was 4% during July-April 2017 compared with 2.79% for the same period last year.

Leasing Companies which had once fueled the demands of the consumer and the industrial sectors, as members of the quasi-banking sector in the form of NBFIs, in recent years have been left high and dry, with respect to liquidity, by the rising capital adequacy requirements, enforced by the regulators, the unwillingness of commercial banks to lend a helping hand by providing credit at acceptable terms and the escalating cost of doing business. These factors have hit hard the lease finance servicing capability of their customers, rendering the very viability of the leasing companies as doubtful. A good majority of the smaller leasing companies have either opted for mergers with stronger financial institutions, or have taken the path of closing down their doors to customers by choosing voluntary liquidation. Currently there are only a few leasing companies operating in Pakistan which are also finding it hard to survive due to competition from the banks and tax disadvantages in the form of

imposition of Alternate Corporate Tax (ACT) on accounting income by Federal Government and sales tax chargeable at the rate of 13% against average IRR of 10% on Ijarah Income by the Sindh Government.

During the last financial year 2015-16 the Securities & Exchange Corporation of Pakistan (SECP) has issued amended NBFC and Notified Entities Regulations, 2008 and NBFC (Establishment and Regulation) Rules, 2003. The major amendment relating to leasing companies is reduction of minimum equity requirement from Rs.700 million to Rs. 500 million deposit taking leasing companies and Rs. 50 million for non-deposit taking leasing companies.

Further to the reduction in Minimum equity requirement notified through amended NBFC Regulations some preferential Tax Reforms are also needed for the Leasing Sector per se, to reduce the incidence of Taxation for making Leasing Companies as viable as Banks and Modarabas.

PGL would need to closely watch and constantly monitor the emerging position of the economy for your Company to withstand the pressures caused by the situation taking an adverse turn. Caution has been the hall mark of PGL, throughout its operations, over the years. The Company might need to exercise this attribute to a maximum extent in the period to come.

FUTURE PROSPECTS

Assets-backed financing, particularly Leasing, relies heavily on the ability of the borrowers'/lessees' cash flow generation capacity to ensure prompt and punctual servicing of their respective liabilities. None of the financial institutions is in the business, either of initiating foreclosures, or managing the businesses of its defaulting borrowers.

A sound economic environment is a must for any business to prosper and progress. All businesses must have the ability to enjoy adequate profit margins, leaving them with enough room, in terms of liquidity needed to promptly and punctually honor their repayment commitments, towards their lenders or financiers. For the present at least, the capacity of businesses to service their debts is impaired by diminishing profit margins, resulting from an escalating cost of inputs and direct or indirect taxation.

Lack of support from commercial banks in advancing credit to the Private Sector is further eroding the propensity of businesses for undertaking much needed initiatives for improving their efficiency and output. This scenario is leading more and more entrepreneurs to seek financial support through leasing transactions, which are relatively expensive to afford, but do carry the advantage of some tax benefits for the lessees.

Leasing companies are now faced with the situation of an increase, in terms both in the number of prospective lessees, as well as the quantum of their financial demands. At the same time, these companies are finding the commercial banks increasingly shy in supporting them with the required amount of liquidity for funding the quantitative rise in demand for leasing finance.

Moreover, using the increasing rate of return on their substantial investment in Government Securities, as the benchmark, the Spread being demanded by commercial banks for lending to leasing companies, has always been on a much higher side. To make matter worse, the lending banks are also looking for collateral securities, before undertaking any credit commitment for the Leasing Sector. Leasing companies are, therefore, faced with the dilemma of having to raise funds on tougher terms and at higher interest rates for financing the requirements of their lessees at rates, which might make it difficult for such lessees to afford.

To further compound the problems for the Leasing Companies, commercial banks (particularly, Islamic Banks or Islamic Banking Divisions of commercial banks) have become exceedingly active in offering the Islamic equivalent mode of leasing namely, Ijarah to the public. With their low cost of funds, such banks can write leases at rates, which are hard to match by the leasing companies. The situation is compounded by Modarabas, which enjoy an almost Tax Free Status, also serving as tough competitors to the leasing companies.

Taxation

The Federal Board of Revenue (FBR), despite a number of representations made by your Company, even at the level of the Finance Minister, has remained oblivious to the predicaments of the Leasing Sector, as a whole, with respect particularly to privately-owned leasing companies. Leasing is all about Tax Management. In the absence of an enabling and conducive taxation regime, it is almost impossible for a leasing company to maintain its profitability profile.

Two adverse tax measures have been undertaken by the FBR from the standpoint of leasing companies. To begin with Initial Depreciation Allowance admissible for a first time use of assets in Pakistan has been halved to 25% from the originally available rate of 50%. This has, in one sharp blow, curtailed the ability of leasing companies to enjoy temporary Tax Losses arising from Depreciation on leased assets, thereby reducing their appetite for financing larger amounts of Plant & Equipment.

The second discouraging step taken under The Federal Finance Act 2014 was the introduction of an Alternate Corporate Tax (ACT) at 17%, which has been retrospectively applied on Accounting Income, starting from current Tax Year 2014. This has increased the tax burden on leasing companies, as compared to other financial institutions engaged in a similar business activity, such as banks and modarabas. Your Company has filed a Constitutional Petition in Sindh High Court against the imposition of ACT, and the Honorable Court has granted an injunction against application of ACT on PGL. It is hoped, that PGL would be exempted from a levying of this Tax, as a result of the Company's Petition.

Further, the Assistant Commissioner of the Sindh Revenue Board vide Order 551 of 2016 dated 15 June 2016 under certain provisions of the Sindh Sales Tax Act, 2011 and Sindh Sales Tax Rules, 2011 has charged Sales Tax on gross amount of Ijarah Rental declared by PGL, in accordance with the requirements of IFAS 2 Ijarah, in its audited financial statements for Tax Year 2015, Tax Year 2014 and Tax Year 2013 as 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. As demand created by the SRB is unrealistic and much more than the profit earned by PGL on Ijarah operations therefore the Board of Directors in their meeting held on 20 April 2015 has decided not to further engage in Ijarah financing. If this state of affairs persists sooner or later, banks and other NBFIs would also disengage from Ijarah financing and this would be a serious setback for the Islamic finance.

CORPORATE GOVERNANCE

Your Company has fully implemented the "The Code of Corporate Governance" (the 'Code') in both letter and spirit. The Review Report of the External Auditors to the Members on the Statement of Compliance with the Code of Corporate Governance, is appended to this Report.

Board of Directors

The Board of your Company comprises of the following appointed at the Extra-Ordinary General Meeting held on April 20, 2016 for the next tenure of three (3) years.

S.No.	Name of Member
1	Mr. Sohail Inam Ellahi
2	Brigadier (R) Naveed Nasar Khan
3	Mr. Shaheed H Gaylani
4	Mr. Fawad S. Mailk
5	Mr. Pervez Inam
6	Mr. Rizwan Humayun
7	Mr. Ismail H. Ahmed
8	Lt. Col (R) Saleem Ahmed Zafar

As at June 30, 2017 five (5) directors of the Company have acquired the required Certificate of Directors Training course while two (2) are exempt from this requirement. Further, the domestic and international business environment and regulatory changes were discussed with the directors in the Board meetings held during the year.

Human Resource and Remuneration Committee (HR & RC)

In keeping with the requirements of The Code of Corporate Governance, your directors have constituted the Human Resource and Remuneration Committee of the Board of Directors of your Company as shown below:

S.No.	Name of Member	Designation
1.	Mr. Pervez Inam	Chairman
2.	Brigadier (R) Naveed Nasar Khan	Vice Chairman
3.	Mr. Sohail Inam Ellahi	Member
4.	Mr. Saleem Ahmed Zafar	Member

Audit Committee

The Board of Directors, in compliance with the Code of Corporate Governance, has established an Audit Committee consisting of the following directors. During the year under review four (4) meetings of the Audit Committee were held the meeting wise attendance details of which are given below:

S.No.	Name of Member	Designation	No. of Meetings Attended
1.	Mr. Rizwan Humayun	Chairman	4
2.	Mr. Ismail H. Ahmed	Vice Chairman	4
3.	Brigadier (R) Naveed Nasar Khan	Member	4
4.	Mr. Shaheed H Gaylani	Member	4
5.	Mr. Pervez Inam	Member	4
6.	Ms. Farah Farooq	Secretary	4

Credit Rating

It should be a matter of great satisfaction for the Company's Shareholders to note, that JCR-VIS, following a detailed analysis and evaluation of your Company's performance, on December 30, 2016, re-affirmed the Company's Entity Rating; Medium to Long-term Rating at **A-**, and the Short-term Rating at **A-2**. The Outlook for the Company has been marked as **Stable**.

Auditors

For the FY-2016-17 Messers BDO Ebrahim & Co., Chartered Accountants were re-appointed as statutory auditors after audit of FY-2015-16. The auditors have retired, and being eligible, have offered themselves for re-appointment for the next financial year FY 2017-18. As recommended by the Audit Committee, the Board has approved the proposal to appoint M/s Messers BDO Ebrahim & Co., Chartered Accountants as the statutory auditors of the Company for FY 2017-18, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

Acknowledgements

The Board would like to place on record its appreciation for the management team of your Company and each and every member of its staff for their hard work and dedication, which has been reflected in a consistently maintained and highly satisfactory performance of your Company, in the challenging economic environment. We, the Members of the Board, as representatives of the Shareholders of the Company, assure the management and staff of the Company of our continued support and commitment towards strengthening the Company and leading it to maintain its growth and performance. We are confident, that the management and the staff will continue to serve the customers of the Company with the same zeal, as demonstrated by them in all the previous years, enabling your Company to further improve its reputation in the financial services sector of Pakistan.

The Board of Directors also wishes to place, on record, the appreciation of external auditors for the high standards of professionalism, integrity.

The Board also acknowledges the cooperation and guidance extended to the Company by the Securities and Exchange Commission of Pakistan (SECP), the 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. The Board would also like to praise the NBFIs & Modaraba Association of Pakistan for its assistance and support in professionally safe-guarding your Company's interest.

At the end, we would like to thank our valued Shareholders, Customers, Bankers, Investors and other Stakeholders for their valuable support during the year. We look forward to reinforcing and building this relationship further in the years to come.

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 their 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 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- 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, COO, CFO, Company Secretary, Head of Internal Audit 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 Shareholdings, as required by the Code of Corporate Governance, as at June 30, 2017, is appended at the end of this Report.

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

Key Operating and Financial Data for the last six (6) years 2012 – 2017

Year ended 30th June	2017	2016	2015	2014	2013	2012
Operational Results:	----- Rupees -----					
Revenues	172,211,411	151,671,360	120,800,853	94,648,511	77,029,731	84,405,724
Lease Revenue	153,030,380	142,475,688	117,152,534	89,270,252	70,897,873	77,359,593
Profit before Taxation	65,501,467	51,186,129	54,260,991	47,678,901	46,699,898	48,102,092
Profit after Taxation	47,076,209	40,714,397	50,284,982	29,220,611	27,280,001	22,504,643
Finance Cost	30,121,776	28,093,726	20,306,096	8,372,942	5,479,981	10,633,657
Provision for Potential Lease Losses	-	-	(52,620)	1,420,902	(6,883,301)	(2,592,026)
Dividend/(proposed) %	7.5%	5%	-	-	-	-
Balance Sheet:						
Shareholders Equity	581,720,337	545,305,956	505,500,727	452,496,423	420,278,122	389,817,560
Surplus on Revaluation of Assets	89,229,496	79,356,037	41,949,605	42,326,603	44,554,319	38,596,264
Reserves	329,676,712	293,197,975	249,535,302	196,919,786	165,471,459	135,670,642
Working Capital	(102,605,219)	9,289,967	31,071,397	83,786,321	172,425,843	208,856,017
Non-current Liabilities	755,442,822	657,223,195	486,656,368	334,515,596	287,278,921	304,498,443
Long-term Loans	37,499,999	-	-	-	-	25,000,000
Investments	66,467,011	43,458,506	28,206,036	23,935,647	5,273,569	4,592,869
Financial Ratios:						
Income / Expense Ratio	1.61	1.51	1.82	2.08	2.07	2.17
Earning per Share (in Rs)	1.86	1.60	1.98	1.15	1.08	0.89
Debt / Equity Ratio	0.06	NIL	NIL	NIL	NIL	6.02
Current Ratio	0.86	1.02	1.07	1.22	2.09	2.78

Board Meetings

Four (04) Board Meetings were held during the year under review. Details of attendance are as follows:

S. No.	Name of Director	No. of Meetings Attended
1.	Mr. Sohail Inam Ellahi	3
2.	Brigadier Naveed Nasar Khan (Retd)	4
3.	Mr. Shaheed H Gaylani	4
4.	Mr. Fawad Salim Malik	0
5.	Mr. Pervez Inam	4
6.	Mr. Rizwan Humayun	4
7.	Lt. Col. Saleem Ahmed Zafar (Retd)	4
8.	Mr. Ismail H. Ahmed	4
9.	Mr. Mahfuz-ur-Rehman Pasha	4

Statutory Payment of Rs. 2,370,009 on account of taxes, duties, levies and/or charges was outstanding against the Company as on June 30, 2017.

Value of investments of the Staff Provident Fund stood at Rs. 5,023,771 as at June 30, 2017. This represents funds placed with a rated commercial bank and investment in the registered units of the National Investment Trust.

Chairman
Chief Executive Officer

September 18, 2017
Karachi

بورڈ کی میٹنگز

زیر تبصرہ سال میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد کی گئیں جن میں شرکت کی تفصیلات درج ذیل ہے:

نمبر شمار	ڈائریکٹرز کے نام	میٹنگز کی تعداد جن میں شرکت کی
1	جناب سہیل انعام الہی	3
2	بریگیڈیئر (ر) نوید نصر خان	4
3	جناب شہید امجد گیلانی	4
4	جناب فواد سلیم ملک	0
5	جناب پرویز انعام	4
6	جناب رضوان ہمایوں	4
7	لفٹیننٹ کرنل (ر) سلیم احمد ظفر	4
8	جناب اسماعیل امجد احمد	4
9	جناب محفوظ الرحمان پاشا	4

ٹیکس، ڈیوٹی، لیویز اور چارجز کی مد میں 2,370,009 روپے کی قانونی ادائیگی مورخہ 30 جون 2017 تک کمپنی پر واجب الادا ہے۔

اسٹاف پراویڈنٹ فنڈ (Provident Fund) میں سرمایہ کی مالیت 30 جون 2017 کو 5,023,771 روپے ہے۔ یہ نیشنل سیونگ ٹرسٹ کے رجسٹرڈ پونٹ میں سرمایہ کاری اور کمرشل بینک میں رکھے ہوئے فنڈز کا مجموعہ ہے۔

چیف ایگزیکٹو آفیسر

چیئر مین

18 ستمبر 2017

کراچی

پچھلے چھ سال کا اہم آپریٹنگ اور فنانسئل ڈیٹا (2012-2017)

2012	2013	2014	2015	2016	2017	اختتام سال 30 جون
						آپریٹنگ نتائج
84,405,724	77,029,731	94,648,511	120,800,853	151,671,360	172,211,411	آمدنی
77,359,593	70,897,873	89,270,252	117,152,534	142,475,688	153,030,380	لیز آمدنی
48,102,092	46,699,898	47,678,901	54,260,991	51,186,129	65,501,467	منافع قبل از ٹیکس
22,504,643	27,280,001	29,220,611	50,284,982	40,714,397	47,076,209	منافع بعد از ٹیکس
10,633,657	5,479,981	8,372,942	20,306,096	28,093,726	30,121,776	مالیات لاگت
(2,592,026)	(6,883,301)	1,420,902	(52,620)	-	-	مکمل لیز نقصان کے لئے مختص رقم
-	-	-	-	5%	7.5%	شفارش کردہ حصص منافع
						بیلنس شیٹ
389,817,560	420,278,122	452,496,423	505,500,727	545,305,956	581,720,337	شیئر ہولڈرز ایکویٹی
38,596,264	44,554,319	42,326,603	41,949,605	79,356,037	89,229,496	قدر کے دوبارہ تعین کے بعد فاضل آمدنی
135,670,642	165,471,459	196,919,786	249,535,302	293,197,975	329,676,712	محفوظ سرمایہ
208,856,017	172,425,843	83,786,321	31,071,397	9,289,967	(102,605,219)	کاروباری سرمایہ
304,498,443	287,278,921	334,515,596	486,656,368	657,223,195	755,442,822	تبادلہ واجبات
25,000,000	-	-	-	-	37,499,999	طویل مدتی قرض
4,592,869	5,273,569	23,935,647	28,206,036	43,458,506	66,467,011	سرمایہ کاری
						مالیاتی شرح
2.17	2.07	2.08	1.82	1.51	1.61	آمدنی و خرچ کی شرح
0.89	1.08	1.15	1.98	1.60	1.86	آمدنی فی شیئر
6.02	NIL	NIL	NIL	NIL	0.06	قرض / ایکویٹی کی شرح
2.78	2.09	1.22	1.07	1.02	0.86	موجودہ شرح

آخر میں ہم اس سال کے دوران شیئر ہولڈرز، مینجرز، انویسٹرز اور دوسرے اسٹیک ہولڈرز کے قابل قدر تعاون کے شکر گزار ہیں اور آنے والے سالوں میں ان کے ساتھ مزید مضبوط تعلقات استوار کرنے کے خواہاں ہیں۔

کارپوریٹ گورننس کے انتظامی اصولوں کی تعمیل سے متعلق بیانات

ہماری بہترین معلومات کے مطابق بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے انتظامی اصولوں پر نظر ثانی کرتے ہوئے درج تصدیق بیانات دیئے ہیں:

- ☆ پاک گلف لیزنگ کمپنی لمیٹڈ کے تیار کردہ مالیاتی گوشوارے میں ظاہر کئے گئے معاملات، آپریشن کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلی کو بالکل درست دکھایا گیا ہے۔
- ☆ کھاتہ جات (بکس آف اکاؤنٹس) کو بالکل درست رکھنے کا اہتمام کیا گیا ہے۔
- ☆ مالیاتی گوشوارے کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی تسلسل کے ساتھ تعمیل کی گئی ہے اور رپورٹ میں پیش کردہ اکاؤنٹنگ کے تخمینے کی بنیاد ایک دانشمندانہ اور معقول فیصلے پر مبنی ہے۔
- ☆ مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات کو لاگو کیا گیا ہے جو کہ پاکستان میں قابل عمل ہوں البتہ کسی روڈ بدل کی صورت میں اس کی مناسب وضاحت کر دی گئی ہے۔
- ☆ اندرونی کنٹرول کا نظام مستحکم ہے اور اس پر موثر طریقے سے عمل درآمد کیا جاتا ہے اور اس کی نگرانی کی جاتی ہے۔
- ☆ کمپنی کے کاروباری معاملات کو بہ خوبی جاری رکھنے کی صلاحیت کے حوالے سے کوئی قابل ذکر شک و شبہ نہیں۔
- ☆ کمپنی کے ڈائریکٹرز، CEO، COO، CFO، کمپنی سیکریٹری، انٹرنل آڈٹ کے ہیڈ اور ان کے خاندانہ ایوی اور بچوں نے کمپنی کے حصص کا لین دین نہیں کیا ہے۔
- ☆ لسٹنگ کے ضابطے کی دی گئی تفصیلات کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی سے بھی انحراف نہیں کیا گیا۔

شیئر ہولڈنگ کی ساخت

مورخہ 30 جون 2017 کی شیئر ہولڈنگ کی ساخت جو کہ کوڈ آف کارپوریٹ گورننس کے تحت درکار ہے وہ اس رپورٹ کے آخر میں منسلک ہے۔ اس سال کے کاروباری نتائج میں پچھلے سال کی نسبت نمایاں تبدیلیوں کو اس رپورٹ کے شروع میں بشمول ان کی وجوہات کو اجاگر کیا گیا ہے۔

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	میتنگز کی تعداد جن میں شرکت کی
1	جناب رضوان ہمایوں	چیئر مین	4
2	جناب اسماعیل ایچ احمد	وائس چیئر مین	4
3	بریگیڈیئر (ر) نوید نصر خان	وائس چیئر مین	4
4	جناب شہید ایچ گیلانی	ممبر	4
5	جناب پرویز انعام	ممبر	4
6	مس فرح فاروق	ممبر	4

کریڈٹ ریٹنگ (کاروباری قرض کے تخمینہ کا تعین)

کمپنی کے شیئر ہولڈرز کے لئے یہ بات باعث اطمینان ہونی چاہیے کہ کریڈٹ ریٹنگ کمپنی JCR-VIS نے اس میں آپ کی کمپنی کی کارکردگی کا جائزہ لیتے ہوئے 30 دسمبر 2016 کو کمپنی کی تشخیصی ریٹنگ کی دوبارہ تصدیق کی۔ جس میں درمیانی مدت سے طویل المیعاد مدت کے لئے A- ریٹنگ، اور مختصر مدت کی ریٹنگ A-2 مقرر کی گئی اور کمپنی کے آئندہ امکانات کو مستحکم دکھایا گیا ہے۔

آڈیٹرز

مالی سال 2016-17 کے لئے مالی سال 2015-16 کی طرح میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو قانونی طور پر آڈیٹر کی حیثیت سے دوبارہ مقرر کیا گیا تھا۔ انہوں نے اپنی اہلیت کی بناء پر مالی سال 2017-18 آڈیٹر مقرر ہونے کی پیشکش کی ہے اور آڈٹ کمیٹی کی تجویز پر آپ کے ڈائریکٹرز آئندہ ہونے والے سالانہ اجلاس عام میں انکو مالی سال 2017-18 کے آڈیٹر مقرر کرنے کے لیے ممبران کی منظوری کی سفارش کرتے ہیں۔

اعتراف خدمات

بورڈ اس بات کو ریکارڈ پر لاتے ہوئے اپنی کمپنی کی انتظامی ٹیم اور اپنے اسٹاف کے ہر ایک ممبر کو اس کی محنت اور لگن سے کام کرنے پر سراہتی ہے جو کہ ان کا ایک چیلنجنگ معاشی ماحول میں کمپنی کے لئے مستقل مزاجی کے ساتھ انتہائی اطمینان بخش خدمات کی عکاسی کرتا ہے۔ بورڈ کے ممبران کمپنی کے شیئر ہولڈرز کے نمائندوں کی حیثیت سے کمپنی کی انتظامیہ اور اسٹاف کو کمپنی کے کاروبار کے استحکام اور بہتر کارکردگی کے لئے اپنے مسلسل تعاون اور عزم کا یقین دلاتے ہیں۔ ہمیں یقین ہے کہ انتظامیہ اور اسٹاف کمپنی صارفین کو اسی تندی کے ساتھ معیاری خدمات فراہم کریں گے جس کا مظاہرہ انہوں نے پچھلے سالوں میں کیا ہے تاکہ کمپنی پاکستان میں مالیاتی خدمات کے شعبے میں اپنی ساکھ کو مزید بہتر بنا سکے۔

بورڈ آف ڈائریکٹرز آڈیٹرز میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی پیشہ ورانہ مہارت، سالمیت اور ضابطہ اخلاق کی تعریف کرتا ہے اسے بھی ریکارڈ پر رکھنا چاہتا ہے۔

بورڈ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، اسٹیٹ بینک آف پاکستان (SBP) اور دیگر ریگولیٹری اداروں کے تعاون اور رہنمائی کا بھی اعتراف کرتا ہے۔ مالی خدمات کے شعبے میں ان کا کردار بہت اہم رہا ہے اور انہیں امید ہے کہ ان کا اس شعبے کو مضبوط کرنے کا عمل جاری رہے گا۔ بورڈ NBFI's اور مضاربہ ایسوسی ایشن آف پاکستان کا آپ کی کمپنی کے مفاد میں ان کے پیشہ ورانہ مدد اور تعاون کا بھی شکر گزار ہے۔

بورڈ آف ڈائریکٹرز

بورڈ کی مدت 19 اپریل 2016ء ختم ہو گئی تھی۔ کمپنی کے شیئر ہولڈرز نے اپنی ایک غیر معمولی جنرل میٹنگ جو کہ 20 اپریل 2016ء کو کمپنی کے رجسٹرڈ آفس میں منعقد ہوئی، میں درج ذیل کمپنی کے ڈائریکٹرز کی تقرر کو اگلے تین سال کی مدت تک کے لئے منظور کیا تھا:

نمبر شمار	ڈائریکٹرز کا نام
1	جناب سہیل انعام الہی
2	بریگیڈیئر (ر) نوید نصر خان
3	جناب شہید ایچ گیلانی
4	جناب نواز سلیم ملک
5	جناب پرویز انعام
6	جناب رضوان ہمایوں
7	لفٹیننٹ کرنل (ر) سلیم احمد ظفر
8	جناب اسماعیل ایچ احمد

30 جون 2017 تک پانچ ڈائریکٹرز نے ڈائریکٹرز بینک کورس کی سرٹیفکیٹ حاصل کر لی ہے۔ جب کہ دو ڈائریکٹرز اس سے استثناء ہیں۔ اس کے علاوہ موجودہ سال میں منعقد بورڈ آف ڈائریکٹرز کی میٹنگز میں ملکی اور بین الاقوامی کاروباری ماحول اور ریگولیٹری تبدیلیوں پر تبصرہ ہوا۔

ہیومن ریسورسز اور ریمونیریشن کمیٹی (HR & RC)

”کوڈ آف کارپوریٹ گورننس“ کی ضرورت کو برقرار رکھنے کے لئے، آپ کے ڈائریکٹرز نے آپ کی کمپنی کے ڈائریکٹرز کی ہیومن ریسورسز اور ریمونیریشن کمیٹی (HR&RC) قائم کی ہے جو کہ نیچے دکھائی گئی ہے:

نمبر شمار	ڈائریکٹرز کا نام	عہدہ
1	جناب پرویز انعام	چیئر مین
2	بریگیڈیئر (ر) نوید نصر خان	وائس چیئر مین
3	جناب سہیل انعام الہی	ممبر
4	لفٹیننٹ کرنل (ر) سلیم احمد ظفر	ممبر

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے ”کوڈ آف کارپوریٹ گورننس“ کی پیروی کرتے ہوئے ایک آڈٹ کمیٹی قائم کی ہے جو درج ذیل ڈائریکٹرز پر مشتمل ہے۔ جائزہ سال کے دوران آڈٹ کمیٹی کی 4 میٹنگز منعقد ہوئیں جس کی تفصیلات درج ذیل ہیں:



محصول (Taxation)

فیڈرل بورڈ ریونیو (FBR) آپ کی کمپنی کی طرف دی گئی متعدد عرضداشتوں پر کوئی خاطر خواہ کارروائی نہیں کر رہا۔ یہ عمل لیزنگ سیکٹر خاص طور سے پرائیویٹ لیزنگ کمپنیوں کے لئے کافی تکلیف دہ ہے۔ لیزنگ تمام ٹریکس مینجمنٹ کے بارے میں ہے۔ ایک سازگار ٹیکسیشن نظام کی غیر موجودگی میں، ایک لیزنگ کمپنی کے لئے اپنی منافع کی پروفائل برقرار رکھنا تقریباً ناممکن ہے۔

لیزنگ کمپنیوں کے نقطہ نظر سے ایف بی آر کی طرف سے دو منفی ٹیکس لگائے گئے ہیں۔ پاکستان میں سرمائے کے استعمال کے لئے ابتدائی قابل قبول فرسودگی الاؤنس (Initial Depreciation Allowance) 50 فیصد تھا جو کہ نصف 25 فیصد کر دیا گیا ہے۔ لیزڈ اثاثوں (Leased Assets) پر فرسودگی کی شرح کم سے ہونے والے عارضی ٹیکس کے نقصانات سے لیزنگ کمپنیوں کی صلاحیت میں کمی ہو گئی ہے۔ اس طرح پلانٹ اور آلات کی بڑی مقدار کی فنانس کے رجحان میں بھی کمی واقع ہوئی ہے۔

فیڈرل فائننس ایکٹ 2014ء کے تحت جو دوسرا حوصلہ شکن قدم اٹھایا گیا وہ یہ ہے کہ منافع قبل از ٹیکس پر 17 فیصد آلٹرنیٹ کارپوریٹ ٹیکس (Alternate Corporate Tax - ACT) متعارف کرایا گیا ہے، جو کہ اکاؤنٹنگ آمدنی پر نافذ العمل ہوگا، یہ ٹیکس سال 2014ء سے شروع ہوا ہے۔ دیگر مالی ادارے جیسے بینک اور مضاربہ کمپنیاں جو کہ اسی طرح کے کاروبار میں فعال ہیں ان کو اس سے استثناء دے کر لیزنگ کمپنیوں پر ٹیکس کے بوجھ میں اضافہ ہوا ہے۔ آپ کی کمپنی نے ACT نفاذ کے خلاف سندھ ہائی کورٹ میں ایک آئینی درخواست دائر کی ہے اور معزز کورٹ نے PGL کی درخواست پر حکومت کے خلاف حکم اتناعی دیدیا ہے اور یہ امید کی جاتی ہے کہ PGL کو اس ٹیکس کی ادائیگی سے مستثنیٰ قرار دیدیا جائے گا۔

مزید یہ کہ سندھ ریونیو بورڈ کے اسٹنٹ کمشنر نے آرڈر 551 آف 2016 بتاریخ 15 جون 2016ء کے تحت PGL کے اپنے آڈٹ شدہ مالی اکاؤنٹس برائے ٹیکس سال 2015ء، ٹیکس سال 2014ء، اور ٹیکس سال 2013ء میں ظاہر شدہ اجارہ رینٹل کی خالص رقم پر سیلز ٹیکس عائد کر دیا ہے۔ اس آرڈر کے خلاف PGL نے محترم کمشنر (اپیلز) کے روبرو ایک اپیل دائر کی تھی، لیکن انہوں نے اپیل کو رد کرتے ہوئے اپنے آرڈر میں اسٹنٹ کمشنر کے آرڈر کو قائم رکھا۔ PGL نے اس کے خلاف، اہیلیٹ ٹریبیونل میں اپیل دائر کی ہے جس کی کارروائی جاری ہے۔ SRB کی طرف سے جو مطالبہ کیا گیا وہ غیر حقیقی ہے اور عائد کردہ سیلز ٹیکس PGL کے اجارہ آپریشن سے حاصل ہونے والی آمدنی سے بہت زیادہ ہے اس لئے 20 اپریل 2016ء کی منعقدہ ازیکیٹرز میٹنگ میں بورڈ نے فیصلہ کیا ہے کہ اجارہ فائننسنگ میں مزید ملوث نہیں ہونگے۔ اگر یہ صورتحال رہتی ہے، تو احتمال یہ ہے کہ بینکوں اور دیگر NBFIs بھی اجارہ فائننس نہیں کریں گے یہ اسلامی طریقہ مالیات کے لئے ایک سنگین دھچکا ہوگا۔

کارپوریٹ گورننس (کمپنی کا انتظام و انصرام)

آپ کی کمپنی نے مکمل طور پر "کوڈ آف کارپوریٹ گورننس" کی روح و عملاً تعمیل کی ہے۔ ممبران کے لئے ایکسٹرنل آڈیٹرز کی جائزہ رپورٹ میں اس بات کا اعتراف کیا گیا ہے کہ کمپنی کے معاملات میں کوڈ آف کارپوریٹ گورننس کا عمل بہترین طریقے سے نافذ ہے۔

PGL کو اس امر کی ضرورت ہے کہ وہ اپنی موجودہ معاشی حالت پر انتہائی سنجیدگی سے غور فکر کرتے ہوئے اس پر مستقل نظر رکھے تاکہ معاملات میں کسی منفی تبدیلی سے پیدا ہونے والے دباؤ کا بروقت مقابلہ کیا جاسکے۔ آپریشنز کے دوران احتیاط کو ملحوظ خاطر رکھنا PGL کا خاصہ ہے۔ کمپنی کو آنے والے وقت کے لئے اپنی ان خصوصیات پر زیادہ سے زیادہ بھروسہ کرنے کی ضرورت ہے۔

مستقبل کے امکانات

اضافی ضمانتوں سے مزین فائنڈنگ، خاص طور پر لیز، کا انحصار ان کے متعلقہ واجبات کی فوری اور پابندی کے ساتھ واپسی یقینی بنانے کے لئے لیسے یا قرض لینے والے کی قابلیت اور کیش فلو پیدا کرنے کی صلاحیت پر ہوتا ہے۔ مالیاتی اداروں میں کوئی ایسا نہیں جو قرض ادا نہ کرنے والے لیسر (Lessees) کے معاملات کو منظم کرنا چاہ رہا ہو یا پھر ان کا کاروبار بند کرنے کا ارادہ رکھتا ہو۔

کسی بھی کمپنی کو خوشحالی اور ترقی کے لئے ایک مضبوط اقتصادی ماحول کی ضرورت ہے۔ تمام کاروباری اکائیوں میں معقول شرح منافع کمانے کی صلاحیت ہونی چاہیے، ان کو اس بات کا موقع ملنا چاہیے کہ لیکویڈیٹی کی مدد میں قرض دہندہ کو ان کے قرضوں کی فوری اور پابندی کے ساتھ یقینی واپسی ہو سکے۔ کم از کم فی الحال منافع کی شرح میں کمی کی وجہ سے قرضے دینے کی کاروباری صلاحیت میں کمزوری کی ایک وجہ کاروبار کی بڑھتی ہوئی لاگت اور براہ راست یا بالواسطہ ٹیکسوں کا اطلاق ہے۔

کمرشل بینکوں کا نجی کاروباری اداروں کو قرضے کی سہولت نہ دینے اور کاروبار کی کارکردگی میں بہتری لانے والے ضروری اقدامات پر عمل نہ ہونے کی وجہ سے کاروباری رغبت ختم ہو رہی ہے۔ یہ منظر نامہ زیادہ سے زیادہ کاروباری تنظیم کاروں کو لیزنگ کے لین دین کے ذریعے مالی امداد حاصل کرنے کا راستہ دکھا رہا ہے جو کہ نسبتاً ایک مہنگا طریقہ ہے لیکن اس سے لیسرز کو ٹیکس کی مدد میں کچھ فائدہ حاصل ہوتے ہیں۔

لیزنگ کمپنیوں کو اس وقت نہ صرف ممکن لیسرز کی تعداد میں اضافے بلکہ ان کے مطلوبہ قرضے کی مقدار میں بھی اضافے کا سامنا ہے۔ اسی طرح یہ کمپنیاں کمرشل بینکوں سے لیکویڈیٹی کی مطلوبہ مقدار کے حصول کے لئے مالی اعانت کی خواہاں ہیں تاکہ لیزنگ فائننس میں ضرورت کے مطابق سرمایہ کاری کی جاسکے۔

اس کے علاوہ، کمرشل بینک گورنمنٹ سیکورٹیز میں ممکنہ سرمایہ کاری کو معیار بناتے ہوئے، لیزنگ کمپنیوں سے زیادہ سود کا مطالبہ کر رہے ہیں۔ معاملے کو بدتر بنانے کے لئے، لیزنگ سیکٹر کے لئے کوئی کریڈٹ واپسٹی شروع کرنے پہلے قرضہ دینے والے بینک کو لیٹرل سیکورٹیز کی تلاش میں ہیں۔ لیزنگ کمپنیاں ان سخت شرائط اور زیادہ سود کی شرح پر فنڈ اکٹھا کرنے میں کشمکش کا شکار ہیں کیونکہ لیسرز کا اپنی ضروریات کو پورا کرنے کے لئے اعلیٰ شرح سود کا برداشت کرنا مشکل ہو رہا ہے۔

لیزنگ کمپنیوں کے لئے مزید پیچیدہ مسائل یہ ہیں کہ کمرشل بینکوں (خاص طور پر اسلامک بینکوں یا کمرشل بینکوں کے اسلامک بینکنگ ڈیویژن) لیزنگ کے موڈ بنام اجارہ کی پیشکش میں زیادہ فعال ہو چکے ہیں۔ کم لاگت کے فنڈز کی وجہ سے ایسے بینک اس شرح پر لیزز لکھ سکتے ہیں جو کہ لیزنگ کمپنیوں کی طرف سے ملنا مشکل ہے۔ اسی طرح مضار بہ کمپنیاں بھی ایک ٹیکس فری حیثیت رکھتے ہیں جبکہ لیزنگ کمپنیوں کو تمام ٹرینیکسز کا سامنا ہے۔

اقتصادی منظر نامہ:

پاکستان کی معیشت موجودہ مالی سال میں مسلسل بہتری کی طرف رواں رہی۔ پاکستان اکاؤنٹ سروس کے مطابق 2016-17 میں GDP کی ترقی کی شرح 5.3 فیصد رہی۔ جبکہ سروس سیکٹر نے اپنی ترقی کا حدف عبور کر لیا۔ صنعتی شعبے کی شرح نمو پچھلے سال کی 5.80 فیصد شرح کے مقابلے میں 5.02 فیصد رہی۔ زرعی شعبے نے پچھلے سال کی شرح نمو 0.27 فیصد کے مقابلے میں 3.46 فیصد ترقی کی۔ ملک کا مالیاتی منظر نامہ روشن اور موافق ہے اور امید ہے کہ زرعی شعبے میں بہتری کی وجہ سے اور CPEC کے تناظر میں صنعتی اور انفراسٹرکچر میں سرمایہ کاری بہت مفید رہے گی۔

پاکستان کے بیرونی قرضہ جات اور پاکستان کے مالی واجبات 31 مارچ 2017 کو 75.5 بلین امریکی ڈالر تھے جبکہ زرمبادلہ کے اثاثے 20.8 بلین امریکی ڈالر تھے۔ حالیہ جاری اکاؤنٹ درآمدات کی زیادتی، برآمدات کی کمی اور قرضوں کی ادائیگی کی وجہ سے کافی دباؤ میں رہا۔ پچھلے مالی سال کے مقابلے میں اس مالی سال میں زرمبادلہ کی ترسیل جولائی 2016 سے اپریل 2017 کے دوران 15.6 بلین امریکی ڈالر بمقابلہ 16.04 بلین امریکی ڈالر رہی۔ پچھلے سال کے اسی دورانیہ میں 2.8 فیصد تنزیل دیکھنے میں آئی۔ کرنٹ جاری اکاؤنٹ کا خسارہ نو ماہ میں 7.25 بلین امریکی ڈالر تک بڑھ گیا۔ اصل تجارتی خسارہ جولائی 2016 سے اپریل 2017 کے دورانیہ میں 25.9 بلین امریکی ڈالر رہا بمقابلہ پچھلے سال کے اسی دورانیہ کے 21.1 بلین ڈالر کے۔ ملک میں افراط زر جولائی 2016 سے اپریل 2017 میں 4 فیصد رہی بمقابلہ 2.79 فیصد کے جو کہ پچھلے سال تھا۔

لیزنگ کمپنیاں جو کہ کبھی صنعتی شعبے و صارفین کی ضروریات کافی حد تک پورا کر رہی ہیں، لیکویڈیٹی، کم از کم ایکویٹی کی حد میں اضافے، ریگولیشنز کا قواعد پر سختی سے عمل کرنے، تجارتی بینکوں کا قابل قبول شرائط پر قرضے کی فراہمی سے انکار اور کاروبار کی بڑھتی ہوئی لاگت کے حوالے سے اپنے آپ کو بے یارو مددگار محسوس کر رہے ہیں۔ مندرجہ بالا وجوہات نے لیز فنانسنگ کی فراہمی کو متاثر کیا ہے اور کمپنیوں کی نمونہ پانے کے امکانات کو مشکوک بنا دیا ہے۔ چھوٹی لیزنگ کمپنیوں کی اکثریت نے یا تو مستحکم مالیاتی اداروں میں ضم ہونے کا راستہ اختیار کیا ہے یا پھر صارفین پر اپنے دروازے بند کرتے ہوئے رضا کارانہ طور پر اپنے کاروبار کو ختم کرنے کا راستہ اپنایا ہے۔ فی الحال پاکستان میں صرف چند لیزنگ کمپنیاں کام کر رہی ہیں اور انہیں بھی بینکوں سے مسابقت، وفاقی حکومت کی جانب سے متبادل کارپوریٹ ٹیکس (ACT) کے نفاذ اور سندھ حکومت کی جانب سے اجارہ انکم پریسلز ٹیکس کے نفاذ کی وجہ سے ٹیکس کی مد میں ہونے والے نقصان کے باعث اپنے آپ کو قائم رکھنا مشکل ہو رہا ہے۔

پچھلے مالی سال سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے نوٹیفکیشن ریگولیشن 2008 اور NBFC (انسٹیبلشمنٹ اور ریگولیشن) روڈز 2003 میں ترمیم کر کے جاری کر دیے تھے۔ ایک اہم ترمیم جو کہ لیزنگ سے متعلق ہے اس میں درکار ایکویٹی کی حد موجودہ ڈپازٹ وصول کرنے والی کمپنیوں کے لئے 700 ملین روپے سے کم کر کے 500 ملین روپے اور ڈپازٹ وصول نہ کرنے والی کمپنیوں کے لئے 50 ملین روپے کر دی ہے۔

مزید یہ کہ NBFC ریگولیشن میں ایکویٹی سرمائے میں کمی کی ترمیم کے علاوہ لیزنگ کے شعبے میں ٹیکس کے منفی اثرات کم کرنے کے لئے ترجیحی ٹیکس اصلاحات کی بھی ضرورت ہے۔ تاکہ لیزنگ کمپنیوں کے لئے بھی بینکوں اور مضاربہ کمپنیوں کی طرح اپنا وجود برقرار رکھنا ممکن ہو سکے۔

گزشتہ سالوں میں تمام کاروباری اخراجات پر افراط زر کے اثرات کی وجہ سے کمپنی کے کاروباری اخراجات میں 5.80 فیصد اضافہ ہوا ہے (76.48 ملین روپے مالی سال 2016-17 میں بہ نسبت 72.29 ملین روپے مالی سال 2016-17 میں)۔ جبکہ مالی سال 2016-17 کی لیز فائنانسنگ 664.95 ملین روپے تھی جو کہ مالی سال 2015-16 میں لیز فائنانسنگ 622.64 ملین روپے سے زائد ہے اور اس کی وجہ سے مالیاتی مصارف میں بتدریج 7.22 فیصد اضافہ ہوا جو کہ مالی سال 2015-16 میں 28.09 ملین روپے سے بڑھ کر مالی سال 2016-17 میں 30.12 ملین روپے ہو گئے۔

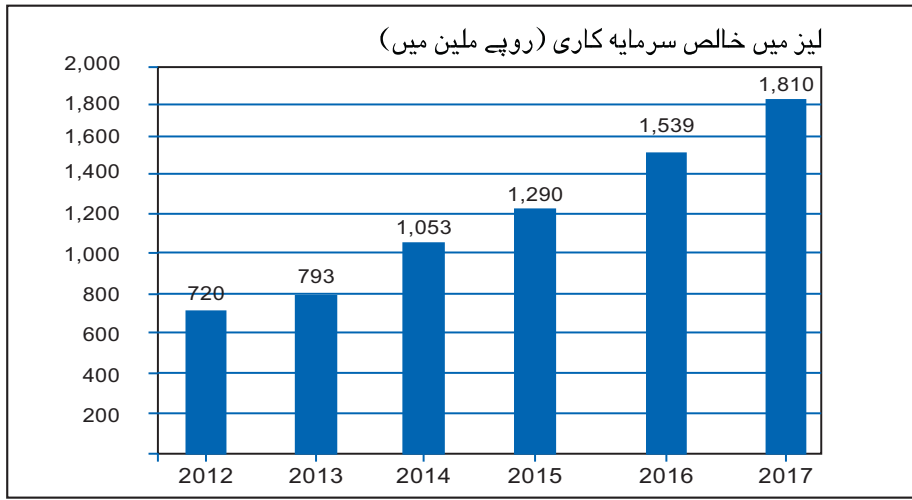
30 جون 2017 میں آپ کی کمپنی کی ایکویٹی 581.72 ملین روپے ہو گئی جو کہ ایکویٹی کی حد 500 ملین روپے سے 81.72 ملین روپے زیادہ ہے۔

منافع بخش کارکردگی کا تجزیاتی جائزہ برائے اختتامی سال 30 جون 2017 -	2017	2016	تبدیلی کی فیصد
	ملین روپوں میں		+ یا (-)
آمدنی	172.21	151.67	+13.54
انتظامی اخراجات	76.48	72.29	+5.80
مالیاتی مصارف	30.12	28.09	+7.22
آمدنی قبل از ٹیکس	65.50	51.19	+27.97
ٹیکس کی عبوری فراہمی (بشمول ملتوی ٹیکس)	18.43	10.47	+75.95
منافع بعد از ٹیکس	47.08	40.71	+15.62
غیر مختص شدہ آمدنی جو کہ آگے لائی گئی	219.05	183.53	+19.35
قدر کے دوبارہ تعین کے وقت فاضل آمدنی سے غیر مختص آمدنی کی طرف منتقلی	2.09	2.95	(-)29.20
آمدنی جو تخصیص کے لئے دستیاب ہے	268.21	227.19	+18.06
تخصیص			
دستوری محفوظ سرمایہ کی طرف منتقلی	9.42	8.14	+15.63
ڈیویڈنڈ (حصص منافع)	12.68	-	+100.00
کل تخصیص	22.10	8.14	+171.41
غیر مختص آمدنی جو آگے لیجائی جائے گی	246.11	219.05	+12.35
نی شیئر آمدنی (روپے میں)	1.86	1.60	+16.25

ڈیویڈنڈ (حصص منافع)

آپ کے ڈائریکٹرز مسرت کے ساتھ اختتام سال 30 جون 2017 کے لئے 7.5% فیصد نقد حصص منافع (کیش ڈیویڈنڈ) کی سفارش کرتے ہیں۔

لیز میں مجموعی سرمایہ کاری 30 جون 2017 کو 2,062 ملین روپے ہے (مالی سال 2015-16 میں 1,710 ملین روپے) جو کہ سال بہ سال 20.57 فیصد اضافہ ظاہر کر رہی ہے (مالی سال 2015-16 میں 17.73 فیصد)۔ بلا استحقاق سرمایہ کاری (251.03 ملین روپے)، سودی منافع جو کہ پھنسا ہوا ہے (0.32 ملین روپے) اور ممکنہ لیز نقصان کے لئے مختص حصہ (0.88 ملین روپے) کی تخفیف کے بعد خالص سرمایہ کاری 30 جون 2017 کو 1,809.76 ملین روپے بنتی ہے اور 17.62 فیصد اضافہ ظاہر کر رہی ہے جب کہ پچھلے سال یعنی 30 جون 2016 کو یہ رقم 1,538.65 ملین روپے تھی۔ پچھلے چھ سالوں میں لیز میں خالص سرمایہ کاری کو درج ذیل چارٹ میں دکھایا گیا ہے۔



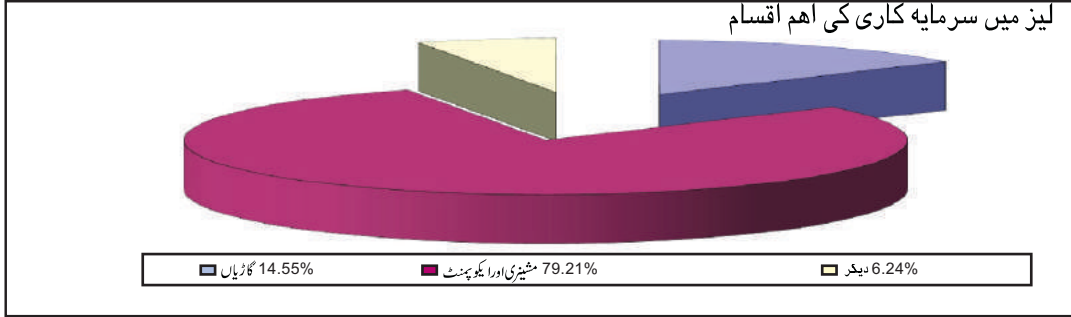
فائدہ مند کارکردگی:

یہ بات پیش نظر رکھی جائے کہ ہماری کمپنی اطمینان بخش حد تک مسلسل فائدہ مند کارکردگی کا مظاہرہ کر رہی ہے، خاص طور پر ٹیکس منہا کرنے کے بعد حاصل ہونے والے منافع کے حوالے سے، جو کہ مالی سال 2016-17 میں 47.08 ملین روپے ریکارڈ کیا گیا ہے 40.71 ملین روپے کے مقابلے میں جو کہ مالی سال 2015-16 کے دوران حاصل ہوا تھا۔

منافع بعد از ٹیکس میں اضافے کی وجہ سے فی شیئر آمدنی برائے مالی سال 2016-17 میں 1.86 روپے فی شیئر رہی ہے جبکہ مالی سال 2016 میں یہ 1.60 روپے فی شیئر تھی۔

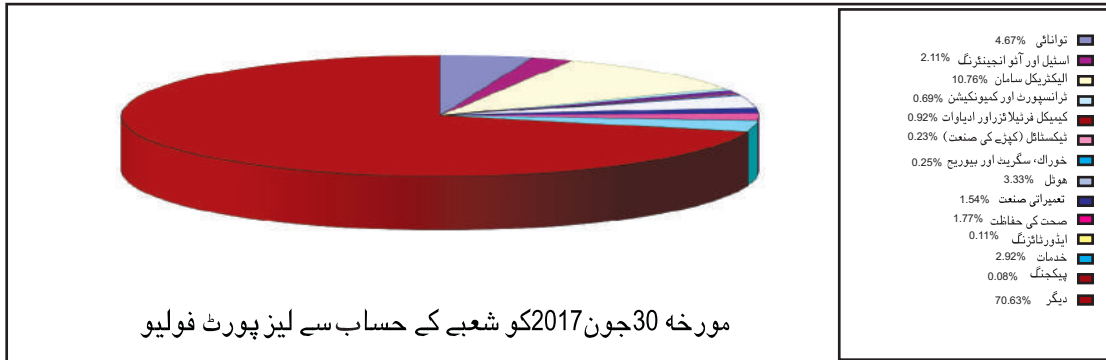
برائے مالی سال 2016-17 مجموعی آمدنی 172.21 ملین روپے ہے جو کہ 13.54 فیصد زیادہ ہے بہ نسبت 151.67 ملین روپے کے جو کہ مالی سال 2015-16 میں ہوئی۔

مالی سال 2016-17 میں 810.13 ملین روپے کی لیز لکھی گئی ہیں بہ نسبت مالی سال 2015-16 کے جس میں یہ تحریر کی جانے والی لیز کی مالیت 901.15 ملین روپے تھی۔



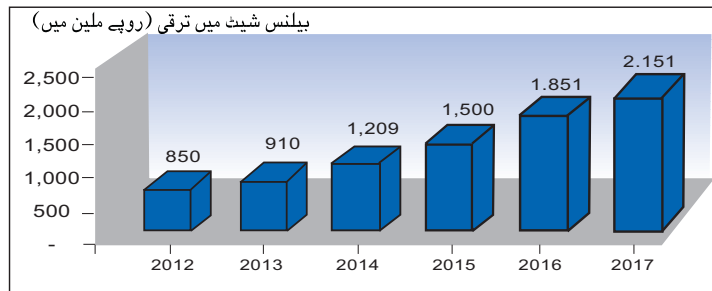
شعبے کے حساب سے لیز پورٹ فولیو کی بناوٹ

کمپنی نے خطرات سے متعلق ایک محتاط اور موثر حکمت عملی کے لئے قابل فہم اور معقول معیار کو اپنایا ہے جو کہ کمپنی کے صنعت اور کاروبار کے محفوظ شعبہ جات میں مناسب رو بہ بدل پر محیط ہے، اور انفرادی شعبے کے رویے کو مد نظر رکھتے ہوئے، مجموعی علاقائی معیشت پر مشتمل ہے۔ PGL کے لیز پورٹ فولیو کی بناوٹ کو شعبے کے حساب سے چارٹ میں تصویری شکل میں ذیل میں واضح کیا گیا ہے:



مالیاتی کامیابیاں:

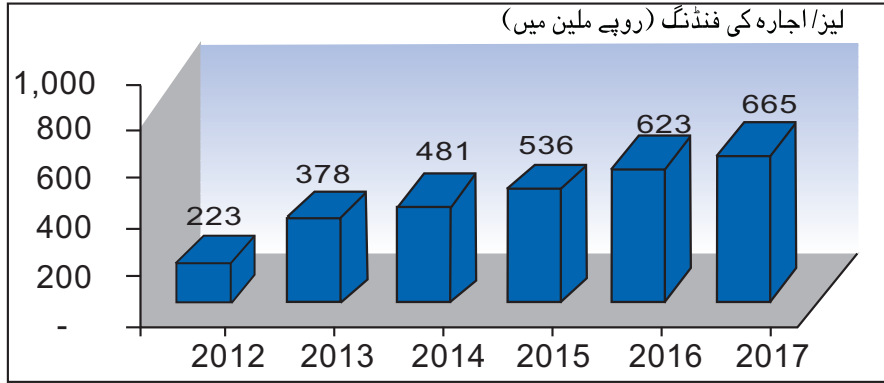
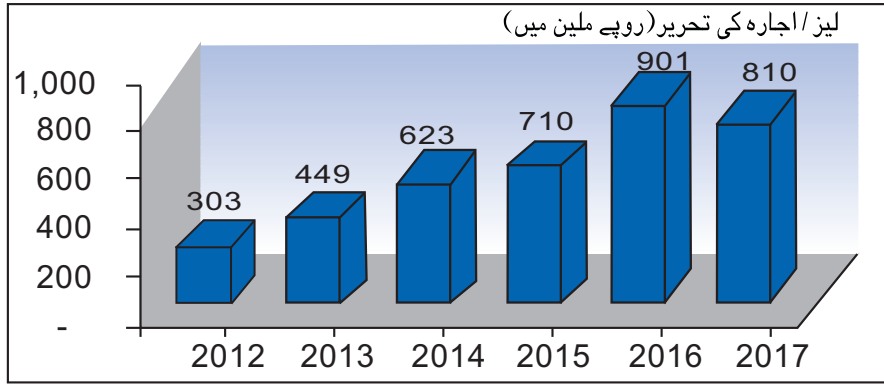
بیلنس شیٹ میں دی گئی مجموعی بنیاد جو 30 جون 2016 کو 1,851.17 ملین روپے تھی وہ 30 جون 2017 میں مزید بڑھ کر 2,151.26 ملین روپے ہو گئی ہے۔ کمپنی کے کل اثاثوں میں سال بہ سال جو 13.95 فیصد اضافہ ہے، وہ پاکستان میں موجود دیگر منافع بخش لیزنگ کمپنیوں کی کارکردگی کی بہ نسبت ایک نمایاں بہتری ظاہر کر رہا ہے۔ بیلنس شیٹ میں ترقی کو درج ذیل چارٹ میں دکھایا گیا ہے:



PGL کی آپریشنل اور مالی کارکردگی کا تجزیہ برائے مالی سال 2016-17

لیز اور اجارے کا تحریر کرنا

مالی سال 2015-16 کی 901.15 ملین روپے مالیت کی 80 لیزوں کی بہ نسبت مالی سال 2016-17 میں 810.13 ملین روپے مالیت کی 104 نئی لیزز (Leases) تحریر کی گئیں۔ جبکہ مالی سال 2016-17 میں لیز فنڈز کی مالی ادائیگی 664.92 ملین روپے تھی بہ نسبت مالی سال 2015-16 جس میں لیز کی مالی ادائیگی 662.64 ملین روپے تھی۔ پچھلے چھ سالوں میں کمپنی کے لیز میں اضافہ کے ریکارڈ کی تفصیل درج ذیل ہے:-



لیز میں سرمایہ کاری کی اقسام

مالی سال 2016-17 کے دوران لیزنگ میں کمپنی کی سرمایہ کاری کو اثاثوں کی نوعیت کے مطابق تقسیم کر کے واضح طور پر مختلف اشکل انداز میں رکھا گیا ہے۔ ان اثاثوں کی مقابلاً جری قیمت فروخت جو کہ ضمانت سے مربوط ہے اور فروخت پذیر کی صلاحیت کے علاوہ، PGL اثاثہ تنوع پالیسی کے مزید وضاحتی عوامل سے لیز کئے جانے والے اثاثوں کے حوالے سے ٹیکس کی مد میں PGL کو فائدہ ملا ہے۔ درج ذیل چارٹ میں مالی سال 2016-17 کے دوران لیزنگ میں کمپنی کی اثاثوں کی نوعیت کے مطابق سرمایہ کاری کے مجموعی تجزیہ کو تصویری شکل میں دکھایا گیا ہے:

ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز (حصص یافتگان)

آپ کے ڈائریکٹرز انتہائی مسرت کے ساتھ 24 ویں سالانہ رپورٹ بشمول مالیاتی گوشوارے اور آڈیٹرز رپورٹ برائے سال اختتام 30 جون 2017 پیش کر رہے ہیں۔

آپریشنل جائزہ

عملی پابندیوں پر مشتمل ماحول کے باوجود، جن سے کمپنی کا سامنا رہا ہے، زیر تبصرہ مالی سال کے دوران کمپنی کی کارکردگی متاثر کن نظر آتی ہے۔

زیر غور مالی سال کے دوران، آپ کی کمپنی تسلسل کے ساتھ مستحکم ساکھ کے حامل لیسیز (Lessees) کے ساتھ کاروباری سرگرمیاں کو دہرانے کا عزم لئے ہوئے ایک محتاط اور اچھی آزمودہ پالیسی پر عمل پیرا رہی ہے علاو ازیں اچھی کاروباری ساکھ رکھنے والے نئے اشخاص اکلائنٹس سے بھی کاروباری تعلق قائم کیے گئے۔ کسی بھی ممکنہ نقصان کے اندیشے کی صورت میں کمپنی کو محفوظ رکھنے کے لئے متوازی ضمانتیں بھی حاصل کی جاتی رہی ہیں، جو کہ لیز (Lease) کئے جانے والے اثاثوں کے علاوہ ہیں۔ اضافی ضمانتوں کی بنیاد پر فنانسنگ کے لئے قائم ضمانتی پیکیج کو مستحکم بنانے کا یہ طریقہ کار صرف ہماری کمپنی کا طرہ امتیاز ہے کیونکہ مارکیٹ میں اکثر لیزنگ کمپنیاں لیز فنانسنگ صرف لیز کئے جانے والے متعلقہ اثاثوں کی ضمانت کی بنیاد ہی پر کرتی ہیں۔

متوقع لیسے (Lessee) کی مالی حیثیت، ماضی میں اس کے ریکارڈ اور مارکیٹ میں ساکھ کو مد نظر رکھتے ہوئے PGL نے کاروباری تعلقات استوار کرنے پر توجہ دیتی ہے۔ مزید یہ کہ ممکنہ نقصان کے خطرے کو پیش نظر رکھتے ہوئے لیسیز (Lessees) کو دی جانے والی پیشکش میں فنانسنگ کے تناسب کا اندازہ لگایا جاتا ہے۔ تمام تر منظور کی گئی انحصار ایک آزادانہ سروے اور اثاثوں کی تشخیص پر ہوتا ہے۔

PGL کی مالی انتظامی پالیسی کا مرکزی نکتہ اندرونی طور پر مہیا کردہ مالی وسائل سے کمپنی کے کاروبار کے لئے فنڈز فراہم کرنا ہے۔ نتیجتاً آپ کی کمپنی لیسیز (Lessees) سے لیز کے متعلق تمام وعدوں کو مد نظر رکھتے ہوئے بروقت اور باقاعدہ واپسی پر خاص توجہ مرکوز رکھتی ہے۔ یہ بات کہتے ہوئے فخر محسوس ہوتا ہے کہ آپ کی کمپنی کی پچھلے کچھ سالوں میں وصولیاتی کی شرح غیر معمولی رہی ہے۔ زیر تبصرہ سال میں یہ شرح 96.62 فیصد رہی ہے۔

مالی سال 2016-17 میں کاروبار میں غیر معمولی اضافہ اور لیز ریٹنل ادائیگیوں میں زبردست کارکردگی کے باوجود کاروبار میں مزید اضافے کے پیش نظر کمپنی کو تجارتی بینکوں سے مختصر مدتی قرضے درکار رہے۔ مزید یہ کہ PGL ایک مشترکہ معاہدے کے تحت ایک مختصر مدتی واضح تعین کے علاوہ اسپانسرز کی طرف سے سرمایہ کاری سرٹیفکیٹس اسکیم میں اضافی سرمایہ کاری کے ذریعے حاصل ہونے والی مالی اعانت پر بھی انحصار کرتی رہی ہے۔ کمپنی کے اسپانسرز آپ کی کمپنی کی بروقت مالی اعانت کر کے کمپنی کی مالی ضروریات کو پورا کرنے اور آپ کی کمپنی کی انتظامیہ اور انتظامی معاملات پر اپنے بھروسے اور اطمینان کا اظہار کرنے پر شکر یہ کے مستحق ہیں۔

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

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

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

Category	Names
Independent Directors *	Brig. Naveed Nasar Khan (Retd) Mr. Ismail H. Ahmed
Executive Director	Lt. Col. Saleem Ahmed Zafar (Retd) Mr. Mahfuz-ur-Rehman Pasha
Non-Executive Directors	Mr. Sohail Inam Ellahi Mr. Fawad Salim Malik Mr. Pervez Inam Mr. Shaheed H. Gaylani Mr. Rizwan Humayun

*The independent directors meet the criteria of independence under Regulation No. 5.19.1 (b) of the Pakistan Stock Exchange Regulations.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBF1 or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board of the Company during the year.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As at June 30, 2017 five (5) directors of the Company have acquired the required certificate of Directors Training course while two (2) are exempt from this requirement. Further, the domestic and international business environment and regulatory changes were discussed with the directors in the BOD meetings held during the year.

10. The appointment, remuneration and terms and conditions of employment of the CFO, Company Secretary and Head of Internal Audit are approved by the Board of Directors, however there were no new appointment of CFO, Company Secretary and the Head of Internal Audit during the year.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of five members, of whom three are non-executive Directors, two are independent director and the chairman of the committee is a non-executive director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of four members of whom two are non-executive Directors, one is executive Director and one is independent Director. The chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function and the internal auditor is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all the market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been duly complied with.

Chief Executive Officer

Director

September 18, 2017
Karachi



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

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Pak Gulf Leasing Company Limited** for the year ended June 30, 2017 to comply with the requirements of Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

KARACHI

DATED: SEPTEMBER 18, 2017

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.

Shariah Advisor's Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ


Pak-Gulf Leasing Company Limited (PGL) established an Islamic Finance Division on 1st March 2013. PGL, in consultation with the undersigned, developed and executed a Shariah-complaint Ijarah product.

The year under review was the fifth year of Islamic financing at Pak-Gulf Leasing Company Limited. In this year no Ijarah transaction could be written however, some previous Ijarah transactions matured successfully during this year.

I certify that the treasury function and accounting treatment of Ijarah transactions continuing from last year are in conformity to Shariah requirements.

PGL is now working to offer Diminishing Musharakah (DM) product for its potential clients and I hope number of DM transactions will be offered in the next financial year.

I would like to take this opportunity to offer praise to Almighty Allah and seek His Guidance and Blessings and to express my best wishes for further progress, development and prosperity of **Pak-Gulf Leasing Company Limited (PGL)** and **Islamic Finance**.



Mufti Ibrahim Essa
Shariah Advisor
Pak-Gulf Leasing Company Limited





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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAK-GULF LEASING COMPANY LIMITED** ("the Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

KARACHI

DATED: 18 SEP 2017


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.

**BALANCE SHEET
AS AT JUNE 30, 2017**

	Note	2017	2016
----- Rupees -----			
ASSETS			
Current assets			
Cash and bank balances	5	63,565,215	44,296,138
Short term investments	6	39,299,748	16,259,209
Other receivables - net	7	3,150,904	1,795,739
Ijarah rental receivables		679,544	904,009
Advance to employees	8	264,244	196,006
Accrued mark-up / return on investments		1,532,755	1,475,668
Prepayments		2,467,086	2,819,664
Current portion of net investment in finance lease	9	493,818,998	499,111,879
Current portion of long-term investments	11	5,001,865	-
Taxation - net	10	7,475,847	7,787,572
Total current assets		617,256,206	574,645,884
Non-current assets			
Net investment in finance lease	9	1,315,937,678	1,039,542,601
Long-term investments	11	22,165,398	27,199,297
Long-term deposits	12	300,460	300,460
Investment property	13	138,996,000	-
Property, plant and equipment	14	54,951,220	207,896,308
Intangible assets	15	1,654,375	1,590,019
Total non-current assets		1,534,005,131	1,276,528,685
Total assets		2,151,261,337	1,851,174,569
LIABILITIES			
Current liabilities			
Trade and other payables	16	24,186,557	16,704,576
Accrued mark-up	17	12,435,449	8,410,233
Certificates of investment	18	404,130,173	264,835,006
Short term borrowings	19	189,523,769	187,854,564
Current portion of long-term loan	20	16,666,668	-
Current portion of advance rental against Ijarah leasing	22	5,864,522	8,136,396
Current portion of long-term deposits	21	67,054,287	79,415,142
Total current liabilities		719,861,425	565,355,917
Non-current liabilities			
Long-term deposits	21	545,858,457	482,845,368
Long-term loan	20	20,833,331	-
Advance rental against Ijarah leasing	22	8,736,588	14,601,119
Deferred taxation - net	23	180,014,446	159,776,708
		755,442,822	657,223,195
Total non-current liabilities		1,475,304,247	1,222,579,112
Total liabilities		675,957,090	628,595,457
NET ASSETS			
Financed by:			
Share capital	24	253,698,000	253,698,000
Reserves	25	329,676,712	293,197,975
		583,374,712	546,895,975
Surplus on revaluation of available for sale investments	6	3,352,882	2,343,445
		586,727,594	549,239,420
Surplus on revaluation of property, plant and equipment - net of tax	26	89,229,496	79,356,037
		675,957,090	628,595,457
Contingencies and commitments	27		

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
----- Rupees -----			
INCOME			
Income from leasing operations	28	153,030,380	142,475,688
Other Operating Income			
Return on investments	29	5,522,176	5,959,998
Other income	30	13,658,855	3,235,674
		19,181,031	9,195,672
		172,211,411	151,671,360
OPERATING EXPENSES			
Administrative and operating expenses	31	76,481,000	72,289,792
Finance cost	32	30,121,776	28,093,726
Other charges		107,168	101,713
		106,709,944	100,485,231
Operating profit before provision		65,501,467	51,186,129
Provision for potential lease losses - net	9.3	-	-
Profit before taxation		65,501,467	51,186,129
Taxation	33	18,425,258	10,471,732
Profit for the year		47,076,209	40,714,397
Earning per share-basic and diluted	34	1.86	1.60

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

**STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017	2016
		----- Rupees -----	
Profit for the year		47,076,209	40,714,397
Other comprehensive income for the year			
<i>Items that will be reclassified to profit and loss account in subsequent periods:</i>			
Surplus on revaluation of available for sale investment	6	<u>1,009,437</u>	<u>76,020</u>
Total comprehensive income for the year		<u>48,085,646</u>	<u>40,790,417</u>

Surplus arising on revaluation of property, plant and equipment has been reported in accordance with the requirements of the repealed Companies Ordinance, 1984 in a separate account below equity.

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		65,501,467	51,186,129
Adjustment for:			
Depreciation	14.1 & 14.5	35,568,124	34,700,966
Amortisation	15.1	153,432	149,802
Finance cost	32	30,121,776	28,093,726
Amortisation of premium on PIB investment		32,033	29,013
Unrealised gain on revaluation of investment property	30	(5,148,000)	-
Gain on disposal of fixed asset	30	(29,227)	(1,364,100)
		<u>60,698,138</u>	<u>61,609,407</u>
Operating profit before working capital changes		126,199,605	112,795,536
Movement in working capital			
(Increase) / decrease in current assets			
Advance to employees		(68,238)	(117,702)
Accrued mark-up / return on investments		(57,087)	(246,260)
Other receivables - net		(1,355,165)	(467,016)
Ijarah rental receivables		224,465	(904,009)
Long-term deposits		-	(3,000)
Prepayments		352,578	(2,292,621)
		<u>(903,447)</u>	<u>(4,030,608)</u>
Increase in current liabilities			
Trade and other payables		7,481,981	7,533,703
Cash generated from operations		<u>132,778,139</u>	<u>116,298,631</u>
Finance cost paid		(26,096,560)	(23,845,132)
Tax paid		(1,358,907)	(627,365)
Deposits received from lessees		50,652,234	155,810,977
Advance Ijarah rental received from lessees		(8,136,405)	12,177,693
Increase in net investment in finance lease - net		(271,102,196)	(249,096,012)
		<u>(256,041,834)</u>	<u>(105,579,839)</u>
Net cash (used in) / generated from operating activities		(123,263,695)	10,718,792
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment	14.1 & 14.5	(1,288,794)	(59,704,875)
Additions in intangible assets	15.1	(217,788)	(271,739)
Proceeds from disposal of fixed assets	14.6	290,985	1,826,400
Short-term investment in Market Treasury Bills		(22,031,102)	(12,721,564)
Long-term investment		-	(2,483,899)
Net cash used in investing activities		(23,246,699)	(73,355,677)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from certificates of investment - net		139,295,167	108,368,775
Deposit on Ijarah finance facility obtained		-	(187,960)
Short term loan from related party - net		-	(40,000,000)
Dividend paid		(12,684,900)	-
Long-term loan - net		37,499,999	-
Net cash generated from financing activities		<u>164,110,266</u>	<u>68,180,815</u>
Net increase in cash and cash equivalents		17,599,872	5,543,930
Cash and cash equivalents at the beginning of the year		(143,558,426)	(149,102,356)
Cash and cash equivalents at the end of the year	38	<u>(125,958,554)</u>	<u>(143,558,426)</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

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

	Share capital	Reserves			Sub Total	Surplus on revaluation of available for sale investments	Total equity
		Capital		Revenue			
		Statutory reserve	Reserve for issue of bonus shares	Unappropriated profit			
----- Rupees -----							
Balance as at July 01, 2015	253,698,000	61,603,092	4,402,000	183,530,210	249,535,302	2,267,425	505,500,727
Total comprehensive income for the year ended June 30, 2016							
Profit for the year	-	-	-	40,714,397	40,714,397	-	40,714,397
Other comprehensive income							
Surplus on revaluation of available for sale investments	-	-	-	-	-	76,020	76,020
	-	-	-	40,714,397	40,714,397	76,020	40,790,417
Transfer from surplus on revaluation of property, plant and equipment to unappropriated profit - net of deferred tax	-	-	-	2,948,276	2,948,276	-	2,948,276
Transfer to statutory reserve (note 25.1)	-	8,142,880	-	(8,142,880)	-	-	-
Balance as at June 30, 2016	253,698,000	69,745,972	4,402,000	219,050,003	293,197,975	2,343,445	549,239,420
Final dividend for the year ended June 30, 2016 @ Rs.0.5 per share	-	-	-	(12,684,900)	(12,684,900)	-	(12,684,900)
Total comprehensive income for the year ended June 30, 2017							
Profit for the year	-	-	-	47,076,209	47,076,209	-	47,076,209
Other comprehensive income							
Surplus on revaluation of available for sale investments	-	-	-	-	-	1,009,437	1,009,437
	-	-	-	47,076,209	47,076,209	1,009,437	48,085,646
Transfer from surplus on revaluation of property, plant and equipment to unappropriated profit - net of deferred tax	-	-	-	2,087,428	2,087,428	-	2,087,428
Transfer to statutory reserve (note 25.1)	-	9,415,242	-	(9,415,242)	-	-	-
Balance as at June 30, 2017	253,698,000	79,161,214	4,402,000	246,113,498	329,676,712	3,352,882	586,727,594

The annexed notes 1 to 44 form an integral part of these financial statements.

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 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. 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.
- 1.2** Regulation 4 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 vide SRO 1002(I)/2015 dated October 15, 2015, requires an existing deposit taking leasing company to maintain, at all times, minimum equity of Rs. 500 million by November 25, 2016. The equity of the Company as at June 30, 2017 is Rs. 581.72 million which is Rs. 81.72 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 December 30, 2016.

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

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance 1984, Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by Institute of Chartered Accountants of Pakistan (ICAP), the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), provisions of and directives issued under the repealed Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations, the repealed Companies Ordinance, 1984 and the directives issued by SECP shall prevail.

The financial statements of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

The Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 29 dated September 5, 2016, had prescribed certain additional disclosures to facilitate shariah screening of listed companies for Islamic Equity Index and encouraged all listed companies to voluntarily disclose the information. Accordingly, the Company has opted to present these disclosures in these financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investment property is stated at fair value and certain investments which have been classified as 'available for sale' are marked to market and carried at fair value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Company. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee unless otherwise stated.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS
3.1 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements - Amendments regarding application of the consolidation exception	January 1, 2016
IFRS 11 Consolidated Financial Statements - Amendments regarding accounting for acquisition of an interest in a joint operation	January 1, 2016
IFRS 12 Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 1, 2016
IAS 1 Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 1, 2016
IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 1, 2016
IAS 27 Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 1, 2016
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 1, 2016
IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 1, 2016
IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 1, 2016

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

IFRS 7 Financial Instruments: Disclosures

IAS 19 Employee Benefits

IAS 34 Interim Financial Reporting

3.2 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 1, 2018
IFRS 4 Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 7 Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 40 Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2017 are as follows:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 12 Disclosure of Interests in Other Entities	January 01, 2017
IAS 28 Investments in Associates and Joint Ventures	January 01, 2018

3.3 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 First Time Adoption of International Financial Reporting Standards
IFRS 9 Financial Instruments
IFRS 14 Regulatory Deferral Accounts
IFRS 15 Revenue from Contracts with Customers
IFRS 16 Leases
IFRS 17 Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers, IFRS 16 - Leases and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements.

4.1 Financial assets

4.1.1 Classification

The Company classifies its financial assets in the following categories: loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has a positive intent and ability to hold to maturity.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or financial assets at fair value through profit or loss.

4.1.2 Initial recognition and measurement

Financial assets are initially recognised at fair value plus any related transaction costs directly attributable to the acquisition.

4.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as loans and receivables, held to maturity and available for sale are valued as follows:

a) Loans and receivables

Loans and receivables are carried at amortised cost.

b) Held to maturity

Subsequent to initial measurement, held to maturity investments are carried at amortised cost.

c) Available for sale

Subsequent to initial measurement, available for sale investments are revalued and are remeasured to fair value.

to equity through statement of comprehensive income until these are derecognised or impaired at which time, the cumulative surplus or deficit previously recognised in equity is transferred to the profit and loss account.

4.1.4 Impairment

The carrying value of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

4.1.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership attached to such financial assets. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

4.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Gain or loss on derecognition is recognised in profit and loss account.

4.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.4 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and bank deposit, and other short-term highly liquid investments with original maturities of three months or less, short-term running finance facilities that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

4.6 Net investment in finance lease

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet. The difference between the gross lease receivables and the present value of the lease receivables is recognised as unearned finance income.

A receivable is recognised at an amount equal to the present value of the minimum lease payments under the lease agreements, including guaranteed residual value, if any.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in the profit and loss account on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivables.

Initial direct costs incurred by the Company in negotiating and arranging finance leases are added to finance lease receivables and are recognised as an expense in the profit and loss account over the lease term on the same basis as the finance lease income.

4.7 Provision for potential lease losses and provision for terminated leases

Calculating the provision for net investment in finance lease losses and provision for terminated leases is subject to numerous judgments and estimates. In evaluating the adequacy of provision, management considers various factors, including the requirements of the NBFC Regulations issued by Securities and Exchange Commission of Pakistan, the nature and characteristics of the obligor, current economic conditions, credit concentrations, historical loss experience and delinquencies. Lease receivables are charged off, when in the opinion of management, the likelihood of any future collection is believed to be minimal.

4.8 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any, except for leasehold premises which was stated at revalued amount less accumulated depreciation and impairment losses.

Subsequent costs are included in the assets' carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs including repairs and maintenance are charged to the profit and loss account as and when incurred.

Depreciation is charged using the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life at the rates specified in note 14.1 after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged from the month the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

Any surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from the fair value of such assets. To the extent of the incremental depreciation charged on the revalued assets, the surplus on revaluation of operating fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

Gains or losses on sale of assets are charged to the profit and loss account in the period in which they arise, except that the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to unappropriated profit.

Ijarah assets

Ijarah assets are stated at cost less accumulated depreciation less accumulated impairment if any. Rental from Ijarah arrangements are recognised in profit and loss account on accrual basis as and when rentals become due. Costs including depreciation, incurred in earning the Ijarah income are recognised as expense. Initial direct costs incurred specifically to earn revenues from Ijarah are recognised as an expense in the period in which they are incurred. Assets leased out are depreciated over the period of Ijarah term on a straight line basis and at the end of the Ijarah term the leased assets are transferred to the lessee.

4.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. These are amortised using the straight line method reflecting the pattern in which the economic benefits of the asset are consumed by the Company as mentioned in note 15.

4.10 Investment property

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Company's business model i.e. the Company's intentions regarding the use of a property is the primary criterion for classification as an investment property.

Investment property is initially measured at cost (including the transaction costs). However when an owner occupied property carried at fair value becomes an investment property because its use has changed, the transfer to the investment property is at fair value on the date of transfer and any balance of surplus on the revaluation of the related assets, on the date of such a transfer continues to be maintained in the surplus account on revaluation of property, plant and equipments. Upon disposal, any surplus previously recorded in the revaluation surplus account is directly transferred to retained earnings/accumulated losses and the transfer is not made through the profit and loss account. However any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit and loss account.

The transfer to investment property is made when, and only when, there is a change in use, evidenced by the end of owner occupation. In case of a dual purpose properties, the same is classified as investment property, only if the portion could be sold or leased out separately under finance lease.

Subsequent to initial recognition, the Company measures the investment property at fair value at each reporting date and any subsequent changes in fair value is recognised in the profit and loss account (i.e. in cases where the owner occupied property carried at fair value becomes an investment property, the fair value gain to be recognised in the profit and loss account would be the difference between the fair value at the time of initial classification as investment property and fair value at the time of subsequent remeasurement). The revaluations of investment properties are carried out by independent professionally qualified valuers on the basis of active market price.

4.11 Other receivables

Other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when considered irrecoverable.

4.12 Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.13 Taxation**4.13.1 Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for current taxation also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Taxable income for the purpose of computing current taxation is determined under the provisions of the tax laws, whereby, lease rentals received and receivable are deemed to be the income of the Company.

Provision for taxation is thus based on taxable income determined in accordance with the requirements of such laws, and is made at the current rates of taxation in the Income Tax Ordinance, 2001.

4.13.2 Deferred

Deferred tax is recognised, using the balance sheet liability method, on all temporary differences arising between the tax base of assets and liabilities and their carrying amount. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets are recognised for all deductible temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits or taxable temporary differences will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. In addition, the Company also recognises deferred tax liability on the surplus on revaluation of tangible fixed assets which is adjusted against the related surplus in accordance with the requirements of International Accounting Standard 12 (IAS 12), 'Income Taxes'.

4.14 Trade and other payables

Liabilities for trade and other payables are recognised initially at fair value and subsequently carried at amortised cost.

4.15 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and mark-up accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.16 Staff retirement benefits

Defined contribution plan

The Company operates an approved defined contributory provident fund for all its permanent employees. Monthly contributions are made to the fund equally by the Company and the employees in accordance with the rules of the Fund. The contributions are recognised as employee benefit expense when they become due.

Staff retirement benefits are payable to employees on completion of the prescribed qualifying period of service under the scheme.

4.17 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations under the scheme is made based on the current leave entitlements of the employees and by using the current salary level of the employees.

4.18 Currency translation**Foreign currency transactions**

Items included in financial statements are measured using the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those prevailing on the balance sheet date. Exchange differences are taken to the profit and loss account.

4.19 Revenue recognition**Finance lease income**

The Company follows the finance lease method in accounting for the recognition of lease income. Under this method, the unearned lease income i.e. the excess of gross lease rentals and the estimated residual value over the cost of the leased assets is deferred and taken to income over the term of the lease contract, so as to produce a systematic return on the net investment in finance lease. Unrealised lease income is held in suspense account, where necessary, in accordance with the requirements of the NBFC Regulations.

Documentation charges, late payment charges and processing fee are taken to income when realised.

Rental income from Ijarah

In accordance with the requirements of IFAS 2 - Ijarah, rental from Ijarah arrangements are recognised in profit and loss account on accrual basis as and when rentals become due.

Return on investments

Mark-up income on debt securities is recognised on time proportion basis using the effective yield on instruments and return on equity securities is accounted for on accrual basis.

Dividend income

Dividend income from investment is recognised when the Company's right to receive dividend is established.

Interest income

Interest income on bank deposits is recognised on time proportion basis using the effective interest method.

Gain or losses on sale of investments

Capital gain or losses arising on sale of investments are taken to income in the period in which they arise.

4.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, if any.

4.21 Dividend distribution and transfer between reserves

Dividend distribution (including stock dividend) to the Company's shareholders and transfer between reserves, except appropriations which are required under law, are recognised in the financial statements in the period in which such dividends are declared or such transfers between reserves are made.

4.22 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company has two primary business segments, namely, leasing and Ijarah operations.

Financing, investment, revenue, expenses and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities, which cannot be allocated to a particular segment on a reasonable basis, are reported as unallocated corporate assets and liabilities.

4.23 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about the carrying value of assets and liabilities that are not readily apparent from other sources, actual results may differ from those estimates. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) Classification and valuation of investments (notes 4.1, 6 and 11).
- ii) Provision for current and deferred taxation (notes 4.13, 23 and 33).
- iii) Recognition and measurement of deferred tax assets and liabilities (note 4.13.2, 23 and 33).
- iv) Classification and provision of net investment in finance lease (notes 4.6, 4.7 and 9).
- v) Determination and measurement of useful life and residual value of property, plant and equipment (note 4.8 and 14).
- vi) Determination and measurement of useful life and residual value of intangible assets (note 4.9 and 15).
- vii) Measurement of lease hold premises carried at revalued amount. (note 4.8, 14.2 and 26).
- viii) Measurement of investment property carried at revalued amount. (note 4.10 and 13).

5.	CASH AND BANK BALANCES	Note	2017	2016
			----- Rupees -----	
	Cash in hand		179	1,425
	Balance with banks:			
	- in current accounts	5.1	56,176,890	15,245,692
	- in saving accounts	5.2	7,388,146	29,049,021
			<u>63,565,215</u>	<u>44,296,138</u>
5.1	This amount includes Rs. 15.475 million (2016: Rs. 3.22 million) which represents balance of bank account(s) maintained with Islamic bank(s) by the Company. The balance in current accounts does not carry any mark-up or interest.			
5.2	These carry mark-up rates ranging from 4% to 5.7% (2016: 4% to 5.7%) per annum.			
6.	SHORT TERM INVESTMENTS			
	Available for sale			
	Cost			
	54,300 units of National Investment (Unit) Trust (2016: 54,300)		1,194,200	1,194,200
	Revaluation surplus			
	As at July 01		2,343,445	2,267,425
	Surplus for the year		1,009,437	76,020
	As at June 30		<u>3,352,882</u>	<u>2,343,445</u>
	Held to maturity		4,547,082	3,537,645
	Government Securities -			
	Market Treasury Bills	6.1	<u>34,752,666</u>	<u>12,721,564</u>
			<u>39,299,748</u>	<u>16,259,209</u>
6.1	Market Treasury Bills (MTB) carry interest rate ranging from 5.7% to 5.95% (2016: 5.95% to 6.35% per annum) and have maturity date ranging from July 20, 2017 to February 1, 2018. The market value of investment in MTB as at June 30, 2017 amounted to Rs. 35.491 million (2016: Rs. 13.008 million).			
7.	OTHER RECEIVABLES - NET			
	Lease receivable held under litigation	7.1	28,581,952	28,581,952
	Insurance premium and other receivable	7.2	4,328,741	2,973,576
			<u>32,910,693</u>	<u>31,555,528</u>
	Provision against lease receivable held under litigation	7.3	(25,600,250)	(25,600,250)
	Mark-up held in suspense against lease receivable held under litigation		(2,728,847)	(2,728,847)
	Provision against insurance premium and other receivable	7.4	(1,430,692)	(1,430,692)
			<u>3,150,904</u>	<u>1,795,739</u>
7.1	This includes net investment in finance lease terminated by the Company and where litigation has commenced.			
7.2	This includes insurance premium receivable from lessees for leased assets insured on their behalf by the Company. These amounts are recovered either during the lease period or on termination / maturity of the lease contracts.			

	Note	2017	2016
		----- Rupees -----	
7.3	Movement of provision against lease receivable held under litigation		
	Balance as at July 01	25,600,250	25,600,250
	Charge for the year	-	-
	Balance as at June 30	<u>25,600,250</u>	<u>25,600,250</u>
7.4	Movement of provision against insurance premium and other receivable		
	Balance as at July 01	1,430,692	1,430,692
	Charge for the year	-	-
	Balance as at June 30	<u>1,430,692</u>	<u>1,430,692</u>
8.	ADVANCE TO EMPLOYEES		
	Advance to employees	8.1 <u>264,244</u>	<u>196,006</u>
8.1	This amount represents advance given by the Company to its employees against their salary in accordance with the Company's Human Resource policy.		
9.	NET INVESTMENT IN FINANCE LEASE		
	Net investment in finance lease	9.1 <u>1,809,756,676</u>	1,538,654,480
	Current portion shown under current assets	9.1 <u>(493,818,998)</u>	<u>(499,111,879)</u>
		<u>1,315,937,678</u>	<u>1,039,542,601</u>

**9.1 Net investment in finance lease
2017**

	2017				2016			
	Not later than one year	Later than one year and less than five years	Later than five years	Total	Not later than one year	Later than one year and less than five years	Later than five years	Total
	----- Rupees -----							
Minimum lease payments	541,452,185	872,475,395	35,142,837	1,449,070,417	513,377,901	634,409,623	204,945	1,147,992,469
Add: Residual value of leased assets (note 9.2)	67,054,287	438,576,152	107,282,305	612,912,744	79,415,142	482,595,368	250,000	562,260,510
Gross investment in finance lease	608,506,472	1,311,051,547	142,425,142	2,061,983,161	592,793,043	1,117,004,991	454,945	1,710,252,979
Unearned lease income	(113,486,889)	(133,680,383)	(3,858,628)	(251,025,900)	(92,687,082)	(77,910,634)	(6,701)	(170,604,417)
Mark-up held in suspense	(322,536)	-	-	(322,536)	(116,033)	-	-	(116,033)
	(113,809,425)	(133,680,383)	(3,858,628)	(251,348,436)	(92,803,115)	(77,910,634)	(6,701)	(170,720,450)
	<u>494,697,047</u>	<u>1,177,371,164</u>	<u>138,566,514</u>	<u>1,810,634,725</u>	<u>499,989,928</u>	<u>1,039,094,357</u>	<u>448,244</u>	<u>1,539,532,529</u>
Provision for potential lease losses (note 9.3)	(878,049)	-	-	(878,049)	(878,049)	-	-	(878,049)
Net investment in finance lease	<u>493,818,998</u>	<u>1,177,371,164</u>	<u>138,566,514</u>	<u>1,809,756,676</u>	<u>499,111,879</u>	<u>1,039,094,357</u>	<u>448,244</u>	<u>1,538,654,480</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.

- 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. 120.832 million (2016: Rs. 85.742 million).

9.3 Provision for potential lease losses	Note	2017	2016
----- Rupees -----			
Balance as at July 01		878,049	878,049
Charge for the year		14,743,140	10,755,329
Reversal for the year		(14,743,140)	(10,755,329)
Balance as at June 30		<u>878,049</u>	<u>878,049</u>

- 9.4** The net investment in finance lease portfolio includes Rs. 0.88 million (2016: Rs. 0.88 million) which has been placed under non-performing status.

- 9.5** The Company has entered into various lease agreements for periods ranging from one to seven years (2016: one to seven years). Security deposits ranging from 2% to 63% (2016: 5% to 64.5%) are obtained at the time of entering into the lease arrangement. The rate of return implicit in the leases ranges from 8.08% to 21.62% (2016: 8.08% to 17.92%) per annum.

10. TAXATION - NET

Balance as at July 01		7,787,572	8,734,754
Advance tax paid		1,358,908	627,365
Charge for the year	33	(1,670,633)	(1,574,547)
Balance as at June 30		<u>7,475,847</u>	<u>7,787,572</u>

11. LONG-TERM INVESTMENT

Held to maturity

Government Securities			
Pakistan Investment Bonds		27,167,263	27,199,297
Current portion shown under current assets		(5,001,865)	-
		<u>22,165,398</u>	<u>27,199,297</u>

- 11.1** As per the requirements of Regulations 14(4)(i) of the NBFC Regulations, the Company is required to invest at least 15% of its outstanding funds raised through issue of Certificates of Investments in the Government Securities. As at June 30, 2017, the Company had 15.32% of its funds raised through Certificates of Investments invested in Pakistan Investment Bonds (PIBs) and Market Treasury Bills (Refer Note 6).

- 11.2** PIBs carry interest rates ranging from 9.25% to 11.50% per annum (2016: 9.25% to 11.50% per annum) and have maturity dates ranging from July 19, 2017 to March 26, 2020. The market value of investment in PIBs as at June 30, 2017 amounted to Rs. 28.417 million (2016: Rs. 29.687 million).

12. LONG-TERM DEPOSITS

Long-term deposits	12.1	<u>300,460</u>	<u>300,460</u>
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- 12.1** This amount includes Rs. 0.188 million (2016: Rs. 0.188 million) given by the Company as security deposit to First Habib Modaraba under Ijarah arrangement to obtain the Ijarah asset. These deposits do not carry any markup or interest.

	Note	2017	2016
		-----	-----
		Rupees	
13. INVESTMENT PROPERTY			
Opening balance		-	-
Transferred from operating fixed assets - own use		133,848,000	-
Fair value adjustment		5,148,000	-
		<u>138,996,000</u>	<u>-</u>

- 13.1** The Company has rented out its office premises and decided to classify its owner occupied property as investment property as of December 31, 2016 that will be carried at fair value model in accordance with IAS 40 "Investment Property".

- 13.2** 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, 2017 on the basis of market value. Fair value was determined having regard to recent market transactions for similar properties in the same location and condition as the Company's investment property.

13.3 Fair value measurement

Fair value measurement of lease hold premises is based on the valuations carried out by an independent valuer M/s. Akbani and Javed Associates as on June 30, 2017 on the basis of market value.

Fair value measurement of revalued land is based on assumptions considered to be level 2 inputs.

13.4 Valuation techniques used to derive level 2 fair values - Investment property

Fair value of lease hold premises has been derived using a sales comparison approach. The valuation is considered on the basis of location, needs of the buyer, the overall prevailing market situation and other consideration associated with such type of property. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

14. PROPERTY, PLANT AND EQUIPMENT

Fixed assets - own use	14.1	5,586,904	128,196,046
Fixed assets - Ijarah finance	14.5	<u>49,364,316</u>	<u>79,700,262</u>
		<u>54,951,220</u>	<u>207,896,308</u>

14.1 Fixed Assets - own use

Description	Leasehold premises	Leasehold improvements	Furniture and fittings	Office equipment	Vehicles	Computer equipment	Total
	Rupees						
Year ended June 30, 2017							
Net carrying value basis							
Opening net book value (NBV)	121,492,800	470,798	213,848	2,597,959	2,301,475	1,119,166	128,196,046
Additions	-	-	704,479	321,865	-	262,450	1,288,794
Disposals (NBV)	-	-	-	(2,383)	-	-	(2,383)
Revaluation surplus	15,444,000	-	-	-	-	-	15,444,000
Transfers to investment property	(133,848,000)	-	-	-	-	-	(133,848,000)
Depreciation charge	(3,088,800)	(165,737)	(87,355)	(598,693)	(856,630)	(694,338)	(5,491,553)
Closing net book value	-	305,061	830,972	2,318,748	1,444,845	687,278	5,586,904
Gross carrying value basis							
Cost	-	1,168,197	2,652,043	3,597,418	6,875,735	4,494,371	18,787,764
Accumulated depreciation	-	(863,136)	(1,821,071)	(1,278,670)	(5,430,890)	(3,807,093)	(13,200,860)
Net book value	-	305,061	830,972	2,318,748	1,444,845	687,278	5,586,904
Year ended June 30, 2016							
Net carrying value basis							
Opening book value	68,534,981	-	138,340	453,883	3,617,359	1,168,885	73,913,448
Additions during the year	-	497,216	101,825	2,351,510	-	564,662	3,515,213
Disposals (NBV)	-	-	-	(3,046)	(459,254)	-	(462,300)
Revaluation surplus	57,591,019	-	-	-	-	-	57,591,019
Depreciation charge	(4,633,200)	(26,418)	(26,317)	(204,388)	(856,630)	(614,381)	(6,361,334)
Closing net book value	121,492,800	470,798	213,848	2,597,959	2,301,475	1,119,166	128,196,046
Gross carrying value basis							
Cost	123,552,000	1,168,197	1,947,562	4,162,230	6,875,735	4,231,921	141,937,645
Accumulated depreciation	(2,059,200)	(697,399)	(1,733,714)	(1,564,271)	(4,574,260)	(3,112,755)	(13,741,599)
Net book value	121,492,800	470,798	213,848	2,597,959	2,301,475	1,119,166	128,196,046
Depreciation rate % per annum	5	33.33	10	20	20	33.33	

14.2 The Company followed the revaluation model for its leasehold premises. The leasehold premises of the Company were revalued as at November 1, 2005, October 27, 2008 April 1, 2013, March 11, 2016 and December 31, 2016 by M/s. Akbani & Javed Associates, independent valuation consultants, based on active market prices and relevant inquiries and information as considered necessary, adjusted for any difference in nature and location. The revaluations resulted in a net surplus of Rs. 41.224 million, Rs. 39.057 million, Rs. 13.044 million, Rs. 57.591 million and Rs. 15.444 million, respectively over the written down values of Rs. 9.731 million, Rs. 43.311 million, Rs. 64.178 million, Rs. 65.961 million and Rs. 118.404 million, respectively. Out of the revaluation surplus, an amount of Rs. 127.471 million remains undepreciated as at June 30, 2017 (2016: Rs. 115.009 million). As of December 31, 2016 the Company decided to classify its owner occupied property as investment property.

14.3 Fair value measurement (revalued property, plant and equipment)

14.3.1 Fair value measurement of lease hold premises is based on the desktop valuation carried out by an independent valuer M/s. Akbani and Javed Associates as on December 31, 2016 on the basis of market value.

14.3.2 Fair value measurement of revalued land is based on assumptions considered to be level 2 inputs.

14.4 Valuation techniques used to derive level 2 fair values - Lease hold premises

Fair value of lease hold premises has been derived using a sales comparison approach. The valuation is considered on the basis of location, needs of the buyer, the overall prevailing market situation and other consideration associated with such type of property. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

14.5 Fixed assets - Ijarah finance

Description	<u>Vehicles</u>	<u>Machinery</u>	<u>Total</u>
	-----	(Rupees)	-----
Year ended June 30, 2017			
Net carrying value basis			
Opening book value	1,901,468	77,798,794	79,700,262
Additions during the year	-	-	-
Disposal during the year (NBV)	(259,375)	-	(259,375)
Depreciation charge	(804,117)	(29,272,454)	(30,076,571)
Closing net book value	<u>837,976</u>	<u>48,526,340</u>	<u>49,364,316</u>
Gross carrying value basis			
Cost	2,186,000	115,663,662	117,849,662
Accumulated depreciation	(1,348,024)	(67,137,322)	(68,485,346)
Net book value	<u>837,976</u>	<u>48,526,340</u>	<u>49,364,316</u>
Year ended June 30, 2016			
Net carrying value basis			
Opening book value	2,976,248	48,873,984	51,850,232
Additions during the year	-	56,189,662	56,189,662
Disposal during the year (NBV)	-	-	-
Depreciation charge	(1,074,780)	(27,264,852)	(28,339,632)
Closing net book value	<u>1,901,468</u>	<u>77,798,794</u>	<u>79,700,262</u>
Gross carrying value basis			
Cost	4,098,740	115,663,662	119,762,402
Accumulated depreciation	(2,197,272)	(37,864,868)	(40,062,140)
Net book value	<u>1,901,468</u>	<u>77,798,794</u>	<u>79,700,262</u>
Depreciation rate % per annum	20 to 33.33	20 to 50	



- 14.6 The details of property, plant and equipment - own use / ijarah disposed off during the year is as follow:

	Original Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyer
	Rupees						
2017							
Own Use							
Office equipment	886,677	884,294	2,383	15,000	12,617	Scrap sale	Various buyers
Ijarah finance						End of Ijarah term	Lessee
Vehicle	1,912,740	1,653,365	259,375	275,985	16,610		
Total - 2017	2,799,417	2,537,659	261,758	290,985	29,227		
Total - 2016	3,460,196	2,997,896	462,300	1,826,400	1,364,100	Bid/Scrap sale	Various buyers

- 14.7 As at June 30, 2017 cost of asset acquired under Ijarah arrangements amounts to Rs. 1.88 million (2016: Rs. 1.88 million) which do not form part of the assets of the Company in accordance with the requirements to IFAS 2.

	Note	2017	2016
		Rupees	
15. INTANGIBLE ASSETS			
Intangible assets	15.1	<u>1,654,375</u>	<u>1,590,019</u>
15.1 Intangible assets			
Description	Computer Software	Software under development	Total
		(Rupees)	
Year ended June 30, 2017			
Net carrying value basis			
Opening book value	149,802	1,440,217	1,590,019
Additions during the year	217,788	-	271,788
Disposal (NBV)	-	-	-
Amortisation charge	(153,432)	-	(153,432)
Closing net book value	<u>214,158</u>	<u>1,440,217</u>	<u>1,654,375</u>
Gross carrying value basis			
Cost	966,798	1,440,217	2,407,015
Accumulated amortisation	(752,640)	-	(752,640)
Net book value	<u>214,158</u>	<u>1,440,217</u>	<u>1,654,375</u>
Year ended June 30, 2016			
Net carrying value basis			
Opening book value	299,604	1,168,478	1,468,082
Additions during the year	-	271,739	271,739
Disposal (NBV)	-	-	-
Amortisation charge	(149,802)	-	(149,802)
Closing net book value	<u>149,802</u>	<u>1,440,217</u>	<u>1,590,019</u>
Gross carrying value basis			
Cost	749,010	1,440,217	2,189,227
Accumulated amortisation	(599,208)	-	(599,208)
Net book value	<u>149,802</u>	<u>1,440,217</u>	<u>1,590,019</u>
Amortisation rate % per annum	20	-	

16. TRADE AND OTHER PAYABLES	Note	2017	2016
		----- Rupees -----	
Accrued liabilities		3,777,983	3,087,417
Unclaimed dividend		287,001	180,544
Sundry creditors - Lease		10,628,099	4,258,740
Security deposit		2,054,052	2,054,052
Unearned rental income		5,623,539	5,796,991
Other liabilities		<u>1,815,883</u>	<u>1,326,832</u>
		<u>24,186,557</u>	<u>16,704,576</u>
17. ACCRUED MARKUP			
Accrued mark-up on:			
Certificates of investment		11,147,341	7,816,197
Short term borrowings		919,190	594,036
Long - term loan		<u>368,918</u>	<u>-</u>
		<u>12,435,449</u>	<u>8,410,233</u>
18. CERTIFICATES OF INVESTMENT			
Opening balance		264,835,006	156,466,231
Certificates issued during the year	18.1	462,530,172	289,835,005
Rolled over during the year		(263,044,101)	(180,816,230)
Payments made during the year		<u>(60,190,904)</u>	<u>(650,000)</u>
Closing balance		<u>404,130,173</u>	<u>264,835,006</u>
18.1	These represent certificates of investment issued by the Company for periods ranging from 3 to 12 months and carry mark-up rates ranging from 7.5% to 8% (2016: 7% to 9.5%) per annum.		
19. SHORT TERM BORROWINGS			
From banking companies - secured			
Running finances under mark-up arrangements	19.1	<u>189,523,769</u>	<u>187,854,564</u>
19.1	The Company has availed short-term running finance facilities from various commercial banks having sanctioned limit amounting to Rs. 250 million (2016: Rs. 250 million). The facilities carry 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.		
20. LONG-TERM LOAN			
Long-term loan - secured	20.1	37,499,999	-
Current portion shown under current liabilities	20.1	<u>(16,666,668)</u>	<u>-</u>
		<u>20,833,331</u>	<u>-</u>
20.1	The Company has arranged long term finance facility from a commercial bank amounting to Rs. 50 million (2016: Nil). The facility has been obtained for a tenure of three 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.		
21. LONG-TERM DEPOSITS			
Long-term deposits	21.1	612,912,744	562,260,510
Current portion shown under current liabilities	21.1	<u>(67,054,287)</u>	<u>(79,415,142)</u>
		<u>545,858,457</u>	<u>482,845,368</u>

- 21.1** These represent interest free security deposits received against lease contracts and are refundable / adjustable at the expiry / termination of the respective leases.

	2017	2016
	----- Rupees -----	
22. ADVANCE RENTAL AGAINST IJARAH LEASING		
Advance rental against Ijarah leasing	14,601,110	22,737,515
Current portion shown under current liabilities	<u>(5,864,522)</u>	<u>(8,136,396)</u>
	<u>8,736,588</u>	<u>14,601,119</u>

23. DEFERRED TAXATION - Net

23.1 Taxable temporary difference arising in respect of:

Surplus on revaluation of fixed assets	38,241,214	35,652,713
Unrealised gain on investment property	1,544,400	-
Investment in finance lease and tax book value of assets given on finance lease	163,683,000	141,990,199
Long-term investments	35,179	46,282
	<u>203,503,793</u>	<u>177,689,194</u>

Deductible temporary difference arising in respect of:

Carried forward tax losses	(9,090,897)	(8,467,816)
Provision against potential lease losses	(263,415)	(272,195)
Provision against other receivable	(8,109,283)	(8,379,592)
Accelerated tax depreciation	(5,609,955)	(428,820)
Provision for leave encashment	(415,797)	(364,063)
	<u>(23,489,347)</u>	<u>(17,912,486)</u>
	<u>180,014,446</u>	<u>159,776,708</u>

23.2 Movement in temporary differences is as follows:

	Balance as at July 1, 2016	Recognised in profit and loss account	Recognised in equity	Balance as at June 30, 2017
	----- Rupees -----			
Surplus on revaluation of property, plant & equipment	35,652,713	(894,612)	3,483,113	38,241,214
Unrealised gain on revaluation of investment property	-	1,544,400	-	1,544,400
Excess of accounting WDV over Tax WDV	(428,820)	(5,181,135)	-	(5,609,955)
Long-term investments	46,282	(11,103)	-	35,179
Investment in finance lease and tax book value of assets given on finance lease	141,990,199	21,692,801	-	163,683,000
Carried forward tax losses	(8,467,816)	(623,081)	-	(9,090,897)
Provision against potential lease losses	(272,195)	8,780	-	(263,415)
Provision against other receivable	(8,379,592)	270,309	-	(8,109,283)
Provision for leave encashment	(364,063)	(51,734)	-	(415,797)
	<u>159,776,708</u>	<u>16,754,625</u>	<u>3,483,113</u>	<u>180,014,446</u>

24. SHARE CAPITAL

Authorised capital		Note	Rupees	
2017	2016		2017	2016
----- Number of shares -----				
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, Subscribed and paid-up share capital				
<u>10,000,000</u>	<u>10,000,000</u>	Ordinary shares of Rs.10 each fully paid in cash	<u>100,000,000</u>	<u>100,000,000</u>
<u>2,369,800</u>	<u>2,369,800</u>	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>23,698,000</u>	<u>23,698,000</u>
<u>13,000,000</u>	<u>13,000,000</u>	Ordinary shares of Rs. 10 each issued as fully paid Right shares	<u>130,000,000</u>	<u>130,000,000</u>
<u>25,369,800</u>	<u>25,369,800</u>		<u>253,698,000</u>	<u>253,698,000</u>

24.1 As at June 30, 2017, 10,646,529 shares (2016: 10,650,076 shares) of the Company were held by related parties.

25. RESERVES
Capital reserve

Statutory reserve	25.1	<u>79,161,214</u>	69,745,972
Reserve for issue of bonus shares		<u>4,402,000</u>	4,402,000
		<u>83,563,214</u>	<u>74,147,972</u>

Revenue reserve

Unappropriated profit		<u>246,113,498</u>	219,050,003
		<u>329,676,712</u>	<u>293,197,975</u>

25.1 In accordance with the requirements of the NBFC Regulations, an amount of not less than 20 percent of after tax profits shall be transferred to statutory reserve till such time when the reserve equals the amount of paid-up capital, and thereafter a sum of not less than 5 percent shall be transferred. Consequently, during the current year the Company has transferred an amount of Rs. 9.415 million (2016: Rs. 8.143 million) to its statutory reserve.

**26. SURPLUS ON REVALUATION OF
PROPERTY, PLANT AND EQUIPMENT
- net of deferred tax**

Surplus on revaluation of leasehold premises as at July 01	115,008,750	61,690,595
Surplus on revaluation conducted during the year	15,444,000	57,591,019
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(2,087,428)	(2,948,276)
Related deferred tax liability of incremental depreciation charged during the year	(894,612)	(1,324,588)
	(2,982,040)	(4,272,864)
Surplus on revaluation of operating fixed asset as at June 30	127,470,710	115,008,750
Related deferred tax liability at the beginning of the year	35,652,713	19,740,990
Related deferred tax liability on surplus on revaluation conducted during the year	4,633,200	17,853,216
Related to incremental depreciation charged during the year	(894,612)	(1,324,588)
Effect of change in tax rate	(1,150,087)	(616,905)
	38,241,214	35,652,713
	89,229,496	79,356,037

27. CONTINGENCIES AND COMMITMENTS
27.1 Contingencies

27.1.1 The Alternate Corporate Tax charge for the Tax Year 2017, 2016, 2015 and 2014 amounted to Rs. 11.135 million, Rs. 8.702 million, Rs. 9.233 million and Rs. 8.100 million, respectively which is 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. 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 Sindh High Court 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, 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.

27.1.2 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.

	Note	2017	2016
		----- Rupees -----	
27.2 Commitments			
27.2.1	Commitments for finance lease	<u>156,000,400</u>	<u>55,960,530</u>
27.2.2	Commitments for diminishing musharaka	<u>18,330,000</u>	<u>-</u>

27.2.3 Contractual rentals receivable on Ijarah contracts

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

	2017		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Rentals receivable in future	<u>17,270,659</u>	<u>29,808,234</u>	<u>47,078,893</u>
	2016		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Rentals receivable in future	<u>28,984,312</u>	<u>47,441,583</u>	<u>76,425,895</u>

27.2.4 Ijarah rentals payable

This represents the Ijarah rentals payable by the Company in respect of asset acquired under Ijarah arrangement.

	2017		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Future Ijarah rentals payable	653,304	108,884	762,188

	2016		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Future Ijarah rentals payable	653,304	762,188	1,415,492

	Note	2017	2016
----- Rupees -----			
28. INCOME FROM LEASING OPERATIONS			
Finance Income		112,019,816	107,566,457
Gain / (loss) on lease termination		526,547	(2,416,770)
Late payment charges		253,216	851,812
Processing fee		2,014,950	1,748,625
Documentation charges		827,806	447,500
Income from Ijarah operations	28.1	37,388,045	34,278,064
		153,030,380	142,475,688
28.1 Income from Ijarah operations			
Ijarah rental income	28.1.1	29,059,381	26,388,932
Processing fee		-	56,500
Documentation charges		-	26,800
Advance rental amortisation		8,136,405	7,221,974
Others		192,259	583,858
		37,388,045	34,278,064
28.1.1 Ijarah rental income comprises of principal and profit component.			
29. RETURN ON INVESTMENTS			
Profit on bank accounts	29.1	1,244,847	2,170,468
Income from Pakistan Investment Bonds		2,981,452	2,956,428
Income from Market Treasury Bills		1,051,527	357,977
Dividend income	29.2	244,350	475,125
		5,522,176	5,959,998

29.1 This amount includes Rs. 1,382 (2016: Rs. 3,206) which represents profit on bank account(s) maintained with Islamic bank(s) by the Company.

29.2 This amount represents dividend income earned during the year on investment in National Investment Unit Trust.

	Note	2017	2016
30. OTHER INCOME		----- Rupees -----	
Gain on disposal of fixed assets	14.6	29,227	1,364,100
Rental income		8,458,128	1,734,533
Unrealised gain on revaluation of investment property		5,148,000	-
Others	30.1	23,500	137,041
		<u>13,658,855</u>	<u>3,235,674</u>

30.1 This amount includes commitment fees, duplicate transfer letter charges and miscellaneous income.

31. ADMINISTRATIVE AND OPERATING EXPENSES

Directors' fee	35	1,669,997	1,253,332
Salaries, allowances and benefits	31.1 & 31.2	21,913,868	20,164,334
Depreciation	14.1 & 14.5	35,568,124	34,700,966
Amortisation	15	153,432	149,802
Office utilities		1,015,503	1,442,641
Legal and professional charges		4,242,581	2,934,930
Auditors' remuneration	31.4	525,000	525,000
Postage, subscription, printing and stationary		1,209,601	1,416,197
Vehicle running and maintenance		1,102,580	1,111,593
Office repair and general maintenance		712,465	1,064,502
Workers' Welfare Fund		1,336,765	1,044,330
Insurance	31.5	937,606	973,654
Advertisement		618,393	225,915
Travelling and conveyance		289,988	420,991
Rent on Ijarah finance		653,304	544,420
Rent expense		3,095,191	1,141,700
Office shifting expenses		-	1,610,644
General		1,436,602	1,564,841
		<u>76,481,000</u>	<u>72,289,792</u>

31.1 This includes salary of Rs. 5.472 million (2016: Rs. 5.472 million) paid to the Chief Executive Officer and Executive Director.

31.2 Salaries and benefits include Rs. 0.978 million (2016: Rs. 0.837 million) in respect of staff provident fund.

31.3 The total number of employees at as June 30, 2017 is 30 (2016: 24) and the average number of employees during the year was 25 (2016: 24).

	Note	2017	2016
		----- Rupees -----	
31.4 Auditors' remuneration			
Audit fee		335,000	335,000
Review report on the statement of compliance with the Code of Corporate Governance		50,000	50,000
Half yearly review fee		115,000	115,000
Out of pocket expenses		25,000	25,000
		<u>525,000</u>	<u>525,000</u>
31.5	The Company has obtained insurance coverage from Adamjee Insurance Company Limited rated "AA+" by Pakistan Credit Rating Agency (an agency registered with the Commission) against any losses that may be incurred as a result of employee's fraud or gross negligence. The sum insured of the insurance policy is Rs. 2 Million (2016: Rs. 2 Million).		
32. FINANCE COST			
Mark-up on:			
- Short term borrowings		3,424,975	7,846,939
- Certificate of investment		23,653,254	19,907,797
- Long-term loan		2,961,144	-
- Short term loan from related party		-	275,551
Bank charges		82,403	63,439
		<u>30,121,776</u>	<u>28,093,726</u>
33. TAXATION			
Current		1,670,633	1,574,547
Deferred	23.2	16,754,625	8,897,185
		<u>18,425,258</u>	<u>10,471,732</u>
33.1	Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as Company is subject to the provisions of taxation under Section 113 of the Income Tax Ordinance, 2001.		
33.2	The returns of income have been filed upto and including Tax Year 2016 corresponding to financial year ended June 30, 2016 under self assessment scheme. However, the return may be selected for which an amendment within six years from the end of the respective Tax Year and within five years from the end of financial year in which assessment order is issued as treated to have been issued for that tax years to the Company respectively.		
34. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation attributable to ordinary shareholders		<u>47,076,209</u>	<u>40,714,397</u>
Weighted average number of outstanding ordinary shares		(Number of shares)	
		<u>25,369,800</u>	<u>25,369,800</u>
		(Rupees)	
Earning per share - basic and diluted		<u>1.86</u>	<u>1.60</u>
34.1	There were no convertible dilutive potential ordinary shares in issue as at June 30, 2017.		

35. REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE AND NON-EXECUTIVE DIRECTORS AND EXECUTIVES

	2017				2016			
	Chief Executive Officer	Non Executive Directors	Executive Director	Executives	Chief Executive Officer	Non Executive Directors	Executive Director	Executives
	----- Rupees -----							
Managerial remuneration	1,858,068	1,669,997	1,610,124	3,278,244	1,858,068	1,253,332	1,610,124	4,502,858
Housing and utilities	1,021,932	-	981,576	1,563,036	1,021,932	-	981,576	2,792,598
Provident Fund contribution	-	-	-	203,220	-	-	-	172,837
	<u>2,880,000</u>	<u>1,669,997</u>	<u>2,591,700</u>	<u>5,044,500</u>	<u>2,880,000</u>	<u>1,253,332</u>	<u>2,591,700</u>	<u>7,468,293</u>
Number of persons	<u>1</u>	<u>7</u>	<u>1</u>	<u>4</u>	<u>1</u>	<u>7</u>	<u>1</u>	<u>5</u>

35.1 The executives of the Company are also entitled to free use of Company owned and maintained vehicles.

35.2 The amount charged in the financial statements as the fee of directors for attending a Board of Directors meeting was Rs. 40,000 per meeting.

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company has related party relationships with the companies with common directorship, directors of the company, key management personnel and employee's contribution plan (provident fund).

Contributions to the provident fund are made in accordance with the terms of employment. Salaries and allowances of the key management personal are in accordance with the terms of employment. Other transactions are at agreed terms.

Nature of transaction	Relation with the Company	Note	2017	2016
			----- Rupees -----	
Certificates of investment				
Certificates of investment issued during the year	Directors		152,000,000	62,400,000
Certificates of investment matured during the year	Directors		182,264,097	108,178,990
Certificate of investment repaid during the year	Directors		12,400,000	-
Financial charges on certificates of investment for the year	Directors		14,006,967	8,991,994
Certificates of Investment				
Certificates of investment issued during the year	Close relatives of directors		10,000,000	26,000,000
Certificates of investment matured during the year	Close relatives of directors		91,434,854	96,506,015
Certificate of investment repaid during the year	Close relatives of directors		37,790,904	-
Financial charges on certificates of investment for the year	Close relatives of directors		8,540,909	10,279,494
Finance Lease				
Rental received / adjusted	Directors		705,348	5,891,845
Rental received / adjusted	Associated undertaking		1,907,904	1,907,904
Short term loan				
Short term loan repaid during the year	Associated undertaking		-	40,000,000
Financial charges on short term loan for the year	Associated undertaking	32	-	275,551
Prepaid rent and Security deposit				
Prepaid rent paid during the year	Associated undertaking		2,964,500	2,695,000
Security deposit paid during the year	Associated undertaking		-	245,000
Prepaid rent paid charged as expense the year	Associated undertaking		3,062,500	980,000
Employee Provident Fund				
Contribution during the year			977,866	837,298
Remuneration and other benefits				
Charge for the year	Directors and key management personnel	35	12,186,197	14,193,325
Gross dividend				
Paid during the year	Directors		3,892,373	-
Paid during the year	Close relatives of directors		37,503	-
Paid during the year	Associated undertakings		1,393,390	-

	Note	2017	2016
		----- Rupees -----	
36.1 Year ended balances			
Certificates of investment		377,298,950	253,085,005
Accrued mark-up on Certificates of investment		10,404,978	7,441,240
Net investment in finance lease		5,884,886	7,979,363
Security deposit (in respect of finance lease)		2,500,700	2,500,700
Prepaid rent		1,617,000	1,715,000
Security deposit (in respect of rented office premises)		245,000	245,000

37. PROVIDENT FUND DISCLOSURE

The Company operates approved funded contributory provident fund for both its management and non management employees. Details of net assets and investments of the fund is as follows:

Size of the fund - Net assets	<u>4,962,191</u>	<u>4,501,061</u>
Cost of investments made	<u>252,000</u>	<u>252,000</u>
Percentage of the investments made	<u>5%</u>	<u>6%</u>
Fair value of the investments made	<u>684,072</u>	<u>532,210</u>

The breakup of the fair value of the investments is:

	<u>2017</u>		<u>2016</u>	
	<u>Rupees</u>	<u>%</u>	<u>Rupees</u>	<u>%</u>
Mutual Funds	<u>684,072</u>	<u>100</u>	<u>532,210</u>	<u>100</u>

The management, based on the un-audited financial statements of the Fund, is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and Rules formulated for this purpose.

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items:

Cash and bank balances	5	63,565,215	44,296,138
Short term borrowings	19	<u>(189,523,769)</u>	<u>(187,854,564)</u>
		<u>(125,958,554)</u>	<u>(143,558,426)</u>

39. FINANCIAL RISK MANAGEMENT**Introduction and overview**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

39.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

39.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. The risk is generally limited to principal amounts and accrued interest thereon, if any, and arises principally from the Company's receivables from customers and balances with the banks.

39.2.1 Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the NBFC Rules and Regulations. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties, and continually assessing the credit worthiness of counter parties.

39.2.2 Exposure to credit risk

In summary, compared to the maximum amount included in the balance sheet, the maximum exposure to credit risk as at June 30, 2017 is as follows:

	2017		2016	
	Balance Sheet	Maximum exposure	Balance Sheet	Maximum exposure
----- Rupees -----				
Cash and bank balances	63,565,215	63,565,036	44,296,138	44,294,713
Investments	66,467,011	4,547,082	43,458,506	3,537,645
Ijarah rental receivables	679,544	679,544	904,009	904,009
Advance to employees	264,244	264,244	196,006	196,006
Accrued markup / return on investment	1,532,755	244,350	1,475,668	180,000
Net Investment in finance lease	1,809,756,676	1,196,843,932	1,538,654,480	976,393,970
Other receivable - net	3,150,904	3,150,904	1,795,739	1,795,739
Long-term deposits	300,460	300,460	300,460	300,460
	<u>1,945,716,809</u>	<u>1,269,595,552</u>	<u>1,631,081,006</u>	<u>1,027,602,542</u>

Differences in the balances as per balance sheet and maximum exposures in investments and investment in finance lease were due to the fact that investments of Rs. 61.92 million (2016: Rs. 39.921 million) relates to investments in Government securities and investment in finance lease includes Rs. 612.913 million (2016: Rs. 562.261 million) relating to security deposit which are not considered to carry credit risk.

39.2.3 Credit ratings and Collaterals

Details of the credit ratings of balances with the banks as at 30 June were as follows:

Ratings	2017	2016
AAA	0.63%	2.54%
AA+	73.38%	31.84%
AA	0.17%	7.91%
AA-	1.41%	0.48%
A+	0.00%	15.09%
A	24.38%	6.45%
A-	0.03%	35.69%
	<u>100.00%</u>	<u>100.00%</u>

39.2.4 Description of Collateral held

The Company's leases are secured against assets leased out and post dated cheques. In a few leases additional collateral is also obtained.

39.2.5 Aging analysis of net investment in finance lease

2017				
	Carrying Amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
----- Rupees -----				
Past due				
Neither over due not impaired	1,796,472,383	1,796,472,383	-	-
1 - 89 days *	12,251,309	12,251,309	-	-
90 days - 1 year *	1,032,984	1,032,984	-	-
1 year - 2 years	-	-	-	-
2 years - 3 years	-	-	-	-
More than 3 years	878,049	-	878,049	878,049
	<u>1,810,634,725</u>	<u>1,809,756,676</u>	<u>878,049</u>	<u>878,049</u>

2016				
	Carrying Amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
----- Rupees -----				
Past due				
Neither over due not impaired	1,532,555,637	1,532,555,637	-	-
1 - 89 days *	6,098,843	6,098,843	-	-
90 days - 1 year *	-	-	-	-
1 year - 2 years	-	-	-	-
2 years - 3 years	-	-	-	-
More than 3 years	878,049	-	878,049	878,049
	<u>1,539,532,529</u>	<u>1,538,654,480</u>	<u>878,049</u>	<u>878,049</u>

Impairment is recognised by the Company in accordance with NBFC Regulations, 2008 and subjective evaluation of investment portfolio is carried out on an ongoing basis.

* No impairment loss has been recorded as these finance leases do not meet the criteria for provisioning requirements under NBFC Regulations.

39.2.6 Concentration of credit risk - gross investment in finance lease

The Company seeks to manage its credit risk through diversification of financing activities to avoid undue concentration of credit risk with individuals or groups of customers in specific locations or business sectors.

The management of the Company follows two sets of guidelines. Internally, it has its own operating policy duly approved by the Board of Directors whereas externally it adheres to the regulations issued by the Securities and Exchange Commission of Pakistan. The operating policy defines the extent of exposures with reference to a particular sector or group of leases.

Details of the composition of gross investment in finance lease portfolio of the Company are given below:

	2017		2016	
	Rupees	Percentage	Rupees	Percentage
Energy, oil and gas	101,864,810	4.67	135,459,061	7.54
Steel, engineering and auto	46,069,304	2.11	104,503,295	5.82
Electrical goods	234,785,183	10.76	221,503,525	12.33
Transport and communication	15,117,240	0.69	7,483,458	0.42
Chemical, fertilizer and pharmaceuticals	19,992,809	0.92	26,617,560	1.48
Textile	5,004,406	0.23	8,220,659	0.46
Glass and ceramics	-	-	13,673,255	0.76
Food, tobacco and beverage	5,515,222	0.25	25,911,741	1.44
Hotels	72,606,673	3.33	114,224,949	6.36
Construction	33,533,925	1.54	62,548,587	3.48
Health care	38,690,255	1.77	91,382,766	5.09
Advertisement	2,488,802	0.11	6,598,664	0.37
Services	63,688,656	2.92	77,736,939	4.33
Packaging	1,799,238	0.08	6,572,070	0.37
Others	1,541,659,031	70.63	893,558,089	49.75
	2,182,815,554	100.00	1,795,994,618	100.00

39.2.7 Impaired assets

As at June 30, 2017, the Company holds provision against lease receivable held under litigation and provision against insurance and other receivable amounting to Rs. 25.600 million and Rs. 1.431 million respectively.

39.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

39.3.1 Management of liquidity risk

The Company manages liquidity risk by following the internal guidelines of the management such as monitoring maturities of financial liabilities, continuously monitoring its liquidity position and ensuring availability of the funds by maintaining flexibility in funding by keeping committed credit lines available, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

39.3.2 Maturity analysis for financial liabilities

The table below summarises the maturity profile of the Company's liabilities:

	2017					
	Total	Contractual cash flow	Upto three months	More than three months and upto one year	More than one year and upto five years	Over five years
	----- Rupees -----					
Non derivative financial liabilities						
Trade and other payable	3,404,090	3,404,090	3,404,090	-	-	-
Accrued mark-up	12,435,449	12,435,449	12,435,449	-	-	-
Certificate of investment	404,130,769	422,890,745	116,754,266	306,136,479	-	-
Short term borrowing	189,523,769	189,523,769	139,628,355	49,905,414	-	-
Long-term loan	37,499,999	41,089,753	4,888,804	14,169,288	22,031,661	-
	<u>646,993,480</u>	<u>669,343,806</u>	<u>277,100,964</u>	<u>370,211,181</u>	<u>22,031,661</u>	<u>-</u>
	----- Rupees -----					
	2016					
	Total	Contractual cash flow	Upto three months	More than three months and upto one year	More than one year and upto five years	Over five years
	----- Rupees -----					
Non derivative financial liabilities						
Trade and other payable	2,777,397	2,777,397	2,777,397	-	-	-
Accrued mark-up	8,410,233	8,410,233	8,410,233	-	-	-
Certificate of investment	264,835,006	276,822,668	68,411,567	208,411,101	-	-
Short term borrowing	187,854,564	187,854,564	138,111,293	49,743,271	-	-
	<u>463,877,200</u>	<u>475,864,862</u>	<u>217,710,490</u>	<u>258,154,372</u>	<u>-</u>	<u>-</u>

39.3.3 The contractual cash flow relating to the above financial liabilities have been determined on the basis mark-up rates effective at year end. The rates of mark-up have been disclosed in notes 18 to 20 to these financial statements.

39.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments.

39.4.1 Management of market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan. The Company is exposed to interest rate and other price risk only.

39.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on investment in finance lease, investment in government securities, bank balances and borrowing from banks. The Company carries a mix of fixed and floating rate financial instruments.

At June 30, details of the interest rate profile of the Company's interest bearing financial instruments were as follows:

	<u>Carrying amount</u>	
	2017	2016
	----- Rupees -----	
Fixed rate instruments		
Financial assets	<u>64,985,754</u>	<u>69,873,891</u>
Financial liabilities	<u>404,130,173</u>	<u>264,835,006</u>
Variable rate instruments		
Financial assets	<u>1,809,756,676</u>	<u>1,538,654,480</u>
Financial liabilities	<u>227,023,768</u>	<u>187,854,564</u>

39.4.2.1 Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

39.4.2.2 Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	<u>Profit and loss</u>	
	100 bp increase	100 bp decrease
	----- Rupees -----	
As at June 30, 2017		
Cash flow sensitivity - variable rate instruments	<u>15,827,329</u>	<u>(15,827,329)</u>
As at June 30, 2016		
Cash flow sensitivity - variable rate instruments	<u>13,507,999</u>	<u>(13,507,999)</u>

The sensitivity analysis prepared as of June 30, 2017 is not necessarily indicative of the impact on the Company's net assets of future movements in interest rates and profit for the year and assets / liabilities of the Company.

39.4.2.3 Yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date is as follows:

		2017					
		Exposed to mark-up / interest / profit rate risk					Not exposed to mark-up / interest / profit rate risk
Effective mark-up / interest / profit rate	Total	Upto three months	More than three months and upto one year	More than one year and upto five years	Over five years		
Percent (%)	----- Rupees -----						
Financial assets							
Cash and bank balances	4 - 5.7	63,565,215	7,388,146	-	-	-	56,177,069
Short term investments	5.70 - 5.95	39,299,748	13,446,682	21,305,984	-	-	4,547,082
Other receivables - net	-	2,905,904	-	-	-	-	2,905,904
Ijarah rentals receivable	12.04 - 12.88	679,544	679,544	-	-	-	-
Advance to employees	-	264,244	-	-	-	-	264,244
Accrued mark-up / return on investments	-	1,532,755	-	-	-	-	1,532,755
Net investment in finance lease (net of security deposit)	8.08 - 21.62	1,196,843,932	105,333,957	321,430,754	738,795,012	31,284,209	-
Long-term investments	9.25 - 11.5	27,167,263	5,001,865	-	22,165,398	-	-
Long-term deposits	-	300,460	-	-	-	-	300,460
		1,332,559,065	131,850,194	342,736,738	760,960,410	31,284,209	65,727,514
Financial liabilities							
Trade and other payables	-	3,404,090	-	-	-	-	3,404,090
Accrued mark-up	-	12,435,449	-	-	-	-	12,435,449
Certificates of investment	7.5 - 8	404,130,173	116,078,393	288,051,780	-	-	-
Short term borrowings	7.62 - 8.62	189,523,769	139,618,355	49,905,414	-	-	-
Long-term loan	7.64	37,499,999	4,166,667	12,500,001	16,666,668	4,166,663	-
		646,993,480	259,863,415	350,457,195	16,666,668	4,166,663	15,839,539
On balance sheet gap		685,565,585	(128,013,221)	(7,720,457)	744,293,742	27,117,546	49,887,975
		2016					
		Exposed to mark-up / interest / profit rate risk					Not exposed to mark-up / interest / profit rate risk
Effective mark-up / interest / profit rate	Total	Upto three months	More than three months and upto one year	More than one year and upto five years	Over five years		
Percent (%)	----- Rupees -----						
Financial assets							
Cash and bank balances	4 - 5.7	44,296,138	29,049,021	-	-	-	15,247,117
Short term investments	5.95-6.35	16,259,209	6,462,496	6,259,068	-	-	3,537,645
Other receivables - net	-	1,550,739	-	-	-	-	1,550,739
Ijarah rentals receivable	12.04-12.88	904,009	904,009	-	-	-	-
Advance to employees	-	196,006	-	-	-	-	196,006
Accrued mark-up / return on investments	-	1,475,668	-	-	-	-	1,475,668
Net investment in finance lease (net of security deposit)	8.08 - 17.92	976,393,970	108,539,271	311,157,466	556,498,989	198,244	-
Long-term investments	9.25 - 11.5	27,199,297	-	-	27,199,297	-	-
Long-term deposits	-	300,460	-	-	-	-	300,460
		1,068,575,496	144,954,797	317,416,534	583,698,286	198,244	22,307,635
Financial liabilities							
Trade and other payables	-	2,777,397	-	-	-	-	2,777,397
Accrued mark-up	-	8,410,233	-	-	-	-	8,410,233
Certificates of investment	7 - 9.5	264,835,006	68,103,273	196,731,733	-	-	-
Short term borrowings	7.85 - 8.85	187,854,564	138,111,293	49,743,271	-	-	-
		463,877,200	206,214,566	246,475,004	-	-	11,187,630
On balance sheet gap		604,698,296	(61,259,769)	70,941,530	583,698,286	198,244	11,120,005

The effective mark-up / interest / profit rate for each of the monetary financial instrument is as indicated above.

39.4.3 Financial instruments by category

Particulars	2017				Total
	Loans and receivables	Held to maturity	Financial assets 'at fair value through profit or loss'	Financial assets 'available for sale'	
----- Rupees -----					
Financial assets					
Cash and bank balances	63,565,215	-	-	-	63,565,215
Short term investments	-	34,752,666	-	4,547,082	39,299,748
Other receivables - net	2,905,904	-	-	-	2,905,904
Ijarah rentals receivable	679,544	-	-	-	679,544
Advance to employees	264,244	-	-	-	264,244
Accrued markup / return on investments	1,532,755	-	-	-	1,532,755
Net investment in finance lease (net of security deposit)	1,196,843,932	-	-	-	1,196,843,932
Long-term investments	-	27,167,263	-	-	27,167,263
Long-term deposits	300,460	-	-	-	300,460
	1,266,092,054	61,919,929	-	4,547,082	1,332,559,065
----- Rupees -----					
			Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
Financial Liabilities					
Trade and other payables			-	3,404,090	3,404,090
Accrued mark-up			-	12,435,449	12,435,449
Certificates of investment			-	404,130,173	404,130,173
Short term borrowings			-	189,523,769	189,523,769
Long-term loan			-	37,499,999	37,499,999
			-	646,993,480	646,993,480
----- Rupees -----					
Particulars	2016				Total
	Loans and receivables	Held to maturity	Financial assets 'at fair value through profit or loss'	Financial assets 'available for sale'	
----- Rupees -----					
Financial assets					
Cash and bank balances	44,296,138	-	-	-	44,296,138
Short term investments	-	12,721,564	-	3,537,645	16,259,209
Other receivables - net	1,550,739	-	-	-	1,550,739
Ijarah rentals receivable	904,009	-	-	-	904,009
Advance to employees	196,006	-	-	-	196,006
Accrued markup / return on investments	1,475,668	-	-	-	1,475,668
Net investment in finance lease (net of security deposit)	976,393,970	-	-	-	976,393,970
Long-term investments	-	27,199,297	-	-	27,199,297
Long-term deposits	300,460	-	-	-	300,460
	1,025,116,990	39,920,861	-	3,537,645	1,068,575,496
----- Rupees -----					
			Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
Financial Liabilities					
Trade and other payables			-	2,777,397	2,777,397
Accrued mark-up			-	8,410,233	8,410,233
Certificates of investment			-	264,835,006	264,835,006
Short term borrowings			-	187,854,564	187,854,564
			-	463,877,200	463,877,200

39.5 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Presently, the Company is not exposed to equity securities price risk as the Company does not hold any equity securities as at June 30, 2017.

However, the Company holds National Investment Trust units, exposing the Company to cash flow market risk. In case of one percent increase / decrease in the net assets value of such units as on June 30, 2017, with all other variables held constant, the net assets of the Company and total comprehensive income for the year would have been higher / lower by Rs. 45,471 (2016: Rs. 35,376).

40. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital employed:

	2017	2016
	----- Rupees -----	
Total debt	631,153,941	452,689,570
Total equity	581,720,337	545,305,956
Total capital employed	<u>1,212,874,278</u>	<u>997,995,526</u>
Gearing ratio	<u>52.04%</u>	<u>45.36%</u>

40.1 Financial risk management objectives and policies

The Company finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise liquidity risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

41. SEGMENT INFORMATION

The Company has two primary reporting segments namely, "Finance lease" and "Ijarah 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".

	2017			
	Finance lease	Ijarah finance	Others	Total
	----- Rupees -----			
Segment revenue	115,658,452	37,426,037	19,126,922	172,211,411
Administrative and operating expenses	20,063,157	32,038,231	6,672,346	58,773,734
Segment result	95,595,295	5,387,806	12,454,577	113,437,677
Provision for Workers' Welfare Fund				(1,336,765)
Unallocated expenses				(16,370,501)
Result from operating activities				95,730,411
Finance cost				(30,228,944)
Provision for taxation				(18,425,258)
Profit for the year				47,076,209
Other Information				
Segment assets	<u>1,811,426,664</u>	<u>51,368,615</u>	<u>216,245,912</u>	<u>2,079,041,191</u>
Unallocated assets				72,220,146
Total assets				<u>2,151,261,337</u>
Segment liabilities	<u>623,540,843</u>	<u>14,772,354</u>	<u>7,677,591</u>	<u>645,990,788</u>
Unallocated liabilities				829,313,459
Total liabilities				<u>1,475,304,247</u>
Capital expenditure	-	-	-	-
Depreciation	-	<u>30,076,571</u>	<u>3,088,800</u>	<u>33,165,371</u>
Unallocated Capital expenditure				1,288,794
Unallocated Depreciation				<u>2,402,753</u>

	2016			
	Finance lease	Ijarah finance	Others	Total
	----- Rupees -----			
Segment revenue	108,334,165	34,278,564	9,058,631	151,671,360
Administrative and operating expenses	19,951,153	29,970,476	3,536,243	53,457,872
Segment result	88,383,012	4,308,088	5,522,388	98,213,488
Provision for Workers' Welfare Fund				(1,044,330)
Unallocated expenses				(17,787,590)
Result from operating activities				79,381,568
Finance cost				(28,195,439)
Provision for taxation				(10,471,732)
Profit for the year				40,714,397
Other Information				
Segment assets	<u>1,539,835,719</u>	<u>82,722,163</u>	<u>210,320,220</u>	<u>1,832,878,102</u>
Unallocated assets				18,296,467
Total assets				<u>1,851,174,569</u>
Segment liabilities	<u>566,519,250</u>	<u>22,737,515</u>	<u>7,851,043</u>	<u>597,107,808</u>
Unallocated liabilities				625,471,304
Total liabilities				<u>1,222,579,112</u>
Capital expenditure	-	56,189,662	-	56,189,662
Depreciation	-	<u>28,339,632</u>	<u>965,250</u>	<u>29,304,882</u>
Unallocated Capital expenditure				3,515,213
Unallocated Depreciation				<u>5,396,084</u>

42. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of the financial assets and financial liabilities approximate their fair values except for investments held to maturity and leases at fixed rate of return. The fair value of leases at fixed rate of return cannot be reasonably estimated due to absence of market for such leases. The fair value of held-to-maturity investments is disclosed in note 6 and note 11.

The Company's accounting policy on fair value measurements is discussed in note 4.1.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2017, short term investments - available for sale amounting to Rs. 4.55 million (2016: Rs. 3.54 million), mentioned in note 6, were categorised in level 1. Revaluation rates announced by Mutual Funds Association of Pakistan (MUFAP) are used to determine fair value of investment in mutual funds categorised as 'available for sale'.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting year during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

43. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 18, 2017 proposed a final dividend of Rs. 0.75 per share (2016: Rs. 0.5 per share) for the year ended June 30, 2017, amounting to Rs. 19.03 million (2016: Rs. 12.68 million) for approval of members at the Annual General Meeting to be held on October 26, 2017. These financial statements do not reflect the impact of this proposed dividend.

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 18, 2017 by the Board of Directors of the Company.

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

No. of Share Holders	Having Shares		Shares Held	Percentage %
	From	To		
63	1	100	695	0.0027
23	101	500	10162	0.0401
26	501	1000	20078	0.0791
33	1001	5000	74201	0.2925
5	5001	10000	35288	0.1391
2	10001	15000	26551	0.1047
3	15001	20000	53475	0.2108
2	20001	25000	49690	0.1959
3	25001	30000	76236	0.3005
1	45001	50000	49950	0.1969
4	55001	60000	229241	0.9036
1	90001	95000	94080	0.3708
1	100001	105000	100831	0.3974
1	115001	120000	116787	0.4603
1	120001	125000	122127	0.4814
1	125001	130000	128560	0.5067
2	195001	200000	399800	1.5759
3	340001	345000	1030563	4.0622
1	495001	500000	500000	1.9708
2	685001	690000	1374084	5.4162
1	795001	800000	799899	3.1530
1	810001	815000	813885	3.2081
1	1145001	1150000	1148770	4.5281
1	1285001	1290000	1286994	5.0729
1	1495001	1500000	1499785	5.9117
2	2345001	2350000	4700000	18.5260
1	2450001	2455000	2451090	9.6614
1	3950001	3955000	3953394	15.5831
1	4220001	4225000	4223584	16.6481
188	Total		25369800	100.00

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2017**

Category of shareholder	Number	Share Held	Total Share holding	Percentage
Associated companies, undertaking and related parties				
1 Unibro Industries Ltd		1,499,785		
2 Mid East Agencies (Pvt) Ltd		1,286,994		
Total	2		2,786,779	10.98
NIT and ICP	-	-	-	-
Director, chief executive & their spouse and minor children				
1 Mr. Sohail Inam Ellahi		2,451,090		
2 Mr. Pervez Inam		3,953,394		
3 Mr. Fawad S. Malik		1,348,670		
4 Mrs. Atteqa Fawad		75,005		
5 Mr. Ismail H., Ahmed		500		
6 Brig. Naveed Nasar Khan (Retd.)		500		
7 Mr. Rizwan Humayun		600		
8 Mr. Shaheed H Gaylani		24,845		
9 Lt. Col. Saleem Ahmed Zafar (Retd.)		5,146		
Total	9		7,859,750	30.98
Executives	-	-	-	-
Public Sector Companies	1	1	1	0.00
Banks, DFIs, NBFCs, Insurance Companies, Modaraba and Mutual Funds				
Bank of Punjab	1	799,899	799,899	3.15
Foreign Companies	1	4,223,584	4,223,584	16.65
Kraftex Limited				
Individuals	169	9,695,383	9,695,383	38.22
Others	5	4,404	4,404	0.02
Total	188	25,369,800	25,369,800	100
Holding 5% or more				
1 Kraftex Limited		4,223,584		16.65%
2 Unibro Industries Ltd		1,499,785		5.91%
3 Mid East Agencies (Pvt.) Ltd		1,286,994		5.07%
4 Mr. Sohail Inam Ellahi		2,451,090		9.66%
5 Mr. Pervez Inam		3,953,394		15.58%
6 Mr. Fawad S Malik		1,348,670		5.32%
7 Mr. Muhammad Ali Pervez		2,350,000		9.26%
8 Mr. Hassan Sohail		2,350,000		9.26%
Total			19,463,517	76.71%

I/We _____ of _____ being member(s) of **PAK-GULF LEASING COMPANY LIMITED** holding _____ ordinary shares as per Registered Folio No./CDC A/c No. (for members who have shares in CDS) _____ hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the 24th Annual General Meeting to be held on Thursday, October 26, 2017 and at any adjournment thereof.

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

Signed by _____ in presence of _____

Please affix
Rs. 5/- Revenue
Stamp

<p>_____ Signature and address of witness</p>	<p>_____ Signature of Member(s)</p>
<p>_____ Share Folio No.</p>	<p>_____ Share Folio No.</p>

A member entitled to attend, speak and vote at a General Meeting is entitled to appoint a proxy to attend, speak and voter for him/her. A proxy must be a member of the Company.

The instrument appointing a proxy shall be in writing under the hand of the appointer of this attorney duly authorised in writing if the appointer is a corporation under its common seal or the hand of an officer or attorney duly authorised.

The instrument appointing a proxy together with the Power of Attorney if any under which it is signed or a notarially certified copy thereof, should be deposited at the Company's Registered Office not later than 48 hours before the time of holding the meeting.

میں / ہم _____ ساکن _____

بحیثیت شراکت دار پاک - گلف لیزنگ کمپنی لمیٹڈ اور بوسیلہ ملکیت _____ عمومی حصص مندرجہ
رجسٹرڈ فوئیو نمبر _____ سی ڈی سی اکاؤنٹ نمبر _____ (ان شراکت داران کے لئے
جن کے عمومی حصص کا اندراج سی ڈی سی میں ہے) بذریعہ دستاویز ہذا مسمیٰ / مسماۃ _____
ساکن _____

یا انکی / اسکی غیر موجودگی میں مسمیٰ / مسماۃ _____
ساکن _____ اپنا متبادل (پراکسی) مقرر کرتا / کرتی ہوں اور یہ
حقوق تفویض کرتا / کرتی ہوں جس کے تین وہ میری / ہماری جگہ مندرجہ بالا کمپنی کے شراکت داران کے 24 ویں سالانہ اجلاس میں
شرکت اور ووٹ ڈالنے کے مجاز ہوں، جس کا انعقاد بوقت شام 4:00 بجے بروز جمعرات، مورخہ 26 اکتوبر 2017 طلب و مقرر کیا گیا ہے
بمع اس اجلاس یا اس کے کسی مؤخر کردہ اجلاس کے۔

اس دستاویز کی تصدیق بقلم خود کرتا / کرتی ہوں بتاریخ _____ 2017
_____ کا دستخط شدہ بمعیت و موجودگی

براہ مہربانی یہاں 5 روپے کا
ریونیو اسٹامپ چسپاں کریں

میرے دستخط، بمع حصص فوئیو نمبر _____
کمپنی کا کوئی بھی شراکت دار جو کمپنی کے شراکت داران کے کسی بھی اجلاس میں موجود ہونے، بولنے، حصہ لینے اور ووٹ دینے کے قانونی
حقوق رکھتا ہو وہ یہ تمام حقوق اپنے کسی متبادل اور مقرر کردہ شخص کو بحیثیت اپنی پراکسی اور مختیار کے تفویض کر سکتا ہے بشرطیکہ مقرر کردہ
شخص بھی کمپنی کا شراکت دار اور حصص دار ہو۔

پراکسی دستاویز ہمیشہ تحریر شدہ ہوگی اور اس پر پراکسی دینے والے کے دستخط ہونے لازم ہیں۔ اگر پراکسی دینے والا حصص دار / شراکت دار
کوئی کارپوریشن یا اسی قسم کا کوئی اور رجسٹرڈ ادارہ ہے جسکی ملکیت ایک سے زیادہ اشخاص کے نام پر ہے تو ایسے حصص دار یا شراکت دار کے
لئے ضروری ہوگا کہ وہ اپنے قانونی طور پر مجاز دستخط کنندگان سے دستخط شدہ ایک باضابطہ تصدیق شدہ مختار نامہ جس پر نوٹری پبلک کی مہر اور
کارپوریشن کی کامن سیل بھی ہوا اپنے پراکسی فارم کے ساتھ منسلک کرے۔








یہ تمام دستاویزات مجوزہ اجلاس کے مقرر کردہ وقت اور تاریخ سے کم از کم اڑتالیس 48 گھنٹے قبل پاک - گلف لیزنگ کمپنی لمیٹڈ کے
رجسٹرڈ دفتر میں جمع کرانا اور اسکی رسید وصول کرنا ضروری ہے۔










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