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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. 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 & 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-Rehman 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 Chief Operating Officer & Senior Manager Risk
Ms. Mehreen Usama	Chief Financial Officer
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) 35700010
Fax #: (92-42) 35700011

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 25th Annual General Meeting of Pak-Gulf Leasing Company Limited will be held at the Company's Registered Office namely, UNIBRO House, Ground and Mezzanine Floor, Plot No. 114, 9th East Street, Phase-I DHA, Karachi-75500, on Tuesday, October 23, 2018 at 4:30 p.m. to transact the following business:

A. Ordinary Business

1. To read and confirm the minutes of the 24th Annual General Meeting held on October 26, 2017;
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with Directors' and Auditors' Report thereon;
3. To approve the payment of Cash Dividend to the Shareholders of the Company at the rate of Rs. 1.25 per share of Rs. 10 each for the year ended June 30, 2018; and
4. To appoint Auditors for the FY 2018-19 and fix their remuneration. The present Auditors M/s BDO Ebrahim & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

B. Special Business:

5. To consider and adopt, with or without any modification, the following Special Resolution to amend Article-109 of the Articles of Association of the Company:

- a. RESOLVED that Article-109 of the Articles of Association of the Company be and it is hereby altered to be read as under: -

Remuneration and other benefits payable to directors, including but now limited to, fees for attending Board Meetings or Committee of Directors, or General, or Extra-ordinary General Meetings, shall, from time to time, be determined by the Directors themselves. The Directors may also be entitled to all such reasonable expenses as they may incur in attending and returning from meetings of Directors, or Committee of Directors, or General, or Extra-ordinary General Meetings, or which they may actually incur in or about the business of the Company.

- b. FURTHER RESOLVED that the Chief Executive Officer and/or Secretary of the Company be and are hereby authorized to take necessary steps and execute all such documents, as may be necessary or expedient, for the purpose of giving effect to the spirit and intent of above Resolution.
6. To ratify and approve the increase in the remuneration of Directors for attending all such Meetings, where their presence may be necessary, as provided under the Articles of Association of the Company, to Rs. 40,000/- (Rupees Forty Thousand Only), with effect from the date that a Resolution to that intent and effect was first passed by the Board of Directors of the Company:

FURTHER RESOLVED that the remuneration of Directors, payable to them, for attending all those Meetings, where their presence may be necessary, as provided under the Articles of Association of the Company, may and it is hereby increased to Rs. 40,000/- (Rupees Forty Thousand Only), with effect from the date that a Resolution to that intent and effect was first passed by the Board of Directors of the Company.

C. Any Other Business

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

By Order of the Board

Mehreen Usama
Company Secretary

Karachi: October 01, 2018

Notes:

1. The Register of Members of the Company shall remain closed from October 17, 2018 to October 23, 2018 (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 are requested to submit the e-dividend mandate to the participants/investor account services 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, 2018 effective 1 July 2018, 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.

Statement under Section 134(3) of the Companies Act, 2017

Amendment in the Articles of Association

The remuneration being paid to directors for attending meetings of the Board or Committees of the Board needs revision in view of overall inflation. The aforesaid amendment has been approved by the Board of Directors in their meeting held on September 25, 2018.

Comparative analysis of the proposed amended with the existing clause is noted below:

Proposed Amended clause	Existing clause
Remuneration and other benefits payable to directors, including but not limited to, fees for attending Board Meetings or Committee of Directors, or General, or Extra-ordinary General Meetings, shall, from time to time, be determined by the Directors themselves. The Directors may also be entitled to all such reasonable expenses as they may incur in attending and returning from meetings of Directors, or Committee of Directors, or General, or Extra-ordinary General Meetings, or which they may actually incur in or about the business of the Company.	Remuneration payable to directors for attending Board Meeting shall not exceed Rs. 500 and a director who performs extra services or a full time Director shall receive such remuneration (whether by way of salary and partly in another) as the member may fix, subject to the Federal Government, Finance Division Notification SRO No 572(I)/82 dated June 16, 1982 or any modification in that behalf for the time being in force. The director may also pay to any Director all such reasonable expenses as he may incur in attending and returning from meeting of Directors or Committee of Directors or which he may other incur in or about business of the company.

A copy of the amended Articles of Association is available with the Company Secretary for inspection by the members.

The Directors are interested in the resolution to the extent of fee to which they are entitled and the proposed alterations are in line with the applicable provisions of the law and regulatory framework.

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, 2018.

The Company has implemented a strong governance framework that supports effective and prudent management of business, which is regarded as instrumental in achieving the Company's success according to its vision.

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. 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 important 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. An annual assessment of the performance of the Board is carried out to determine its effectiveness. The integral components of Board's performance evaluation include: 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. On the basis of Board's performance evaluation the Directors feel that the Board has productively engaged itself in the key strategic matters, has implemented effective controls and risk management procedures and is compliant with all the regulatory reporting requirements.

Chairman

**September 25, 2018
Karachi**

چیئرمین کی جائزہ رپورٹ

محترم شیئرز 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 اگلے ادا کیے گئے کردار برائے سال اختتام 30 جون 2018 کا جائزہ پیش کر رہا ہوں۔

کمپنی نے ایک ایسے مضبوط گورننس فریم ورک پر عملدرآمد کیا ہے جو کہ کاروبار کے، مؤثر انتظام کی حمایت کرتا ہے، اور جس کا کمپنی کی کامیابی کو اس کے نقطہ نظر کے مطابق حاصل کرنے میں اہم کردار رہا ہے۔

آپکی کمپنی نے عہد کیا ہوا ہے کہ وہ بہترین پیشہ وارانہ طریقے پر عمل کرتے ہوئے بہت دیانت داری کے ساتھ مجوزہ بنیادی ڈھانچے اور تمام قاعدے اور قوانین پر عمل پیرا رہے گی اور بورڈ اپنی ان تمام ذمے داریوں کا ادراک کرتا ہے جو کہ کارپوریٹ اور فنانس رپورٹ کے فریم ورک کے حوالے سے اس نے کرنی ہیں۔ بورڈ اپنی کارکردگی کی جانچ پڑتال کمپنی کی عمومی 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 کاروائی میں بھرپور حصہ لے اور اسٹریٹیجک معاملات پر سیر حاصل 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 ذمہ 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 بورڈ نے اپنی کارکردگی پر خود تنقید کا ایسا نظام تیار کیا ہے جس کی بنیاد بصارت، مقصد، 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، اسٹریٹیجک منصوبہ بندی جیسے عوامل پر ہے۔

بورڈ اپنی کارکردگی کی تشخیص کی بنیاد پر محسوس کرتا ہے کہ بورڈ نے اہم اسٹریٹیجک معاملات میں مثبت طریقے سے حصہ لیا ہے، مؤثر کنٹرول اور خطرے کے انتظام کے طریقہ کار کو عمل درآمد کروایا ہے اور تمام ریگولیٹری رپورٹنگ ضرورت کے مطابق احسن طریقے سے پوری کروا رہا ہے۔

چیئرمین

25 ستمبر 2018

کراچی

Dear Shareholders,

Your directors are pleased to present the 25th Annual Report of Pak-Gulf Leasing Company Limited (PGL), including financial statements and the Auditors' Report, for the year ended June 30, 2018.

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, the 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, the 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.

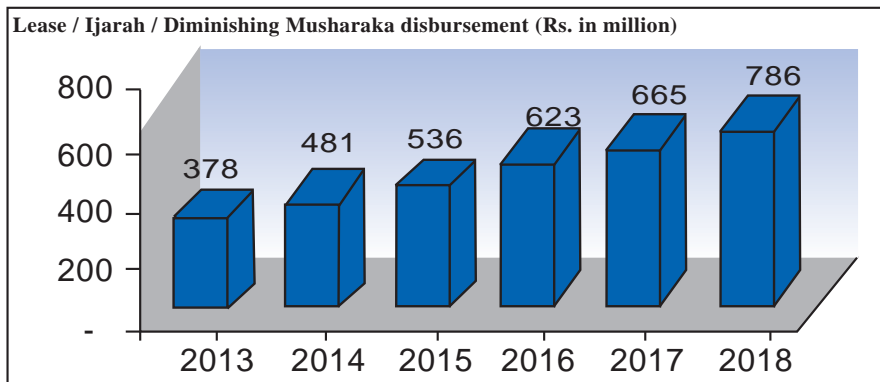
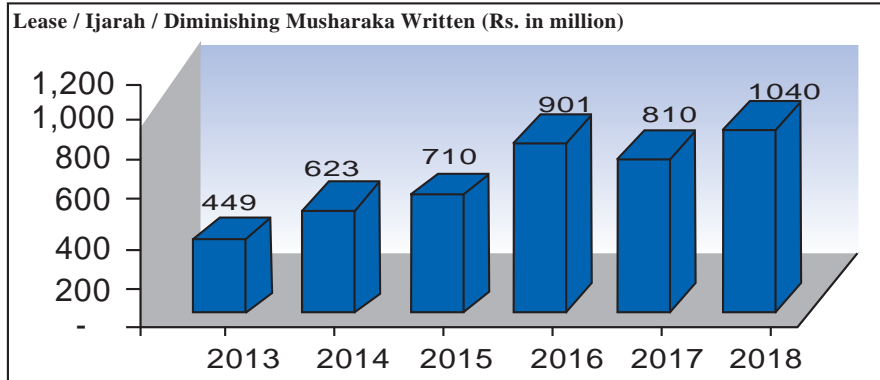
It has been a cornerstone of PGL's fund management policy to rely for a greater part on internally generated financial resource for funding the Company's business. Consequently, your Company lays great emphasis on timely and regular repayments from the lessees under all leasing commitments. It is a matter 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 95%.

The exceptionally high growth in business, during FY-2017-18, 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-2017-18

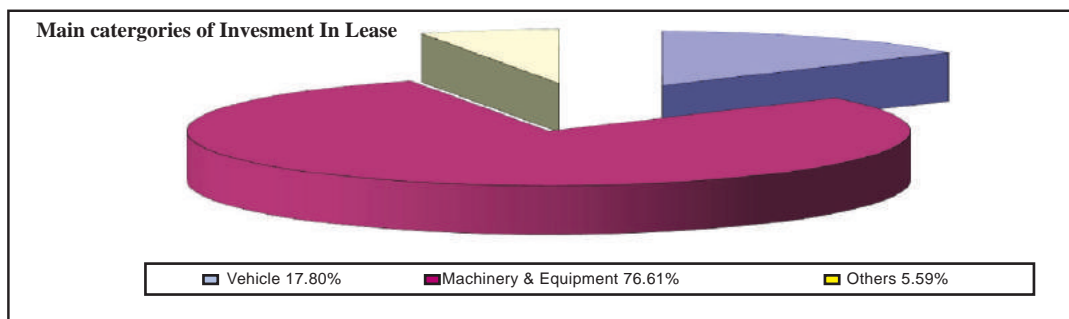
Leases Written and Disbursed

132 new leases and 2 diminishing musharaka contracts of Rs. 1,040.15 million were written, during FY-2017-18, as compared to 104 number of leases of Rs. 810.13 million written in the FY-2016-17 while lease disbursement amount during FY-2017-18 was Rs. 786.25 million as compared to Rs. 664.92 million for FY-2016-17. The growth in Leases written and amount disbursed by your Company, over the past 6 years, is illustrated in the following Chart:



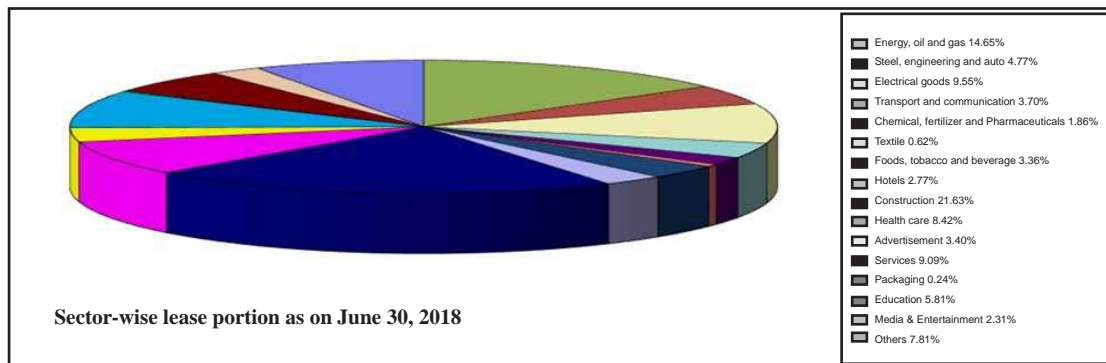
Categories of Investment in Lease

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-2017-18 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-2017-18:



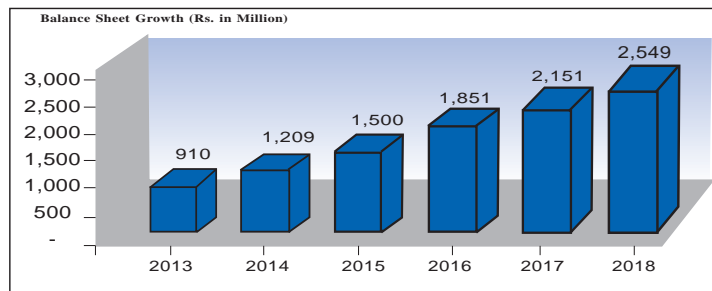
Sector-wise Composition of the Lease Portfolio

As per risk management policy, rationally justifiable criteria for efficient and prudent risk management were adopted in FY 2017-18, in extending your Company's exposure to varying secure sectors of business and industry, taking into consideration the behavior of individual sectors within 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:

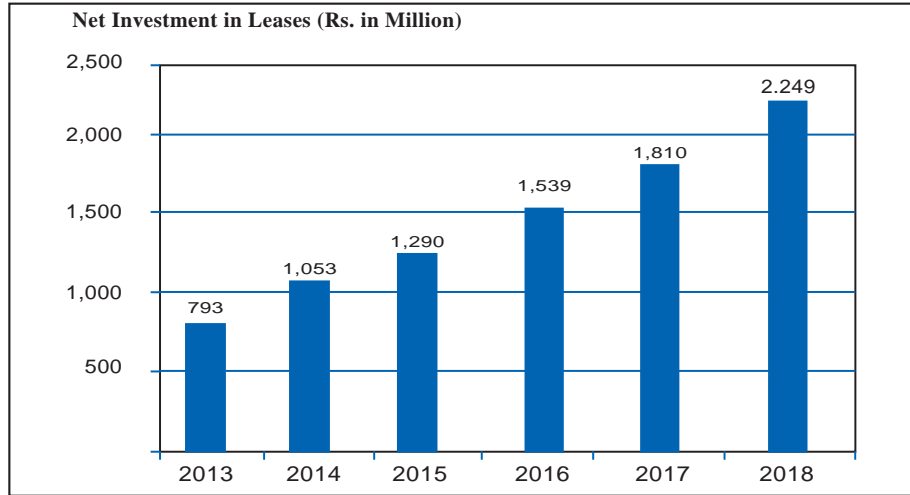


Financial Achievements

The Balance Sheet footings, which stood at Rs. 2,151.26 million as on June 30, 2017 have further increased to Rs. 2,548.82 million as at June 30, 2018. This year-on-year increase of 18.48%, 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. 2,535.62 million as on June 30, 2018 (FY-2016-17: Rs. 2,062 million), representing a year-on-year increase of 22.97% (FY-2016-17: 20.57%). Net Investment in Leases, after deduction of Unearned Income (Rs. 284.29 million), Mark-up held in Suspense (Rs. 1.42 million) and a Provision for Potential Lease Losses (Rs. 1.32 million), amounted to Rs. 2,248.6 million at the end of FY-2017-18, showing an increase of 24.25% over the previous year's corresponding figure of Rs. 1,809.76 million as at June 30, 2017. The Net Investment in Leases of the Company during the last six (6) years is illustrated in the Chart following:



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 2017-18, has been recorded at Rs. 69.37 million, as compared to Rs. 47.08 million, recorded during FY-2016-17.

EPS for FY-2017-18, due to the increase in profit after tax for the year, has risen to Rs. 2.73, as compared to Rs. 1.86 for FY-2016-17.

Gross Revenue for the period under review (FY-2017-18), is 16.36% higher at Rs. 200.38 million, as compared to Rs. 172.21 million, for the corresponding period in FY-2016-17.

Leases of Rs. 1,016.32 million were written during FY-2017-18 as compared to leases written in FY-2016-17 at Rs. 810.13 million. The lease disbursement amount during FY-2017-18 at Rs. 767.19 million was also greater than the lease disbursement amount at Rs. 664.92 million during FY-2016-17.

During the year an Islamic finance product of Diminishing Musharaka was also introduced by the Company and Principal disbursement on account of Diminishing Musharaka contracts transacted during the year stands at Rs. 19.06 million.

With reference to expenses incurred during the year 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 year ended June 30, 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 Equity of your Company as per NBFC Regulations as at June 30, 2018 amounted to Rs. 632.105 million which is Rs. 132.105 million in excess of the minimum equity requirement of Rs. 500 million.

Comparative Analysis of Profitability Performance For the year ended 30th June	2018	2017	Change %
	(Rupees in Million)		+ or (-)
Income	200.38	172.21	+ 16.36
Administrative Expenses	72.58	76.48	- 5.10
Financial Charges	47.68	30.12	+ 58.30
Profit before Taxation	80.60	65.50	+ 23.05
Provision for Taxation (including Deferred Tax)	11.23	18.43	- 39.03
Profit after Taxation	69.37	47.08	+47.35
Un-appropriated Profit Brought Forward	246.11	219.05	+ 12.35
Transferred from Surplus on Revaluation to Un-appropriated Profit	-	2.09	(-) 100.0
Profit Available for Appropriation	315.48	268.21	+ 17.62
Appropriations			
Transfer to Statutory Reserve	13.87	9.42	+32.14
Dividend	19.03	12.68	+50.00
Total Appropriations	32.90	22.10	+48.87
Un-appropriated Profit Carried Forward	282.58	246.11	+ 14.82
Earnings Per Share (In Rupees)	2.73	1.86	+47.12

Dividend / Post Balance Sheet Date Event

Your Directors are pleased to recommend a Cash Dividend of 12.5% to be declared for the Financial Year ended June 30, 2018. The financial statements do not reflect this proposed dividend.

ECONOMIC SCENARIO

Maintaining its upward trajectory, the real GDP growth during the year was a 13-year high at 5.8 percent in a benign inflationary environment. However, deterioration in external balances and high fiscal deficit remained a major concern.

Agriculture, industrial and service sectors remained vibrant. Agriculture sector on the basis of improved cotton crop and record sugarcane production is expected to comfortably surpass its growth target for FY18. Industrial sector, reflecting a robust domestic demand, is set to achieve a 10- year high growth. The services sector is estimated to maintain almost its last year growth based on spillover impact of healthy performance by commodity producing sector. In the same encouraging vein, inflation remained within manageable and bearable levels, largely owing to decline in its food component.

The external sector developments had an impact on inflation. The pass through of rising global oil prices to domestic fuel prices pushed up the energy component of inflation, as the government passed on its impact to consumers. Similarly, the impact of PKR depreciation started to translate into costly imports and shoring up of inflationary expectations. In short, ensuring the continuity of expansion in economic activities and low inflation would depend on containing of current account and fiscal deficits. As these vulnerabilities are posing challenges to Pakistan's current growth cycle, implementation of both short-term and medium term policies would be crucial in this regard. In short-term, concerted efforts could be made to rationalize fiscal expenditures given the tax relief measures approved in budget FY19. In the medium term, reforms would be needed to expand tax base besides enhancing efficiency of the existing system. Simultaneously, there is a need to arrange external financing in the short term. Also, more policy measures are required to contain the widening trade deficit. For this purpose, it is also crucial to resolve structural issues affecting exports competitiveness.

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.

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. The Company has a cautiously optimistic outlook with respect to the coming year, based on the positive trends on the economic front and increased political stability. 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.

The corporate tax rate currently at the rate of 30% has been approved to be reduced to 25% by FY 2022-23 in the Finance Bill 2019. However further to this 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.

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 is complying with the requirements of "The Listed Companies (Code of Corporate Governance) Regulations, 2017" (the 'Code') as and when applicable in both letter and spirit. The Review Report of the External Auditors to the Members, represented by the Statements in Compliance with the Best Practices of 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

All the eight (8) directors currently on Board are male and the Board comprises of three (3) independent, one (1) executive and four (4) non-executive directors. In addition to them, the Chief Executive Officer is also a deemed director in accordance with the Companies Act, 2017.

Till June 30, 2018 six (6) directors 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 in the BOD meetings held during the year.

Human Resource and Remuneration Committee (HR & RC)

Keeping in view the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017, the Human Resource and Remuneration Committee of the Board of Directors of your Company has been constituted which comprises of the members as shown below:

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

* Designation changed from Vice-Chairman to Chairman on February 26, 2018

** Designation changed from Chairman to Vice-Chairman on February 26, 2018

Audit Committee

The Board of Directors, in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017, 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. Ismail H. Ahmed*	Chairman	4
2.	Mr. Rizwan Humayun**	Vice Chairman	4
3.	Brigadier (R) Naveed Nasar Khan	Member	4
4.	Mr. Shaheed H Gaylani	Member	4
5.	Mr. Pervez Inam	Member	2
6.	Ms. Farah Farooq	Secretary	4

* Designation changed from Vice-Chairman to Chairman on September 18, 2017

** Designation changed from Chairman to Vice-Chairman on September 18, 2017

Directors' Remuneration

The Company has a policy in place that ensures formal and transparent procedures for fixing the remuneration of Directors and the remuneration payable to Directors for attending Board meetings is duly fixed and approved by the Board.

Corporate Social Responsibility

As a corporate social responsibility, we encourage graduates / under-graduates to avail paid internships with us so as to enrich their knowledge of the financial sector.

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 January 30, 2018, 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-2017-18 Messers BDO Ebrahim & Co., Chartered Accountants were re-appointed as statutory auditors after audit of FY-2016-17. The auditors have retired, and being eligible, have offered themselves for re-appointment for the next financial year FY 2018-19. As recommended by the Audit Committee, the Board has approved the proposal to appoint M/S BDO Ebrahim & Co., Chartered Accountants as the statutory auditors of the Company for FY 2018-19, subject to the approval of the shareholders in 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, 2018, 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 2013 – 2018

Year ended 30th June	2018	2017	2016	2015	2014	2013
Operational Results:	----- Rupees -----					
Revenues	200,380,195	172,211,411	151,671,360	120,800,853	94,648,511	77,029,731
Lease Revenue	178,154,663	153,030,380	142,475,688	117,152,534	89,270,252	70,897,873
Profit before Taxation	80,602,379	65,501,467	51,186,129	54,260,991	47,678,901	46,699,898
Profit after Taxation	69,368,392	47,076,209	40,714,397	50,284,982	29,220,611	27,280,001
Finance Cost	47,682,251	30,121,776	28,093,726	20,306,096	8,372,942	5,479,981
Provision for Potential Lease Losses	(442,820)	-	-	(52,620)	1,420,902	(6,883,301)
Dividend/(proposed) %	12.5%	7.5%	5%	-	-	-
Statement of Financial Position:						
Shareholders Equity	632,104,936	581,720,337	545,305,956	505,500,727	452,496,423	420,278,122
Surplus on Revaluation of Assets	90,504,204	89,229,496	79,356,037	41,949,605	42,326,603	44,554,319
Reserves	382,833,609	329,676,712	293,197,975	249,535,302	196,919,786	165,471,459
Working Capital	10,454,214	(102,605,219)	9,289,967	31,071,397	83,786,321	172,425,843
Non-current Liabilities	986,792,933	755,442,822	657,223,195	486,656,368	334,515,596	287,278,921
Long-term Loans	20,833,331	37,499,999	-	-	-	-
Investments	62,555,748	66,467,011	43,458,506	28,206,036	23,935,647	5,273,569
Financial Ratios:						
Income / Expense Ratio	1.66	1.61	1.51	1.82	2.08	2.07
Earning per Share (in Rs)	2.73	1.86	1.60	1.98	1.15	1.08
Debt / Equity Ratio	0.31	0.06	NIL	NIL	NIL	NIL
Current Ratio	1.01	0.86	1.02	1.07	1.22	2.09

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	2
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. 2,563,290 on account of taxes, duties, levies and/or charges was outstanding against the Company as on June 30, 2018.

Value of investments of the Staff Provident Fund stood at Rs. 4,915,755 as at June 30, 2018. 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 25, 2018
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:

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

ٹیکس، ڈیوٹی، لیویز اور چارجز کی مد میں 2,563,290 روپے کی قانونی ادائیگی مورخہ 30 جون 2018 تک کمپنی پر واجب الادا ہے۔

اسٹاف پراویڈنٹ فنڈ (Provident Fund) میں سرمایہ کی مالیت 30 جون 2018 کو 4,915,755 روپے ہے۔ یہ نیشنل سیونگ ٹرسٹ کے رجسٹرڈ یونٹ میں سرمایہ کاری اور کمرشل بینک میں رکھے ہوئے فنڈز کا مجموعہ ہے۔

چیف ایگزیکٹو آفیسر

چیئر مین

25 ستمبر 2018

کراچی

پچھلے چھ سال کا اہم آپریٹنگ اور فائنانشل ڈیٹا (2013-2018)

2013	2014	2015	2016	2017	2018	اختتام سال 30 جون
						آپریٹنگ نتائج
77,029,731	94,648,511	120,800,853	151,671,360	172,211,411	200,380,195	آمدنی
70,897,873	89,270,252	117,152,534	142,475,688	153,030,380	178,154,663	لیز آمدنی
46,699,898	47,678,901	54,260,991	51,186,129	65,501,467	80,602,379	منافع قبل از ٹیکس
27,280,001	29,220,611	50,284,982	40,714,397	47,076,209	69,368,392	منافع بعد از ٹیکس
5,479,981	8,372,942	20,306,096	28,093,726	30,121,776	47,682,251	مالیاتی لاگت
(6,883,301)	1,420,902	(52,620)	-	-	(442,820)	ممکنہ لیز نقصان کے لئے مختص رقم
-	-	-	5%	7.5%	12.5%	شفارش کردہ حصص منافع
						بیلنس شیٹ
420,278,122	452,496,423	505,500,727	545,305,956	581,720,337	632,104,936	شیر ہولڈرز ایکویٹی
44,554,319	42,326,603	41,949,605	79,356,037	89,229,496	90,504,204	قدر کے دوبارہ تعین کے بعد فاضل آمدنی
165,471,459	196,919,786	249,535,302	293,197,975	329,676,712	382,833,609	محفوظ سرمایہ
172,425,843	83,786,321	31,071,397	9,289,967	(102,605,219)	10,454,214	کاروباری سرمایہ
287,278,921	334,515,596	486,656,368	657,223,195	755,442,822	986,792,933	متبادلہ واجبات
-	-	-	-	37,499,999	20,833,331	طویل مدتی قرض
5,273,569	23,935,647	28,206,036	43,458,506	66,467,011	62,555,748	سرمایہ کاری
						مالیاتی شرح
2.07	2.08	1.82	1.51	1.61	1.66	آمدنی و خرچ کی شرح
1.08	1.15	1.98	1.60	1.86	2.73	آمدنی فی شیئر (روپے میں)
NIL	NIL	NIL	NIL	0.06	0.31	قرض / ایکویٹی کی شرح
2.09	1.22	1.07	1.02	0.86	1.01	موجودہ شرح

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

بورڈ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، اسٹیٹ بینک آف پاکستان 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 انھیں 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۔

آخر میں ہم اس سال کے دوران شیئر ہولڈرز، بینکرز، 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 مالی 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 روئبدل 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 بخوبی جاری رکھنے کی صلاحیت کے حوالے سے کوئی قابل ذکر شک و شبہ نہیں۔
- ☆ کمپنی کے ڈائریکٹرز، CEO، CFO، COO، کمپنی سیکریٹری، انٹرنل آڈٹ کے ہیڈ اور ان کے خاوند/بیوی 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 کسی سے بھی انحراف نہیں کیا گیا۔

شیئر ہولڈنگ کی ساخت

مورخہ 30 جون 2018 کی شیئر ہولڈنگ کی ساخت جو کارپوریٹ گورننس کو 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 اسماعیل ایچ احمد	چیئر مین	4
2	** جناب رضوان ہمایوں	وائس چیئر مین	4
3	بریگیڈیئر (ر) نوید نصر خان	ممبر	4
4	جناب شہید ایچ گیلانی	ممبر	4
5	جناب پرویز انعام	ممبر	2
6	مس فرح فاروق	ممبر	4

* وائس چیئر مین کے عہدے کو چیئر مین کے عہدے سے بتاریخ 18 ستمبر 2017ء کو تبدیل کر دیا گیا ہے۔

** چیئر مین کے عہدے کو وائس چیئر مین کے عہدے سے بتاریخ 18 ستمبر 2017ء کو تبدیل کر دیا گیا ہے۔

ڈائریکٹرز کا معاوضہ

کمپنی میں یہ پالیسی رائج ہے جو ڈائریکٹرز کا معاوضہ کا تعین کرنے کے طریقہ کار کو شفاف بنانے اور بورڈ کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز کو ادا کی جانے والی ادائیگی یقینی طور پر بورڈ کے ذریعے اور منظور شدہ ہو۔

کارپوریٹ سماجی ذمے داری

کمپنی اپنی سماجی ذمے داریوں کا بھرپور احساس کرتے ہوئے بی بی اے / ایم بی اے کے طالب علموں کو بل معاوضہ انٹرنشپ کے مواقع فراہم کرتی ہے تاکہ طالب علم اپنی تعلیمی قابلیت میں اضافہ کر سکیں۔

کریڈٹ ریٹنگ (کاروباری قرض کے تخمینہ کا تعین)

کمپنی کے شیئر ہولڈرز کے لئے یہ بات باعث اطمینان ہے کہ JCR-VIS نے اس میں آپ کی کمپنی کی کارکردگی کا جائزہ لیتے ہوئے 30 جنوری 2018 کو کمپنی کی تشخیصی ریٹنگ کا دوبارہ اعادہ کیا 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 2017-18 کے لئے مالی سال 2016-17 کے آڈیٹر، 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 2018-19 کے آڈیٹر مقرر ہونے کی پیشکش کی ہے اور آڈٹ کمیٹی کی تجویز پر آپ کے ڈائریکٹرز آئندہ ہونے والے سالانہ تہزل اجلاس میں اکتومالی سال 2018-19 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 تہذیب 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

بورڈ کی مدت 19 اپریل 2016ء ختم ہو گئی تھی۔ کمپنی کے شیئرز ہولڈرز نے اپنی ایک غیر معمولی جزل میٹنگ میں جو کہ 20 اپریل 2016ء کو کمپنی کے رجسٹرڈ آفس میں منعقد ہوئی تھی میں درج ذیل کمپنی کے ڈائریکٹرز کے 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 فواد سلیم ملک
5	جناب پرویز انعام
6	جناب رضوان ہمایوں
7	لفٹیننٹ کرنل (ر) سلیم احمد ظفر
8	جناب اسماعیل ایچ احمد

فی الحال بورڈ تین آزاد، ایک ایگزیکٹو اور چار غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جو کہ سارے مرد حضرات ہیں۔ جن کے علاوہ، چیف ایگزیکٹو آفیسر، کمپنیز ایکٹ 2017 کے مطابق ڈیپو ڈائریکٹرز ہیں۔

30 جون 2018 تک چھ ڈائریکٹرز نے ڈائریکٹرز ٹریننگ کورس کی سرٹیفکیٹ حاصل کر لی ہے۔ جب کہ دو ڈائریکٹرز اس سے استثنائیں 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 ریمونیشن کمیٹی (HR & RC)

لسٹڈ کمپنیز (کوڈ آف کارپوریشن گورننس) ریگولیشن، 2017 کی ضرورت کو برقرار رکھنے کے لئے، آپ کے ڈائریکٹرز نے آپ کی کمپنی کے ڈائریکٹرز کی ہیومن ریسورسز اور ریمونیشن کمیٹی (HR&RC) قائم کی ہے جو کہ نیچے دکھائی گئی ہے:

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

* وائس چیئر مین کے عہدے کو چیئر مین کے عہدے سے بتاریخ 26 فروری 2018ء کو تبدیل کر دیا گیا ہے۔

** چیئر مین کے عہدے کو وائس چیئر مین کے عہدے سے بتاریخ 26 فروری 2018ء کو تبدیل کر دیا گیا ہے۔

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے لسٹڈ کمپنیز (کوڈ آف کارپوریشن گورننس) ریگولیشن، 2017 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:

سے ملنا مشکل ہے۔ اسی طرح مضاربہ کمپنیاں بھی ایک ٹیکس فری حیثیت رکھتے ہیں جبکہ لیزنگ کمپنیوں کو تمام ٹریکسیسز کا سامنا ہے۔

محصول (Taxation)

فیڈرل بورڈ آف ریونیو (FBR) آپ کی کمپنی کی طرف سے 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 ٹریکسیس منجمنٹ کے بارے میں ہے۔ ایک سازگار ٹیکسیسٹیشن 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 گھسائی الاؤنس (Initial Depreciation Allowance) 50 فیصد تھا جو کہ نصف 25 فیصد کر دیا گیا ہے۔ لیزڈ اثاثوں (Leased Assets) پر گھسائی 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 فائنانسنگ رجحان میں بھی کمی واقع ہوئی ہے۔

فیڈرل فائنانس 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 امتناعی دیدیا ہے۔ کمپنی کی درخواست کے نتیجے میں یہ امید کی جاتی ہے کہ PGL کو اس ٹیکس کی ادائیگی سے مستثنیٰ قرار دیا جائے۔

مزید یہ کہ سندھ ریونیو بورڈ کے اسٹینڈنٹ 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 ریٹیل 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، کیونکہ 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 منعقد ڈائریکٹرز میٹنگ میں بورڈ نے فیصلہ کیا ہے کہ اجارہ فائنانسنگ میں مزید موٹ نہیں ہونگے۔ اگر یہ صورت حال رہتی ہے، تو احتمال یہ ہے کہ بینکوں اور دیگر NBFIs بھی اجارہ فائنانس نہیں کریں گے یہ اسلامی مالیات کے لئے ایک سنگین دھچکا ہوگا۔

کارپوریٹ گورننس (کمپنی کا انتظام و انصرام)

آپ کی کمپنی لیڈنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017ء کی روحاً و عملاً تعمیل کر رہی 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 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 فنانسنگ، خاص طور پر لیز، کا انحصار ان کے متعلقہ واجبات کی فوری اور پابندی کے ساتھ واپسی یقینی بنانے کے لئے لیس 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 لیسرز (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 لیکویڈٹی کی مد میں قرض دہندہ کے ان 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 اور ماحصل 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 مد میں کچھ فوائد 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 لیکویڈٹی کی مطلوبہ مقدار کے حصول کے لئے مالی اعانت کی خواہاں ہیں تاکہ لیزنگ فنانس میں ضرورت کے مطابق سرمایہ کاری کی جا سکے۔

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 والیٹی 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 کٹکٹاش 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 ڈویژن) 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

اقتصادی منظر مالی نامہ:

حقیقی جی پی نمواد پر کی جانب اپنا سفر برقرار رکھتے ہوئے مالی سال 18ء میں 13 سالہ بلند ترین نمو 5.8 فیصد تخمین کی گئی ہے جس کے ہمراہ مہنگائی کا سازگار ماحول ہے۔

مالی سال 18ء کے تخمینوں سے بھی ظاہر ہے کہ مالی سال 17ء کی بہ نسبت زراعت، صنعت اور خدمات تینوں شعبے متحرک رہے۔ کپاس کی بہتر پیداوار اور گنے کی ریکارڈ فصل کی بنا پر توقع ہے کہ شعبہ زراعت آسانی اپنا مالی سال 18ء کا ہدف عبور کر لے گا۔ شعبہ صنعت میں بھرپور ملکی طلب کی عکاسی ہوتی ہے اور وہ دس سالہ بلند ترین نمو کے حصول کی سمت گامزن ہے۔ شعبہ خدمات کے بارے میں تخمینہ یہ ہے کہ وہ اجناس پیدا کرنے والے شعبے کی بھرپور کارکردگی سے پڑنے والے اثرات کی بنا پر اپنی پچھلے برس کی نمو برقرار رکھے گا۔ اسی حوصلہ افزا فضا میں مہنگائی قابو میں اور سازگار سطح پر رہی جس کی بڑی وجہ اس کے غذائی جزو کا کم ہونا ہے۔

بیرونی شعبے کے ان حالات نے مہنگائی کو بھی متاثر کرنا شروع کر دیا۔ جب حکومت نے تیل کی بڑھتی ہوئی عالمی قیمتوں کا اثر ملکی صارفین کو منتقل کیا تو ان نرخوں کی ملکی ایندھن کی قیمتوں کو منتقلی نے مہنگائی کے توانائی والے جز میں اضافہ کیا۔ اسی طرح روپے کی قدر میں کمی کا اثر مہنگی درآمدات اور مہنگائی کی بڑھتی ہوئی توقعات کی شکل میں ظاہر ہونے لگا۔

مختصر یہ کہ معاشی سرگرمیوں میں توسیع اور پست مہنگائی کے تسلسل کا دار و مدار جاری کھاتے کے خسارے اور مالیاتی خسارے کو قابو میں رکھنے پر ہوگا۔ چونکہ یہ کمزوریاں پاکستان کے موجودہ نمو کے دور کے لیے مشکلات پیدا کر رہی ہیں اس لیے اس حوالے سے قلیل مدت اور وسط مدت دونوں پالیسیوں پر عمل درآمد اہمیت کا حامل ہوگا۔

قبل مدت میں مالی سال 19ء کے بجٹ میں منظور کردہ ٹیکس ریلیف کے اقدامات کے پیش نظر مالیاتی اخراجات کو قابو میں لانے کے لیے مربوط کاوشیں کی جاسکتی ہیں۔ وسط مدت میں موجودہ نظام کی کارکردگی بڑھانے کے علاوہ ٹیکس اساس میں توسیع کے لیے اصلاحات درکار ہوں گی۔ ساتھ ہی ساتھ قلیل مدت میں بیرونی سرمایہ کاری کا انتظام کرنے کی ضرورت ہے۔ نیز بڑھتے ہوئے تجارتی خسارے کو قابو میں کرنے کے لیے مزید پالیسی اقدامات کیے جانے چاہئیں۔ اس مقصد کے لیے برآمدات کی مسابقت کو متاثر کرنے والے ساختی مسائل کو حل کرنا ضروری ہے۔

لیزنگ کمپنیاں جو کہ کبھی صنعتی شعبوں و صارفین کی ضروریات کا کافی حد تک پورا کر رہی ہیں، لیکویڈیٹی، کم از کم ایکویٹی کی حد میں اضافے، ریگولیٹڈ 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 یار و مددگار محسوس کر رہے ہیں۔ مندرجہ بالا وجوہات نے لیز فنانسنگ کی فراہمی کو متاثر کیا ہے اور کمپنیوں کی نمو 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 حال پاکستان میں صرف چند لیزنگ کمپنیاں کام کر رہی ہیں اور انھیں بھی بینکوں سے مسابقت، وفاقی حکومت کی جانب سے متبادل کارپوریٹ ٹیکس (ACT) کے نفاذ اور سندھ حکومت کی جانب سے اجارہ انکم پریسلو ٹیکس کے نفاذ کی وجہ سے ٹیکس کی مد میں ہونے والے نقصان کے باعث اپنے آپ کو قائم رکھنا مشکل ہو رہا ہے۔

افراطِ ذر کے اثرات کی وجہ سے کمپنی کے کاروباری اخراجات میں اضافہ ہوا، باوجود اس کے مجموعی انتظامی اخراجات میں کمی ہوئی ہے جس کی بنیادی وجہ اجارہ کے اخراجات کی فرسودگی (depreciation) میں کمی ہے۔ بینکوں سے میسر مالی سہولتوں کے زیادہ استعمال سے مالیاتی مصارف میں اضافہ ہوا ہے۔

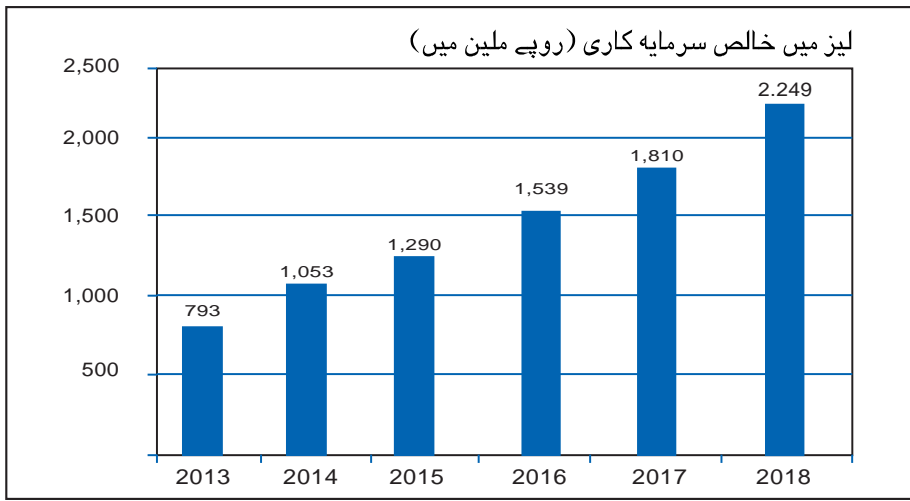
30 جون 2018 کو NBFC Regulations کے مطابق آپ کی کمپنی کی ایکویٹی 632.105 ملین روپے ہوگئی جو کہ ایکویٹی کی حد 500 ملین روپے سے 132.105 ملین روپے زیادہ ہے۔

تبدیلی کی فیصد	2017	2018	منافع بخش کارکردگی کا تجزیاتی جائزہ برائے اختتامی سال 30 جون -
+ یا (-)	ملین روپوں میں		
+16.36	172.21	200.38	آمدنی
(-) 5.10	76.48	72.58	انتظامی اخراجات
+58.30	30.12	47.68	مالیاتی مصارف
+23.05	65.50	80.60	آمدنی قبل از ٹیکس
(-) 39.03	18.43	11.23	ٹیکس کی عبوری فراہمی (بشمول ملتوی ٹیکس)
+47.35	47.08	69.37	منافع بعد از ٹیکس
+12.35	219.05	246.11	غیر مختص شدہ آمدنی جو کہ آگے لائی گئی
(-) 100.00	2.09	-	قدر کے دوبارہ تعین کے وقت فاضل آمدنی سے غیر مختص آمدنی کی طرف منتقلی
+17.62	268.21	315.48	آمدنی جو تخصیص کے لئے دستیاب ہے
			تخصیص
+32.14	9.42	13.87	دستوری محفوظ سرمایہ کی طرف منتقلی
+50.00	12.68	19.03	ڈیویڈنڈ (حصص منافع)
+48.87	22.10	32.90	کل تخصیص
+14.82	246.11	282.58	غیر مختص آمدنی جو آگے لیجائی جائے گی
+47.12	1.86	2.73	فی شیئر آمدنی (روپے میں)

ڈیویڈنڈ (حصص منافع)

آپ کے ڈائریکٹرز مسرت کے ساتھ اختتام سال 30 جون 2018 کے لئے 12.5 فیصد نقد حصص منافع (کیش ڈیویڈنڈ) کی سفارش کرتے ہیں۔

لیز میں مجموعی سرمایہ کاری 30 جون 2018 کو 2,535.62 ملین روپے ہے (مالی سال 2016-17 میں 2,062 ملین روپے) جو کہ ساہا سال 22.97 فیصد اضافہ ظاہر کر رہی ہے (مالی سال 2016-17 میں 20.57 فیصد)۔ بلا استحقاق سرمایہ کاری (284.29 ملین روپے)، سودی منافع جو کہ پھنسا ہوا ہے (1.42 ملین روپے) اور ممکنہ لیز نقصان کے لئے مختص حصہ (1.32 ملین روپے) کی تخفیف کے بعد خالص سرمایہ کاری 30 جون 2018 کو 2,248.6 ملین روپے بنتی ہے اور 24.25 فیصد اضافہ ظاہر کر رہی ہے جب کہ پچھلے سال یعنی 30 جون 2017 کو یہ رقم 1,809.76 ملین روپے تھی۔ پچھلے چھ سالوں میں لیز میں خالص سرمایہ کاری کو درج ذیل چارٹ میں دکھایا گیا ہے۔



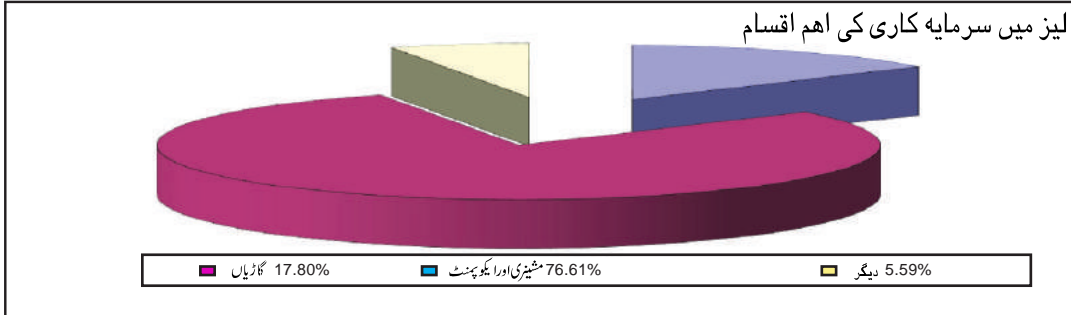
فائدہ مندی کارکردگی:

یہ بات ذہن نشین 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 2017-18 میں 69.37 ملین روپے ریکارڈ کیا گیا ہے 47.08 ملین روپے کے مقابلے میں جو کہ مالی سال 2016-17 کے دوران حاصل ہوا تھا۔

منافع بعد از ٹیکس میں اضافے کی وجہ سے فی شیئر آمدنی برائے مالی سال 2017-18 میں 2.73 روپے فی شیئر رہی ہے جبکہ مالی سال 2016-17 میں یہ 1.86 روپے فی شیئر تھی۔

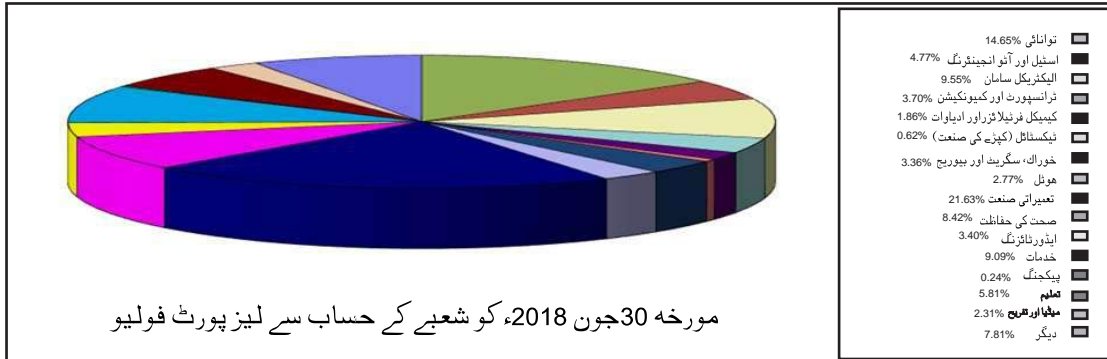
برائے مالی سال 2017-18 مجموعی آمدنی 200.38 ملین روپے ہے جو کہ 16.36 فیصد زیادہ ہے بہ نسبت 172.21 ملین روپے کے جو کہ مالی سال 2016-17 میں ہوئی۔

مالی سال 2017-18 میں 1,016.32 ملین روپے کی لیز لکھی گئی ہیں بہ نسبت مالی سال 2016-17 کے جس میں تیرہ لاکھ کی جانے والی لیز کی مالیت 810.13 ملین روپے تھی۔ اس کے علاوہ کمپنی نے اس سال ایک نئے اسلامی پراڈکٹ ڈیپنٹنگ مشارکہ کا بھی اجراء کیا۔



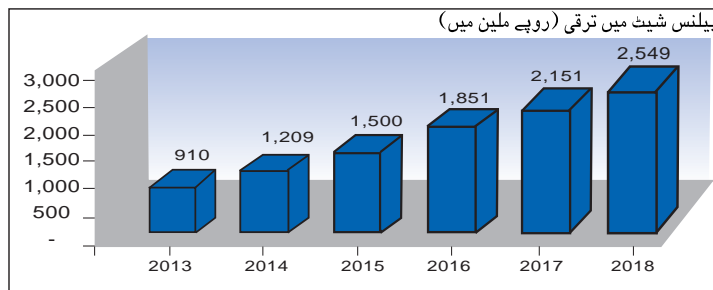
شعبے کے حساب سے لیز پورٹ فولیو کی بناوٹ

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 رد و بدل پر محیط ہے، اور انفرادی شعبے کے رویے کو مد نظر رکھتے ہوئے، مجموعی علاقائی معیشت پر مشتمل ہے۔ شعبے کے حساب سے لیز پورٹ فولیو کی بناوٹ کو چارٹ میں تصویریں شکل میں ذیل میں واضح کیا گیا ہے:



مالیاتی کامیابیاں:

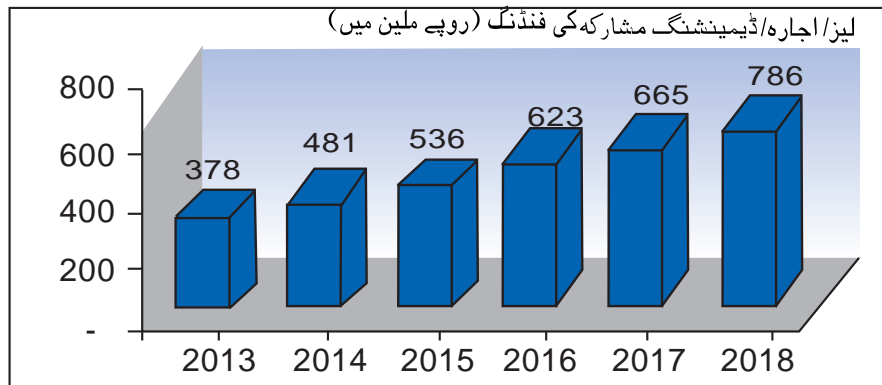
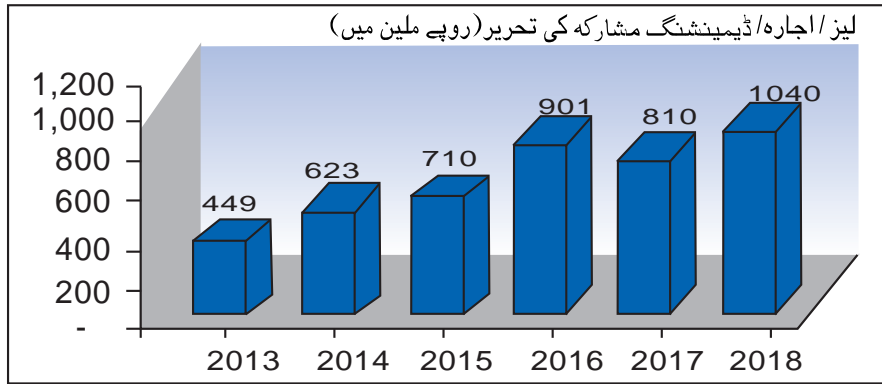
بیلنس شیٹ میں دی گئی مجموعہ بنیاد جو 30 جون 2017 کو 2,151.26 ملین روپے تھی وہ 30 جون 2018 میں مزید بڑھ کر 2,548.82 ملین روپے ہو گئی ہے۔ کمپنی کے کل اثاثوں میں ساہا سال جو 18.48 فیصد اضافہ ہے، وہ پاکستان میں موجود دیگر منافع بخش لیزنگ کمپنیوں کی کارکردگی کی بہ نسبت ایک نمایاں بہتری ظاہر کر رہا ہے۔ بیلنس شیٹ میں ترقی کو درج ذیل چارٹ میں دکھایا گیا ہے:



PGL کے آپریشنل اور مالی کارکردگی کا تجزیہ برائے مالی سال 2017-18

لیز اور اجارے کا تحریر کرنا

مالی سال 2016-17 کی 810.13 ملین روپے مالیت کی 104 لیزوں کی بہ نسبت مالی سال 2017-18 میں 1,040.15 ملین روپے مالیت کی 132 نئی لیزز (Leases) اور 2 نئے ڈیمینشننگ مشارکہ تحریر کی گئیں جبکہ مالی سال 2017-18 میں لیز فنڈز کی ادائیگی 786.25 ملین روپے تھی بہ نسبت مالی سال 2016-17 جس میں لیز کی مالی ادائیگی 664.92 ملین روپے تھی۔ پچھلے چھ سالوں میں کمپنی کے لیز میں اضافے کے ریکارڈ کی تفصیل درج ذیل ہے:-



لیز میں سرمایہ کاری کی اقسام

مالی سال 2017-18 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 جبری قیمت فروخت جو کہ ضمانت سے مربوط ہے اور فروخت پذیری کی صلاحیت کے علاوہ، IPGL 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 بالا چارٹ میں مالی سال 2017-18 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 25 ویں سالانہ رپورٹ بشمول مالی گوشوارے اور آڈیٹرز رپورٹ برائے سال اختتام 30 جون 2018 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 کی حامل لیسیز (Lessees) کے ساتھ کاروباری سرگرمیاں 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 / کلائنٹس 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 فائنانسنگ کے لئے قائم ضمانتی بیکنج کو مستحکم بنانے کا یہ طریقہ کار صرف ہماری کمپنی کا طرہ امتیاز ہے کیونکہ مارکیٹ میں اکثر لیزنگ کمپنیاں لیز فائنانسنگ صرف لیز کئے جانے والے متعلقہ اثاثوں کی ضمانت کی بنیاد ہی پر کرتی ہیں۔

متوقع لیسی (Lessee) کی مالی حیثیت، ماضی میں اس کے ریکارڈ اور مارکیٹ میں ساکھ کو مد نظر رکھتے ہوئے PGL نئے 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 فائنانسنگ کے تناسب کا اندازہ لگایا جاتا ہے۔ تمام تر منظوری کا 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 وصولیائی کی شرح غیر معمولی رہی ہے۔ زیر تبصرہ سال میں یہ شرح 95 فیصد رہی ہے۔

مالی سال 2017-18 میں کاروبار میں غیر معمولی اضافہ اور لیز ریٹیل 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 سٹیٹیکٹس 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۔

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine (9) as per the following:
 - a. Male: Nine (9)
 - b. Female: Nil (0)

Election of Directors were held on April 20, 2016, therefore the requirement of having female director, as notified in the Listed Companies (Code of Corporate Governance) Regulations, 2017 which was promulgated on November 22, 2017, will be complied with upon reconstitution of Board of Directors.

2. The composition of the Board of Directors (the Board) is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.
4. 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.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Till June 30, 2018, following six (6) directors of the Company have acquired the required certificate of Directors Training Program while two (2) are exempt from this requirement:

Directors

- i. Mahfuz-ur-Rahman Pasha
- ii. Pervez Inam
- iii. RizwanHumayun
- iv. Saleem Ahmed Zafar
- v. Ismail H. Ahmed
- vi. Fawad Salim Malik

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, the position of CFO and Company Secretary are being held by the same person.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
- | | | |
|----|--------------------------------------|---------------|
| a) | Audit Committee | |
| | Mr. Ismail H Ahmed | Chairman |
| | Mr. Rizwan Humayun | Vice Chairman |
| | Mr. Pervez Inam | Member |
| | Brig. Naveed Nasar Khan (Retd) | Member |
| | Mr. Shaheed H. Gaylani | Member |
| b) | HR 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 |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
- | | |
|----|---|
| a) | Audit Committee:(four quarterly meetings) |
| b) | HR and Remuneration Committee: (one yearly meeting) |
15. The Board has set up an effective internal audit function comprising of people who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. 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 and registered with Audit Oversight Board of Pakistan, 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.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

CHIEF EXECUTIVE OFFICER

DIRECTOR

September 25, 2018
Karachi



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAK-GULF LEASING COMPANY LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Pak-Gulf Leasing Company Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a 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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where this is stated in the Statement of Compliance:

Paragraph

S. No	Reference	Description
1	10	The position of Chief Financial Officer and Company Secretary are being held by same person.

KARACHI
DATED: SEPTEMBER 25, 2018


CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

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 Ijarah and Diminishing Musharakah products.

The year under review was the sixth year of Islamic financing at Pak Gulf Leasing Company Limited. In this year, PGL executed some transactions of Diminishing Musharakah with its valuable clients. I confirm that the Diminishing Musharakah transactions, executed by PGL, are Shariah-compliant and the Legal Agreement(s) have been executed on the formats as approved by the Shariah Advisor and all the related conditions have been met.

Alhamdulillah, PGL is still working sincerely on the development and refinement of its Islamic product to make it more attractive to the interested clients. May Allah make us successful in this regard and accept our efforts.

In addition to this, 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

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

شریعی ایڈوائزری رپورٹ

پاک گلف لیزنگ کمپنی لمیٹڈ نے یکم مارچ 2013 کو اپنا اسلامی مالیاتی ڈویژن قائم کیا۔ تحریری دستاویزات اور مشاورت کے بعد پاک گلف لیزنگ کمپنی لمیٹڈ نے اجارہ اور ڈیمینٹنگ مشارکہ کی پراڈکٹس کا اجراء کیا۔

پاک گلف لیزنگ کمپنی لمیٹڈ کو اسلامک فنانس شروع کیے ہوئے چھ سال کا عرصہ گزر چکا ہے۔ سال 2018 میں بھی پاک گلف لیزنگ کمپنی لمیٹڈ نے ڈیمینٹنگ مشارکہ کے کچھ معاملات انجام دیے ہیں۔ میں اس بات کی تصدیق کرتا ہوں کہ پاک گلف لیزنگ کمپنی لمیٹڈ کی طرف سے عملدرآمد ہونے والے ڈیمینٹنگ مشارکہ کے معاملات، شریعت کے مطابق ہیں اور قانونی معاہدے بھی انہی خطوط کے مطابق ہیں جن کی شرعی مشیر کی طرف سے منظوری دی گئی تھی، اس کے علاوہ بھی تمام متعلقہ شرائط پوری کی گئی ہیں۔

الحمد للہ، پاک گلف لیزنگ کمپنی لمیٹڈ، اپنی اسلامی مصنوعات کی ترقی اور اصلاح پر مخلصانہ کام کر رہی ہے۔ اللہ تعالیٰ ہمیں اس سلسلے میں کامیاب کرے اور ہماری کوششوں کو قبول کرے۔

میں اس موقع پر اللہ تعالیٰ کا شکر بھی ادا کرتا ہوں اور اس سے مزید رہنمائی اور نعمتوں کا بھی طلبگار ہوں، ساتھ ہی ساتھ میں پاک گلف لیزنگ کمپنی لمیٹڈ اور اسلامک فنانس کی مزید ترقی اور خوشحالی کے لیے اپنی نیک تمناؤں کا بھی اظہار کرتا ہوں۔



محمد ابراہیم صبی

مفتی محمد ابراہیم صبی

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAK-GULF LEASING COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of PAK-GULF LEASING COMPANY LIMITED (the Company), which comprise the statement of financial position as at June 30, 2018, and profit and loss account, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	Promulgation of Companies Act, 2017	
	Companies Act, 2017 ("the Act") was promulgated on May 30, 2017 which introduced certain new requirements including certain changes in accounting and disclosures with respect to preparation of financial statements by companies.	Our procedures included the following: We obtained an understanding of the requirements regarding preparation and filing of financial statements applicable to the Company and assessed the design and operation of its key controls over preparation and filing of financial statements.

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.

S. No	Key audit matters	How the matter was addressed in our audit
	<p>The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company.</p> <p>In view of the significant changes in disclosures, we consider it as a key audit matter.</p> <p>Refer to note 3.1 to the financial statements.</p>	<p>We reviewed minutes of meetings of Board of Directors, Audit Committee and internal audit reports for any recorded instances of potential non-compliance and maintained a high level of vigilance when carrying out other audit procedures for indication of non-compliance.</p> <p>We reviewed the financial statements to ensure that change in accounting policy with respect to surplus on revaluation of property, plant and equipment has been properly applied and accounted for and adequately disclosed in the financial statements.</p> <p>We reviewed financial statements to ensure completeness and accuracy of disclosures in the financial statements to ensure compliance with reporting and disclosure requirements of Companies Act, 2017.</p>
2.	<p>Existence and valuation of Net Investment in Finance Lease (NIFL)</p> <p>As disclosed in note 12 to the financial statements of the Company for the year ended June 30, 2018, NIFL has a significant impact on the financial statements that represents 88% of the total assets of the Company as at the year end.</p> <p>As NIFL represents a significant element of the financial statements, a discrepancy in the valuation or existence of NIFL could cause the financial statements to be materially misstated which would also impact the Company's reported performance as the valuation of NIFL is the main driver of the performance of the Company.</p> <p>In view of the significance of NIFL in relation to the total assets and the financial statements as a whole, we have considered the existence and valuation of NIFL as a key audit matter.</p>	<p>Our audit work included assessing and testing the design and operations of key controls over the recognition, valuation and existence of NIFL.</p> <p>We have performed detailed assessment of the credit approval procedures of the leases sanctioned in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and performed credit review on sampled lessees for identification of subjective provisioning. In addition, we have circularized confirmations to sampled lessees and checked repayment received from the same.</p>



S. No	Key audit matters	How the matter was addressed in our audit
		<p>We tested control over addition, termination and periodic valuation of the lease portfolio and performed other substantive audit procedures on the year-end balances of the portfolio including review of the documentation required in the lease files of the parties, verification of the minimum lease payments and NIFL as at the year-end by recalculation of the balances through lease amortization schedules on sample basis as per IAS-17 'Leases'.</p> <p>We assessed the Company's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and constitutive documents in relation to the concentration of NIFL and exposure limits prescribed in the Regulations and documents and the adequacy of disclosures as may be applicable in situations of non-compliance.</p> <p>We also evaluated the adequacy of the overall disclosures in the financial statements in respect of NIFL in accordance with the requirements of the NBFC Regulations and whether the Company's disclosures in relation to NIFL are compliant with the relevant accounting standards.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 2 5 SEP 2018

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

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**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018**

	Note	2018	2017 (Restated)	2016 (Restated)
		----- Rupees -----		
ASSETS				
Current assets				
Cash and bank balances	8	15,600,826	63,565,215	44,296,138
Short term investments	9	40,386,562	39,299,748	16,259,209
Other receivables - net	10	5,247,451	3,150,904	1,795,739
Ijarah rental receivables		536,780	679,544	904,009
Advance to employees	11	225,663	264,244	196,006
Accrued mark-up / return on investments		1,031,624	1,532,755	1,475,668
Prepayments		2,236,243	2,467,086	2,819,664
Current portion of net investment in finance lease	12	753,478,039	493,818,998	499,111,879
Current portion of long-term investments	14	16,045,277	5,001,865	-
Current portion of diminishing musharaka receivable	15	4,674,337	-	-
Taxation - net	13	5,980,061	7,475,847	7,787,572
Total current assets		845,442,863	617,256,206	574,645,884
Non-current assets				
Net investment in finance lease	12	1,495,119,110	1,315,937,678	1,039,542,601
Long-term investments	14	6,123,909	22,165,398	27,199,297
Diminishing musharaka receivable	15	14,389,663	-	-
Long-term deposits	16	300,460	300,460	300,460
Investment property	17	146,718,000	138,996,000	-
Property, plant and equipment	18	39,112,572	54,951,220	207,896,308
Intangible assets	19	1,610,818	1,654,375	1,590,019
Total non-current assets		1,703,374,532	1,534,005,131	1,276,528,685
Total assets		2,548,817,395	2,151,261,337	1,851,174,569
LIABILITIES				
Current liabilities				
Trade and other payables	20	35,029,892	23,899,556	16,524,032
Unclaimed dividend		480,438	287,001	180,544
Accrued mark-up	21	16,035,582	12,435,449	8,410,233
Current portion of certificates of investment	22.2	173,593,636	404,130,173	264,835,006
Short term borrowings	23	387,568,906	189,523,769	187,854,564
Current portion of long-term loan	24	16,666,668	16,666,668	-
Current portion of advance rental against Ijarah leasing	26	5,557,912	5,864,522	8,136,396
Current portion of long-term deposits	25	200,055,615	67,054,287	79,415,142
Total current liabilities		834,988,649	719,861,425	565,355,917
Non-current liabilities				
Long-term deposits	25	587,231,293	545,858,457	482,845,368
Long-term loan	24	4,166,663	20,833,331	-
Certificates of investment	22.2	204,533,908	-	-
Advance rental against Ijarah leasing	26	3,178,676	8,736,588	14,601,119
Deferred taxation - net	27	187,682,393	180,014,446	159,776,708
Total non-current liabilities		986,792,933	755,442,822	657,223,195
Total liabilities		1,821,781,582	1,475,304,247	1,222,579,112
NET ASSETS		727,035,813	675,957,090	628,595,457
Financed by:				
Share capital	28	253,698,000	253,698,000	253,698,000
Capital Reserves				
Statutory reserve	29	93,034,892	79,161,214	69,745,972
Reserve for issue of bonus shares	29	4,402,000	4,402,000	4,402,000
Surplus on revaluation of property, plant and equipment - net of deferred tax	30	90,504,204	89,229,496	79,356,037
Surplus on revaluation of available for sale investment	29	2,815,855	3,352,882	2,343,445
		190,756,951	176,145,592	155,847,454
Revenue reserve				
Unappropriated profit	29	282,580,862	246,113,498	219,050,003
		727,035,813	675,957,090	628,595,457

Contingencies and commitments

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The annexed notes 1 to 50 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, 2018

	Note	2018	2017
----- Rupees -----			
INCOME			
Income from financing operations	32	178,154,663	153,030,380
Other operating Income			
Return on investments	33	5,090,091	5,522,176
Other income	34	17,135,441	13,658,855
		22,225,532	19,181,031
		200,380,195	172,211,411
OPERATING EXPENSES			
Administrative and operating expenses	35	72,584,126	76,481,000
Finance cost	36	47,682,251	30,121,776
Other charges		135,284	107,168
		120,401,661	106,709,944
Operating profit before provision		79,978,534	65,501,467
Provision for potential lease losses - net	12.3	(442,820)	-
Reversal of provision against litigation receivable - net	10.3	1,066,665	-
		80,602,379	65,501,467
Profit before taxation		80,602,379	65,501,467
Taxation	37	11,233,987	18,425,258
Profit for the year		69,368,392	47,076,209
Earning per share-basic and diluted	38	2.73	1.86

The annexed notes 1 to 50 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, 2018**

	Note	2018	2017
		----- Rupees -----	
Profit for the year		69,368,392	47,076,209
Other comprehensive income for the year			
<i>Items that will be reclassified to profit and loss account in subsequent periods:</i>			
(Deficit) / surplus on revaluation of available for sale investments	9	(537,027)	1,009,437
Total comprehensive income for the year		<u>68,831,365</u>	<u>48,085,646</u>

The annexed notes 1 to 50 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		80,602,379	65,501,467
Adjustment for:			
Depreciation	18.1 & 18.5	21,393,307	35,568,124
Amortisation	19.1	43,557	153,432
Finance cost	36	47,682,251	30,121,776
Amortisation of (discount) / premium on investment in PIBs		(1,923)	32,033
Unrealised gain on revaluation of investment property	34	(7,722,000)	(5,148,000)
Provision for potential lease losses - net		442,820	-
Reversal of provision against litigation receivable - net		(1,066,665)	-
Gain on disposal of fixed asset	34	-	(29,227)
		<u>60,771,347</u>	<u>60,698,138</u>
Operating profit before working capital changes		141,373,726	126,199,605
Movement in working capital			
Decrease / (increase) in current assets			
Advance to employees		38,581	(68,238)
Accrued mark-up / return on investments		501,131	(57,087)
Other receivables - net		(1,029,882)	(1,355,165)
Ijarah rental receivables		142,764	224,465
Prepayments		230,843	352,578
		<u>(116,563)</u>	<u>(903,447)</u>
Increase in current liabilities			
Trade and other payables		11,323,773	7,481,981
Cash generated from operations		<u>152,580,936</u>	<u>132,778,139</u>
Finance cost paid		(44,082,118)	(26,096,560)
Tax paid - net		(795,545)	(1,358,907)
Deposits received from lessees		174,374,164	50,652,234
Advance Ijarah rental received from lessees		(5,864,522)	(8,136,405)
Increase in diminishing musharaka receivables		(19,064,000)	-
Increase in net investment in finance lease - net		(439,283,293)	(271,102,196)
		<u>(334,715,314)</u>	<u>(256,041,834)</u>
Net cash used in operating activities		(182,134,378)	(123,263,695)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment	18.1 & 18.5	(5,554,659)	(1,288,794)
Additions in intangible assets	19.1	-	(217,788)
Proceeds from disposal of fixed assets	18.3	-	290,985
Short-term investment in Market Treasury Bills - net		(1,623,842)	(22,031,102)
Long-term investment		5,000,000	-
Net cash used in investing activities		(2,178,501)	(23,246,699)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from certificates of investment - net	43	(26,002,629)	139,295,167
Dividend paid		(19,027,350)	(12,684,900)
Long-term loan - net	43	(16,666,668)	37,499,999
Net cash (used in) / generated from financing activities		<u>(61,696,647)</u>	<u>164,110,266</u>
Net (decrease) / increase in cash and cash equivalents		(246,009,526)	17,599,872
Cash and cash equivalents at the beginning of the year		(125,958,554)	(143,558,426)
Cash and cash equivalents at the end of the year	42	<u>(371,968,080)</u>	<u>(125,958,554)</u>

The annexed notes 1 to 50 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, 2018

	Share capital	Reserves				Revenue	Total reserves	Total equity
		Capital						
		Statutory reserve	Reserve for issue of bonus shares	Surplus on revaluation of property, plant and equipment - net of tax	Surplus on revaluation of available for sale investment			
----- Rupees -----								
Balance as at July 1, 2016 - as previously reported	253,698,000	69,745,972	4,402,000	-	2,343,445	219,050,003	295,541,420	549,239,420
Impact of change in accounting policy - net of tax	-	-	-	79,356,037	-	-	79,356,037	79,356,037
Balance as at July 01, 2016 - as restated	253,698,000	69,745,972	4,402,000	79,356,037	2,343,445	219,050,003	374,897,457	628,595,457
Transaction with owners								
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 investment	-	-	-	-	1,009,437	-	1,009,437	1,009,437
	-	-	-	-	1,009,437	47,076,209	48,085,646	48,085,646
Others								
Surplus on revaluation of property, plant and equipment conducted during the year - net of deferred tax	-	-	-	10,810,800	-	-	10,810,800	10,810,800
Transfer from surplus on revaluation of property, plant and equipment to unappropriated profit - net of deferred tax	-	-	-	(2,087,428)	-	2,087,428	-	-
Effect of change in tax rate on surplus on revaluation of property, plant and equipment	-	-	-	1,150,087	-	-	1,150,087	1,150,087
Transfer to statutory reserve (note 29.1)	-	9,415,242	-	-	-	(9,415,242)	-	-
Balance as at June 30, 2017	253,698,000	79,161,214	4,402,000	89,229,496	3,352,882	246,113,498	422,259,090	675,957,090
Transaction with owners								
Final dividend for the year ended June 30, 2017 @ Rs. 0.75 per share	-	-	-	-	-	(19,027,350)	(19,027,350)	(19,027,350)
Total comprehensive income for the year ended June 30, 2018								
Profit for the year	-	-	-	-	-	69,368,392	69,368,392	69,368,392
Other comprehensive income								
Deficit on revaluation of available for sale investment	-	-	-	-	(537,027)	-	(537,027)	(537,027)
	-	-	-	-	(537,027)	69,368,392	68,831,365	68,831,365
Others								
Effect of change in tax rate on surplus on revaluation of property, plant and equipment to unappropriated profit - net of deferred tax	-	-	-	1,274,708	-	-	1,274,708	1,274,708
Transfer to statutory reserve (note 29.1)	-	13,873,678	-	-	-	(13,873,678)	-	-
Balance as at June 30, 2018	253,698,000	93,034,892	4,402,000	90,504,204	2,815,855	282,580,862	473,337,813	727,035,813

The annexed notes 1 to 50 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.
- 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, 2018 is Rs. 632.105 million which is Rs. 132.105 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 January 30, 2018.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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 and a branch office is located at Office No. 202, 2nd Floor, Divine Mega II, Opp Honda Point, New Airport Road, Lahore.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984;
- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by the Institute of Chartered Accountants of Pakistan; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards and IFAS-2, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company. Specific additional disclosures and changes to the existing disclosures have been included in these financial statements.

3.2 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.

3.3 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.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Amendments that are effective in current year and are 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)
IAS 7 Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 1, 2017
IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 1, 2017

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

	Effective date (annual periods beginning on or after)
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2017

4.2 Amendments not yet effective

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

Conceptual framework for Financial reporting 2018 - Original Issue	March 2018
IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 7 Financial Instruments : Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 is applied

IFRS 9	Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	January 01, 2018
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	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
IAS19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS28	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
IAS28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IAS39	Financial Instruments: Recognition and Measurements- Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS 9 is applied
IAS40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

Annual Improvements to IFRSs (2015 – 2017) Cycle:

IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

4.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments	July 01, 2018
IFRS 15 Revenue from Contracts with Customers	July 01, 2018
IFRS 16 Leases	January 01, 2019

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 (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards
 IFRS 14 Regulatory Deferral Accounts
 IFRS 17 Insurance Contracts

The effects of IFRS 9 - Financial Instruments, IFRS 15 - Revenues from Contracts with Customers and IFRS 16 - Leases 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Financial assets
5.1.1 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.

5.1.2 Initial recognition and measurement

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

5.1.3 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.

Surplus or deficit arising on changes in fair value of available for sale financial assets are taken 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.

5.1.4 Impairment

The carrying value of the Company's assets are reviewed at each statement of financial position 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.

5.1.5 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.

5.2 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.

5.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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.

5.4 Cash and bank balances

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

5.5 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.

5.6 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 statement of financial position. 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.

5.7 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.

5.8 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any.

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 18.1 after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position 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.

5.9 Ijarah assets

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 lease term on a straight line basis and at the end of the Ijarah term the leased assets are transferred to the lessee.

5.10 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 19.

5.11 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 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 are 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.

5.12 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.

5.13 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 statement of financial position date and are adjusted to reflect the current best estimate.

5.14 Taxation**5.14.1 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.

5.14.2 Deferred

Deferred tax is recognised, using the statement of financial position 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 statement of financial position 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'.

5.15 Surplus on revaluation of property, plant and equipment

Any revaluation increase arising on the revaluation of land, buildings, leasehold improvements and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings, leasehold improvements and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset.

The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

During the year the Company changed its accounting policy in respect of the accounting and presentation of surplus on revaluation of property, plant and equipment. Previously, the Company's accounting policy was in accordance with the provisions of repealed Companies Ordinance, 1984. Those provisions and resultant previous policy of the Company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in the IFRS. However, the Companies Act, 2017 has not specified any accounting treatment for surplus on revaluation, accordingly the Company has changed the accounting policy and is now following the IFRS for prescribed accounting treatment and presentation of surplus on revaluation. The detailed information and impact of this change in policy is provided in note 7.

5.16 Trade and other payables

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

5.17 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 statement of financial position date.

5.18 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.

5.19 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.

5.20 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 statement of financial position date. Exchange differences are taken to the profit and loss account.

5.21 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.

Profit on Diminishing Musharaka

Profit on Diminishing Musharaka arrangement is recognised under the effective profit rate method based on the outstanding amount.

5.22 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.

5.23 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.

5.24 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, conventional leasing and Islamic finance operations. Islamic finance operations comprise of Ijarah and Diminishing Musharaka transactions.

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.

5.25 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 5.1, 9 and 14).
- ii) Provision for current and deferred taxation (notes 5.14, 27 and 37).
- iii) Recognition and measurement of deferred tax assets and liabilities (note 5.14.2, 27 and 37).
- iv) Classification and provision of net investment in finance lease (notes 5.6, 5.7 and 12).
- v) Determination and measurement of useful life and residual value of property, plant and equipment (note 5.8 and 18).
- vi) Determination and measurement of useful life and residual value of intangible assets (note 5.10 and 19).
- vii) Measurement of investment property carried at revalued amount. (note 5.11 and 17).

6. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE FINANCIAL POSITION AND PERFORMANCE

- a) During the year, the total lease disbursements made by the Company amounted to Rs. 767.188 million.
- b) During the year, the Company has added tenures of 2 years and 3 years for investments in Certificates of Investments, in addition to the existing tenures of 3 months, 6 months and 1 year.

- c) During the year, the Company has arranged additional short-term running finance facilities from a commercial bank having sanctioned limit of Rs. 180 million (refer note 23).
- d) The Company declared final dividend of 7.5% (Rs. 0.75 per share) for the year ended June 2017, amounting to Rs. 19.027 million.
- e) The accounting policy relating to surplus on revaluation of property, plant and equipment changed during the year as detailed in note 7 to these financial statements.

7. CHANGE IN AN ACCOUNTING POLICY OF REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

On July 01, 2017 the Company changed its accounting policy for the revaluation surplus on property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the revaluation surplus on property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property, plant and equipment. Consequently, this impacted the Company's accounting policy for revaluation surplus on property, plant and equipment, and now the related accounting and presentation requirements set out in IAS 16 'Property, Plant and Equipment' are being followed by the Company. The new accounting policy is explained under note 5.15. Further, the revaluation surplus on property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.

In these financial statements the above explained change in accounting policy has been accounted for retrospectively, with the restatement of the comparative information.

The effect of the change is recognition and presentation of Rs. 90.504 million for revaluation surplus on property, plant and equipment as a capital reserve i.e. separate component of equity and derecognition of surplus on revaluation of property, plant and equipment of Rs. 90.504 million, previously presented below equity in the statement of financial position. Further, there is no effect on the profit and loss account and statement of comprehensive income for the year ended June 30, 2017.

	As at July 01, 2016			As at June 30, 2017		
	As previously reported on June 30, 2016	Adjustments Increase / (Decrease)	As restated on July 1, 2016	As previously reported on June 30, 2017	Adjustments Increase / (Decrease)	As restated on June 30, 2017
(Rupees)						
Surplus on revaluation of property, plant and equipment (within equity)	-	79,356,037	79,356,037	-	89,229,496	89,229,496
Reserves	295,541,420	-	295,541,420	333,029,594	-	333,029,594
Net impact on equity	295,541,420	79,356,037	374,897,457	333,029,594	89,229,496	422,259,090
Surplus on revaluation of property, plant and equipment (below equity)	79,356,037	(79,356,037)	-	89,229,496	(89,229,496)	-
	374,897,457	-	374,897,457	422,259,090	-	422,259,090

Impact of change in accounting policy - June 30, 2018

Surplus on revaluation of property, plant and equipment (within equity)	90,504,204
Surplus on revaluation of property, plant and equipment (below equity)	(90,504,204)
	-

8.	CASH AND BANK BALANCES	Note	2018	2017
			----- Rupees -----	
	Cash in hand		68,277	179
	Balance with banks:			
	- in current accounts	8.1	12,864,928	56,176,890
	- in saving accounts	8.2	2,667,621	7,388,146
			<u>15,600,826</u>	<u>63,565,215</u>
8.1	This amount includes Rs. 1.327 million (2017: Rs. 15.475 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.			
8.2	These carry mark-up rates ranging from 5% to 6.7% per annum (2017: 4% to 5.7% per annum).			
9.	SHORT TERM INVESTMENTS			
	Available for sale			
	Cost			
	54,300 units of National Investment (Unit) Trust (2017: 54,300)		1,194,200	1,194,200
	Revaluation surplus			
	As at July 01		3,352,882	2,343,445
	(Deficit) / surplus for the year		(537,027)	1,009,437
	As at June 30		<u>2,815,855</u>	<u>3,352,882</u>
	Held to maturity			
	Government Securities -		4,010,055	4,547,082
	Market Treasury Bills	9.1	<u>36,376,507</u>	<u>34,752,666</u>
			<u>40,386,562</u>	<u>39,299,748</u>
9.1	Market Treasury Bills (MTB) carry interest rates ranging from 6.18% to 6.24% per annum (2017: 5.70% to 5.95% per annum) and have maturity dates ranging from July 05, 2018 to August 02, 2018. The market value of investment in MTB as at June 30, 2018 amounted to Rs. 36.487 million (2017: Rs. 35.491 million).			
10.	OTHER RECEIVABLES - NET			
	Lease receivable held under litigation	10.1	27,515,285	28,581,952
	Insurance premium and other receivable	10.2	6,425,290	4,328,741
			<u>33,940,575</u>	<u>32,910,693</u>
	Provision against lease receivable held under litigation	10.3	(24,533,585)	(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	10.4	(1,430,692)	(1,430,692)
			<u>5,247,451</u>	<u>3,150,904</u>
10.1	This includes net investment in finance lease terminated by the Company and where litigation has commenced.			
10.2	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	2018	2017
		----- Rupees -----	
10.3 Movement of provision against lease receivable held under litigation			
Balance as at July 01		25,600,250	25,600,250
Reversal for the year		(1,066,665)	-
Balance as at June 30		<u>24,533,585</u>	<u>25,600,250</u>
10.4 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>
11. ADVANCE TO EMPLOYEES			
Advance to employees	11.1	<u>225,633</u>	<u>264,244</u>
11.1	This amount represents advance given by the Company to its employees against their salary in accordance with the Company's Human Resource policy.		
12. NET INVESTMENT IN FINANCE LEASE			
(Secured)			
Net investment in finance lease	12.1	2,248,597,149	1,809,756,676
Current portion shown under current assets	12.1	(753,478,039)	(493,818,998)
		<u>1,495,119,110</u>	<u>1,315,937,678</u>

12.1 Net investment in finance lease
2018

	2018				2017			
	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	700,151,725	1,013,042,060	35,142,837	1,748,336,622	541,452,185	872,475,395	35,142,837	1,449,070,417
Add: Residual value of leased assets (note 12.2)	200,055,615	479,948,988	107,282,305	787,286,908	67,054,287	438,576,152	107,282,305	612,912,744
Gross investment in finance lease	900,207,340	1,492,991,048	142,425,142	2,535,623,530	608,506,472	1,311,051,547	142,425,142	2,061,983,161
Unearned lease income	(143,991,962)	(136,438,452)	(3,858,628)	(284,289,042)	(113,486,889)	(133,680,383)	(3,858,628)	(251,025,900)
Mark-up held in suspense	(1,416,470)	-	-	(1,416,470)	(322,536)	-	-	(322,536)
	(145,408,432)	(136,438,452)	(3,858,628)	(285,705,512)	(113,809,425)	(133,680,383)	(3,858,628)	(251,348,436)
	<u>754,798,908</u>	<u>1,356,552,596</u>	<u>138,566,514</u>	<u>2,249,918,018</u>	<u>494,697,047</u>	<u>1,177,371,164</u>	<u>138,566,514</u>	<u>1,810,634,725</u>
Provision for potential lease losses (note 12.3)	(1,320,869)	-	-	(1,320,869)	(878,049)	-	-	(878,049)
Net investment in finance lease	<u>753,478,039</u>	<u>1,356,552,596</u>	<u>138,566,514</u>	<u>2,248,597,149</u>	<u>493,818,998</u>	<u>1,177,371,164</u>	<u>138,566,514</u>	<u>1,809,756,676</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.

- 12.2** 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. 123.892 million (2017: Rs. 120.832 million).

12.3	Note	2018	2017
		----- Rupees -----	
Balance as at July 01		878,049	878,049
Charge for the year		3,101,747	14,743,140
Reversal for the year		(2,658,927)	(14,743,140)
Balance as at June 30		<u>1,320,869</u>	<u>878,049</u>

- 12.4** The net investment in finance lease portfolio includes Rs. 19.132 million (2017: Rs. 0.878 million) which has been placed under non-performing status.

- 12.5** The Company has entered into various lease agreements for periods ranging from one to seven years (2017: one to seven years). Security deposits ranging from 2.06% to 89% per annum (2017: 2% to 63% per annum) are obtained at the time of entering into the lease arrangement. The rate of return implicit in the leases ranges from 9.93% to 31.46% per annum (2017: 8.08% to 21.62% per annum).

13. TAXATION - NET

Balance as at July 01		7,475,847	7,787,572
Advance tax paid		795,546	1,358,908
Charge for the year	37	(2,291,332)	(1,670,633)
Balance as at June 30		<u>5,980,061</u>	<u>7,475,847</u>

14. LONG-TERM INVESTMENT

Held to maturity

Government Securities			
Pakistan Investment Bonds		22,169,186	27,167,263
Current portion shown under current assets		(16,045,277)	(5,001,865)
		<u>6,123,909</u>	<u>22,165,398</u>

- 14.1** As per the requirements of Regulation 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, 2018, the Company had 15.48% of its funds raised through Certificates of Investments invested in Pakistan Investment Bonds (PIBs) and Market Treasury Bills (refer note 9).

- 14.2** PIBs carry interest rates ranging from 9.25% to 11.50% per annum (2017: 9.25% to 11.50% per annum) and have maturity dates ranging from July 18, 2018 to March 26, 2020. The market value of investment in PIBs as at June 30, 2018 amounted to Rs. 22.263 million (2017: Rs. 28.417 million).

	Note	2018	2017
		----- Rupees -----	
15. DIMINISHING MUSHARAKA RECEIVABLE			
Considered good		19,064,000	-
Considered doubtful		-	-
		<u>19,064,000</u>	<u>-</u>
Less: Provision for doubtful receivables		-	-
		<u>19,064,000</u>	<u>-</u>
Less: Current portion of musharaka finances		(4,674,337)	-
		<u>14,389,663</u>	<u>-</u>
<p>The expected profit receivable on these arrangements ranges from 12.45% to 20% per annum (2017: nil). These arrangements are secured by way of right on assets given under the diminishing musharaka. The arrangements are further secured by personal guarantees and hypothecation charge on assets of the customer. These finances are receivable on various dates up to July 15, 2022.</p>			
15.1 Aging of musharaka finances			
Neither past due nor impaired		19,064,000	-
Past due but not impaired		-	-
Past due and impaired		-	-
		<u>19,064,000</u>	<u>-</u>
16 LONG-TERM DEPOSITS			
Long-term deposits	16.1	<u>300,460</u>	<u>300,460</u>
16.1	<p>This amount includes Rs. 0.188 million (2017: 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.</p>		
17. INVESTMENT PROPERTY			
Opening balance		138,996,000	-
Transferred from operating fixed assets - own use		-	133,848,000
Fair value adjustment		7,722,000	5,148,000
		<u>146,718,000</u>	<u>138,996,000</u>
17.1	<p>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".</p>		
17.2	<p>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, 2018 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.</p>		

17.3 Fair value measurement

Fair value measurement of investment property is based on the valuations carried out by an independent valuer M/s. Akbani and Javed Associates as on June 30, 2018 on the basis of market value.

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

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

Fair value of investment property 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.

17.5 Forced sales value - Investment property

Forced sales value of investment property as at June 30, 2018 amounted to Rs.124.710 million.

17.6 Location and area - Investment property

The investment property is located at Office No. 125, 126 and 127, 1st Floor, The Forum, Plot No. G-20, Block 9, Clifton, Karachi and its total covered area is 5148 sq.ft.

	Note	2018	2017
18. PROPERTY, PLANT AND EQUIPMENT		----- Rupees -----	
Fixed assets - own use	18.1	8,679,844	5,586,904
Fixed assets - Ijarah finance	18.2	30,432,728	49,364,316
		<u>39,112,572</u>	<u>54,951,220</u>

18.1 Fixed Assets - own use

Description	Leasehold premises	Leasehold improvements	Furniture and fittings	Office equipment	Vehicles	Computer equipment	Total
	----- Rupees -----						
Year ended June 30, 2018							
Net carrying value basis							
Opening net book value (NBV)	-	305,061	830,972	2,318,748	1,444,845	687,278	5,586,904
Additions during the year	-	-	790,360	215,740	4,197,238	351,321	5,554,659
Disposals (NBV)	-	-	-	-	-	-	-
Depreciation charge	-	(165,737)	(178,712)	(683,898)	(900,597)	(532,775)	(2,461,719)
Closing net book value	-	139,324	1,442,620	1,850,590	4,741,486	505,824	8,679,844
Gross carrying value basis							
Cost	-	1,168,197	3,442,403	3,813,158	11,072,973	4,845,692	24,342,423
Accumulated depreciation	-	(1,028,873)	(1,999,783)	(1,962,568)	(6,331,487)	(4,339,868)	(15,662,579)
Net book value	-	139,324	1,442,620	1,850,590	4,741,486	505,824	8,679,844
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 during the year	-	-	704,479	321,865	-	262,450	1,288,794
Disposals (NBV)	-	-	-	(2,383)	-	-	(2,383)
Revaluation surplus	15,444,000	-	-	-	-	-	15,444,000
Transfer 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
Depreciation rate % per annum	5	33.33	10	20	20	33.33	

18.2 Fixed assets - Ijarah finance

Description	Vehicles	Machinery	Total
	(Rupees)		
Year ended June 30, 2018			
Net carrying value basis			
Opening book value	837,976	48,526,340	49,364,316
Additions during the year	-	-	-
Disposal during the year (NBV)	-	-	-
Depreciation charge	(437,191)	(18,494,397)	(18,931,588)
Closing net book value	400,785	30,031,943	30,432,728
Gross carrying value basis			
Cost	2,186,000	115,663,662	117,849,662
Accumulated depreciation	(1,785,215)	(85,631,719)	(87,416,934)
Net book value	400,785	30,031,943	30,432,728
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	837,976	48,526,340	49,364,316
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	837,976	48,526,340	49,364,316
Depreciation rate % per annum	20 to 33.33	20 to 50	

18.3 The details of property, plant and equipment - own use / ijarah disposed of 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						
2018							
Own Use	-	-	-	-	-		
Ijarah finance	-	-	-	-	-		
Total - 2018	-	-	-	-	-		
Total - 2017	2,799,417	2,537,659	261,758	290,985	29,227	End of Ijarah term / Scrap sale	Lessee / Various buyers

18.4 As at June 30, 2018 cost of asset acquired under Ijarah arrangements amounts to Rs. 1.88 million (2017: Rs. 1.88 million) which do not form part of the assets of the Company in accordance with the requirements to IFAS 2.

18.5 The cost of fully depreciated assets which are still in use as at June 30, 2018 is Rs. 12.66 million and written down value is Rs. 0.93 million (2017: Rs. 8.16 million and written down value is Rs. 0.48 million).

	Note	2018	2017
		----- Rupees -----	
19. INTANGIBLE ASSETS			
Intangible assets	19.1	<u>1,610,818</u>	<u>1,654,375</u>
19.1 Intangible assets			
		<u>Computer Software</u>	<u>Software under development</u>
			<u>Total</u>
Description			
		-----	-----
		(Rupees)	
Year ended June 30, 2018			
Net carrying value basis			
Opening book value	214,158	1,440,217	1,654,375
Additions during the year	-	-	-
Disposal (NBV)	-	-	-
Amortisation charge	(43,557)	-	(43,557)
Closing net book value	<u>170,601</u>	<u>1,440,217</u>	<u>1,610,818</u>
Gross carrying value basis			
Cost	966,798	1,440,217	2,407,015
Accumulated amortisation	(796,197)	-	(796,197)
Net book value	<u>170,601</u>	<u>1,440,217</u>	<u>1,610,818</u>
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	-	217,788
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>
Amortisation rate % per annum	20	-	

20.	TRADE AND OTHER PAYABLES	Note	2018	2017
			----- Rupees -----	
	Accrued liabilities		7,279,822	3,777,983
	Sundry creditors - Lease		17,058,796	10,628,099
	Security deposit		2,054,052	2,054,052
	Unearned rental income		5,385,046	5,623,539
	Payable to provident fund		45,030	-
	Other liabilities		3,207,146	1,815,883
			<u>35,029,892</u>	<u>23,899,556</u>
21.	ACCRUED MARKUP			
	Accrued mark-up on:			
	Certificates of investment		10,633,667	11,147,341
	Short term borrowings		5,189,718	919,190
	Long-term loan		212,197	368,918
			<u>16,035,582</u>	<u>12,435,449</u>
22.	CERTIFICATES OF INVESTMENT			
	Opening balance		404,130,173	264,835,006
	Certificates issued during the year	22.1	418,127,532	462,530,172
	Rolled over during the year		(384,880,161)	(263,044,101)
	Payments made during the year		(59,250,000)	(60,190,904)
	Closing balance		<u>378,127,544</u>	<u>404,130,173</u>
22.1	These represent certificates of investment issued by the Company for periods ranging from 6 to 36 months (2017: 3 to 12 months) and carry mark-up rates ranging from 7.5% to 8.5% per annum (2017: 7.5% to 8% per annum).			
22.2	Current maturity of Certificates of Investment			
	Certificates of Investment		378,127,544	404,130,173
	Current portion shown under liabilities		(173,593,636)	(404,130,173)
			<u>204,533,908</u>	<u>-</u>
23.	SHORT TERM BORROWINGS			
	From banking companies - secured			
	Running finances under mark-up arrangements	23.1	387,568,906	189,523,769
23.1	The Company has availed short-term running finance facilities from various commercial banks having sanctioned limit amounting to Rs. 430 million (2017: Rs. 250 million). The facilities carry mark-up at the rate ranging from 3 months KIBOR plus 1.5% per annum to 3 months KIBOR plus 2.5% per annum. The facilities are secured by hypothecation charge over leased assets and lease rentals receivable.			
24.	LONG-TERM LOAN			
	Long-term loan - secured	24.1	20,833,331	37,499,999
	Current portion shown under current liabilities	24.1	(16,666,668)	(16,666,668)
			<u>4,166,663</u>	<u>20,833,331</u>
24.1	The Company has arranged long term finance facility from a commercial bank amounting to Rs. 50 million (2017: Rs. 50 million). 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% per annum and is secured by hypothecation charge over specific leased assets and lease rentals receivable.			

	Note	2018	2017
		----- Rupees -----	
25. LONG-TERM DEPOSITS			
Long-term deposits	25.1	787,286,908	612,912,744
Current portion shown under current liabilities	25.1	(200,055,615)	(67,054,287)
		<u>587,231,293</u>	<u>545,858,457</u>
25.1	These represent interest free security deposits received against lease contracts and are refundable / adjustable at the expiry / termination of the respective leases.		
26. ADVANCE RENTAL AGAINST IJARAH LEASING			
Advance rental against Ijarah leasing		8,736,588	14,601,110
Current portion shown under current liabilities		(5,557,912)	(5,864,522)
		<u>3,178,676</u>	<u>8,736,588</u>
27. DEFERRED TAXATION - Net			
27.1 Taxable temporary difference arising in respect of:			
Surplus on revaluation of property, plant and equipment		36,966,506	38,241,214
Unrealised gain on investment property		3,732,300	1,544,400
Investment in finance lease and tax book value of assets given on finance lease		189,399,060	163,683,000
Long-term investments		34,564	35,179
		<u>230,132,430</u>	<u>203,503,793</u>
Deductible temporary difference arising in respect of:			
Carried forward tax losses		(28,472,311)	(9,090,897)
Provision against potential lease losses		(383,052)	(263,415)
Provision against other receivable		(7,529,640)	(8,109,283)
Accelerated tax depreciation		(5,623,110)	(5,609,955)
Provision for leave encashment		(441,924)	(415,797)
		<u>(42,450,037)</u>	<u>(23,489,347)</u>
		<u>187,682,393</u>	<u>180,014,446</u>

27.2 Movement in temporary differences is as follows:

	Balance as at July 1, 2017	Recognised in profit and loss account	Recognised in equity	Balance as at June 30, 2018
----- Rupees -----				
Surplus on revaluation of property, plant & equipment	38,241,214		(1,274,708)	36,966,506
Unrealised gain on revaluation of investment property	1,544,400	2,187,900	-	3,732,300
Excess of accounting WDV over Tax WDV	(5,609,955)	(13,155)	-	(5,623,110)
Long-term investments	35,179	(615)	-	34,564
Investment in finance lease and tax book value of assets given on finance lease	163,683,000	25,716,060	-	189,399,060
Carried forward tax losses	(9,090,897)	(19,381,414)	-	(28,472,311)
Provision against potential lease losses	(263,415)	(119,637)	-	(383,052)
Provision against other receivable	(8,109,283)	579,643	-	(7,529,640)
Provision for leave encashment	(415,797)	(26,127)	-	(441,924)
	<u>180,014,446</u>	<u>8,942,655</u>	<u>(1,274,708)</u>	<u>187,682,393</u>

28. SHARE CAPITAL

2018		2017		Note	----- Rupees -----	
Number of shares	Number of shares	Number of shares	Number of shares		2018	2017
50,000,000	50,000,000	50,000,000	50,000,000		500,000,000	500,000,000
Authorised capital						
10,000,000	10,000,000	10,000,000	10,000,000		100,000,000	100,000,000
2,369,800	2,369,800	2,369,800	2,369,800		23,698,000	23,698,000
13,000,000	13,000,000	13,000,000	13,000,000		130,000,000	130,000,000
<u>25,369,800</u>	<u>25,369,800</u>	<u>25,369,800</u>	<u>25,369,800</u>		<u>253,698,000</u>	<u>253,698,000</u>

28.1 As at June 30, 2018, 10,646,529 shares (2017: 10,646,529 shares) of the Company were held by related parties.

29. RESERVES
Capital reserve

Statutory reserve	29.1	93,034,892	79,161,214
Reserve for issue of bonus shares		4,402,000	4,402,000
Surplus on revaluation of property, plant and equipment - net of deferred tax	29.2 & 30	90,504,204	89,229,496
Surplus on revaluation of available for sale investment	9 & 29.2	<u>2,815,855</u>	3,352,882
		<u>190,756,951</u>	176,145,592

Revenue reserve

Unappropriated profit		<u>282,580,862</u>	246,113,498
		<u>473,337,813</u>	422,259,090

29.1 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. 13.874 million (2017: Rs. 9.415 million) to its statutory reserve.

29.2 As per explanation to the Rule 2 (1) (xix) of the NBFC Rules, surplus on revaluation of property, plant and equipment and surplus on revaluation of available for sale investments shall not be included in equity, therefore, the amount of equity shown in note 1.2 to these financial statements does not include the said surplus.

30. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of deferred tax	Note	2018	2017
		-----Rupees-----	-----
Surplus on revaluation of leasehold premises as at July 1		127,470,710	115,008,750
Surplus on revaluation conducted during the year		-	15,444,000
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		-	(2,087,428)
Related deferred tax liability of incremental depreciation charged during the year		-	(894,612)
		-	(2,982,040)
Surplus on revaluation of operating fixed asset as at June 30		127,470,710	127,470,710
Related deferred tax liability at the beginning of the year		38,241,214	35,652,713
Related deferred tax liability on surplus on revaluation conducted during the year		-	4,633,200
Related to incremental depreciation charged during the year		-	(894,612)
Effect of change in tax rate		(1,274,708)	(1,150,087)
		36,966,506	38,241,214
	29.2	90,504,204	89,229,496

30.1 This represents net surplus on revaluation of Company's leasehold premises held till the date it was reclassified into Investment Property, i.e., December 31, 2016. Out of the revaluation surplus, an amount of Rs. 127.471 million remains undepreciated as at June 30, 2018 (2017: Rs. 127.471 million). As of December 31, 2016 the Company decided to classify its owner occupied property as investment property.

30.2 The surplus on revaluation of property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 The Alternate Corporate Tax charge for the Tax Year 2018, 2017, 2016, 2015 and 2014 amounted to Rs. 13.702 million, Rs. 11.135 million, Rs. 8.702 million, Rs. 9.233 million and Rs. 8.100 million, respectively which is Rs. 11.411 million, 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. 2.291 million, 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 High Court of Sindh 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, provisions and 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.

- 31.1.2** 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.

	2018	2017
	----- Rupees -----	
31.2 Commitments		
31.2.1 Commitments for finance lease	<u><u>122,399,900</u></u>	<u><u>156,000,400</u></u>
31.2.2 Commitments for diminishing musharaka	<u><u>-</u></u>	<u><u>18,330,000</u></u>

31.2.3 Contractual rentals receivable on Ijarah contracts

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

	2018		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Rentals receivable in future	<u><u>16,096,084</u></u>	<u><u>13,712,150</u></u>	<u><u>29,808,234</u></u>
	2017		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Rentals receivable in future	<u><u>17,270,659</u></u>	<u><u>29,808,234</u></u>	<u><u>47,078,893</u></u>

31.2.4 Contractual rentals receivable on Diminishing Musharaka contracts

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

	2018		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Rentals receivable in future	6,786,306	17,169,187	23,955,493

	2017		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Rentals receivable in future	-	-	-

31.2.5 Ijarah rentals payable

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

	2018		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Future Ijarah rentals payable	108,884	-	108,884

	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

	Note	2018	2017
		----- Rupees -----	
32. INCOME FROM FINANCING OPERATIONS			
Finance Income		145,792,595	112,019,816
Gain on lease termination		1,847,035	526,547
Late payment charges		823,025	253,216
Processing fee		2,683,000	2,014,950
Documentation charges		1,047,600	827,806
Income from Ijarah operations	32.1	23,420,660	37,388,045
Income from Diminishing Musharaka		2,540,748	-
		<u>178,154,663</u>	<u>153,030,380</u>

	Note	2018	2017
32.1 Income from Ijarah operations		----- Rupees -----	
Ijarah rental income	32.1.1	17,500,655	29,059,381
Advance rental amortisation		5,864,522	8,136,405
Others		55,483	192,259
		<u>23,420,660</u>	<u>37,388,045</u>
32.1.1 Ijarah rental income comprises of principal and profit component.			
33. RETURN ON INVESTMENTS			
Profit on bank accounts	33.1	526,690	1,244,847
Income from Pakistan Investment Bonds		2,455,807	2,981,452
Income from Market Treasury Bills		2,107,594	1,051,527
Dividend income	33.2	-	244,350
		<u>5,090,091</u>	<u>5,522,176</u>
33.1 This amount includes Rs. 1,178 (2017: Rs. 1,382) which represents profit on bank account(s) maintained with Islamic bank(s) by the Company.			
33.2 This amount represents dividend income earned during the year on investment in National Investment Unit Trust.			
34. OTHER INCOME			
Gain on disposal of fixed assets	18.3	-	29,227
Rental income		9,351,641	8,458,128
Unrealised gain on revaluation of investment property		7,722,000	5,148,000
Others	34.1	61,800	23,500
		<u>17,135,441</u>	<u>13,658,855</u>
34.1 This amount includes commitment fees, duplicate transfer letter charges and miscellaneous income.			

	Note	2018	2017
35. ADMINISTRATIVE AND OPERATING EXPENSES		----- Rupees -----	
Directors' fee	39	1,839,996	1,669,997
Salaries, allowances and benefits	35.1 & 35.2	29,692,616	21,913,868
Depreciation	18.1 & 18.2	21,393,307	35,568,124
Amortisation	19	43,557	153,432
Office utilities		1,553,505	1,015,503
Legal and professional charges		4,159,193	4,242,581
Auditors' remuneration	35.4	525,000	525,000
Postage, subscription, printing and stationary		2,188,221	1,209,601
Vehicle running and maintenance		1,730,413	1,102,580
Office repair and general maintenance		963,866	712,465
Workers' Welfare Fund		1,645,118	1,336,765
Insurance	35.5	915,908	937,606
Advertisement		185,600	618,393
Travelling and conveyance		255,722	289,988
Rent on Ijarah finance		653,304	653,304
Rent expense		3,795,514	3,095,191
General		1,043,286	1,436,602
		<u>72,584,126</u>	<u>76,481,000</u>
35.1	This includes salary of Rs. 5.868 million (2017: Rs. 5.472 million) paid to the Chief Executive Officer and Executive Director.		
35.2	Salaries and benefits include Rs. 1.173 million (2017: Rs. 0.978 million) in respect of staff provident fund.		
35.3	The total number of employees at as June 30, 2018 is 35 (2017: 30) and the average number of employees during the year was 34 (2017: 25).		
35.4	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>
35.5	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 (2017: Rs. 2 Million).		
36.	FINANCE COST		
Mark-up on:			
- Short term borrowings		15,246,781	3,424,975
- Certificates of investment		30,120,520	23,653,254
- Long-term loan		2,249,690	2,961,144
Bank charges		65,260	82,403
		<u>47,682,251</u>	<u>30,121,776</u>

	Note	2018	2017
		----- Rupees -----	
37. TAXATION			
Current		2,291,332	1,670,633
Deferred	27.2	8,942,655	16,754,625
		11,233,987	18,425,258

37.1 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.

37.2 The returns of income have been filed upto and including Tax Year 2017 corresponding to financial year ended June 30, 2017 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 or treated to have been issued for that tax year to the Company respectively.

37.3 Comparison of tax provision against tax assessments

Tax Year	Tax provision	Tax assessment
2017	1,670,633	1,713,762
2016	1,574,547	1,531,508
2015	1,228,026	1,228,045

38. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders	69,368,392	47,076,209
	-----Number of shares-----	
Weighted average number of outstanding ordinary shares	25,369,800	25,369,800
	-----Rupees-----	
Earning per share - basic and diluted	2.73	1.86

38.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2018.

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

	2018				2017			
	Chief Executive Officer	Non Executive Directors	Executive Director	Executives	Chief Executive Officer	Non Executive directors	Executive director	Executives
	----- Rupees -----							
Managerial remuneration	1,695,903	1,839,996	2,028,144	2,398,012	1,858,068	1,669,997	1,610,124	-
Housing and utilities	932,747	-	1,211,486	1,318,891	1,021,932	-	981,576	-
Reimbursable expenses	93,011	113,606	405,965	423,975	75,060	136,911	541,537	-
Provident Fund contribution	-	-	-	113,232	-	-	-	-
	2,721,661	1,953,602	3,645,595	4,254,110	2,955,060	1,806,908	3,133,237	-
Number of persons	1	7	1	2	1	7	1	0

- 39.1** The executives of the Company are also entitled to free use of Company owned and maintained vehicles.
- 39.2** 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.
- 39.3** The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

40. 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	2018	2017
		----- Rupees -----	
<u>Certificates of investment</u>			
Issued during the year			
Board of Directors	Directorship	-	152,000,000
Close relatives(s) of Director(s)	Descendant(s) of Director(s)	-	10,000,000
Rolled over during the year			
Board of Directors	Directorship	264,086,299	182,264,097
Close relatives(s) of Director(s)	Spouse(s) and Descendant(s) of Directors	108,738,163	91,434,854
Repaid during the year			
Board of Directors	Directorship	57,500,000	12,400,000
Close relatives(s) of Director(s)	Parent(s) and Descendant(s) of Directors	-	37,790,904
Financial Charges			
Board of Directors	Directorship	17,566,731	14,006,967
Close relatives(s) of Director(s)	Parent(s), Spouse(s) and Descendant(s) of Director(s)	8,473,057	8,540,909
<u>Finance Lease</u>			
Rental received / adjusted			
Board of Directors	Directorship	568,326	705,348
Saira Industries (Private) Limited	Associated undertaking (Common Director)	1,860,404	1,907,904
<u>Office rent</u>			
Rent paid during the year			
Unibro House	Associated undertaking (Common Director)	3,260,950	2,964,500
Prepaid rent charged as expense during the year			
Unibro House	Associated undertaking (Common Director)	3,395,700	3,062,500
<u>Gross dividend</u>			
Gross dividend Paid during the year			
Board of Directors	Directorship	5,838,559	3,892,373
Close relative(s) of Director(s)	Spouse(s) and Descendant(s) of Directors	5,481,867	3,536,673
Unibro Industries Limited	Associated undertaking (Common Director)	1,124,839	749,893
Mid-East Agencies (Private) Limited	Associated undertaking (Common Director)	965,245	643,497
<u>Contribution to Staff Retirement Benefit Plan</u>			
Contribution charge for the year			
Pak-Gulf Leasing Company Limited - Employees' Provident Fund	Staff retirement benefit plan	1,173,246	977,866
Contribution paid for the year			
Pak-Gulf Leasing Company Limited - Employees' Provident Fund	Staff retirement benefit plan	1,128,216	977,866

	2018	2017
	----- Rupees -----	
40.1 Year ended balances		
Certificates of investment	342,824,462	377,298,950
Accrued mark-up on		
Certificates of investment	9,893,585	10,404,978
Net investment in finance lease	1,295,732	5,884,886
Security deposit (in respect of finance lease)	1,320,000	2,500,700
Prepaid rent	1,482,250	1,617,000
Security deposit (in respect of rented office premises)	245,000	245,000

40.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration Of Chief Executive Officer, Executive And Non-Executive Directors And Executives (note 39)". There are no transactions with key management personnel other than under their terms of employment.

40.3 All transactions with related parties have been carried out on commercial terms and conditions.

41. 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:

	2018 (Un-audited)	2017 (Audited)
	----- Rupees -----	
Size of the fund - Net assets	<u>4,954,634</u>	<u>4,962,191</u>
Cost of investments made	<u>252,000</u>	<u>252,000</u>
Percentage of the investments made	<u>5%</u>	<u>5%</u>
Fair value of the investments made	<u>603,281</u>	<u>684,072</u>

The breakup of the fair value of the investments is:

	2018		2017	
	Rupees	%	Rupees	%
Mutual Funds	<u>603,281</u>	<u>100</u>	<u>684,072</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.

42. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following items:

	Note	2018	2017
		----- Rupees -----	
Cash and bank balances	8	15,600,826	63,565,215
Short term borrowings	23	<u>(387,568,906)</u>	<u>(189,523,769)</u>
		<u>(371,968,080)</u>	<u>(125,958,554)</u>

43. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Description	Liabilities		Total
	Long-term loan	Certificates of investments	
----- Rupees -----			
Balance as at July 1, 2017	37,499,999	404,130,173	441,630,172
Repayment of long-term loan	(16,666,668)	-	(16,666,668)
Issued and rolled forward during the year	-	33,247,371	33,247,371
Payments made during the year	-	(59,250,000)	(59,250,000)
	<u>(16,666,668)</u>	<u>(26,002,629)</u>	<u>(42,669,297)</u>
Balance as at June 30, 2018	20,833,331	378,127,544	398,960,875

44. 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

44.1 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.

44.2 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.

44.2.1 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.

44.2.2 Exposure to credit risk

In summary, compared to the maximum amount included in the statement of financial position, the maximum exposure to credit risk as at June 30, 2018 is as follows:

	2018		2017	
	Statement of Financial Position	Maximum exposure	Statement of Financial Position	Maximum exposure
	----- Rupees -----			
Cash and bank balances	15,600,826	15,532,549	63,565,215	63,565,036
Investments	62,555,748	4,010,055	66,467,011	4,547,082
Ijarah rental receivables	536,780	536,780	679,544	679,544
Advance to employees	225,663	225,663	264,244	264,244
Accrued markup / return on investment	1,031,624	-	1,532,755	244,350
Net Investment in finance lease	2,248,597,149	1,461,310,241	1,809,756,676	1,196,843,932
Diminishing musharaka receivable	19,064,000	19,064,000	-	-
Other receivable - net	5,247,451	5,247,451	3,150,904	3,150,904
Long-term deposits	300,460	300,460	300,460	300,460
	<u>2,353,159,701</u>	<u>1,506,227,199</u>	<u>1,945,716,809</u>	<u>1,269,595,552</u>

Differences in the balances as per statement of financial position and maximum exposures in investments and investment in finance lease were due to the fact that investments of Rs.58.55 million (2017: Rs. 61.92 million) relates to investments in Government securities and investment in finance lease includes Rs. 787.287 million (2017: Rs. 612.913 million) relating to security deposit which are not considered to carry credit risk.

44.2.3 Credit ratings and Collaterals

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

Ratings	2018	2017
AAA	0.42%	0.63%
AA+	89.46%	73.38%
AA	0.61%	0.17%
AA-	0.80%	1.41%
A+	8.58%	0.00%
A	0.00%	24.38%
A-	0.13%	0.03%
	<u>100.00%</u>	<u>100.00%</u>

44.2.4 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.

44.2.5 Aging analysis of net investment in finance lease

2018				
	Carrying Amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
Past due	----- Rupees -----			
Neither over due nor impaired	2,227,396,885	2,227,396,885	-	-
1 - 89 days *	16,828,310	16,828,310	-	-
90 days - 1 year *	3,929,142	3,929,142	-	-
1 year - 2 years	885,632	-	885,632	442,820
2 years - 3 years	-	-	-	-
More than 3 years	878,049	-	878,049	878,049
	<u>2,249,918,018</u>	<u>2,248,154,337</u>	<u>1,763,681</u>	<u>1,320,869</u>
2017				
	Carrying Amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
Past due	----- Rupees -----			
Neither over due nor 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>

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

* No impairment loss has been recorded on these finance leases in accordance with the requirements of the NBFC Regulations.

44.2.6 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:

	2018		2017	
	Rupees	Percentage	Rupees	Percentage
Energy, oil and gas	386,318,885	14.65	470,409,194	21.55
Steel, engineering and auto	125,668,092	4.77	158,184,211	7.25
Electrical goods	251,841,246	9.55	234,870,954	10.76
Transport and communication	97,704,542	3.70	61,722,623	2.83
Chemical, fertilizer and pharmaceuticals	49,077,870	1.86	20,081,903	0.92
Textile	16,289,911	0.62	5,020,476	0.23
Food, tobacco and beverage	88,627,131	3.36	5,457,039	0.25
Hotels	73,099,950	2.77	136,645,277	6.26
Construction	570,490,802	21.63	389,742,290	17.86
Health care	221,964,689	8.42	38,635,835	1.77
Advertisement	89,716,860	3.40	2,401,097	0.11
Services	239,825,501	9.09	233,190,706	10.68
Packaging	6,237,198	0.24	1,746,252	0.08
Education	153,322,710	5.81	18,133,481	0.83
Media & Entertainment	60,965,834	2.31	309,329,238	14.17
Others	206,066,793	7.81	97,244,978	4.46
	2,637,218,014	100.00	2,182,815,554	100.00

44.2.7 Impaired assets

As at June 30, 2018, the Company holds provision against lease receivable held under litigation and provision against insurance and other receivable amounting to Rs. 24.534 million and Rs.1.431 million respectively.

44.3 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.

44.3.1 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.

44.3.2 Maturity analysis for financial liabilities

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

	2018					
	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	7,474,749	7,474,749	7,474,749	-	-	-
Unclaimed dividend	480,438	480,438	480,438	-	-	-
Accrued mark-up	16,035,582	16,035,582	16,035,582	-	-	-
Certificates of investment	378,127,544	433,487,502	97,280,717	80,163,246	256,043,539	-
Short term borrowing	387,568,906	387,568,906	227,437,675	160,131,231	-	-
Long-term loan	20,833,331	22,127,224	4,582,032	8,952,338	8,592,854	-
	<u>810,520,550</u>	<u>867,174,401</u>	<u>353,291,193</u>	<u>249,246,815</u>	<u>264,636,393</u>	<u>-</u>

	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	3,117,089	3,117,089	3,117,089	-	-	-
Unclaimed dividend	287,001	287,001	287,001	-	-	-
Accrued mark-up	12,435,449	12,435,449	12,435,449	-	-	-
Certificates of investment	404,130,173	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>277,110,964</u>	<u>370,211,181</u>	<u>22,031,661</u>	<u>-</u>

44.3.3 The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up rates effective at year end. The rates of mark-up have been disclosed in notes 22 to 24 to these financial statements.

44.4 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.

44.4.1 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.

44.4.2 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>	
	2018	2017
	----- Rupees -----	
Fixed rate instruments		
Financial assets	<u>61,213,314</u>	<u>64,985,754</u>
Financial liabilities	<u>378,127,544</u>	<u>404,130,173</u>
Variable rate instruments		
Financial assets	<u>2,268,197,929</u>	<u>1,809,756,676</u>
Financial liabilities	<u>408,402,237</u>	<u>227,023,768</u>

44.4.2.1 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.

44.4.2.2 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 2017.

	<u>Profit and loss</u>	
	100 bp increase	100 bp decrease
	----- Rupees -----	
As at June 30, 2018		
Cash flow sensitivity - variable rate instruments	<u>18,597,957</u>	<u>(18,597,957)</u>
As at June 30, 2017		
Cash flow sensitivity - variable rate instruments	<u>15,827,329</u>	<u>15,827,329</u>

The sensitivity analysis prepared as of June 30, 2018 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.

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

		2018					
		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	5 - 6.7	15,600,826	2,667,621	-	-	-	12,933,205
Short term investments	6.18 - 6.24	40,386,562	36,376,507	-	-	-	4,010,055
Other receivables - net	-	4,938,451	-	-	-	-	4,938,451
Ijarah rentals receivables	12.04 - 12.88	536,780	536,780	-	-	-	-
Advance to employees	-	225,663	-	-	-	-	225,663
Accrued mark-up / return on investments	-	1,031,624	-	-	-	-	1,031,624
Net investment in finance lease (net of security deposit)	9.93 - 31.46	1,461,310,241	136,840,037	416,582,387	876,603,608	31,284,209	-
Diminishing musharaka receivable	12.45	19,064,000	1,099,834	3,574,503	14,389,663	-	-
Long-term investments	9.25 - 11.5	22,169,186	16,045,277	-	6,123,909	-	-
Long-term deposits	-	300,460	-	-	-	-	300,460
		1,565,563,793	193,566,056	420,156,890	897,117,180	31,284,209	23,439,458
Financial liabilities							
Trade and other payables	-	7,474,749	-	-	-	-	7,474,749
Unclaimed dividend	-	480,438	-	-	-	-	480,438
Accrued mark-up	-	16,035,582	-	-	-	-	16,035,582
Certificates of investment	7.5 - 8.5	378,127,544	96,564,037	77,029,599	204,533,908	-	-
Short term borrowings	8.43 - 9.43	387,568,906	227,437,675	160,131,231	-	-	-
Long-term loan	7.91	20,833,331	4,166,667	12,500,001	4,166,663	-	-
		810,520,550	328,168,379	249,660,831	208,700,571	-	23,990,769
On statement of financial position gap		755,043,243	(134,602,323)	170,496,059	688,416,609	31,284,209	(551,311)
		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 receivables	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	-	3,117,089	-	-	-	-	3,117,089
Unclaimed dividend	-	287,001	-	-	-	-	287,001
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 statement of financial position gap		685,565,585	(128,013,221)	(7,720,457)	744,293,742	27,117,546	49,887,975

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

44.4.3 Financial instruments by category

Particulars	2018				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	15,600,826	-	-	-	15,600,826
Short term investments	-	36,376,507	-	-	40,386,562
Other receivables - net	4,938,451	-	-	4,010,055	4,938,451
Ijarah rentals receivable	536,780	-	-	-	536,780
Advance to employees	225,663	-	-	-	225,663
Accrued markup / return on investments	1,031,624	-	-	-	1,031,624
Net investment in finance lease (net of security deposit)	1,461,310,241	-	-	-	1,461,310,241
Diminishing musharaka receivable	19,064,000	-	-	-	19,064,000
Long-term investments	-	22,169,186	-	-	22,169,186
Long-term deposits	300,460	-	-	-	300,460
	1,503,008,045	58,545,693	-	4,010,055	1,565,563,793
----- Rupees -----					
			Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
Financial Liabilities					
Trade and other payables	-	-	-	7,474,749	7,474,749
Unclaimed dividend	-	-	-	480,438	480,438
Accrued mark-up	-	-	-	16,035,582	16,035,582
Certificates of investment	-	-	-	378,127,544	378,127,544
Short term borrowings	-	-	-	387,568,906	387,568,906
Long-term loan	-	-	-	20,833,331	20,833,331
	-	-	-	810,520,550	810,520,550
----- Rupees -----					
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	-	-	-	3,117,089	3,117,089
Unclaimed dividend	-	-	-	287,001	287,001
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

44.5 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, 2018.

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, 2018, 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. 40,101 (2017: Rs. 45,471).

45. 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:

	2018	2017
	----- Rupees -----	
Total debt	786,529,781	631,153,941
Total equity	727,035,813	675,957,090
Total capital employed	<u>1,513,565,594</u>	<u>1,307,111,031</u>
Gearing ratio	<u>51.97%</u>	<u>48.29%</u>

45.1 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.

46. 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 3.1. 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".

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

	2018			
	Finance lease	Islamic finance	Others	Total
	----- Rupees -----			
Segment revenue	152,193,255	26,024,386	22,162,554	200,380,195
Administrative and operating expenses	26,758,385	20,746,721	4,461,332	51,966,438
Segment result	125,434,870	5,277,665	17,701,222	148,413,757
Provision for Workers' Welfare Fund				(1,645,118)
Unallocated expenses				<u>(18,348,725)</u>
Result from operating activities				128,419,914
Finance cost				(47,817,535)
Provision for taxation				<u>(11,233,987)</u>
Profit for the year				<u>69,368,392</u>
Other Information				
Segment assets	<u>2,252,081,402</u>	<u>51,597,549</u>	<u>214,700,243</u>	2,518,379,194
Unallocated assets				30,438,201
Total assets				<u>2,548,817,395</u>
Segment liabilities	<u>804,345,704</u>	<u>9,250,032</u>	<u>7,439,098</u>	821,034,834
Unallocated liabilities				1,000,746,748
Total liabilities				<u>1,821,781,582</u>
Capital expenditure	-	-	-	-
Depreciation	<u>-</u>	<u>18,931,588</u>	<u>-</u>	<u>18,931,588</u>
Unallocated Capital expenditure				<u>5,554,659</u>
Unallocated Depreciation				<u>2,461,719</u>

	2017			
	Finance lease	Islamic 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	12,454,576	113,437,677
Provision for Workers' Welfare Fund				(1,336,765)
Unallocated expenses				<u>(16,370,501)</u>
Result from operating activities				95,730,411
Finance cost				(30,228,944)
Provision for taxation				<u>(18,425,258)</u>
Profit for the year				<u>47,076,209</u>
Other Information				
Segment assets	<u>1,811,426,664</u>	<u>51,368,615</u>	<u>216,245,912</u>	2,079,041,191
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>	645,990,788
Unallocated liabilities				829,313,459
Total liabilities				<u>1,475,304,247</u>
Capital expenditure	-	-	-	-
Depreciation	<u>-</u>	<u>30,076,571</u>	<u>3,088,800</u>	<u>33,165,371</u>
Unallocated Capital expenditure				<u>1,288,794</u>
Unallocated Depreciation				<u>2,402,753</u>

47. 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 9 and note 14.

The Company's accounting policy on fair value measurements is discussed in note 5.1.

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, 2018, short term investments - available for sale amounting to Rs. 4.01 million (2017: Rs. 4.55 million), mentioned in note 9, 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.

48. NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

48.1 The Board of Directors in its meeting held on September 25, 2018 proposed a final dividend of Rs. 1.25 per share (2017: Rs. 0.75 per share) for the year ended June 30, 2018, amounting to Rs. 31.71 million (2017: Rs. 19.03 million) for approval of members at the Annual General Meeting to be held on October 23, 2018. These financial statements do not reflect the impact of this proposed dividend.

48.2. Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), every public company is obliged to pay tax at the rate 5% on its accounting profit before tax if it derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash.

Based on the above fact, the Board of Directors of the Company has proposed final cash dividend amounting to Rs. 31.71 million for the financial and Tax Year 2018 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, no further tax provision has been recorded under section 5A of the Ordinance.

49. CORRESPONDING FIGURES

Following corresponding figures have been rearranged and reclassified for the purpose of presentation and comparison in accordance with the Companies Act, 2017:

Reclassified from	Reclassified to	2017	2016
			(Rupees)
Trade and other payables	Unclaimed dividend (presented on the face of statement of financial position)	287,001	180,544

50. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 25, 2018 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		
62	1	100	773	0.0030
22	101	500	9862	0.0389
25	501	1000	19078	0.0752
31	1001	5000	66788	0.2633
3	5001	10000	23788	0.0938
3	10001	15000	39686	0.1564
3	15001	20000	53475	0.2108
2	20001	25000	49690	0.1959
2	25001	30000	50736	0.2000
1	30001	35000	32500	0.1281
1	45001	50000	49950	0.1969
4	55001	60000	22941	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
1	1685001	1690000	1689434	6.6592
1	2450001	2455000	2451090	9.6614
2	3615001	3620000	7234150	28.5148
1	3950001	3955000	3953394	15.5831
182	Total		25369800	100.0000

	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	-	-	-	-
	Individuals	164	13,921,244	13,921,244	54.88
	Others	5	2,127	2,127	0.01
	Total	182	25,369,800	25,369,800	100
	Holding 5% or more				
1	Mr. Pervez Inam		3,953,394		15.58%
2	Mr. Muhammad Ali Pervez		3,617,075		14.26%
3	Mr. Hassan Sohail		3,617,075		14.26%
4	Mr. Sohail Inam Ellahi		2,451,090		9.66%
5	Mr. Javed Inam Ellahie		1,689,434		6.66%
6	Unibro Industries Ltd		1,499,785		5.91%
7	Mid East Agencies (Pvt.) Ltd		1,286,994		5.07%
8	Mr. Fawad S Malik		1,348,670		5.32%
				19,463,517	76.71%

Total

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 25th Annual General Meeting

to be held on Tuesday, October 23, 2018 at 4:30 p.m. and at any adjournment thereof.

As witness my/our hand this day of _____ 2018.

Signed by _____ in presence of _____

Please affix
Rs. 5/- Revenue
Stamp

Signature and address of witness

Signature of Member(s)

Share Folio No.

Share Folio No.

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 _____

بجائیت شراکت دار پاک - گلف لیزنگ کمپنی لمیٹڈ اور بوسیلہ ملکیت _____ عمومی حصص مندرجہ
رجسٹرڈ فولیو 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 مسماة _____
ساکن _____

یا اگلی / اسکی غیر موجودگی میں مسماة _____
_____ 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 25 ویں سالانہ اجلاس میں
شرکت اور ووٹ ڈالنے کے مجاز ہوں، جس کا انعقاد بوقت شام 4:30 بجے بروز منگل، مورخہ 23 اکتوبر 2018 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 _____ 2018
_____ کا دستخط شدہ بمعیت و موجودگی _____

براہ مہربانی یہاں 5 روپے کا
ریونیو اسٹامپ چسپاں کریں

ممبر کے دستخط بمع حصص فولیو نمبر _____
گواہان کے دستخط بمع پتے _____

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 بجائیت 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 ایسی 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 ہے 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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