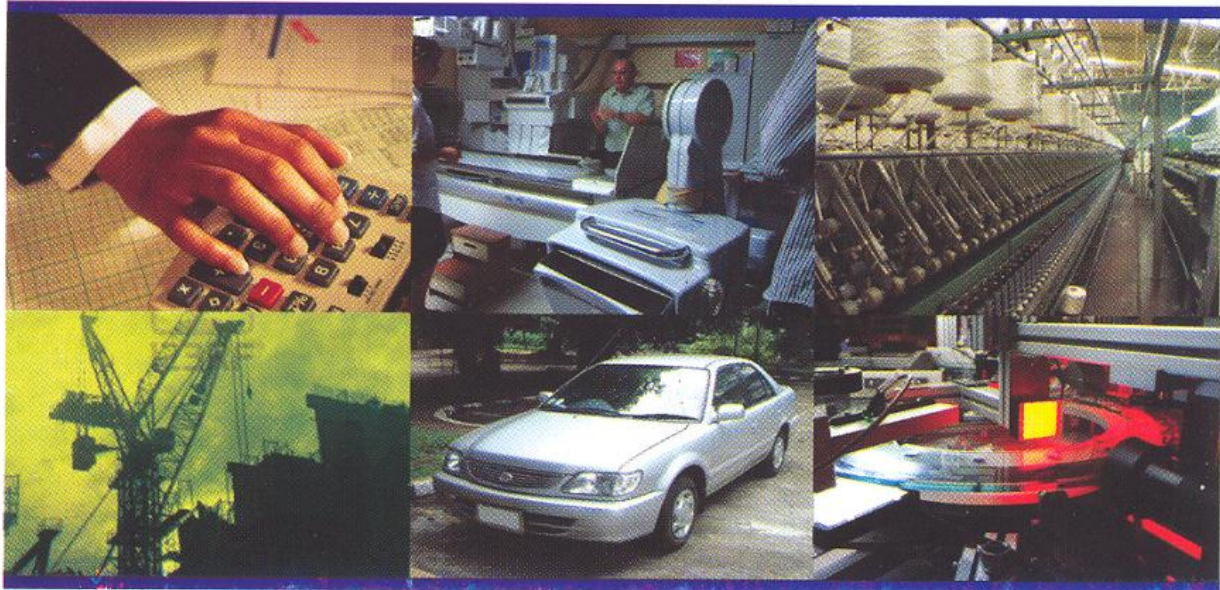
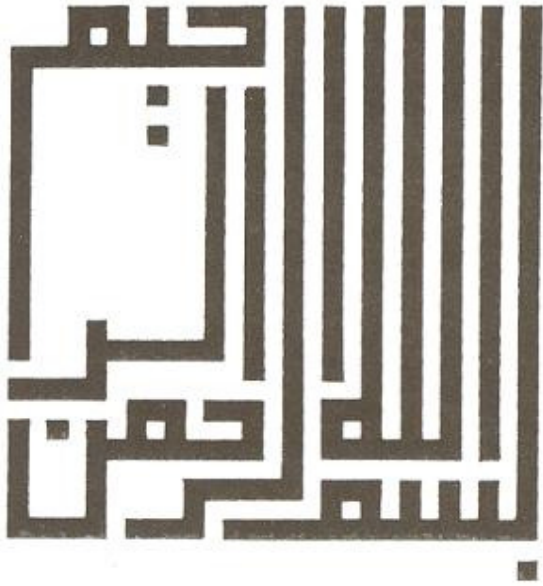




**Financial Statements  
(Unaudited)  
For the First Quarter  
ended September 30, 2012**



**Pak-Gulf Leasing Company Limited**



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**Board of Directors**

Mr. Sohail Inam Ellahi	Chairman
Air Marshal (R) Syed Masood Hatif	Vice Chairman
Mr. Shoaib Salim Malik	Director
Mr. Pervez Inam	Director
Mr. Shaheed H. Gaylani	Director
Mr. Shaikh Aftab Ahmed	Director
Brig. Naveed Nasar Khan (R)	Director
Mr. Rizwan Humayun	Director

**Company Secretary**

Mian Muhammad Shoaib

**Audit Committee**

Mr. Rizwan Humayun	Chairman
Air Marshal (R) Syed Masood Hatif	Vice Chairman
Mr. Pervez Inam	Member
Mr. Shaheed H. Gaylani	Member
Ms. Farah Farooq	Secretary

**Human Resource & Remuneration Committee**

Air Marshal (R) Syed Masood Hatif	Chairman
Brig. Naveed Nasar Khan (R)	Member
Mr. Pervez Inam	Member / Secretary
Mr. Sohail Inam Ellahi	Member

**Senior Management**

Mr. Sohail Inam Ellahi	Chief Executive Officer
Mr. Khalil Anwer Hassan	Chief Manager
Saleem Ahmed Zafar	Chief Operating Officer
Mian Muhammad Shoaib	Chief Financial Officer
Ms. Farah Farooq	Internal Auditor
Major (R) Arifullah Lodhi	Manager Administration

**Credit Rating Agency**

JCR-VIS Credit Rating Co. Ltd.

**Entity Rating**

- BBB+ for medium to long term
- A-3 for short term
- Outlook Stable

**Auditors**

M/s. KPMG Taseer Hadi & Co.  
Chartered Accountants  
Shaikh Sultan Trust Building,  
Beaumont Road,  
Karachi - 74000

**Legal Advisors**

M/s. Mohsin Tayebaly & Company  
2nd Floor, Dime Centre,  
BC-4, Block # 9, Kehkashan, Clifton,  
Karachi.  
Tel #: 3538077, 3571653, 35872690  
Fax #: 35870240, 35870468

**Bankers**

Soneri Bank Limited  
Bank Al-Falah Ltd.  
Albarak Islamic Bank  
National Bank of Pakistan.  
NIB Bank Ltd.  
Standard Chartered Bank

**Registered Office**

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

**Share Registrar / Transfer Office**

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

## **Mission Statement**

### ***The Company will:***

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

**Dear Shareholders,**

The Directors of your Company are pleased to present the financial statements of the company for the quarter ended September 30, 2012. Despite the competitive and challenging economic conditions of the country, the overall performance of the company was satisfactory. With the tougher competition by commercial lenders, higher interest rates, your company's performance is satisfactory. Efforts are being made to further reduce the cost of borrowing and keep check on other expenses to achieve the desired profit margin

During quarter under review, the balance sheet footing of your company was Rs.835 million as on September 30, 2012 as compared to Rupees 850 million on June 30, 2012. The total revenue of the company was Rs. 20.29 million for the quarter ended September 30, 2012 as compared to Rs.21.05 million, a decrease of 3.90 percent over the revenue for the corresponding period. Loss before taxation was Rs.2.12 million as compared to profit of Rs.10.08 million for the corresponding period. This reduction in profit is due to revised provisioning requirements Net profit after tax was Rs.0.90 million for the period ended as compared to Rs.6.06 million for the corresponding period of last year. Shareholders equity of the company rose from Rs. 428 million as at June 30, 2012 to Rs. 429 million as at September 30, 2012. Earning per share was Rs.0.04 as compared to Rs.0.24 for the corresponding period.

In August 2011, JCR-VIS had upgraded entity rating of the company to BBB+ from BBB for medium to long-term and had reaffirmed short-term rating at A-3 where as outlook of the Company has been revised to Stable from Positive.

The Board would like to place on record its appreciation for the management team of the company and each and every member of its staff for the hard work and dedication. We, the members of the Board, as representatives of shareholders, assure the management and staff of the company of our continued support in strengthening the company. We are sure that the management and the staff will continue to serve the customers of the company with the better zeal and will be able to improve the reputation of the company in financial services sector.

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

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

October 23, 2012

Director

Director

**Condensed Interim  
Balance Sheet  
As at September 30, 2012**

	NOTE	September 30, 2012 (Unaudited)	June 30, 2012 (Audited)
----- Rupees -----			
<b>Assets</b>			
Cash and bank balances		62,036,611	42,903,724
Other receivables - net		7,702,131	9,110,962
Loans and advances		74,962	98,863
Accrue mark-up / return on investment		28,122	115,314
Prepayments		508,225	360,873
Current portion of net investment in lease finance	4	259,218,257	270,367,062
Short Term Investments		1,631,715	1,643,118
Taxation recoverables-net		1,495,702	1,422,687
<b>Total current assets</b>		<b>332,695,725</b>	<b>326,022,603</b>
Long-term investments		2,949,752	2,949,751
Net investment in lease finance	4	428,740,060	449,234,894
Long-term deposits		206,500	206,500
Operating fixed assets	6	70,375,274	71,665,105
<b>Total non-current assets</b>		<b>502,271,586</b>	<b>524,056,250</b>
<b>Total assets</b>		<b>834,967,311</b>	<b>850,078,853</b>
<b>Liabilities</b>			
Trade and other payables		5,571,780	5,451,338
Profit / mark-up accrued		1,329,268	3,698,067
Certificates of investment		28,303,426	32,005,613
Current portion of long term financing		18,750,000	25,000,000
Current portion of Long term deposits	4	52,947,668	51,011,568
Provision for taxation			
<b>Total current liabilities</b>		<b>106,902,142</b>	<b>117,166,586</b>
Long-term financing	7	-	-
Long-term deposits	4	214,805,211	217,146,718
Deferred taxation - net		83,954,436	87,351,725
<b>Total non-current liabilities</b>		<b>298,759,648</b>	<b>304,498,443</b>
<b>Total liabilities</b>		<b>405,661,790</b>	<b>421,665,029</b>
<b>Net assets</b>		<b>429,305,521</b>	<b>428,413,824</b>
<b>Financed by</b>			
Share capital		253,698,000	253,698,000
Reserves		137,226,020	135,670,642
Surplus on revaluation of AFS Investment		390,924,020	389,368,642
		437,515	448,918
		391,361,536	389,817,560
Surplus on revaluation of asset-net of tax		37,943,985	38,596,264
<b>Contingencies and commitments</b>	8	<b>429,305,521</b>	<b>428,413,824</b>

The annexed notes 1 to 11 form an integral part of these financial statements.

**Statement under section 241(2) of the Companies Ordinance, 1984**

The Chief Executive of the Company is presently out of the country, therefore these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors.

Director

Director

**Condensed Interim  
Profit and Loss Account  
(Unaudited)**
**For the quarter ended September 30, 2012**

	Period Ended	
	September 30, 2012	September 30, 2011
	----- Rupees -----	
<b>Income</b>		
Income from leasing operations	18,355,862	19,899,602
Profit on bank accounts / return on investments	1,525,865	1,097,342
Other income	407,650	54,615
	<u>20,289,377</u>	<u>21,051,559</u>
<b>Expenses</b>		
Administrative and operating expenses	6,671,617	6,969,898
Finance cost	1,925,799	3,489,732
Provision for potential lease losses	13,816,054	511,029
	<u>22,413,470</u>	<u>10,970,659</u>
<b>Profit before taxation</b>	<u>(2,124,093)</u>	<u>10,080,900</u>
<b>Taxation</b>		
- Current	370,097	866,846
- Deferred	(3,397,289)	3,154,000
	<u>(3,027,192)</u>	<u>4,020,846</u>
<b>Profit after taxation</b>	<u>903,099</u>	<u>6,060,054</u>
<b>Earning per share-basic</b>	<u>0.04</u>	<u>0.24</u>

The annexed notes 1 to 11 form an integral part of these financial statements.

**Statement under section 241(2) of the Companies Ordinance, 1984**

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Director

Director



**Condensed Interim  
Statement of Comprehensive Income  
(Unaudited)  
For the quarter ended September 30, 2012**

	Period Ended	
	September 30, 2012	September 30, 2011
	----- Rupees -----	
Profit / (Loss) for the period	903,099	6,060,054
Other Comprehensive Income		
Unrealized gain / (loss) on revaluation of available for sale assets	(11,403)	(233,490)
<b>Total Comprehensive Income</b>	<b><u>891,696</u></b>	<b><u>5,826,564</u></b>

The annexed notes 1 to 11 form an integral part of these financial statements.

**Statement under section 241(2) of the Companies Ordinance, 1984**

The Chief Executive of the Company is presently out of the country, therefore these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors.

Director

Director





**Cash Flow Statement (Unaudited)  
For the quarter ended September 30, 2012**

	September 30, 2012	September 30, 2011
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(2,124,093)	10,080,900
<b>Adjustment for:</b>		
Depreciation	1,225,730	1,576,814
Financial charges	1,925,799	3,489,732
(Reversal of provision) / provision for potential lease losses	13,816,054	-
Gain on disposal of fixed assets	(299,400)	511,029
<b>Operating profit before working capital changes</b>	<u>14,544,090</u>	<u>15,658,475</u>
<b>Movement in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Other receivables	(1,661,801)	5,122,014
Accrued markup	87,192	88,878
Prepayments	(147,352)	1,509
	<u>(1,721,961)</u>	<u>5,212,401</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	120,442	143,773
<b>Cash generated from operations</b>	<u>12,942,571</u>	<u>21,014,649</u>
Financial charges paid	(4,294,598)	(1,948,420)
Tax paid	(443,112)	(924,981)
Deposits received from lessees	(405,407)	(1,143,117)
(Increase) / decrease in net investment in finance lease	20,898,217	39,374,806
Decrease in long-term deposits	-	-
(Increase)/ decrease in long-term loans and advances	23,901	(1,398,550)
	<u>15,779,001</u>	<u>33,959,739</u>
<b>Net cash (outflow on) / inflow from operating activities</b>	<u>28,721,573</u>	<u>54,974,388</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of fixed assets	390,000	-
Capital expenditure	(26,500)	(63,000)
<b>Net cash (outflow on) / inflow from investing activities</b>	<u>363,500</u>	<u>(63,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of certificate of investment	(3,702,187)	2,381,475
Proceeds from / (repayment of) long-term financing	(6,250,000)	(10,416,658)
<b>Net cash inflow from / (outflow on) financing activities</b>	<u>(9,952,187)</u>	<u>(8,035,183)</u>
<b>Net increase in cash and cash equivalents</b>		
Net increase / (decrease) in cash and cash equivalents	19,132,886	46,876,205
Cash and cash equivalents at the beginning of the year	42,903,724	2,236,955
<b>Cash and cash equivalents at the end of the year</b>	<u>62,036,611</u>	<u>49,113,160</u>

The annexed notes 1 to 11 form an integral part of these financial statements.

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the Company is presently out of the country, therefore these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors.

Director

Director



**Statement of Changes in Equity  
(Unaudited)**

For the quarter ended September 30, 2012

	Share Capital	Statutory Reserve	Reserve for issue of Bonus Shares	Unappropriated Profit	Total	Surplus on revaluation of available for sale Investments	Total
----- Rupees -----							
Balance as at June 30, 2010	253,698,000	32,639,294	4,402,000	55,377,716	92,419,010	335,431	346,452,441
<b>Total Comprehensive income for the year ended June 30, 2011</b>							
Profit after taxation	-	-	-	15,528,757	15,528,757	-	15,528,757
Other comprehensive income							
Surplus on revaluation of available for sale investment	-	-	-	-	-	215,571	215,571
				15,528,757	15,528,757	215,571	15,744,328
Transfer from surplus on revaluation of operating fixed assets to unappropriated profit-net of deferred tax	-	-	-	2,609,116	2,609,116	-	2,609,116
Transfer to statutory reserve	-	3,105,751	-	(3,105,751)	-	-	-
<b>Balance as at June 30, 2011</b>	<b>253,698,000</b>	<b>35,745,045</b>	<b>4,402,000</b>	<b>70,409,838</b>	<b>110,556,883</b>	<b>551,002</b>	<b>364,805,885</b>
<b>Total Comprehensive income for the year ended June 30, 2012</b>							
Profit after taxation				22,504,643	22,504,643		22,504,643
Other comprehensive income							
Deficit on revaluation of available for sale investment						(102,084)	(102,084)
				22,504,643	22,504,643	(102,084)	22,402,559
Transfer from surplus on revaluation of operating fixed assets to unappropriated profit-net of deferred tax				2,609,116	2,609,116		2,609,116
Transfer to statutory reserve		4,500,929		(4,500,929)			
<b>Balance as at June 30, 2012</b>	<b>253,698,000</b>	<b>40,245,974</b>	<b>4,402,000</b>	<b>91,022,668</b>	<b>135,670,642</b>	<b>448,918</b>	<b>389,817,560</b>
<b>Total Comprehensive income for the quarter ended Sept 30, 2012</b>							
Profit after taxation	-	-	-	903,099	903,099	-	903,099
Other comprehensive income							
Deficit on revaluation of available for sale investment						(11,403)	(11,403)
				903,099	903,099	(11,403)	891,696
<b>Others</b>							
Transfer from surplus on revaluation of operating fixed assets	-	-	-	652,279	652,279	-	652,279
Transfer to statutory reserve		180,620		(180,620)			
<b>Balance as at Sept 30, 2012</b>	<b>253,698,000</b>	<b>40,426,594</b>	<b>4,402,000</b>	<b>92,397,426</b>	<b>137,226,020</b>	<b>437,515</b>	<b>391,361,535</b>

The annexed notes 1 to 11 form an integral part of these financial statements.

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the Company is presently out of the country, therefore these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors.

Director

Director

**1 THE COMPANY AND ITS OPERATIONS**

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

**2 ACCOUNTING POLICIES**

Accounting policies adopted for the preparation of these quarterly financial statements are the same as those applied in the preparation of annual statements for the year ended June 30, 2012

**3 STATEMENT OF COMPLIANCE**

These unaudited financial statements are being submitted to the shareholders as required under section 245 of the companies Ordinance 1984 and have been prepared in accordance with the requirements of International Accounting Standard-34 "Interim Financial Reporting" as applicable in Pakistan.

**4 NET INVESTMENTS IN LEASE FINANCE - secured**

	September 30, 2012			June 30, 2012		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
	----- Rupees -----					
Minimum lease payments	275,338,414	247,144,863	522,483,277	284,584,095	269,997,841	554,581,936
Add: Estimated residual value of leased assets	52,947,668	214,805,211	267,752,879	51,011,568	217,146,718	268,158,286
Gross Investment in leases	<u>328,286,082</u>	<u>461,950,074</u>	<u>790,236,156</u>	<u>335,595,663</u>	<u>487,144,559</u>	<u>822,740,222</u>
Less : Unearned lease income	(69,067,825)	(21,242,609)	(90,310,434)	(65,228,601)	(36,687,682)	(101,916,283)
	<u>259,218,257</u>	<u>440,707,465</u>	<u>699,925,722</u>	<u>270,367,062</u>	<u>450,456,877</u>	<u>720,823,939</u>
Less : Provision for potential lease losses	-	(11,967,405)	(11,967,405)	-	(1,221,983)	(1,221,983)
Net investment in leases	<u>259,218,257</u>	<u>428,740,060</u>	<u>687,958,317</u>	<u>270,367,062</u>	<u>449,234,894</u>	<u>719,601,956</u>



	September 30, 2012 (Unaudited)	June 30, 2012 (Audited)
	Rupees	
<b>5 INVESTMENTS</b>		
Available for sale		
Cost		
54,300 units of National Investment Trust (June 2012 : 54,300 units)	1,194,200	1,194,200
Revaluation surplus / (deficit)		
Opening balance	448,918	551,002
Surplus/(Deficit) for the period / year	(11,403)	(102,084)
	<u>437,515</u>	<u>448,918</u>
	<u>1,631,715</u>	<u>1,643,118</u>
<b>6 OPERATING FIXED ASSETS</b>		
Opening balance	95,719,985	93,239,577
Additions / deletion - net	(426,500)	2,480,412
	<u>95,293,485</u>	<u>95,719,989</u>
Less: Accumulated deperciation	25,667,221	24,803,894
	<u>69,626,264</u>	<u>70,916,095</u>
Add: Capital work in progress	749,010	749,010
	<u>70,375,274</u>	<u>71,665,105</u>
<b>7 LONG TERM FINANCING-Secured</b>		
Long-term loans - secured	18,750,000	25,000,000
Less: Current maturity shown under current liabilities	(18,750,000)	(25,000,000)
	<u>-</u>	<u>-</u>

This represents financing facility obtained from a commercial bank. This facility is secured by way of first charge on specific leased assets and related lease rentals receivables. This facility carries mark-up at the rate of 6 month KIBOR plus 1.50 percent and is repayable in quarterly installments commencing from September 2011 and ending on June 2013.

**8 COMMITMENTS**

Leasing contracts committed but not executed at the balance sheet date amounted to Rs.9.1 million (June 2012: Rs 0.5 million)

**9 CONTINGENCY**

Federal Board of revenue had served a notice of demand to the Company for payment of FED amounted to Rs. 19,612,245 pertaining to financial income earned by the company during 1 July 2007 to 30 June 2010. Similar notices were issued to other leasing Companies as well.

NBFI & Modaraba Association in Pakistan has discussed the legal merits of the order and notices with their legal advisor, who pointed out that the assessing officer has altogether misread and misunderstood relevant laws.

The Company had filed an appeal against this demand before Commissioner Inland Revenue Appeals which had upheld the demand raised by FBR. The Company had filed an Appeal before the Appellat Tribunal Inland Revenue, against the order of the Commissioner Inland Revenue.

Management of the Company is confident for the favorable outcome of the case. Therefore, no provision had been made in these accounts

<b>9 TRANSACTION WITH ASSOCIATED UNDERTAKING / RELATED PARTIES</b>	<b>Jul-Sep 2012</b>	<b>Jul-Sep 2011</b>
<b>Other then Leasing</b>	----- Rupees -----	
Certificates of investment issued to close relatives of chairman and chief executive	<b>20,534,425</b>	18,236,613
Issued to Director		5,500,000
Profit paid on certificates of investment	<b>667,369</b>	818,735
Contribution to the employees provident fund	<b>86,889</b>	58,236
Director's meeting fee	-	-
<b>Leasing</b>		
Total financing provided	<b>1,684,000</b>	1,684,000
Rentals received	<b>176,019</b>	176,019
Implicit rate of return (IRR) percentage	<b>16.32</b>	16.32

**10 GENERAL**

Figures have been rounded off to the nearest Rupee.

**11 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on October 23, 2012 by the Board of Directors of the Company.

**Statement under section 241(2) of the Companies Ordinance, 1984**

The Chief Executive of the Company is presently out of the country, therefore these financial statements have been signed by two directors of the Company duly authorised by the Board of Directors.

Director

Director