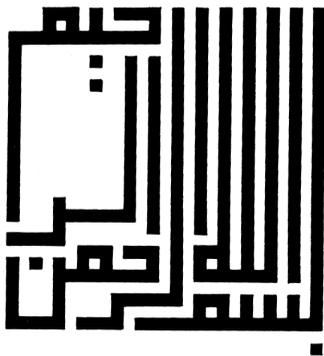


**Condensed Interim
Financial Information
(Un-audited)
For the nine months and three months
ended 31 March 2018**



Pak-Gulf Leasing Company Limited



Board of Directors

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

Company Secretary

Ms. Mehreen Usama

Audit Committee

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

Human Resource and Remuneration Committee

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

Senior Management

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

Credit Rating Agency

JCR-VIS Credit Rating Company Limited

Entity Rating

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

Auditors

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

Legal Advisors

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

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

Fax #: (92-21) 35870240, 35870468

Shariah Advisor

Mufti Muhammad Ibrahim Essa

Bankers
Islamic bank

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, P.O.Box # 12215, Karachi-75500

Tel #: (92-21) 35820301, 35820965-6

(92-21) 35824401, 35375986-7

Fax #: (92-21) 35820302, 35375985

E-mail: pgl@pakgulfleasing.com

Website: www.pakgulfleasing.com

Branch Office

202, 2nd Floor, Divine Mega II,
New Airport Road, Lahore

Tel #: (92-42) 35700010

Fax #: (92-42) 35700011

Share Registrar / Transfer Office

THK Associates (Pvt.) Limited

1st Floor, 40-C, Block 6,

P.E.C.H.S., Karachi

Tel #: (92-21) 111-000-322

Fax #: (92-21) 34168271

Mission Statement

The Company will:

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

Dear Shareholders,

The Directors of your Company are pleased to present before you the Financial Statements of your Company for the third quarter of the current financial year 2017-18. They are equally pleased to share with you the fact that despite the challenging economic conditions prevailing in the country, the overall performance of your Company remained highly satisfactory during this period. Moreover, even in the face of the tough competition offered by commercial banks and NBFIs sponsored by banks, having access to cheaper funds, and increased cost of doing business, your Company has been able to maintain its profitability. Your directors being conscious of their responsibilities and in their unrelenting pursuit of perfection and excellence are determined to ensure that better results are obtained in future.

Your Company earned a Total Revenue of Rs. 140.34 million, for the nine months period ending on March 31, 2018. This reflects an increase of 13.54%, over the Total Revenue of Rs. 123.6 million earned, in the corresponding period of the Financial Year 2016-17. With reference to expenses incurred during the nine months there has been an inflation-based increase in operating expenses, however despite the increase the overall amount of expenses has decreased as compared to the corresponding figures for the nine months ending March 31, 2017 mainly due to decrease in depreciation charge for the period. Finance cost for the current year has also risen due to increased utilization of available finance facilities. The Company's Profit before Taxation for the nine months period ending on March 31, 2018 amounted to Rs. 52.74 million as compared with the Profit before Taxation of Rs. 43.33 million, earned in the corresponding period of the Financial Year 2016-17. Net Profit after Tax for the nine months period ending March 31, 2018, amounted to Rs. 20.66 million as compared to Rs. 29.46 million, for the corresponding period of the last Financial Year 2016-17.

The Shareholders Equity of your Company has risen to Rs. 583.385 million, as at March 31, 2018 while Earnings per Share for the nine months period ending March 31, 2018 stand at Rs. 0.81 per share.

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

Your Directors, in their capacity as your representatives for overseeing the performance of your Company, would like to place on record their appreciation for the services rendered and the dedicated efforts made by the Management Team and indeed by all staff members of your Company, towards obtaining the positive results placed before you, notwithstanding the testing market conditions and expect that the management and staff of PGL would make every effort for improving further the quality of their services to your Company's clients and the image of your Company in the financial services sector of Pakistan.

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

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

Vice-Chairman

Chief Executive Officer

Karachi

Dated: April 19, 2018

قابل احترام حصص یافتگان

آپ کی کمپنی کے ڈائریکٹرز موجودہ مالی سال کی تیسری سہ ماہی، جو کہ 31 مارچ 2018 کو ختم ہوئی ہے کے المہائی گوشوارے انتہائی مسرت کے ساتھ آپ کو پیش کرتے ہیں اور یہ بتاتے ہوئے فخر محسوس کرتے ہیں کہ ملک کے موجودہ معاشی حالات میں آپ کی کمپنی کی کارکردگی اس موجودہ مالی سال کی تیسری سہ ماہی میں نہایت ہی اطمینان بخش رہی باوجود ازیں کے کمپنی کو کمرشل بینکنگ اور ان NBFIs کو جن کو کمرشل بینکنگ سے مالی تعاون حاصل ہے، کی طرف سے بہت سخت مقابلہ رہا، کیونکہ ان اداروں کی رسائی ان فنڈز تک ہے جو سٹرنٹ پر دستیاب ہیں اور وہ کم خرچے پر کاروبار کرتے ہیں اسکے باوجود آپ کی کمپنی نے منافع کو برقرار رکھا۔ حاصل کردہ نتائج بہتر ہونے کے باوجود آپ کے ڈائریکٹرز اپنی ذمہ داریوں کو محسوس کرتے ہوئے اور خوب سے خوب تر کی تلاش میں اس بات کا تہیہ کئے ہوئے ہیں کہ مستقبل میں مزید بہتر نتائج حاصل ہوں۔

آپ کی کمپنی نے اس مالی سال کی تیسری سہ ماہی، جو کہ 31 مارچ 2018 کو اختتام پذیر ہوئی میں کل 140.34 ملین روپے کی آمدنی حاصل کی ہے بمقابلہ 123.6 ملین روپے کی آمدنی جو کہ پچھلے مالی سال 2017-2016 کی تیسری سہ ماہی میں حاصل ہوئی تھی۔ اخراجات کے حوالے سے اس مالی سال کی تیسری سہ ماہی تک کے گئے خالص انتظامی اور مالی سرمایہ کاری اخراجات میں اضافہ ہوا ہے، باوجود اس کے مجموعی انتظامی اخراجات میں کمی ہوئی ہے اگر اس کا مقابلہ 31 مارچ 2017 کے گئے مجموعی انتظامی اخراجات سے کیا جائے جس کی بنیادی وجہ اجارہ کے اثاثہ جات کی فرسودگی (depreciation) میں کمی ہے۔ کمپنی کا موجودہ سال کی تیسری سہ ماہی کا منافع قبل از ٹیکس 52.74 ملین روپے تھا جو کہ گزشتہ سال کی تیسری سہ ماہی میں ہونے والے منافع قبل از ٹیکس جو کہ 43.33 ملین روپے تھا سے زیادہ ہے۔ موجودہ مالی سال کی تیسری سہ ماہی جو کہ 31 مارچ 2018 اختتام پذیر ہوئی کا بعد از ٹیکس منافع 20.66 ملین روپے ہے بمقابلہ 29.46 ملین روپے جو کہ پچھلے مالی سال دورانیہ میں تھا۔

آپ کی کمپنی کے شیئرز ہولڈرز کی ایکویٹی (Equity) 31 مارچ 2018 583,385 ملین روپے ہو گئی ہے۔ جبکہ موجودہ مالی سال کی تیسری سہ ماہی کا فی شیئر منافع 0.81 روپے فی شیئر ہے۔

جنوری 2018 میں JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کمپنی کی تشخیصی ریٹنگ کا دوبارہ اعادہ کرنے کے بعد درمیانہ سے طویل المیعاد کے لئے A- ریٹنگ اور مختصر مدت کی ریٹنگ A-2 برقرار رکھی ہے اور کمپنی کے آئندہ امکانات کو مستحکم قرار دیا گیا۔

آپ کے ڈائریکٹرز جو کہ آپ کے نمائندے ہونے کی حیثیت سے آپ کی کمپنی کی کارکردگی کو دیکھ رہے ہیں وہ انتظامیہ کی کوششوں کا اعتراف کرتے ہیں اور انتظامیہ نے مثبت نتائج حاصل کرنے کیلئے جو انتہائی محنت کی ہے اس کو سراہتے ہیں۔ وہ فنانشل مارکیٹ کے مشکل حالات کے باوجود وہ امید رکھتے ہیں کہ انتظامیہ اور عملہ کمپنی کو مزید ترقی کی طرف کا مزاج کریں گے اور اپنی تمام مثبت کوششیں کمپنی کے صارفین کو اچھی خدمات مہیا کرنے اور آپ کی کمپنی کو بہتر بنانے میں بروئے کار لائیں گے۔

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

آخر میں ہم اپنے تمام قابل احترام حصص یافتگان زینبول کمپنی کے صارفین اور بینکارز کو کمپنی کے ساتھ اچھے بھروسے اور تعاون پر ان کا شکریہ ادا کرتے ہیں۔ اس کے ساتھ ساتھ اس بات کی بھی توجی امید رکھتے ہیں کہ ہمارے شراکت داروں اور کمپنی کے درمیان جو مضبوط روابط اور باہم مفید اور خوشگوار تعلقات قائم ہیں ان میں مستقبل میں مزید اضافہ ہوتا رہے گا۔

چیف ایگزیکٹو آفیسر

وائس چیئرمین

19 اپریل 2018

کراچی

CONDENSED INTERIM BALANCE SHEET

As at 31 March 2018

			(Un-audited) 31 March 2018	(Audited) 30 June 2017
ASSETS	Note	Rupees		
ASSETS				
Current Assets				
Cash and bank balances			23,158,939	63,565,215
Short term investments	4		38,629,521	39,299,748
Other receivables - net			4,066,569	3,150,904
Ijarah rental receivable			546,492	679,544
Advance to employees			291,381	264,244
Accrued mark-up / return on investments			600,274	1,532,755
Prepayments			3,417,852	2,467,086
Current portion of net investment in finance lease	5		606,183,476	493,818,998
Current portion of diminishing musharaka receivable			3,482,836	-
Current portion of long-term investments	6		16,021,399	5,001,865
Taxation - net			-	7,475,847
			696,398,739	617,256,206
Non-current assets				
Net investment in finance lease	5		1,377,562,839	1,315,937,678
Diminishing musharaka receivable			15,581,164	-
Long-term investments	6		6,146,842	22,165,398
Long-term deposits			300,460	300,460
Investment property	7		138,996,000	138,996,000
Property, plant and equipment	8		41,727,555	54,951,220
Intangible assets			1,625,337	1,654,375
			1,581,940,197	1,534,005,131
Total assets			2,278,338,936	2,151,261,337
LIABILITIES				
Current liabilities				
Trade and other payables			35,123,806	23,899,556
Unclaimed dividend			291,184	194,865
Unpaid dividend			189,254	92,136
Accrued mark - up			23,820,729	12,435,449
Taxation - net			27,754,171	-
Certificates of investment			364,390,191	404,130,173
Short term borrowings			249,454,102	189,523,769
Current portion of long-term loan			16,666,668	16,666,668
Current portion of advance rental against Ijarah financing			5,557,932	5,864,522
Current portion of long-term deposits			118,080,426	67,054,287
			841,328,463	719,861,425
Non-current liabilities				
Long-term loan			8,333,330	20,833,331
Long term deposits			570,532,077	545,858,457
Advance rental against Ijarah financing			4,568,139	8,736,588
Deferred taxation - net			176,257,794	180,014,446
			759,691,340	755,442,822
Total liabilities			1,601,019,803	1,475,304,247
NET ASSETS			677,319,133	675,957,090
FINANCED BY				
Authorised share capital				
50,000,000 ordinary shares				
(June 2017: 50,000,000 ordinary shares) of Rs. 10 each			500,000,000	500,000,000
Issued, subscribed and paid up capital			253,698,000	253,698,000
Reserves			331,312,425	329,676,712
			585,010,425	583,374,712
Surplus on revaluation of available-for-sale investments			3,079,210	3,352,882
			588,089,635	586,727,594
Surplus on revaluation of operating fixed assets - net of tax			89,229,498	89,229,496
			677,319,133	675,957,090
Contingencies & Commitments	9			

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the nine months and three months
period ended 31 March 2018

	Nine months period ended		Three months period ended	
	31 March		31 March	
	2018	2017	2018	2017
	Rupees			
INCOME				
Income from leasing operations	129,712,482	114,005,150	47,377,429	44,233,531
OTHER OPERATING INCOME				
Return on investments	3,762,872	3,622,635	1,208,302	1,085,536
Other income	6,866,240	5,975,414	2,347,328	1,853,193
	<u>10,629,112</u>	<u>9,598,049</u>	<u>3,555,630</u>	<u>2,938,729</u>
TOTAL INCOME	140,341,594	123,603,199	50,933,059	47,172,260
OPERATING EXPENSES				
Administrative and operating expenses	53,090,019	58,085,952	16,997,226	17,852,015
Finance cost	34,926,552	22,184,452	12,006,681	6,766,723
	<u>88,016,571</u>	<u>80,270,404</u>	<u>29,003,907</u>	<u>24,618,738</u>
	<u>52,325,023</u>	<u>43,332,795</u>	<u>21,929,152</u>	<u>22,553,522</u>
Reversal of provision against lease receivable held under litigation (Provision) / reversal of provision for potential lease losses	640,006	-	640,006	-
	<u>(221,413)</u>	<u>-</u>	<u>2,658,922</u>	<u>14,743,140</u>
Profit before taxation	52,743,616	43,332,795	25,228,080	37,296,662
Taxation				
- Current	(35,837,209)	(38,237,794)	(5,683,405)	(13,531,847)
- Deferred	3,756,656	24,367,759	(1,728,191)	934,346
	<u>(32,080,553)</u>	<u>(13,870,035)</u>	<u>(7,411,596)</u>	<u>(12,597,501)</u>
Profit after taxation	20,663,063	29,462,760	17,816,484	24,699,161
Earning per share - basic & diluted	0.81	1.16	0.70	0.97

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer



**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)**

For the nine months and three months
period ended 31 March 2018

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	31 March		31 March	
	2018	2017	2018	2017
	----- Rupees -----			
Profit after taxation	20,663,063	29,462,760	17,816,484	24,699,161
Other Comprehensive Income				
<i>Item that is or may be reclassified subsequently to profit and loss account</i>				
Unrealised (loss) / gain on revaluation of available-for-sale investment	(273,672)	1,327,635	441,459	111,858
Total comprehensive income for the period	20,389,391	30,790,395	18,257,943	24,811,019

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer



**CONDENSED INTERIM
CASH FLOW STATEMENT
(UN-AUDITED)**

For the nine months period
ended 31 March 2018

	Note	31 March 2018	31 March 2017
----- Rupees -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		52,743,616	43,332,795
Adjustments for :			
Depreciation		16,543,634	28,001,855
Amortisation of discount / premium on long term investments - net		(972)	24,049
Amortisation of intangible asset		29,038	112,352
Finance cost		34,926,552	22,184,452
Loss on disposal of fixed assets		-	246,758
Provision for potential lease losses		221,413	-
		<u>51,719,665</u>	<u>50,569,466</u>
Operating profit before working capital charges		<u>104,463,281</u>	<u>93,902,261</u>
Movement in working capital			
(Increase) / decrease in current assets			
Other receivables - net		(915,665)	78,793
Advances to employees		(27,137)	(159,098)
Accrued mark-up / return on investments		932,481	953,447
Ijarah rental receivable		133,052	(6,798)
Prepayments		(950,766)	(676,099)
		<u>(828,035)</u>	<u>190,245</u>
Increase in current liabilities			
Trade and other payables		11,417,687	11,340,666
Cash generated from operations		<u>115,052,933</u>	<u>105,433,172</u>
Finance cost paid		(23,541,272)	(16,495,955)
Taxes paid - net		(607,191)	(711,552)
Deposits received from lessees - net		75,699,759	12,445,571
Advance rental (Ijarah) from lessees - net		(4,475,039)	-
Increase in diminishing musharaka receivable		(19,064,000)	(6,125,649)
(Increase) / decrease in net investment in finance lease		<u>(174,211,052)</u>	<u>44,237,311</u>
Net cash flow (used in) / generated from operating activities		<u>(31,145,862)</u>	<u>138,782,898</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		(3,319,969)	(765,000)
Proceeds from disposal of operating fixed assets		-	15,000
Short term investments - net		396,555	(6,898,178)
Long-term investments - net		5,000,000	-
Net cash generated from / (used in) investing activities		<u>2,076,586</u>	<u>(7,648,178)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment of) / proceeds from certificate of investments - net		(39,739,982)	43,189,426
Dividend paid		(19,027,350)	(12,684,900)
Long-term loan - net		(12,500,001)	41,666,666
Net cash (used in) / generated from financing activities		<u>(71,267,333)</u>	<u>72,171,192</u>
Net (decrease) / increase in cash and cash equivalents		<u>(100,336,609)</u>	<u>203,305,912</u>
Cash and cash equivalents at beginning of the period		<u>(125,958,554)</u>	<u>(143,558,426)</u>
Cash and cash equivalents at the end of the period	10	<u>(226,295,163)</u>	<u>59,747,486</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer



**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)**

For the nine months period
ended 31 March 2018

	Reserves						Total Equity
	Capital			Revenue		Surplus / (deficit) on revaluation of available-for-sale investments	
	Issued, Subscribed and paid up capital	Statutory reserve	Reserve for issue of bonus shares	Unappropriated profit	Sub Total		
	Rupees						
Balance as at July 1, 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)
<i>Total comprehensive income for the period ended March 31, 2017</i>				29,462,760	29,462,760	-	29,462,760
Profit after taxation	-	-	-	-	-	1,327,635	1,327,635
Surplus on revaluation of available-for-sale investment	-	-	-	29,462,760	29,462,760	1,327,635	30,790,395
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	-	5,892,552	-	(5,892,552)	-	-	-
Balance as at March 31, 2017	<u>253,698,000</u>	<u>75,638,524</u>	<u>4,402,000</u>	<u>232,022,739</u>	<u>312,063,263</u>	<u>3,671,080</u>	<u>569,432,343</u>
Balance as at July 1, 2017	253,698,000	79,161,214	4,402,000	246,113,498	329,676,712	3,352,882	586,727,594
Final dividend for the year ended June 30, 2017 @ Rs.0.75 per share	-	-	-	(19,027,350)	(19,027,350)	-	(19,027,350)
<i>Total comprehensive income for the period ended March 31, 2018</i>				20,663,063	20,663,063	-	20,663,063
Profit after taxation (Deficit) on revaluation of available-for-sale investment	-	-	-	-	-	(273,672)	(273,672)
Transfer to statutory reserve	-	-	-	20,663,063	20,663,063	(273,672)	20,389,391
Transfer to statutory reserve	-	4,132,613	-	(4,132,613)	-	-	-
Balance as at March 31, 2018	<u>253,698,000</u>	<u>83,293,827</u>	<u>4,402,000</u>	<u>243,616,598</u>	<u>331,312,425</u>	<u>3,079,210</u>	<u>588,089,635</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer



For the nine months and three months period
ended 31 March 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1** Pak-Gulf Leasing Company Limited ("the Company") was incorporated in Pakistan on December 27, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations on September 16, 1996. The Company is principally engaged in the business of leasing and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated 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(1)/2015 dated October 15, 2015 requires an existing deposit taking leasing company to maintain, at all times, minimum equity of Rs. 500 million. The equity of the Company as at March 31, 2018 is Rs. 583.385 million which is Rs. 83.385 million in excess of the minimum equity requirement.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the nine months period ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and Islamic Financial Accounting Standard -2 Ijarah (IFAS - 2) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and provisions of and directives issued under the Companies Act, 2017, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, NBFC Rules and NBFC Regulations shall prevail.

This condensed interim financial information of the Company have been prepared in accordance with the provisions of the Companies Act, 2017 as per the directive of Securities and Exchange Commission of Pakistan (SECP) issued vide Circular No. 23 dated October 04, 2017 and subsequently clarified by Institute of Chartered Accountants of Pakistan through their Circular No. 17 dated October 06, 2017.

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

2.3 Basis of measurement

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

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

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Company as at and for the year ended June 30, 2017.

Chief Executive Officer

Director

Chief Financial Officer

4.	SHORT TERM INVESTMENTS	(Un-audited) 31 March 2018	(Audited) 30 June 2017
		----- Rupees -----	
	<u>Available-for-sale</u>		
	Cost		
	54,300 units National Investment Trust (30 June 2017: 54,300 units)	1,194,200	1,194,200
	Revaluation surplus		
	Opening balance	3,352,882	2,343,445
	(Deficit) / Surplus for the period/year	(273,672)	1,009,437
		<u>3,079,210</u>	<u>3,352,882</u>
		4,273,410	4,547,082
	<u>Held to maturity</u>		
	Government Securities - Market Treasury Bills	<u>34,356,111</u>	<u>34,752,666</u>
		<u><u>38,629,521</u></u>	<u><u>39,299,748</u></u>
5.	NET INVESTMENT IN FINANCE LEASE		
	Net investment in finance lease	1,983,746,315	1,809,756,676
	Current portion shown under current assets	(606,183,476)	(493,818,998)
		<u><u>1,377,562,839</u></u>	<u><u>1,315,937,678</u></u>

Chief Executive Officer

Director

Chief Financial Officer

	Note	(Un-audited) 31 March 2018	(Audited) 30 June 2017
5.3 Provision for potential lease losses			
		----- Rupees -----	
Balance at beginning of the period / year		878,049	878,049
Provision for the period / year - net		221,413	-
Balance at end of the period / year		<u>1,099,462</u>	<u>878,049</u>
6. LONG-TERM INVESTMENTS			
Held to maturity			
Government Securities			
Pakistan Investment Bonds		22,168,241	27,167,263
Current portion shown under current assets		<u>(16,021,399)</u>	<u>(5,001,865)</u>
		<u>6,146,842</u>	<u>22,165,398</u>
These Pakistan Investment Bonds have a cost of Rs. 22.05 million (June 30, 2017: Rs. 27.05 million) and will mature between July 18, 2018 to March 26, 2020.			
7. INVESTMENT PROPERTY			
Opening balance		138,996,000	-
Transferred from operating fixed assets - own use		-	133,848,000
Fair value adjustment		-	5,148,000
		<u>138,996,000</u>	<u>138,996,000</u>
7.1	The carrying value of investment property is the fair value of the property as determined by approved independent valuer M/s. Akbani and Javed Associates as on June 30, 2017 on the basis of market value.		
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - Own use	8.1	6,830,042	5,586,904
Operating fixed assets - Ijarah finance	8.2	<u>34,897,513</u>	<u>49,364,316</u>
		<u>41,727,555</u>	<u>54,951,220</u>
8.1 OPERATING FIXED ASSETS - Own Use			
Opening net book value		5,586,904	128,196,046
Additions during the period / year - at cost			
Furniture and fittings		790,360	704,479
Office equipment		186,050	321,865
Vehicles		2,043,238	-
Computer equipment		300,321	262,450
		<u>3,319,969</u>	1,288,794
Revaluation surplus		-	15,444,000
Written down value of disposals during the period / year		-	(2,383)
Depreciation for the period / year		(2,076,831)	(5,491,553)
Transferred to investment property		-	(133,848,000)
		<u>(2,076,831)</u>	<u>(123,897,936)</u>
Closing net book value		<u>6,830,042</u>	<u>5,586,904</u>

	Note	(Un-audited) 31 March 2018	(Audited) 30 June 2017
		----- Rupees -----	
8.2 OPERATING FIXED ASSETS - Ijarah Finance			
Opening net book value		49,364,316	79,700,262
Net book value of disposals during the period / year		-	(259,375)
Depreciation for the period / year		<u>(14,466,803)</u>	<u>(30,076,571)</u>
		<u>(14,466,803)</u>	<u>(30,335,946)</u>
Closing net book value		<u>34,897,513</u>	<u>49,364,316</u>
9. Contingencies & Commitments			
9.1 Contingencies			
9.1.1	<p>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.</p>		
9.1.2	<p>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.</p> <p>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.</p> <p>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 this respect.</p>		
9.2 Commitments			
9.2.1	Commitments for finance lease	<u>52,859,108</u>	<u>156,000,400</u>
9.2.2	Commitments for diminishing musharaka	<u>-</u>	<u>18,330,000</u>

9.2.3 Contractual rentals receivable on Ijarah contracts

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

As at 31 March 2018 (Un-audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Rentals receivable in future	<u>16,137,708</u>	<u>33,842,661</u>
	<u>17,704,953</u>	
As at 30 June 2017 (Audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Rentals receivable in future	<u>17,270,659</u>	<u>47,078,893</u>
	<u>29,808,234</u>	

9.2.4 Contractual rentals receivable on Diminishing Musharaka contracts

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

As at 31 March 2018 (Un-audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Rentals receivable in future	<u>5,715,571</u>	<u>24,548,860</u>
	<u>18,833,289</u>	
As at 30 June 2017 (Audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Rentals receivable in future	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

9.2.5 Ijarah rentals payable

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

As at 31 March 2018 (Un-audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Future Ijarah rentals payable	<u>272,210</u>	<u>272,210</u>
	<u>-</u>	
As at 30 June 2017 (Audited)		
Due within 1 year	Due after 1 year but within 5 years	Total
----- Rupees -----		
Future Ijarah rentals payable	<u>653,304</u>	<u>762,188</u>
	<u>108,884</u>	

	(Un-audited) 31 March 2018	(Un-audited) 31 March 2017
	------(Rupees)-----	
10. CASH AND CASH EQUIVALENTS		
Cash and bank balances	23,158,939	59,752,900
Short term borrowings	<u>(249,454,102)</u>	<u>(5,414)</u>
	<u><u>(226,295,163)</u></u>	<u><u>59,747,486</u></u>

11. TRANSACTIONS WITH RELATED PARTIES

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

	<u>Nine months period ended</u>	
	<u>31 March (Un-audited)</u>	
	2018	2017
	----- Rupees -----	
Profit on Certificates of Investment(s)	<u>20,566,880</u>	<u>17,071,457</u>
Encashment of Certificate of Investment issued to Director(s)	<u>57,500,000</u>	<u>6,400,000</u>
Encashment of Certificate of Investment issued to close relative(s) of Director(s)	<u>-</u>	<u>37,790,904</u>
Certificate of Investment(s) issued / rolled over during the period to Director(s)	<u>95,190,699</u>	<u>155,212,219</u>
Certificate of Investment issued / rolled over during the period to Close relative(s) of Director(s)	<u>66,145,435</u>	<u>68,190,163</u>
Rental received during the period against finance lease disbursed to associated undertaking(s)	<u>1,430,928</u>	<u>1,430,928</u>
Rental received during the period against finance lease disbursed to Director(s)	<u>568,326</u>	<u>529,011</u>
Prepaid rent paid to associated undertaking	<u>3,260,950</u>	<u>2,964,500</u>
Prepaid rent charged as expense during the period	<u>2,506,350</u>	<u>2,254,000</u>
Contribution during the period to Provident Fund	<u>436,422</u>	<u>366,212</u>
Directors' fee	<u>1,390,000</u>	<u>1,180,000</u>
Salary and allowances	<u>4,557,323</u>	<u>4,103,775</u>

	(Un-audited) 31 March 2018	(Audited) 30 June 2017
	----- Rupees -----	
Balances outstanding at the period / year end		
Certificates of Investments issued to Director(s)	<u>222,742,577</u>	<u>275,864,097</u>
Certificates of Investments issued to close relatives of Director(s)	<u>106,344,546</u>	<u>101,434,853</u>
Accrued mark-up on certificates of investment issued to Director(s)	<u>12,834,954</u>	<u>5,592,492</u>
Accrued mark-up on certificate of investment issued to close relatives of Director(s)	<u>5,684,848</u>	<u>4,812,486</u>
Rentals receivable from associated undertaking(s) related to finance leases	<u>3,977,789</u>	<u>5,884,886</u>
Rentals receivable from Director(s) related to finance lease	<u>2,300,450</u>	<u>2,500,700</u>
Prepaid rent to associated undertaking	<u>2,371,600</u>	<u>1,617,000</u>
Security deposit paid to associated undertaking	<u>245,000</u>	<u>245,000</u>

12. SEGMENT INFORMATION

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

	31 March 2018 (Un-audited)			
	-----Rupees-----			
	Finance Lease	Islamic Finance	Others	Total
Segment analysis is for the period ended March 31, 2018 (Un-audited)				
Segment revenue	110,062,593	19,650,655	10,628,346	140,341,594
Administrative and operating expense	<u>22,328,527</u>	<u>15,955,895</u>	<u>3,267,549</u>	<u>41,551,971</u>
Segment result	<u>87,734,066</u>	<u>3,694,760</u>	<u>7,360,797</u>	<u>98,789,623</u>
Provision for Workers' Welfare Fund				-
Unallocated expenses				<u>(11,119,455)</u>
Result from operating activities				87,670,168
Finance cost				<u>(34,926,552)</u>
Provision for taxation				<u>(32,080,553)</u>
Profit for the period				<u>20,663,063</u>

31 March 2018 (Un-audited)				
-----Rupees-----				
	Finance Lease	Islamic Finance	Others	Total
Segment assets and liabilities				
as at March 31, 2018				
(Un-audited)				
Segment assets	<u>1,986,675,109</u>	<u>55,585,472</u>	<u>222,120,234</u>	2,264,380,815
Unallocated assets				<u>13,958,121</u>
Total assets				<u>2,278,338,936</u>
Segment liabilities	<u>706,569,862</u>	<u>10,595,704</u>	<u>9,924,499</u>	727,090,065
Unallocated liabilities				<u>873,929,738</u>
Total liabilities				<u>1,601,019,803</u>

**Other information for the period
ended March 31, 2018
(Un-audited)**

Depreciation	<u>-</u>	<u>14,466,803</u>	<u>-</u>	<u>14,466,803</u>
Unallocated capital expenditure				<u>3,319,969</u>
Unallocated depreciation				<u>2,076,831</u>

31 March 2017 (Un-audited)				
-----Rupees-----				
	Finance Lease	Islamic Finance	Others	Total
Segment analysis is for the period ended March 31, 2017 (Un-audited)				
Segment revenue	85,243,978	28,538,912	9,820,309	123,603,199
Administrative and operating expenses	<u>16,231,712</u>	<u>24,690,905</u>	<u>5,712,535</u>	<u>46,635,152</u>
Segment result	69,012,266	3,848,007	4,107,774	76,968,047
Provision for Workers' Welfare Fund				(875,000)
Unallocated expenses				<u>(10,575,800)</u>
Result from operating activities				65,517,247
Finance cost				(22,184,452)
Provision for taxation				<u>(13,870,035)</u>
Profit for the period				<u>29,462,760</u>



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

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

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



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

 jamapunji.pk

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

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