



ANNUAL REPORT 2016



Pak-Gulf Leasing Company Limited



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Board of Directors

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

Company Secretary

Ms. Mehreen Usama

Audit Committee

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

Human Resource & Remuneration Committee

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

Senior Management

Mr. Mahfuz-ur-Rehman Pasha	Chief Executive Officer
Mr. Khalil Anwer Hassan	Chief Manager
Lt. Col. Saleem Ahmed Zafar (Retd.)	Chief Operating Officer
Mr. Afzal-ul-Haque	Deputy Chief Operating Officer & Senior Manager Risk
Ms. Mehreen Usama	Chief Financial Officer
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

Pak-Gulf Leasing Company Limited
UNIBRO HOUSE
Ground and Mezzanine Floor,
Plot No. 114, 9th East Street, Phase I, DHA
Clifton, 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

Registrar / Share Transfer Office

THK Associates (Pvt) Limited
Ground Floor, State Life Building - 3,
Dr. Ziauddin Ahmed Road,
Karachi - 75530
P. O. Box No. 8533.
Tel # : (92-21) 111-000-322
Fax # : (92-21) 35655595

Mission Statement

The Company will:

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

Notice is hereby given that the 23rd Annual General Meeting of Pak-Gulf Leasing Company Limited will be held at the Company's Registered Office, UNIBRO House, Ground and Mezzanine Floor, Plot No. 114, 9th East Street, Phase I DHA, Karachi-75500, on Monday, October 24, 2016 at 4:00 p.m. to transact the following business.

Ordinary Business

1. To read and confirm the minutes of the Extra-Ordinary General Meeting held on April 20, 2016.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2016 together with Directors' and Auditors' Report thereon.
3. To approve the payment of cash dividend to the shareholders at the rate of Rs. 0.5 per share of Rs. 10 each for the year ended June 30, 2016.
4. To appoint Auditors for the year 2016-17 and fix their remuneration. The present Auditors M/s BDO Ebrahim & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

Any Other Business

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

By Order of the Board

Mehreen Usama
Company Secretary

Karachi: October 01, 2016.

Notes:

1. The Register of Members of the Company shall remain closed from October 18, 2016 to October 24, 2016 (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.

Filer and Non-Filer Status

6. Pursuant to the provisions of Finance Act, 2016 effective 1 July 2016, 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 12.5%
- 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 below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

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

Dear Shareholders,

Your directors are pleased to present the 23rd Annual Report of Pak-Gulf Leasing Company Limited (PGL), including financial statements and the Auditors' Report, for the year ended June 30, 2016.

OPERATIONAL OVERVIEW

Notwithstanding the restrictive operational environment, under which your Company was required to perform during the financial year under review, PGL's growth could easily be termed as fairly impressive.

During the year under review, your Company maintained the prudent and well tested policy of undertaking repeat business with some of PGL's most consistently performing and well established lessees, adding at the same time a few fresh client relationships having a 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 those covered by the assets being leased. This approach to beefing up the underlying security package for assets based financing is unique to your Company as most leasing companies in the market choose to restrict the security for leasing finance only to the relative assets being leased.

New business relationships are 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.

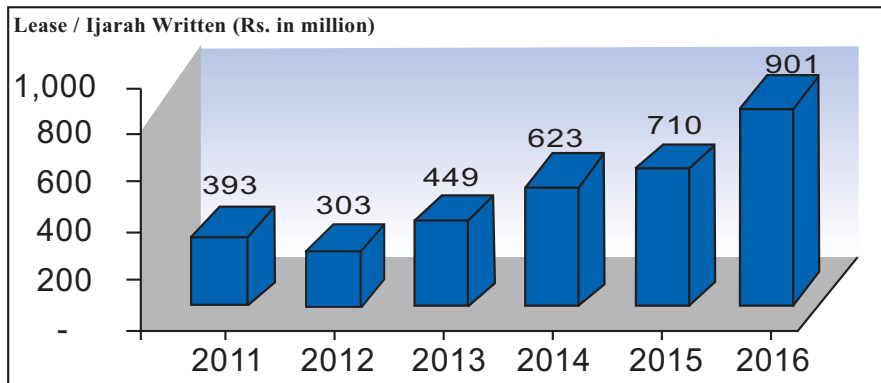
It has been a cornerstone of PGL's fund management policy to rely on internally generated financial resource for funding the Company's business. Consequently, your Company lays great emphasis on timely and regular repayments from the lessees under all leasing commitments. It is a matter of pride to state that your Company for the past couple of years has been reporting an extraordinary Recovery Rate. For the year under review this Rate was 98.7%.

The exceptionally high growth in business, during FY-2016, 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, in addition to heavily relying on subvention on the part of the Sponsors of PGL in the form of their enhanced investment in the Company's Col Scheme, besides a short term clean placement from an Associated Undertaking. The Sponsors of your Company must be thanked, for their timely contribution to meet the Company's funding requirements and for the trust and confidence reposed by them in the management of your Company's affairs.

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

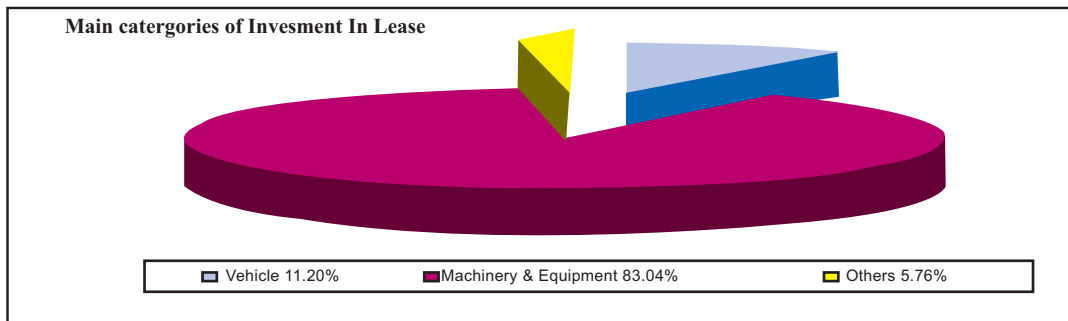
Leases and Ijarah Written

80 new leases (inclusive of Shariah-compliant Ijarahs) of Rs. 901.15 million were written, during FY-2016, as compared to 51 leases of Rs. 710.10 million in the FY-2015, translating into a growth of 26.89% in the lease portfolio. Shariah-compliant Ijarah, a product which was introduced by PGL towards the end of the Financial Year 2013 (FY-2013), amounted to a total of three (03) Ijarahs of Rs. 56.19 million written in FY-2016 (FY-2015: Rs. 39.21 million). Each Ijarah requires the approval of your Company's Shariah Adviser, who has been appointed from an Approved Panel of Advisers notified by the SECP and the NBFIs & Modaraba Association of Pakistan. The growth in Leases written by your Company, over the past 6 years, is shown by the following Chart:



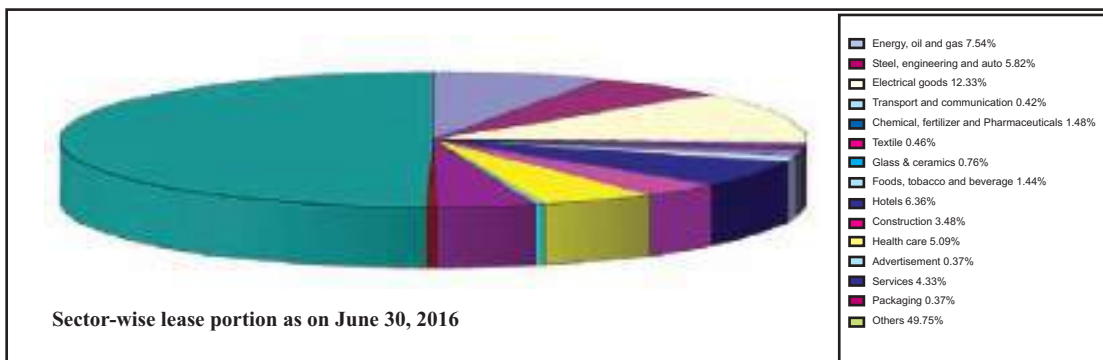
Categories of Investment in Lease

The assets-wise distribution of your Company's Investment in Leasing, during FY-2016, has been kept well diversified. Some of the more defining factors to the Assets Diversification Policy of PGL have been the tax advantages available to PGL with respect to the assets being leased; besides the security associated with the relative forced sale values of those assets and marketability thereof, in the unlikely event of any foreclosure. The Chart below gives a visual picture of the breakdown of PGL's Assets-wise Investment in Leasing, during FY-2016:



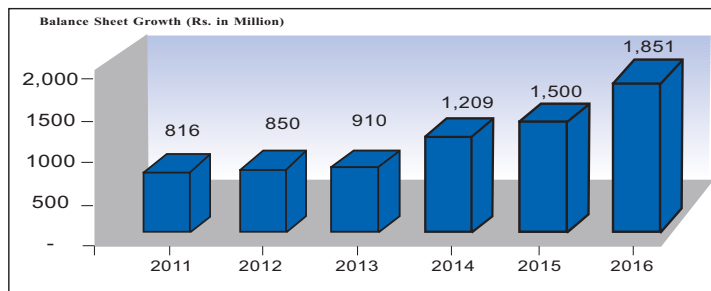
Sector-wise Composition of the Lease Portfolio

Rationally justifiable criteria, for an efficient and prudent Risk Management, were exercised in spreading over your Company's exposure to varying secure sectors of business and industry, keeping in mind the behavior of individual sectors, collectively comprising the domestic economy. A Chart describing, in graphical details, the manner in which the Sector-wise composition of PGL's Lease Portfolio has been evolved, is as under:

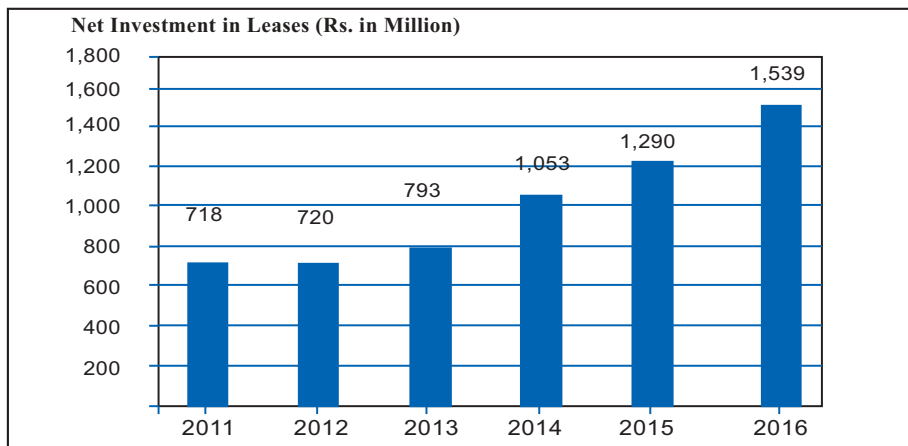


Financial Achievements

The Balance Sheet footings, which stood at Rs. 1,500.76 million as on June 30, 2015 as at June 30, 2016 has further increased to Rs. 1,851.17 million. This year-on-year increase of 23.35%, 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 depicted in the following Chart:



Gross Investment in Leases, stood at Rs. 1,710 million as on June 30, 2016 (FY-2015: Rs. 1,453 million), representing a year-on-year increase of 17.73% (FY-2015: 20.69%). Net Investment in Leases, after deduction of Unearned Income (Rs. 170.60 million), Mark-up held in Suspense (Rs. 0.11 million) and a Provision for Potential Lease Losses (Rs. 0.88 million), amounted to Rs. 1,538.65 million at the end of FY-2016, showing an increase of 19.32% over the previous year's corresponding figure of Rs. 1,289.56 million as at June 30, 2015. The Net Investment in Leases of the Company during the last six (6) years is shown in the Chart below:



Profitability Performance

It is noted with satisfaction that your Company has been consistent with its profitability performance, specifically with respect to its After-Tax-Profit which, for the Financial Year 2016, was recorded at Rs. 40.71 million, as against Rs. 50.28 million, attained during the corresponding period last year FY-2015.

EPS for FY-2016 due to the decrease in profit after tax for the year has shown a fall to Rs. 1.60, as compared to Rs. 1.98 for FY-2015.

Gross Revenue for the period under review (FY-2016), was 25.55% higher at Rs. 151.67 million, as compared to Rs. 120.80 million, for the corresponding period in FY-2015.

A quantum increase in leases written during FY-2016 of Rs. 901.15 million, as compared to the amount of leases written in FY-2015 of Rs. 710.10 million (annual increase of 26.89%), is due to have a meaningful impact on Income from Leasing Operations in FY-2017, as over 58% of the leases, during FY-2016, have been written in the last quarter of that year (FY-2015: 57%). Despite their minimal contribution to the Pre-tax Income for FY-2016, the benefits accruing in your Company's favor, on account of the increased lease writing during the year, are already reflected in the Income Statement for FY-2016, in the form of their contribution towards restricting PGL's Tax Charge for FY-2016, to the lowest possible level.

Due to inflationary impact on all operational inputs there was an increase of 56.62% in the Operating Expenses of the Company, over the preceding year (Rs. 72.29 million in FY-2016 as against Rs. 46.15 million in FY-2015). Financial charges for the FY-2016 have substantially increased by 38.35%, from Rs. 20.31 million in FY-2015 to Rs. 28.09 million, due to a substantial increase in financial liabilities, during FY-2016, for meeting increased requirements for funding a phenomenal rise in Lease Writing.

As a result of substantial rise in profit for the year, the Equity of your Company has crossed the limit of Rs. 500 million. As at June 30, 2016 the equity of your Company amounted to Rs. 545.31 million as compared to Rs. 505.50 million as at June 30, 2015.

Comparative Analysis of Profitability Performance For the year ended 30th June	2016	2015	Change %
	(Rupees in Million)		+ or (-)
Income	151.67	120.80	+ 25.55
Administrative Expenses	72.29	46.15	+56.64
Financial Charges	28.09	20.31	+38.31
Profit before Taxation	51.19	54.31	(-)05.74
Provision for Taxation (including Deferred Tax)	10.47	4.03	+159.80
Profit after Taxation	40.71	50.28	(-)19.03
Un-appropriated Profit Carried Forward	183.53	140.97	+ 30.19
Transferred from Surplus on Revaluation to Un-appropriated Profit	2.95	2.33	+ 26.61
Profit Available for Appropriation	227.19	193.59	+ 17.36
Appropriations			
Transfer to Statutory Reserve	8.14	10.06	(-)19.08
Dividend	-	-	-
Total Appropriations	8.14	10.06	(-)19.08
Un-appropriated Profit Carried Forward	219.05	183.53	+ 19.35
Earnings Per Share (In Rupees)	1.60	1.98	(-)19.19

Dividend

Your Directors are pleased to recommend a Cash Dividend of 5% to be declared for the Financial Year ended June 30, 2016.

ECONOMIC SCENARIO

Pakistan's economy maintained its growth momentum during FY16, despite suffering from heavy losses in the crop sector within agriculture. The growth in the industrial sector, in particular, accelerated on account of better energy supply and improvement in security situation. This growth, in turn, has brought significant spillover to the services sector.

Other key macro-economic indicators also improved during FY16 as compared to the corresponding period of last year: fiscal deficit was contained at lower level than the last year; exchange rate remained stable in general; and FX reserves continued to increase. Some of these developments were due to subdued commodity prices (particularly oil) in the global market.

Policy support also played a key role in improving macro fundamentals: expansionary monetary policy for the last one and a half year, and development focus of fiscal spending (particularly on infrastructure projects which also encouraged construction and related activities). Besides introducing sector specific policy initiatives, the government also ensured better energy management; for instance, LNG imports allowed adequate gas availability for fertilizer and other industries. Finally, the initiatives under China-Pakistan Economic Corridor (CPEC) not only attracted foreign direct investment (FDI), but also helped in reviving the confidence of local businesses.

Having said this, some challenges still exist for the economy. Investment rate continues to remain low, whereas the non-CPEC FDI has not picked up the pace. The tax base stays narrow, despite stop-gap measures by the government to increase tax revenues. Furthermore, low commodity prices (and continued slowdown in the global economy) have also had an adverse impact on some sectors of the economy. For example, exports have continued to show weakness, and remittance growth is also slowing down. Nonetheless, current FX reserves have reached their historic high, which would help the country in achieving high and sustained growth going forward. But this needs to be supplemented by deep rooted structural reforms so that the recent improvement in macro fundamentals can be sustained.

Leasing Companies which, for several years until 2007, had fueled the demands of the consumer and the industrial sectors, as members of the quasi-banking sector in the form of NBFIs, 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. The general downturn in the economy having hit hard the lease finance servicing capability of their customers, the very viability of the leasing companies has been rendered 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 on Ijarah Income by Provincial Government.

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

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

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

FUTURE PROSPECTS

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

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

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

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

Moreover, using the increasing rate of return on their substantial investment in Government Securities, as the benchmark, the Spread being demanded by commercial banks for lending to leasing companies, has always been kept 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.

A leasing company is required to maintain, at all times, minimum equity of Rs. 500 million which is being met by the Company.

Taxation

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

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

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

Further, the Assistant Commissioner of the Sindh Revenue Board vide Order 551 of 2016 dated 15 June 2016 has charged Sales Tax on gross amount of Ijarah Rental declared by PGL in its audited financial statements for Tax Year 2015, Tax Year 2014 and Tax Year 2013 as Income from Ijarah operations as per the requirements of IFAS 2 Ijarah under certain provisions of the Sindh Sales Tax Act, 2011 and Sindh Sales Tax Rules, 2011. Against the Order an appeal has been filed by PGL before the learned Commissioner (Appeals) the hearing of which was held on 31 August 2016 and the case is again fixed for hearing on 30 September 2016. Constitutional Petition has also been filed in the Honorable Sindh High Court on 30 August 2016 and stay against demand has been granted by the Honorable Court. As demand created by the SRB is unrealistic and much more than the profit earned by PGL on Ijarah operations therefore the Board of Directors in their meeting held on 20 April 2015 has decided not to further engage in Ijarah financing. If this state of affairs persists sooner or later, banks and other NBFIs would also disengage from Ijarah financing and this would be a serious setback for the Islamic finance.

CORPORATE GOVERNANCE

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

Board of Directors

Air Marshal Syed Masood Hatif (Retd) had tendered his resignation from the directorship of the Company with effect from 11 January 2016. The services rendered by Air Marshal Syed Masood Hatif (Retd) for the wellbeing of the Company and its employees, and the contribution made by him in the progression of the Company will always be remembered.

To fill in the casual vacancy created on Board by resignation of Air Marshal Syed Masood Hatif (Retd), the Board members with consensus and approval of SECP co-opted Mr. Ismail H. Ahmed as the Director of the Company for the remaining tenure of the outgoing Director.

The tenure of the Board ended on April 19, 2016. In the Extra-Ordinary General Meeting held on April 20, 2016 at the registered office of the Company the shareholders of the Company approved the appointment of the following as the Directors of the Company for the next tenure of three (3) years.

- 1 Mr. Sohail Inam Ellahi
- 2 Brigadier (R) Naveed Nasar Khan
- 3 Mr. Shaheed H Gaylani
- 4 Mr. Fawad Salim Mailk
- 5 Mr. Pervez Inam
- 6 Mr. Rizwan Humayun
- 7 Lt. Col (R) Saleem Ahmed Zafar
- 8 Mr. Ismail H. Ahmed

Human Resource and Remuneration Committee (HR & RC)

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

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

Audit Committee

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

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

* Casual vacancy on January 11, 2016

** Co-opted on February 23, 2016

*** Appointment as Member of Audit Committee by the Board on February 23, 2016.

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 November 27, 2015, re-affirmed the Company's Entity Rating; Medium to Long-term Rating at A-, and the Short-term Rating at A-2. The Outlook for the Company has been marked as Stable.

Auditors

For the FY-2016 M/s. BDO Ebrahim & Co., Chartered Accountants were re-appointed as statutory auditors after audit of FY-2015.

The Board of Directors wishes to place, on record, their appreciation for the high standards of professionalism, integrity and ethics maintained by the auditors M/s. BDO Ebrahim & Co., Chartered Accountants.

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 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 our knowledge and belief:

- Financial statements prepared by the management of the Pak-Gulf Leasing Company Limited, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the 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, 2016, 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 2011 – 2016

Year ended 30th June	2016	2015	2014	2013	2012	2011
Operational Results:	----- Rupees -----					
Revenues	151,671,360	120,800,853	94,648,511	77,029,731	84,405,724	69,197,688
Lease Revenue	142,475,688	117,152,534	89,270,252	70,897,873	77,359,593	64,474,169
Profit before Taxation	51,186,129	54,260,991	47,678,901	46,699,898	48,102,092	33,900,240
Profit after Taxation	40,714,397	50,284,982	29,220,611	27,280,001	22,504,643	15,528,757
Finance Cost	28,093,726	20,306,096	8,372,942	5,479,981	10,633,657	5,548,263
Provision for Potential Lease Losses	-	(52,620)	1,420,902	(6,883,301)	(2,592,026)	(1,792,732)
Dividend/(proposed) %	5%	-	-	-	-	-
Balance Sheet:						
Shareholders Equity	545,305,956	505,500,727	452,496,423	420,278,122	389,817,560	364,805,885
Surplus on Revaluation of Assets	79,356,037	41,949,605	42,326,603	44,554,319	38,596,264	41,205,380
Reserves	293,197,975	249,535,302	196,919,786	165,471,459	135,670,642	110,556,883
Working Capital	9,289,967	31,071,397	83,786,321	172,425,843	208,856,017	166,683,772
Non-current Liabilities	657,223,195	486,656,368	334,515,596	287,278,921	304,498,443	288,463,703
Long-term Loans	-	-	-	-	25,000,000	58,333,332
Investments	43,458,506	28,206,036	23,935,647	5,273,569	4,592,869	4,676,315
Financial Ratios:						
Income / Expense Ratio	1.51	1.82	2.08	2.07	2.17	1.86
Earning per Share (in Rs)	1.60	1.98	1.15	1.08	0.89	0.61
Debt / Equity Ratio	NIL	NIL	NIL	NIL	6.02	14.28
Current Ratio	1.02	1.07	1.22	2.09	2.78	2.37

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	4
2.	Air Marshal Syed Masood Hatif (Retd) *	2
3.	Brigadier Naveed Nasar Khan (Retd)	2
4.	Mr. Shaheed H Gaylani	4
5.	Mr. Fawad Salim Malik	2
6.	Mr. Pervez Inam	4
7.	Mr. Rizwan Humayun	4
8.	Lt. Col. Saleem Ahmed Zafar (Retd)	4
9.	Mr. Ismail H. Ahmed **	1
10.	Mr. Mahfuz-ur-Rehman Pasha	4

* Casual vacancy on January 11, 2016

** Co-opted on February 23, 2016

Statutory Payment of Rs. 1,729,221 on account of taxes, duties, levies and/or charges was outstanding against the Company as on June 30, 2016.

Value of investments of the Staff Provident Fund stood at Rs. 4,501,061 as at June 30, 2016. This represents funds placed with a rated commercial bank and investment in the Registered Units of the National Investment Trust.

Chairman
September 20, 2016
Karachi

Chief Executive Officer

بورڈ کی میننگز

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

نمبر شمار	ڈائریکٹرز کے نام	میننگز کی تعداد جن میں شرکت کی
1	جناب سہیل انعام الہی	4
2	ایئر مارشل (ریٹائرڈ) سید مسعود ہاتف ☆	2
3	بریگیڈیئر (ریٹائرڈ) نوید نصر خان	2
4	جناب شہید ایچ گیلانی	4
5	جناب فواد سلیم ملک	2
6	جناب پرویز انعام	4
7	جناب رضوان ہمایوں	4
8	ایفٹینٹ کرنل (ریٹائرڈ) سلیم احمد ظفر	4
9	جناب اسماعیل ایچ احمد ☆ ☆	1
10	جناب محفوظ الرحمان پاشا	4

☆ اتفاق آسامی مورخہ 11 جنوری 2016۔

☆ ☆ 23 فروری 2016 کو شریک انا مزہ کیا گیا۔

ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں 1,729,221 روپے کی قانونی ادائیگی مورخہ 30 جون 2016 تک کمپنی پر واجب الادا ہے۔

اسٹاف پراویڈنٹ فنڈ (Provident Fund) میں سرمایہ کی مالیت 30 جون 2016 کو 4,501,061 روپے ہے۔ یہ نیشنل سیونگ فرسٹ کے رجسٹرڈ پونٹ میں سرمایہ کاری اور کمرشل بینک میں رکھے ہوئے فنڈ کا مجموعہ ہے۔

چیف ایگزیکٹو آفیسر

چیئرمین

20 ستمبر 2016

کراچی

- ☆ کمپنی کے ڈائریکٹرز، CEO، COO، CFO، کمپنی سیکریٹری، انٹرنل آڈٹ کے ہیڈ اور ان کے خاوند ایوی اور بچوں نے کمپنی کے حصص کا لین دین نہیں کیا ہے۔
- ☆ اسٹاک کے ضابطے میں دی گئی تفصیلات کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی میں بھی مطریل ڈپارٹمنٹس ہوا ہے۔

شینرہولڈنگ کی ساخت

مورخہ 30 جون 2016 کی شینرہولڈنگ کی ساخت جو کارپوریٹ گورننس کو درکار ہے وہ اس رپورٹ کے آخر میں منسلک ہے۔

آپریٹنگ کے نتائج میں پچھلے سال کی نسبت نمایاں انحراف کو اس رپورٹ کے شروع میں بشمول ان کی وجوہات اجاگر کیا گیا ہے۔

پچھلے چھ سال کا اہم آپریٹنگ اور فنانشل ڈیٹا (2011-2016)

2011	2012	2013	2014	2015	2016	اختتام سال 30 جون
						آپریٹنگ نتائج
69,197,688	84,405,724	77,029,731	94,648,511	120,800,853	151,671,360	آمدنی
64,474,169	77,359,593	70,897,873	89,270,252	117,152,534	142,475,688	لیز آمدنی
33,900,240	48,102,092	46,699,898	47,678,901	54,260,991	51,186,129	منافع قبل ادائیگی
15,528,757	22,504,643	27,280,001	29,220,611	50,284,982	40,714,397	منافع بعد ادائیگی
5,548,263	10,633,657	5,479,981	8,372,942	20,306,096	28,093,726	مالیات لاگت
-1,792,732	-2,592,026	-6,883,301	1,420,902	-52,620	-	تکنیکی نقصان کے لئے مختص رقم
-	-	-	-	-	5%	شفا کر کے حصص منافع
						میلنس شیٹ
364,805,885	389,817,560	420,278,122	452,496,423	505,500,727	545,305,956	شینرہولڈرز کی
41,205,380	38,596,264	44,554,319	42,326,603	41,949,605	79,356,037	قدر کے دوبارہ تعین کے بعد فاضل آمدنی
110,556,883	135,670,642	165,471,459	196,919,786	249,535,302	293,197,975	محموظ سرمایہ
166,683,772	208,856,017	172,425,843	83,786,321	31,071,397	9,289,967	کاروباری سرمایہ
288,463,703	304,498,443	287,278,921	334,515,596	486,656,368	657,223,195	متبادل واجبات
58,333,332	25,000,000	-	-	-	-	طویل مدتی قرض
4,676,315	4,592,869	5,273,569	23,935,647	28,206,036	43,458,506	سرمایہ کاری
						مالیاتی شرح
1.86	2.17	2.07	2.08	1.82	1.51	آمدنی خرچ کی شرح
0.61	0.89	1.08	1.15	1.98	1.60	آمدنی فی شینر
14.28	6.02	NIL	NIL	NIL	NIL	قرض یا ٹیکوئی کی شرح
2.37	2.78	2.09	1.22	1.07	1.02	موجودہ شرح

آڈیٹرز

مالی سال 2016 کے لئے مالی سال 2015 کے بعد میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو قانونی طور پر آڈیٹر کی حیثیت سے دوبارہ مقرر کیا گیا تھا۔ بورڈ آف ڈائریکٹرز آڈیٹرز میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی پیشہ ورانہ مہارت، سالمیت اور ضابطہ اخلاق کی تعریف کرتا ہے اور اسے ریکارڈ پر رکھنا چاہتا ہے۔

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 ہولڈر کے نمائندوں کی حیثیت سے کمپنی کی انتظامیہ اور اسٹاف کو کمپنی کے کاروبار کے استحکام اور بہتر کارکردگی کے لئے اپنے مسلسل تعاون اور عزم کا یقین دلاتے ہیں۔ ہمیں یقین ہے کہ انتظامیہ اور اسٹاف کمپنی صارفین کو اسی تندی کے ساتھ خدمات فراہم کریں گے جس کا مظاہرہ انھوں نے پچھلے سالوں میں کیا ہے تاکہ کمپنی پاکستان میں مالیاتی خدمات کے شعبے میں اپنی ساکھ کو مزید بہتر بنا سکے۔

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

آخر میں ہم اس سال کے دوران شیئر ہولڈرز، بینکرز، انویسٹرز اور ان کے اسٹیک ہولڈر کے قابل قدر تعاون کے شکریہ ادا کرتے ہیں اور آنے والے سالوں میں ان کے ساتھ مزید مضبوط تعلقات استوار کرنے کے خواہاں ہیں۔

کارپوریٹ کے انتظامی اصولوں کی تعمیل سے متعلق بیانات

- ☆ ہماری بہترین معلومات کے مطابق بورڈ آف ڈائریکٹرز نے کارپوریٹ کے انتظامی اصولوں پر نظر ثانی کرتے ہوئے درج تصدیق بیانات دیئے ہیں:
- ☆ پاک گلف کمپنی لمیٹڈ کے تیار کردہ مالی گوشوارے میں ظاہر کئے گئے معاملات، آپریشن کی 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 کا تخمینہ کی بنیاد ایک دانشمندانہ اور معقول فیصلے پر مبنی ہے۔
- ☆ مالیات 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 کردی 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 کی کاروباری معاملات کو بہتر بنانے کی صلاحیت کے حوالے سے کوئی قابل ذکر شک و شبہ نہیں۔

ھیومن ریسورسز اور ریمونیریشن کمیٹی (HR & RC)

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

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	جناب پرویز انعام	چیئرمین
2	بریگیڈیز (ر) نوید نصر خان	وائس چیئرمین
3	جناب سہیل انعام الہی	ممبر
4	جناب سلیم احمد ظفر	ممبر

آڈٹ کمیٹی

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

نمبر شمار	ڈائریکٹرز کے نام	عہدہ	میٹنگز کی تعداد جن میں شرکت کی
1	جناب رضوان ہمایوں	چیئرمین	4
2	ایزمارشل (ر) سید مسعود ہاتف *	وائس چیئرمین	2
3	جناب اسماعیل ایچ احمد **	وائس چیئرمین	1
4	بریگیڈیز (ر) نوید نصر خان	ممبر	2
5	جناب شہید ایچ گیلانی	ممبر	4
6	جناب پرویز انعام ***	ممبر	1
7	مس فرح فاروق	ممبر	4

* اتفاقی آسامی مورخہ 11 جنوری 2016۔

** 23 فروری 2016 کو شریک انامزد کیا گیا۔

*** بورڈ نے آڈٹ کمیٹی کے ممبر کی حیثیت سے بتاریخ 23 فروری 2016 کو تقرر کیا

کریڈٹ ریٹنگ (کاروباری قرض کے تخمینہ کا تعین)

کمپنی کے شیئرز ہولڈرز کے لئے یہ بات باعث اطمینان ہے کہ JCR-VIS نے اس میں آپ کی کمپنی کی کارکردگی کا جائزہ لیتے ہوئے 27 نومبر 2015 کو کمپنی کی تشخیصی ریٹنگ کا دوبارہ اعادہ کیا جس میں درمیانہ سے طویل المیعاد کے لئے A- ریٹنگ، اور مختصر مدت کی ریٹنگ A-2 مقرر کی گئی ہے اور کمپنی کے آئندہ امکانات کو مستحکم دکھایا گیا ہے۔

آپریشن کی حد سے حاصل ہونے والی آمدنی کے پروفائل سے بہت زیادہ ہے اس لئے 20 اپریل 2016ء کی منعقد ڈائریکٹرز میٹنگ میں بورڈ نے فیصلہ کیا ہے کہ اجارہ فنانسنگ میں مزید ملوث نہیں ہونگے۔ اگر یہ صورتحال رہتی ہے، تو احتمال یہ ہے کہ بینکس اور دیگر NBFIs بھی اجارہ فنانسنگ نہیں کریں گے یہ اسلامی مالیات کے لئے ایک سنگین دھچکا ہوگا۔

کارپوریٹ گورننس (کمپنی کا انتظام و انصرام)

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

بورڈ آف ڈائریکٹرز

ایئر مارشل سید مسعود ہاتف (ریٹائرڈ) نے 11 جنوری 2016ء سے کمپنی کی ڈائریکٹرشپ سے استعفیٰ دیدیا ہے۔ کمپنی اور اس کے ملازمین کی فلاح و بہبود کے لئے ایئر مارشل سید مسعود ہاتف (ریٹائرڈ) کی خدمات اور کمپنی کے کاروبار کو بڑھانے میں ان کی شراکت کو ہمیشہ یاد رکھا جائے گا۔

ایئر مارشل سید مسعود ہاتف (ریٹائرڈ) کے اچانک استعفیٰ سے خالی ہونے والی آسامی کو بھرنے کے لئے بورڈ ممبران نے متفقہ طور پر اور SECP کی منظوری سے سبکدوش ہونے والے ڈائریکٹر کی باقی مدت کے لئے جناب اسماعیل ایچ احمد کو کمپنی کے ڈائریکٹر کی حیثیت سے منتخب کیا۔

بورڈ کی مدت 19 اپریل 2016ء ختم ہوگئی تھی اپنی ایک غیر معمولی جزل میٹنگ میں جو کہ 20 اپریل 2016ء کو کمپنی کے رجسٹرڈ آفس میں منعقد ہوئی تھی، اس میں کمپنی کے شیئر ہولڈرز نے درج ذیل کمپنی کے ڈائریکٹرز کی تقرری اگلے تین سال کی مدت تک کے لئے کر دی ہے:

1	جناب سہیل انعام الہی
2	بریگیڈیئر (ر) نوید نصر خان
3	جناب شہید ایچ گیلانی
4	جناب نواد سلیم ملک
5	جناب پرویز انعام
6	جناب رضوان ہمایوں
7	لیفٹنٹ کرنل (ر) سلیم احمد ظفر
8	جناب اسماعیل ایچ احمد

اس کے علاوہ، کمرشل بینکنگ گورنمنٹ سکیورٹیز میں ممکنہ سرمایہ کاری کو معیار بناتے ہوئے، لیزنگ کمپنیوں سے زیادہ سود کا مطالبہ کر رہے ہیں۔ معاملے کو بدتر بنانے کے لئے، لیزنگ سیکٹر کے لئے کوئی کریڈٹ واپسٹی شروع کرنے پہلے قرضہ دینے والے بینکنگ کو لیٹرل سیکورٹیز کی تلاش میں ہیں۔ لیزنگ کمپنیاں ان سخت شرائط اور زیادہ سود کی شرح پر فنڈ اکٹھا کرنے میں کٹھنٹاش 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 ہیں کیونکہ کمرشل بینکنگ (خاص طور پر اسلامک بینکنگ یا کمرشل بینکنگ کے اسلامک بینکنگ ڈویژنوں) لیزنگ کے موڈ نام اجارہ کی پیشکش میں زیادہ فعال ہو چکے ہیں۔ کم لاگت کے فنڈز کی وجہ سے ایسے بینکنگ اس شرح پر لیزز لکھ سکتے ہیں جو کہ لیزنگ کمپنیوں کی طرف سے ملنا مشکل ہے۔ اسی طرح مضار بہ بھی ایک ٹیکس فری حیثیت رکھتے ہیں جبکہ لیزنگ کمپنیوں کو تمام ٹریڈسرسز کا سامنا ہے۔

ایک لیزنگ کمپنی کو ہر وقت کم از کم اصل سرمایہ 500 ملین روپے رکھنا پڑتا ہے جو تقاضہ کمپنی پورا کر رہی ہے۔

محصول (Taxation)

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

لیزنگ کمپنیوں کے نقطہ نظر سے ایف بی آر کی طرف سے دو منفی ٹیکس لگائے گئے ہیں۔ پاکستان میں سرمائے کے استعمال کے لئے ابتدائی قابل قبول گھسائی الاؤنس (Initial Depreciation Allowance) 50 فیصد تھا جو کہ نصف 25 فیصد کر دیا گیا ہے۔ ایک اور دھچکا یہ کہ لیز ڈیٹاٹوٹس (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 فنانسنگ کے رجحان میں بھی کمی واقع ہوئی ہے۔

فیڈرل فنانس ایکٹ 2014ء کے تحت جو دوسرا حوصلہ شکن قدم اٹھایا گیا وہ یہ ہے کہ 17 فیصد پر آلٹرنیٹ کارپوریٹ ٹیکس (Alternate Corporate Tax - ACT) متعارف کرایا گیا ہے، جو کہ اکاؤنٹنگ انکم پر نافذ العمل ہوگا، یہ ٹیکس سال 2014ء سے شروع ہو رہا ہے۔ دیگر مالی ادارے جیسے بینکنگ اور مضار بہ 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 نافذ 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 کے عائد کرنے سے مستثنیٰ قرار دیا جائے۔

مزید یہ کہ سندھ ریونیو بورڈ کے اسسٹنٹ کمشنر نے آرڈر 551 آف 2016ء تاریخ 15 جون 2016ء کے تحت PGL کے آڈٹ شدہ مالی اکاؤنٹس برائے ٹیکس سال 2015ء، ٹیکس سال 2014ء، اور ٹیکس سال 2013ء میں ظاہر شدہ اجارہ ریٹل کی خالص رقم پر سٹیز ٹیکس عائد کر دیا ہے۔ اس آرڈر کے خلاف PGL نے محترم کمشنر (ایبلز) کے رو برو ایک اپیل دائر کی ہے، اس کی سماعت کی تاریخ 31 اگست 2016ء کو رکھی گئی تھی اور مقدمہ کی اعلیٰ سماعت دوبارہ 30 ستمبر 2016ء مقرر کی گئی ہے۔ آئینی اپیل معزز سندھ ہائی کورٹ میں بھی مورخہ 30 اگست 2016ء کو دائر کی گئی ہے اور معزز کورٹ کی طرف سے مطالبے کے خلاف حکم امتناع منظور ہو گیا ہے۔ کیونکہ SRB کی طرف سے جو مطالبہ کیا گیا وہ غیر حقیقی ہے اور PGL کے اجارہ

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

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

PGL کو اس امر کی ضرورت ہے کہ وہ اپنی موجودہ معاشی حالت پر عرق ریزی سے غور کرتے ہوئے اس کی مستقل نگرانی کرے تاکہ معاملات میں کسی منفی تبدیلی سے پیدا ہونے والے دباؤ کا مقابلہ کیا جاسکے۔ آپریٹنگ 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 لیسز 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 لیسز (Lessees) کے معاملات کو منظم کر 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 لیکوئیٹی کی مدد میں قرض دہندہ کو ان کی 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 بینکنگ 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 لیسز کو ٹیکس کی مدد میں کچھ فوائد حاصل ہوتے ہیں۔

لیزنگ کمپنیوں کو اس وقت نہ صرف ممکن لیسز کی تعداد میں اضافے بلکہ ان کے مطلوبہ قرضے کی مقدار میں بھی اضافے کا سامنا ہے۔ اسی طرح یہ کمپنیاں کمرشل بینکنگ سے لیکوئیٹی کی مطلوبہ مقدار کے حصول کے لئے مالی اعانت کی خواہاں ہیں تاکہ لیزنگ فنانس میں ضرورت کے مطابق سرمایہ کاری کی جا سکے۔

اقتصادی منظر نامہ:

زرعی شعبے میں شدید مالی نقصان کے باوجود مالی سال 2016 میں پاکستان کی معیشت میں ترقی کا تسلسل برقرار رہا ہے۔ صنعتی شعبہ بھی خاص طور پر توانائی کی فراہمی اور امن و امان کی صورتحال میں بہتری کی وجہ سے ترقی کی طرف گامزن رہا ہے۔ اس نشوونما کی وجہ سے خدمات کے شعبے میں بھی نمایاں بہتری دیکھنے میں آئی ہے۔

دیگر اہم میکر واکٹناکس اینڈ یکسٹرز (وسیع معیشت کے مظاہر) مالی سال 2016 کے دوران بہتر ہوئے ہیں۔ مالی خسارہ، پچھلے سال کی نسبت کم ترین سطح پر رہا۔ شرح مبادلہ بھی عمومی طور پر مستحکم رہی اور غیر ملکی زرمبادلہ کے ذخائر میں بھی مستقل اضافہ ہوا۔ اس ترقی کی ایک وجہ ایشیائے صرف (خاص طور پر تیل) کی قیمتوں کی کمی بھی ہے۔

سازگار پالیسی (طریقہ اصول) بھی ان اہم بنیادی عوامل کی ترقی میں اہم کردار ادا کرتے ہیں۔ پچھلے ڈیڑھ سال کی توسیعی مالیاتی پالیسی اور مالیاتی مصارف کی بہتری پر توجہ (خاص طور پر بنیادی ڈھانچے کے منصوبے جنہوں نے تعمیرات اور اس سے متعلق سرگرمیوں کو حوصلہ دیا ہے)۔ شعبہ جاتی مخصوص پالیسی سے متعلق اقدامات کے متعارف کرانے کے علاوہ، حکومت نے توانائی کی انصرام میں بہتری کو بھی یقینی بنایا ہے، مثلاً LNG کی درآمد کی اجازت سے کھاد کی تیار کرنے والی اور دیگر صنعتوں کے لئے گیس کی وافر مقدار میں دستیابی۔ آخر میں پاکستان چائنہ معاشی راہ داری (چائنہ پاکستان اکنامک کوریڈور) (CPEC) کے اقدامات نے نہ صرف براہ راست غیر ملکی سرمایہ کاری (FDI) کو متوجہ کیا ہے بلکہ مقامی کاروباری اداروں کے اعتماد کو بحال کرنے میں بھی مدد کی ہے۔

یہ سب کہنے کے باوجود اب بھی معیشت کو کچھ چیلنجوں کا سامنا ہے۔ CPEC کی غیر ملکی سرمایہ کاری کے علاوہ سرمایہ کاری میں اضافہ نہیں ہوا اور یہ شرح اب بھی کم ہے۔ ٹیکس آمدنی کو بڑھانے کے لئے جزوقتی اقدامات کے باوجود ٹیکس کی بنیادیں اب بھی تنگ ہے۔ مزید برآں، کچھ ایشیاء صرف کی قیمتوں میں کمی (اور عالمی معیشت میں جاری مستقل مندی) سے بھی کچھ معاشی شعبوں پر منفی اثر پڑا ہے۔ مثلاً برآمدت میں مستقل کمی کا سلسلہ جاری ہے اور ترسیل زر میں ترقی سست ہے۔ تاہم حالیہ زرمبادلہ کے ذخائر تاریخ کی بلند ترین سطح پر پہنچ چکے ہیں جو ملک کی اعلیٰ اور پائیدار ترقی میں مددگار ثابت ہو سکتے۔ تاہم اس کو دور اس بنیادی اصلاحات کے ذریعے سہارا دینے کی ضرورت ہے تاکہ حالیہ وسیع بنیادوں پر بہتری کو برقرار رکھا جاسکے۔

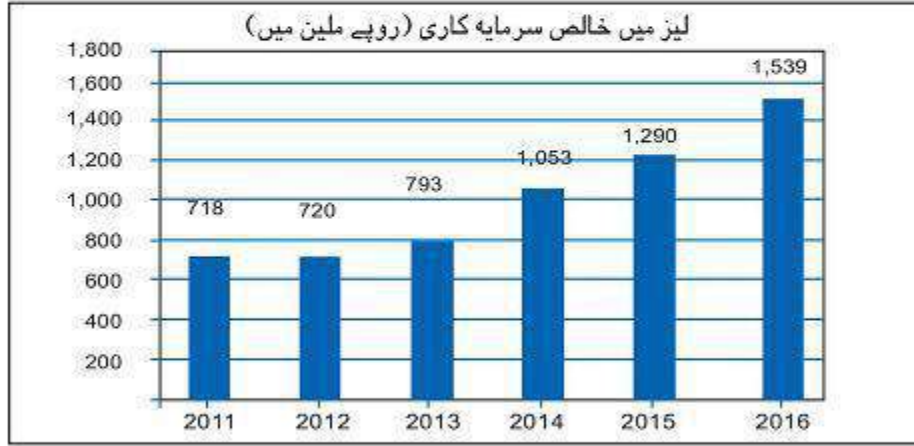
شعبہ مثل بینک (quasi-Banking) کے ممبران کی حیثیت سے NBFIs کی شکل میں لیزنگ کمپنیاں کئی سال سے (2007 تک) صنعتی شعبوں و صارفین کی ضروریات پورا کر رہی ہیں، لیکن لیکوڈیٹی، ضروری اثاثے کی حد میں اضافے، ریگولیٹرز کا قواعد کی سختی سے نفاذ، تجارتی بینکوں کا قابل قبول شرائط پر قرضے کی فراہم کرنے سے انکار اور کاروباری بڑھتی ہوئی لاگت کے حوالے سے انھیں بے یار و مددگار چھوڑ دیا گیا ہے۔ معیشت میں عام مندی کی صورت حال نے صارفین کو لیزنگ کی فراہمی کی صلاحیت کو کم کیا ہے اور لیزنگ کمپنیوں کی نمونہ پانے کے امکانات کو مشکوک بنا دیا ہے۔ چھوٹی لیزنگ کمپنیوں کی اکثریت نے یا تو مستحکم مالیاتی اداروں میں ضم ہونے کا راستہ منتخب 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 صوبائی حکومت کی جانب سے اجارہ آگم پریسلز ٹیکس کے نفاذ کی وجہ سے ٹیکس کی مد میں ہونے والے نقصان کے باعث اپنے آپ کو قائم رکھنا مشکل ہو گیا ہے۔

اعانت کی وجہ سے مالیاتی قرضوں میں بتدریج اضافے ہوا اور اس کی وجہ سے مالیاتی مصارف میں بتدریج 38.35 فیصد اضافہ ہوا یعنی مالی سال 2015 میں 20.31 ملین روپے سے بڑھ کر مالی سال 2016 میں 28.09 ملین روپے ہو گئے۔
نتیجتاً منافع میں بتدریج اضافے کے باعث آپ کی کمپنی کی ایکویٹی (معدلت) 500 ملین روپے کی حد سے بڑھ گئی ہے۔ 30 جون 2016 میں کمپنی کی ایکویٹی 545.31 ملین روپے ہو گئی جو کہ 30 جون 2015 کو 505.50 ملین روپے تھی۔

تبدیلی کی فیصد	2015	2016	منافع بخش کارکردگی کا تقابلی تجزیہ برائے اختتامی سال 30 جون۔
+ یا (-)	ملین روپوں میں		
+ 25.55	120.80	151.67	آمدنی
+56.64	46.15	72.29	انتظامی اخراجات
+38.31	20.31	28.09	مالیاتی مصارف
(-)05.74	54.31	51.19	آمدنی قبل از ٹیکس
+159.80	4.03	10.47	ٹیکس کی عبوری فراہمی (بشمول ملٹوی ٹیکس)
(-) 19.03	50.28	40.71	منافع بعد از ٹیکس
+30.19	140.97	183.53	غیر مختص شدہ آمدنی جو کہ آگے لائی گئی
+ 26.61	2.33	2.95	قدر کے دوبارہ تعین کے وقت فاضل آمدنی سے غیر مختص آمدنی کی طرف منتقلی
+ 17.36	193.59	227.19	آمدنی جو تخصیص کے لئے دستیاب ہے
			تخصیص
(-) 19.08	10.06	8.14	دستوری محفوظ سرمایہ کی طرف منتقلی
-	-	-	ڈیویڈنڈ (حصص منافع)
(-) 19.08	10.06	8.14	کل تخصیص
+ 19.35	183.53	219.05	غیر مختص آمدنی جو آگے بھائی جائے گی
(-) 19.19	1.98	1.60	ٹی شیئر آمدنی (روپے میں)

ڈیویڈنڈ (حصص منافع)

آپ کے ڈائریکٹرز مسرت کے ساتھ اختتام سال 30 جون 2016 کے لئے 5 فیصد نقد حصص منافع (کیش ڈیویڈنڈ) کی سفارش کرتے ہیں۔



منافع بخش 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 2016 میں 40.71 ملین روپے ریکارڈ کیا گیا ہے۔ 50.28 ملین روپے کے مقابلے میں جو کہ مالی سال 2015 کے دوران حاصل ہوا تھا۔

منافع بعد از ٹیکس میں کمی کی وجہ سے فی شیئر آمدنی برائے مالی سال 2016 میں 1.60 روپے فی شیئر رہی ہے جبکہ مالی سال 2015 میں یہ 1.98 روپے فی شیئر تھی۔

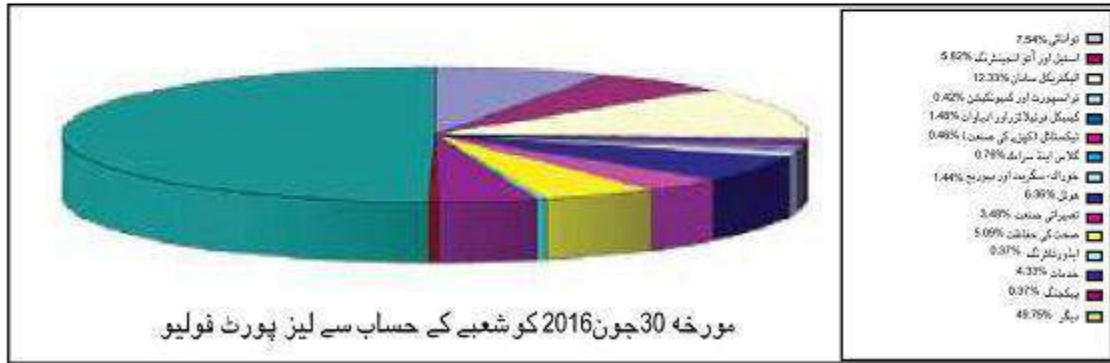
برائے مالی سال 2016 مجموعہ آمدنی 151.67 ملین روپے ہے جو کہ 25.55 فیصد زیادہ ہے بہ نسبت 120.80 ملین روپے کے جو کہ مالی سال 2015 میں ہوئی۔

مالی سال 2016 میں لیز کے حجم میں بہت زیادہ اضافہ ہوا اور 901.15 ملین روپے کی لیز دیکھی گئی ہیں بہ نسبت مالی سال 2015 کے جس میں یہ تحریر کی جانے والی لیز کی مالیت 710.10 ملین روپے تھی (سالانہ 26.89 فیصد اضافہ) اس کی وجہ سے مالی سال 2017 میں لیز آپریشن کی آمدنی پر ایک با معنی اثر ہوگا کیونکہ مالی سال 2016 میں 58 فیصد لیز سال کے آخری سہ ماہی میں تحریر کی گئی (2015 میں 57 فیصد)۔ مالی سال 2016 کی قبل از ٹیکس آمدنی میں ان کی کم سے کم شراکت کے باوجود زیادہ لیز کی تحریر کی وجہ سے معاملات کمپنی کے حق میں رہے، جیسا کہ 2016 کا PGL کے ٹیکس چارجز کو کم کرنے تک کم سے کم سطح تک محدود کرنے میں اس کے کردار کا ٹیکس مالی سال 2016 کے آمدنی گوشوارے میں ظاہر کیا گیا ہے۔

گزشتہ سالوں میں تمام آپریشنل ان پیٹ پرافراطزر کے اثرات کی وجہ سے کمپنی کے آپریشنل اخراجات میں 56.62 فیصد اضافہ ہوا ہے (72.29 ملین روپے مالی سال 2016 میں بہ نسبت 46.15 ملین روپے مالی سال 2015 میں)۔ مالی سال 2016 میں لیز کی تحریر میں نمایاں اضافے کے باعث درکار اضافی مالی

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 اصول 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۔ ایک چارٹ جو شکلی انداز میں شعبے کے حساب سے PGL لیز پورٹ فولیو کی بناوٹ کو چارٹ میں تصویری شکل میں ذیل میں واضح کیا گیا ہے:



مالیاتی کامیابیاں:

بیلنس شیٹ میں دی گئی مجموعہ بنیاد جو 30 جون 2015 کو 1,500.76 ملین روپے تھی وہ 2016 میں مزید بڑھ کر 1,851.17 ملین روپے ہو گئی ہے۔ یہ کمپنی کے کل اثاثوں میں سالہا سال جو 23.35 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:



لیز میں مجموعی سرمایہ کاری 30 جون 2016 کو 1,710 ملین روپے ہے (مالی سال 2015 میں 1,453 ملین روپے) جو کہ سالہا سال 17.73 فیصد اضافہ ظاہر کر رہی ہے (مالی سال 2015 میں 20.69 فیصد)۔ بلا استحقاق سرمایہ کاری (170.60 ملین روپے)، سودی منافع جو کہ پھنسا ہوا ہے (0.11 ملین روپے) اور ٹکنڈ لیز نقصان کے لئے مختص حصہ (0.88 ملین روپے) کی تخفیف کے بعد خالص سرمایہ کاری 30 جون 2016 کو 1,538.65 ملین روپے بنتی ہے اور 19.32 فیصد اضافہ ظاہر کر رہی ہے جب کہ پچھلے سال یعنی 30 جون 2015 کو یہ رقم 1,289.56 ملین روپے تھی۔ پچھلے چھ سالوں میں لیز میں خالص سرمایہ کاری کو درج ذیل چارٹ میں دکھایا گیا ہے۔

PGL کے آپریشنل اور مالی کارکردگی کا تجزیہ برائے مالی سال 2016

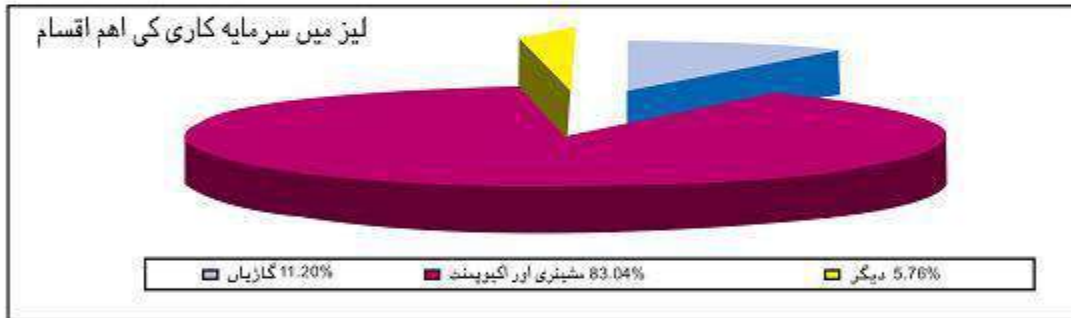
لیز اور اجارے کا تحریر کرنا

مالی سال 2015 کی 710.10 ملین روپے مالیت کی 51 لیزوں کی بہ نسبت مالی سال 2016 میں 901.15 ملین روپے مالیت کی 80 نئی لیزز (Leases) (بشمول شریعہ کے مطابق اجارہ) تحریر کی گئیں، جو کہ لیز کے کاروبار میں 26.89 فیصد اضافہ ظاہر کرتی ہے۔ شریعہ کے مطابق اجارہ ایک ایسی مصنوعات ہے جو مالی سال 2013 میں PGL کی طرف سے متعارف کرائی گئی ہے، مالی سال 2016 میں اس مد میں 56.19 ملین روپے مالیت کے تین اجارہ تحریر کئے گئے (مال سال 2015 میں 39.21 ملین روپے)۔ ہر اجارہ کی منظوری آپ کی کمپنی کا شرعی مشیر دیتا ہے، جس کا انتخاب SECP، NBFIs اور مضاربہ ایبوسی ایشن آف پاکستان کے مشیروں کے منظور شدہ ہیٹل میں سے کیا گیا ہے۔ پچھلے چھ سالوں میں کمپنی کے لیز میں اضافہ کے ریکارڈ کی تفصیل درج ذیل ہے:-



لیز میں سرمایہ کاری کی اقسام

مالی سال 2016 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، PGL اثاثہ تنوع پالیسی کے مزید وضاحتی عوامل سے لیز کئے جانے والے اثاثوں کے حوالے سے ٹیکس کی مد میں PGL کو فائدہ ملا ہے۔ درج بالا چارٹ میں مالی سال 2016 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 23 ویں سالانہ رپورٹ بشمول مالیات گوشوارے اور آڈیٹرز رپورٹ برائے سال اختتام 30 جون 2016 پیش کر رہے ہیں۔

آپریشنل جائزہ

عملی پابندیوں پر مشتمل ماحول کے باوجود، جن سے کمپنی کا سامنا رہا ہے، زیر تبصرہ مالیاتی سال کے دوران کمپنی کی کارکردگی کو بلاشبہ متاثر کن کہا جاسکتا ہے۔

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

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

PGL کی مالیاتی انتظامی پالیسی کا مرکزی نقطہ اندرونی طور پر مہیا کردہ مالی وسائل سے کمپنی کے کاروبار کے لئے فنڈ فراہم کرنا ہے۔ نتیجتاً آپ کی کمپنی لیسیز (Lessees) سے لیز کے متعلق تمام وعدوں کو مد نظر رکھتے ہوئے بروقت اور باقاعدہ واپسی پر خاص توجہ مرکوز رکھتی ہے۔ یہ بات کہتے ہوئے فخر محسوس ہوتا ہے کہ آپ کی کمپنی کی پچھلے کچھ سالوں میں وصولیاتی کی شرح غیر معمولی رہی ہے۔ زیر تبصرہ سال میں یہ شرح 98.7 فیصد رہی ہے۔

مالی سال 2016 میں کاروبار میں غیر معمولی اضافہ اور لیز ریٹیل ادا کیگیوں 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 ایسا سرز کی طرف سے سرمایہ کاری سرٹیفکیٹس اسکیم میں اضافی سرمایہ کاری کے ذریعے حاصل ہونے والی مالی اعانت پر بھی انحصار کرتی رہی ہے۔ کمپنی کے اسپانسر 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 کہ مستحق ہیں۔

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

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

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

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

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

- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or NBF1 or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- During the year casual vacancy occurring on the Board on January 11, 2016 was filled up by the directors within 90 days.
- 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.
- 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.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/shareholders.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- During the year further three (3) Directors of the Company have acquired the required certificate of Directors Training course from an Institute approved by the Securities and Exchange Commission of Pakistan (SECP). Further, the domestic and international business

environment and regulatory changes were discussed with the directors in the BOD meetings held during the year. Till June 30, 2016 five (5) directors of the Company have acquired the required certificate of Directors Training course while two (2) are exempt from this requirement.

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

Chief Executive Officer

Director

September 20, 2016
Karachi



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Pakistan

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pak - Gulf Leasing Company Limited for the year ended June 30, 2016 to comply with the requirements of Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

KARACHI

DATED: SEPTEMBER 20, 2016

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

Shariah Advisor's Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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

By the grace of Allah, the year under review was the fourth year of Islamic financing at Pak-Gulf Leasing Company Limited. During the last year concluded, a number of Shariah-compliant transactions have been carried out by PGL with valuable clients.

In the capacity of PGL's Shariah Advisor, I have reviewed the Legal documents of Ijarah (Vehicle & Machinery) and supervised the above mentioned transactions.

I confirm that the Ijarah 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.

I certify that the treasury function and accounting treatment of the referred product are in conformity to Shariah requirements.

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



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of PAK-GULF LEASING COMPANY LIMITED ("the Company") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) In our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, comprehensive income, cash flows and changes in equity for the year then ended; and
- d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KARACHI

DATED: 20 SEP 2016


CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causar**BDO Ebrahim & Co. Chartered Accountants**BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

**BALANCE SHEET
AS AT JUNE 30, 2016**

	Note	2016	2015
----- Rupees -----			
ASSETS			
Current assets			
Cash and bank balances	5	44,296,138	43,753,913
Short term investments	6	16,259,209	3,461,625
Other receivables - net	7	1,795,739	1,328,723
Ijarah rental receivables		904,009	-
Advances to employees	8	196,006	78,304
Accrued mark-up / return on investments		1,475,668	1,229,408
Prepayments		2,819,664	527,043
Current portion of net investment in finance lease	9	499,111,879	438,608,838
Taxation - net	10	7,787,572	8,734,754
Total current assets		574,645,884	497,722,608
Non-current assets			
Net investment in finance lease	9	1,039,542,601	850,949,630
Long-term investments	11	27,199,297	24,744,411
Long-term deposits	12	300,460	109,500
Property, plant and equipment	13	207,896,308	125,763,680
Intangible assets	14	1,590,019	1,468,082
Total non-current assets		1,276,528,685	1,003,035,303
Total assets		1,851,174,569	1,500,757,911
LIABILITIES			
Current liabilities			
Trade and other payables	15	16,704,576	9,170,873
Accrued mark-up	16	8,410,233	4,161,639
Certificates of investment	17	264,835,006	156,466,231
Short term borrowings	18	187,854,564	192,856,269
Short term loan from a related party	19	-	40,000,000
Current portion of advance rental against Ijarah leasing	21	8,136,396	3,337,816
Current portion of long-term deposits	20	79,415,142	60,658,383
Total current liabilities		565,355,917	466,651,211
Non-current liabilities			
Long-term deposits	20	482,845,368	345,791,150
Advance rental against Ijarah leasing	21	14,601,119	7,222,006
Deferred taxation - net	22	159,776,708	133,643,212
Total non-current liabilities		657,223,195	486,656,368
Total liabilities		1,222,579,112	953,307,579
NET ASSETS		628,595,457	547,450,332
Financed by:			
Share capital	23	253,698,000	253,698,000
Reserves	24	293,197,975	249,535,302
		546,895,975	503,233,302
Surplus on revaluation of available for sale investment	6	2,343,445	2,267,425
		549,239,420	505,500,727
Surplus on revaluation of property, plant and equipment - net of tax	25	79,356,037	41,949,605
		628,595,457	547,450,332
Contingencies and commitments	26		

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
----- Rupees -----			
INCOME			
Income from leasing operations	27	142,475,688	117,152,534
Other Operating Income			
Return on investments	28	5,959,998	3,626,481
Other income	29	3,235,674	21,838
		9,195,672	3,648,319
		151,671,360	120,800,853
OPERATING EXPENSES			
Administrative and operating expenses	30	72,289,792	46,156,471
Finance cost	31	28,093,726	20,306,096
Other charges		101,713	77,295
		100,485,231	66,539,862
Operating profit before provision		51,186,129	54,260,991
Reversal for potential lease losses	9.3	-	52,620
Profit before taxation		51,186,129	54,313,611
Taxation	32	10,471,732	4,028,629
Profit for the year		40,714,397	50,284,982
Earning per share-basic and diluted	33	1.60	1.98

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Director

**STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016	2015
		----- Rupees -----	
Profit for the year		40,714,397	50,284,982
Other comprehensive income for the year			
<i>Items to be reclassified to income statement in subsequent periods:</i>			
Surplus on revaluation of available for sale investment	6	<u>76,020</u>	<u>388,788</u>
Total comprehensive income for the year		<u>40,790,417</u>	<u>50,673,770</u>

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

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
----- Rupees -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		51,186,129	54,313,611
Adjustment for:			
Depreciation	13.1 & 13.5	34,700,966	15,769,054
Amortisation	14	149,802	149,802
Finance cost	31	28,093,726	20,306,096
Amortisation of premium / (discount) on PIB investment		29,013	(46,702)
Reversal of potential lease losses		-	(52,620)
Gain on disposal of operating fixed asset	29	(1,364,100)	-
		<u>61,609,407</u>	<u>36,125,630</u>
Operating profit before working capital changes		112,795,536	90,439,241
Movement in working capital			
(Increase) / decrease in current assets			
Advance to employees		(117,702)	3,610
Accrued mark-up / return on investments		(246,260)	(184,894)
Other receivables - net		(467,016)	4,544,538
Ijarah rental receivables		(904,009)	-
Long-term deposits		(3,000)	-
Prepayments		(2,292,621)	190,882
		<u>(4,030,608)</u>	<u>4,554,136</u>
Increase / (decrease) in current liabilities			
Trade and other payables		7,533,703	(890,756)
Cash generated from operations		116,298,631	94,102,621
Finance cost paid		(23,845,132)	(19,582,795)
Tax paid		(627,365)	(1,014,902)
Deposits received from to lessees		155,810,977	97,854,551
Advance Ijarah rental received from lessees		12,177,693	5,805,687
Increase in net investment in finance lease - net		(249,096,012)	(236,878,536)
		<u>(105,579,839)</u>	<u>(153,815,995)</u>
Net cash generated from / (used in) operating activities		10,718,792	(59,713,374)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipments	13.1 & 13.5	(59,704,875)	(40,556,462)
Additions in intangible assets	14.1	(271,739)	(1,168,478)
Proceeds from disposal of operating fixed asset	13.6	1,826,400	-
Short-term investment in Market Treasury Bills		(12,721,564)	-
Long-term investment		(2,483,899)	(3,834,899)
Net cash used in investing activities		(73,355,677)	(45,559,839)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from certificates of investment - net		108,368,775	19,359,055
Deposit on Ijarah finance facility obtained		(187,960)	-
Short term loan from a related party - net		(40,000,000)	18,000,000
Net cash generated from financing activities		68,180,815	37,359,055
Net increase / (decrease) in cash and cash equivalents		5,543,930	(67,914,158)
Cash and cash equivalents at the beginning of the year		(149,102,356)	(81,188,198)
Cash and cash equivalents at the end of the year	37	<u>(143,558,426)</u>	<u>(149,102,356)</u>

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	Share capital	Reserves			Sub Total	Surplus on revaluation of available for sale investment	Total equity
		Capital		Revenue			
		Statutory reserve	Reserve for issue of bonus shares	Unappropriated profit			
----- Rupees -----							
Balance as at July 01, 2014	253,698,000	51,546,096	4,402,000	140,971,690	196,919,786	1,878,637	452,496,423
Total comprehensive income for the year ended June 30, 2015							
Profit for the year	-	-	-	50,284,982	50,284,982	-	50,284,982
Other comprehensive income							
Surplus on revaluation of available for sale investment	-	-	-	-	-	388,788	388,788
	-	-	-	50,284,982	50,284,982	388,788	50,673,770
Transfer from surplus on revaluation of property, plant and equipment to unappropriated profit - net of deferred tax	-	-	-	2,330,534	2,330,534	-	2,330,534
Transfer to statutory reserve (note 24.1)	-	10,056,996	-	(10,056,996)	-	-	-
Balance as at June 30, 2015	253,698,000	61,603,092	4,402,000	183,530,210	249,535,302	2,267,425	505,500,727
Total comprehensive income for the year ended June 30, 2016							
Profit for the year	-	-	-	40,714,397	40,714,397	-	40,714,397
Other comprehensive income							
Surplus on revaluation of available for sale investment	-	-	-	-	-	76,020	76,020
	-	-	-	40,714,397	40,714,397	76,020	40,790,417
Transfer from surplus on revaluation of property, plant and equipment to unappropriated profit - net of deferred tax	-	-	-	2,948,276	2,948,276	-	2,948,276
Transfer to statutory reserve (note 24.1)	-	8,142,880	-	(8,142,880)	-	-	-
Balance as at June 30, 2016	253,698,000	69,745,972	4,402,000	219,050,003	293,197,975	2,343,445	549,239,420

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Director

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 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, however, before the merger of the three (3) stock exchanges of Pakistan into Pakistan Stock Exchange Limited the Company was listed on all three (3) stock exchanges of Pakistan; i.e. Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited. The registered office of the Company has been shifted to UNIBRO House, Ground and Mezzanine Floor, Plot No. 114, 9th East Street, Phase-1, Defence Housing Authority, Karachi w.e.f. April 15, 2016. Previously the registered office of the Company was situated at The Forum, Rooms 125-127, First Floor, Main Khayaban-e-Jami, Clifton, Karachi.
- 1.2** Regulation 4 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008) vide SRO1002(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, 2016 is Rs. 545.306 million which is Rs. 45.306 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 November 27, 2015.

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

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

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

The following new standards and interpretations have been issued by the International Accounting

Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Company has adopted these accounting standards and interpretations which do not have significant impact on the Company's financial statements other than certain additional disclosures regarding fair value of financial instruments as per IFRS 13 "Fair Value Measurement".

	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements	January 1, 2015
IFRS 11 Joint Arrangements	January 1, 2015
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13 Fair Value Measurement	January 1, 2015
IAS 27 Separate Financial Statements (Revised 2011)	January 1, 2015
IAS 28 Investments in Associates and Joint Ventures (Revised 2011)	January 1, 2015

3.2 Amendments not yet effective

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

	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	Jan. 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
IFRS 10 Consolidated Financial Statements - Amendments regarding the application of the consolidation exception	Jan. 01, 2016
IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	Jan. 01, 2016
IFRS 12 Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	Jan. 01, 2016
IAS 1 Presentation of Financial Statements - Amendments resulting from the disclosure initiative	Jan. 01, 2016
IAS 7 Statement of Cash Flows - Amendments resulting from the disclosure initiative	Jan. 01, 2016
IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	Jan. 01, 2016
IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	Jan. 01, 2016
IAS 27 Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	Jan. 01, 2016

	Effective date (annual periods beginning on or after)
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Defered indefinitely
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	Jan. 01, 2016
IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	Jan. 01, 2016
IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16	Jan. 01, 2016

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2016 are as follows:

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

3.3 Standards or interpretations not yet effective

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

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

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Financial assets

4.1.1 Classification

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

a) Loans and receivables

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

b) Held-to-maturity

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

c) Available for sale

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

4.1.2 Initial recognition and measurement

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

4.1.3 Subsequent measurement

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

a) Loans and receivables

Loans and receivables are carried at amortised cost.

b) Held to maturity

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

c) Available for sale

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

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. At this time, the cumulative surplus or deficit previously recognised directly in equity is transferred to the profit and loss account.

4.1.4 Impairment

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

4.1.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership attached to such financial assets.

4.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.3 Offsetting of financial assets and liabilities

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

4.4 Cash and bank balances

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

4.5 Cash and cash equivalents

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

4.6 Net investment in finance lease

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

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

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

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

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

4.7 Provision for potential lease losses and provision for terminated leases

Calculating the provision for net investment in finance lease losses and provision for terminated leases is subject to numerous judgments and estimates. In evaluating the adequacy of provision, management considers various factors, including the requirements of the NBFC Regulations, 2008 issued by Securities and Exchange Commission of Pakistan, the nature and characteristics of the obligor, current economic conditions, credit concentrations, historical loss experience and delinquencies. Lease receivables are charged off, when in the opinion of management, the likelihood of any future collection is believed to be minimal.

4.8 Property, plant and equipment

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

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

Depreciation is charged using the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life at the rates specified in note 13.1 after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

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

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

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

Ijarah assets

Rental from Ijarah arrangements are recognised in profit and loss 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.

4.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. These are amortised using the straight line method reflecting the pattern in which the economic benefits of the asset are consumed by the Company as mentioned in note 14.

4.10 Other receivables

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

4.11 Provisions

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

4.12 Taxation**4.12.1 Current**

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

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

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

4.12.2 Deferred

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

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

4.13 Trade and other payables

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

4.14 Borrowings

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

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

4.15 Staff retirement benefits**Defined contribution plan**

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

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

4.16 Employees' compensated absences

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

4.17 Currency translation**Foreign currency transactions**

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

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

4.18 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 on accrual basis as and when rentals become due.

Return on investments

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

Dividend income

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

Interest income

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

Gain or losses on sale of investments

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

4.19 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 share holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, if any.

4.20 Dividend distribution and transfer between reserves

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

4.21 Segment reporting

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

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

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

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

4.22 Critical accounting estimates and judgments

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

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

- i) Classification and valuation of investments (notes 4.1, 6 and 11).
- ii) Provision for current and deferred taxation (notes 4.12, 22 and 32).
- iii) Recognition and measurement of deferred tax assets and liabilities (note 4.12.2, 22 and 32).
- iv) Classification and provision of net investment in finance lease (notes 4.6, 4.7 and 9).
- v) Determination and measurement of useful life and residual value of property, plant and equipment (note 4.8 and 13).

- vi) Determination and measurement of useful life and residual value of intangible assets (note 4.9 and 14).
vii) Measurement of lease hold premises carried at revalued amount. (note 4.8, 13.2 and 25).

5. CASH AND BANK BALANCES	Note	2016	2015
		----- Rupees -----	
Cash in hand		1,425	17,082
Balance with banks:			
- in current accounts	5.1	15,245,692	38,733,438
- in saving accounts	5.2	29,049,021	5,003,393
		<u>44,296,138</u>	<u>43,753,913</u>

5.1 This amount includes Rs. 3.22 million (2015: Rs. 16.20 million) which represents balance of bank account(s) maintained with Islamic bank(s) by the Company. The balance in current accounts does not carry any mark up or interest.

5.2 These carry mark-up rates ranging from 4% to 5.7% (2015: 5% to 6.25%) per annum.

6. SHORT TERM INVESTMENT

Available for sale

Cost

54,300 units of National Investment (Unit) Trust
(2015: 54,300) 1,194,200 1,194,200

Revaluation surplus

As at July 01

2,267,425

1,878,637

Surplus / (deficit) for the year

76,020

388,788

As at June 30

2,343,445

2,267,425

3,537,645

3,461,625

Held to maturity

Government Securities -
Market Treasury Bills

6.1

12,721,564

-

16,259,209

3,461,625

6.1 Market Treasury Bills (MTB) carry interest rate ranging from 5.95% to 6.35% per annum and has maturity date ranging from August 04, 2016 to April 13, 2017. The market value of investment in MTB as at June 30, 2016 amounted to Rs. 13.008 million (2015: nil).

7. OTHER RECEIVABLES - NET

Lease receivable held under litigation	7.1	28,581,952	28,581,952
Insurance premium and other receivable	7.2	2,973,576	2,506,560
		31,555,528	31,088,512
Provision against lease receivable held under litigation	7.3	(25,600,250)	(25,600,250)
Mark-up held in suspense against lease receivable held under litigation		(2,728,847)	(2,728,847)
Provision against insurance premium and other receivable	7.4	(1,430,692)	(1,430,692)
		<u>1,795,739</u>	<u>1,328,723</u>

7.1 This includes net investment in finance lease terminated by the Company and where litigation has commenced.

7.2 This includes insurance premium receivable from lessees for leased assets insured on their behalf by the Company. These amounts are recovered either during the lease period or on termination / maturity of the lease contracts.

7.3	Movement of provision against lease receivable held under litigation	Note	2016	2015
----- Rupees -----				
	Balance as at July 01		25,600,250	25,600,250
	Charge for the year		-	-
	Balance as at June 30		<u>25,600,250</u>	<u>25,600,250</u>

7.4	Movement of provision against insurance premium and other receivable		2016	2015
	Balance as at July 01		1,430,692	1,430,692
	Charge for the year		-	-
	Balance as at June 30		<u>1,430,692</u>	<u>1,430,692</u>

8. ADVANCE TO EMPLOYEES

Advance to employees	8.1	<u>196,006</u>	<u>78,304</u>
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8.1 This amount represents advance given by the Company to its employees against their salary in accordance with the Company's HR policy.

9. NET INVESTMENT IN FINANCE LEASE

Net investment in finance lease	9.1	1,538,654,480	1,289,558,468
Current portion shown under current assets	9.1	<u>(499,111,879)</u>	<u>(438,608,838)</u>
		<u>1,039,542,601</u>	<u>850,949,630</u>

9.1 Net investment in finance lease

	2016				2015			
	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	513,377,901	634,409,623	204,945	1,147,992,469	472,311,495	572,631,137	1,296,445	1,046,239,077
Residual value of leased assets (note 9.2)	79,415,142	482,595,368	250,000	562,260,510	60,658,383	344,732,225	1,058,925	406,449,533
Gross investment in finance lease	592,793,043	1,117,004,991	454,945	1,710,252,979	532,969,878	917,363,362	2,355,370	1,452,688,610
Unearned lease income	(92,687,082)	(77,910,634)	(6,701)	(170,604,417)	(93,366,958)	(68,674,215)	(94,887)	(162,136,060)
Mark-up held in suspense	(116,033)	-	-	(116,033)	(116,033)	-	-	(116,033)
	(92,803,115)	(77,910,634)	(6,701)	(170,720,450)	(93,482,991)	(68,674,215)	(94,887)	(162,252,093)
	<u>499,989,928</u>	<u>1,039,094,357</u>	<u>448,244</u>	<u>1,539,532,529</u>	<u>439,486,887</u>	<u>848,689,147</u>	<u>2,260,483</u>	<u>1,290,436,517</u>
Provision for potential lease losses (note 9.3)	(878,049)	-	-	(878,049)	(878,049)	-	-	(878,049)
Net investment in finance lease	<u>499,111,879</u>	<u>1,039,094,357</u>	<u>448,244</u>	<u>1,538,654,480</u>	<u>438,608,838</u>	<u>848,689,147</u>	<u>2,260,483</u>	<u>1,289,558,468</u>

In certain leases, the Company has security, in addition to leased assets, in the form of mortgages / corporate / personal guarantees of associated companies / directors.

- 9.2** These represent interest free security deposits received against lease contracts and are refundable / adjustable at the expiry / termination of the respective leases. The amount is net of security deposit held against matured leases amounting to Rs. 85.742 million (2015: Rs. 62.290 million).

9.3	Provision for potential lease losses	Note	2016	2015
----- Rupees -----				
	Balance as at July 01		878,049	930,669
	Reversal for the year		<u>-</u>	<u>(52,620)</u>
	Balance as at June 30		<u>878,049</u>	<u>878,049</u>

- 9.4** The net investment in finance lease portfolio includes Rs. 0.88 million (2015: Rs. 0.88 million) which has been placed under non-performing status.

- 9.5** The Company has entered into various lease agreements for periods ranging from one to seven years (2015: one to seven years). Security deposits ranging from 5% to 64.5% (2015: 5% to 64.5%) are obtained at the time of entering into the lease arrangement. The rate of return implicit in the leases ranges from 8.08% to 17.92% (2015: 10.51% to 22.36%) per annum.

10. TAXATION - NET

	Balance as at July 01		8,734,754	4,579,176
	Advance tax paid		627,365	1,014,902
	Charge for the year	32	(1,574,547)	(1,228,026)
	Reversal of prior year tax	32.3	<u>-</u>	<u>4,368,702</u>
	Balance as at June 30		<u>7,787,572</u>	<u>8,734,754</u>

11. LONG TERM INVESTMENT

Held to maturity

Government Security				
Pakistan Investment Bonds			<u>27,199,297</u>	<u>24,744,411</u>

- 11.1** As per the requirements of Regulations 14(4)(i) of the Non Banking Finance Companies and Notified Entities Regulations, 2008, the Company is required to invest at least 15% of its outstanding funds raised through issue of Certificates of Investment in the Government securities. As at June 30, 2016, the Company had 15.07% of its funds raised through Certificates of Investment invested in Pakistan Investment Bonds (PIBs) and Market Treasury Bills (Refer Note 6).

- 11.2** PIBs carries interest rate ranging from 9.25% to 11.50% per annum and has maturity date ranging from July 19, 2017 to March 25, 2020. The market value of investment in PIBs as at June 30, 2016 amounted to Rs. 29.687 million (2015: Rs. 26.765 million).

12. LONG-TERM DEPOSITS

Long-term deposits	12.1	<u>300,460</u>	<u>109,500</u>
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- 12.1** This amount includes Rs. 0.188 million (2015: nil) given by the Company as security deposit to First Habib Moadarba under Ijarah arrangement to obtain the Ijarah asset. These deposits do not carry any markup or interest.

	Note	2016	2015
		----- Rupees -----	
13. PROPERTY, PLANT AND EQUIPMENT			
Fixed assets - own use	13.1	128,196,046	73,913,448
Fixed assets - Ijarah finance	13.5	79,700,262	51,850,232
		<u>207,896,308</u>	<u>125,763,680</u>

13.1 Fixed Assets - own use

Description	Leasehold premises	Leasehold improvements	Furniture and fittings	Office equipment	Vehicles	Computer equipment	Total
	----- Rupees -----						
Year ended June 30, 2016							
Net carrying value basis							
Opening net book value (NBV)	68,534,981	-	138,340	453,883	3,617,359	1,168,885	73,913,448
Additions	-	497,216	101,825	2,351,510	-	564,662	3,515,213
Disposals (NBV)	-	-	-	(3,046)	(459,254)	-	(462,300)
Revaluation	57,591,019	-	-	-	-	-	57,591,019
Depreciation charge	(4,633,200)	(26,418)	(26,317)	(204,388)	(856,630)	(614,381)	(6,361,334)
Closing net book value	<u>121,492,800</u>	<u>470,798</u>	<u>213,848</u>	<u>2,597,959</u>	<u>2,301,475</u>	<u>1,119,166</u>	<u>128,196,046</u>
Gross carrying value basis							
Cost	123,552,000	1,168,197	1,947,562	4,162,230	6,875,735	4,231,921	141,937,645
Accumulated depreciation	(2,059,200)	(697,399)	(1,733,714)	(1,564,271)	(4,574,260)	(3,112,755)	(13,741,599)
Net book value	<u>121,492,800</u>	<u>470,798</u>	<u>213,848</u>	<u>2,597,959</u>	<u>2,301,475</u>	<u>1,119,166</u>	<u>128,196,046</u>
Year ended June 30, 2015							
Net carrying value basis							
Opening book value	72,395,981	-	149,067	339,732	4,473,989	395,361	77,754,130
Additions during the year	-	-	15,300	222,800	-	1,106,862	1,344,962
Disposals (NBV)	-	-	-	-	-	-	-
Depreciation charge	(3,861,000)	-	(26,027)	(108,649)	(856,630)	(333,338)	(5,185,644)
Closing net book value	<u>68,534,981</u>	<u>-</u>	<u>138,340</u>	<u>453,883</u>	<u>3,617,359</u>	<u>1,168,885</u>	<u>73,913,448</u>
Gross carrying value basis							
Cost	77,220,004	670,981	1,845,737	2,148,625	9,761,520	3,903,765	95,550,632
Accumulated depreciation	(8,685,023)	(670,981)	(1,707,397)	(1,694,742)	(6,144,161)	(2,734,880)	(21,637,184)
Net book value	<u>68,534,981</u>	<u>-</u>	<u>138,340</u>	<u>453,883</u>	<u>3,617,359</u>	<u>1,168,885</u>	<u>73,913,448</u>
Depreciation rate % per annum	5	33.33	10	20	20	33.33	

- 13.2** The Company follows the revaluation model for its leasehold premises. The leasehold premises of the Company were revalued as at November 1, 2005, October 27, 2008 April 1, 2013 and March 11, 2016 by M/s. Akbani & Javed Associates, independent valuation consultants, based on active market prices and relevant inquiries and information as considered necessary, adjusted for any difference in nature and location. The revaluations resulted in a net surplus of Rs. 41.224 million, Rs. 39.057 million, Rs. 13.044 million and Rs. 57.591 million, respectively over the written down values of Rs. 9.731 million, Rs. 43.311 million, Rs. 64.178 million and Rs. 65.961 million, respectively. Out of the revaluation surplus, an amount of Rs. 115.009 million remains undepreciated as at June 30, 2016 (2015: Rs. 61.690 million). Had there been no revaluation, the book value of leasehold premises would have been Rs. 6.484 million (2015: Rs. 6.844 million).

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

13.3.1 Fair value measurement of lease hold premises is based on the valuations carried out by an independent valuer M/s. Akbani and Javed Associates as on March 11, 2016 on the basis of market value.

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

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

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

13.5 Fixed assets - Ijarah finance

Description	<u>Vehicles</u>	<u>Machinery</u>	<u>Total</u>
	(Rupees)		
Year ended June 30, 2016			
Net carrying value basis			
Opening book value	2,976,248	48,873,984	51,850,232
Additions during the year	-	56,189,662	56,189,662
Disposal (NBV)	-	-	-
Depreciation charge	<u>(1,074,780)</u>	<u>(27,264,852)</u>	<u>(28,339,632)</u>
Closing net book value	<u>1,901,468</u>	<u>77,798,794</u>	<u>79,700,262</u>
Gross carrying value basis			
Cost	4,098,740	115,663,662	119,762,402
Accumulated depreciation	<u>(2,197,272)</u>	<u>(37,864,868)</u>	<u>(40,062,140)</u>
Net book value	<u>1,901,468</u>	<u>77,798,794</u>	<u>79,700,262</u>
Year ended June 30, 2015			
Net carrying value basis			
Opening book value	2,183,528	21,038,614	23,222,142
Additions during the year	1,867,500	37,344,000	39,211,500
Disposal - (NBV)	-	-	-
Depreciation charge	<u>(1,074,780)</u>	<u>(9,508,630)</u>	<u>(10,583,410)</u>
Closing net book value	<u>2,976,248</u>	<u>48,873,984</u>	<u>51,850,232</u>
Gross carrying value basis			
Cost	4,098,740	59,474,000	63,572,740
Accumulated depreciation	<u>(1,122,492)</u>	<u>(10,600,016)</u>	<u>(11,722,508)</u>
Net book value	<u>2,976,248</u>	<u>48,873,984</u>	<u>51,850,232</u>
Depreciation rate % per annum	20 to 33.33	20 to 50	

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



	Original Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
----- Rupees -----							
2016							
Vehicle							
AJZ-632	403,000	322,400	80,600	293,900	213,300	Bid sale	Mr. Waqar Ahmed Khan
AEK-596	1,105,000	1,001,904	103,096	628,000	524,904	Bid sale	Mr. Waseem Mirza
AJQ-517	1,377,785	1,102,227	275,558	838,000	562,442	Lease	Mr. Ayaz Latif
	<u>2,885,785</u>	<u>2,426,531</u>	<u>459,254</u>	<u>1,759,900</u>	<u>1,300,646</u>		
Office equipment	337,905	334,859	3,046	59,500	56,454	Scrap sale	Various buyers
Computer equipment	236,506	236,506	-	7,000	7,000	Scrap sale	Excellent Computer Scrap
Total	<u>3,460,196</u>	<u>2,997,896</u>	<u>462,300</u>	<u>1,826,400</u>	<u>1,364,100</u>		
2015	2,087,500	2,087,500	-	-	-	ljarah term	Lessee

End of

13.7 As at June 30, 2016 cost of asset acquired under ljarah arrangements amounts to Rs. 1.88 million (2015: nil) which do not form part of the assets of the Company in accordance with the requirements to IFAS 2.

	Note	2016	2015
----- Rupees -----			
14. INTANGIBLE ASSETS			
Intangible assets	14.1	<u>1,590,019</u>	<u>1,468,082</u>
14.1 Intangible assets			
Description	Computer Software	Software under development	Total
----- (Rupees) -----			
Year ended June 30, 2016			
Net carrying value basis			
Opening book value	299,604	1,168,478	1,468,082
Additions during the year	-	271,739	271,739
Disposal (NBV)	-	-	-
Amortisation charge	(149,802)	-	(149,802)
Closing net book value	<u>149,802</u>	<u>1,440,217</u>	<u>1,590,019</u>
Gross carrying value basis			
Cost	749,010	1,440,217	2,189,227
Accumulated amortisation	(599,208)	-	(599,208)
Net book value	<u>149,802</u>	<u>1,440,217</u>	<u>1,590,019</u>
Year ended June 30, 2015			
Net carrying value basis			
Opening book value	449,406	-	449,406
Additions during the year	-	1,168,478	1,168,478
Disposal (NBV)	-	-	-
Amortisation charge	(149,802)	-	(149,802)
Closing net book value	<u>299,604</u>	<u>1,168,478</u>	<u>1,468,082</u>
Gross carrying value basis			
Cost	749,010	1,168,478	1,917,488
Accumulated amortisation	(449,406)	-	(449,406)
Net book value	<u>299,604</u>	<u>1,168,478</u>	<u>1,468,082</u>
Amortisation rate % per annum	20	-	

15. TRADE AND OTHER PAYABLES	Note	2016	2015
		----- Rupees -----	
Accrued liabilities		3,087,417	2,649,138
Unclaimed dividend		180,544	180,544
Sundry creditors - Lease		4,258,740	5,402,964
Security deposit		2,054,052	-
Unearned rental income		5,796,991	-
Other liabilities		<u>1,326,832</u>	<u>938,227</u>
		<u>16,704,576</u>	<u>9,170,873</u>
16. ACCRUED MARKUP			
Accrued mark-up on:			
Certificates of investment		7,816,197	3,957,545
Running finance facilities		594,036	184,412
Short term loan from a related party		-	19,682
		<u>8,410,233</u>	<u>4,161,639</u>
17. CERTIFICATES OF INVESTMENT - unsecured			
Opening balance		156,466,231	137,107,176
Certificates issued during the year	17.1	289,835,005	165,018,986
Rolled over during the year		(180,816,230)	(110,779,993)
Payments made during the year		<u>(650,000)</u>	<u>(34,879,938)</u>
Closing balance		<u>264,835,006</u>	<u>156,466,231</u>
17.1	These represent certificates of investment issued by the Company for periods ranging from 3 to 12 months and carry mark-up rates ranging from 7% to 9.5% (2015: 8.5% to 11%) per annum.		
18. SHORT TERM BORROWING			
From banking companies - secured			
Running finances under mark-up arrangements	18.1	<u>187,854,564</u>	<u>192,856,269</u>
18.1	The Company has availed short-term running finance facilities from various commercial banks having sanctioned limit amounting to Rs. 250 million (2015: Rs. 200 million). The facilities carry mark-up at the rate ranging from 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.5% per annum. The facilities are secured by hypothecation charge over leased assets and lease rentals receivable.		
19. SHORT TERM LOAN FROM A RELATED PARTY - unsecured			
Short term loan from a related party	19.1	<u>-</u>	<u>40,000,000</u>
19.1	The amount represented unsecured short term finance availed from a related party that carried mark-up at the rate of 6 months KIBOR plus 2% per annum.		
20. LONG-TERM DEPOSITS			
Long-term security deposits	20.1	562,260,510	406,449,533
Current portion shown under current liabilities	20.1	<u>(79,415,142)</u>	<u>(60,658,383)</u>
		<u>482,845,368</u>	<u>345,791,150</u>

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

	2016	2015
21. ADVANCE RENTAL AGAINST IJARAH LEASING	----- Rupees -----	
Advance rental against Ijarah leasing	22,737,515	10,559,822
Current portion shown under current liabilities	(8,136,396)	(3,337,816)
	<u>14,601,119</u>	<u>7,222,006</u>

22. DEFERRED TAXATION - Net

22.1 Taxable temporary difference arising in respect of:

Surplus on revaluation of fixed assets	35,652,713	19,740,990
Accelerated tax depreciation	-	3,204,615
Investment in finance lease and tax book value of assets given on finance lease	141,990,199	122,044,365
Long-term investments	46,282	30,212
	<u>177,689,194</u>	<u>145,020,182</u>

Deductible temporary difference arising in respect of:

Carried forward tax losses	(8,467,816)	(2,121,856)
Provision against potential lease losses	(272,195)	(280,976)
Provision against other receivable	(8,379,592)	(8,649,901)
Accelerated tax depreciation	(428,820)	-
Provision for leave encashment	(364,063)	(324,237)
	<u>(17,912,486)</u>	<u>(11,376,970)</u>
	<u>159,776,708</u>	<u>133,643,212</u>

22.2 Movement in temporary differences is as follows:

	Balance as at July 1, 2015	Recognised in profit and loss account	Recognised in equity	Balance as at June 30, 2016
	----- Rupees -----			
Surplus on revaluation of property, plant & equipment	19,740,990	(1,324,588)	(17,236,311)	35,652,713
Excess of accounting WDV over Tax WDV	3,204,615	(3,633,435)	-	(428,820)
Long-term investments	30,212	16,070	-	46,282
Investment in finance lease and tax book value of assets given on finance lease	122,044,365	19,945,834	-	141,990,199
Recognised tax losses	(2,121,856)	(6,345,960)	-	(8,467,816)
Provision against potential lease losses	(280,976)	8,781	-	(272,195)
Provision against other receivable	(8,649,901)	270,309	-	(8,379,592)
Provision for leave encashment	(324,237)	(39,826)	-	(364,063)
	<u>133,643,212</u>	<u>8,897,185</u>	<u>(17,236,311)</u>	<u>159,776,708</u>

23. SHARE CAPITAL

Authorised capital			2016	2015
Number of shares			Rupees	
		Ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and paid-up share capital				
10,000,000	10,000,000	Ordinary shares of Rs.10 each fully paid in cash	100,000,000	100,000,000
2,369,800	2,369,800	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	23,698,000	23,698,000
13,000,000	13,000,000	Ordinary shares of Rs. 10 each issued as fully paid Right shares	130,000,000	130,000,000
25,369,800	<u>25,369,800</u>		253,698,000	<u>253,698,000</u>

23.1 As at June 30, 2016, 10,646,529 shares (2015: 10,650,076 shares) of the Company were held by related parties.

23.2 The Board of Directors of the Company in its meeting held on April 29, 2015 had recommended to issue 28.15496 % right shares at a discount of Rs. 3 per share in proportion of 2.815496 shares for every 10 share. The proposed right issue was subject to approval from shareholders and regulatory authorities. However, the Securities and Exchange Commission of Pakistan vide its letter dated November 30, 2015 has not acceded to the request of right issue of shares at discount. Accordingly, the recommendation could not be put into effect.

24. RESERVES
Capital reserve

Statutory reserve	24.1	69,745,972	61,603,092
Reserve for issue of bonus shares		4,402,000	4,402,000
		74,147,972	66,005,092

Revenue reserve

Unappropriated profit		219,050,003	183,530,210
		293,197,975	<u>249,535,302</u>

24.1 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. 8.143 million (2015: Rs. 10.057 million) to its statutory reserve.

	2016	2015
	----- Rupees -----	
25. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of deferred tax		
Surplus on revaluation of leasehold premises as at July 01	61,690,595	65,117,851
Surplus on revaluation conducted during the year	57,591,019	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(2,948,276)	(2,330,534)
Related deferred tax liability of incremental depreciation charged during the year	(1,324,588)	(1,096,722)
	(4,272,864)	(3,427,256)
Surplus on revaluation of operating fixed asset as at June 30	115,008,750	61,690,595
Related deferred tax liability at the beginning of the year	19,740,990	22,791,248
Related deferred tax liability on surplus on revaluation conducted during the year	17,853,216	-
Related to incremental depreciation charged during the year	(1,324,588)	(1,096,722)
Effect of change in tax rate	(616,905)	(1,953,536)
	35,652,713	19,740,990
	79,356,037	41,949,605

26. CONTINGENCIES AND COMMITMENTS
26.1 Contingency

26.1.1 The Alternate Corporate Tax charge for the Tax Year 2016, 2015 and 2014 amounted to Rs. 8.702 million, Rs. 9.233 million and Rs. 8.100 million, respectively which is Rs. 7.127 million, Rs. 8.005 million and Rs. 7.140 million in excess of the minimum tax payable at Rs. 1.575 million, Rs. 1.228 million and Rs. 0.960 million, respectively under section 113 of the Income Tax Ordinance, 2001 (Ordinance). The Company has filed a Constitutional Petition against the levy and payment of Alternate Corporate Tax (ACT) in the Honorable Sindh High Court and on December 29, 2014 the Honorable Court has issued an order restraining the Federal Board of Revenue (FBR) from taking any coercive action against the Company. Accordingly, payment for only minimum tax has been made. The Company has a strong case and the management is confident that the decision will be in the Company's favor.

26.1.2 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 has 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. Further, a Constitutional Petition against the Order in the Honorable Sindh High Court was also filed by the Company subsequent to the year end which has been disposed of by the Honorable Sindh High Court with the consent of both the parties with direction to the SRB not to enforce recovery of the impugned demand, which is subject to matter of the appeal before the Commissioner (appeals), SRB, till final disposal of such appeal. In case of any adverse order passed by the Commissioner (Appeals), SRB, SRB has been further directed that recovery of the impugned demand shall not be enforced through coercive measures for another period of seven days to enable the Company to file appeal before the Appellate Tribunal in accordance with law.

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.

26.2 Commitments	Note	2016	2015
		----- Rupees -----	
26.2.1 Commitments for finance lease		<u><u>55,960,530</u></u>	<u><u>40,842,000</u></u>

26.2.2 Contractual rentals receivable on Ijarah contracts

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

	2016		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Rentals receivable in future	<u><u>28,984,312</u></u>	<u><u>47,441,583</u></u>	<u><u>76,425,895</u></u>

	2015		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Rentals receivable in future	<u><u>26,020,756</u></u>	<u><u>76,425,895</u></u>	<u><u>102,446,651</u></u>

26.2.3 Ijarah rentals payable

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

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

	2015		
	Due within 1 year	Due after 1 year but within 5 years	Total
	(Rupees)		
Future Ijarah rentals payable	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

	Note	2016	2015
		----- Rupees -----	
27. INCOME FROM LEASING OPERATIONS			
Finance Income		107,566,457	102,550,969
Gain / (loss) on lease termination		(2,416,770)	466,254
Late payment charges		851,812	574,402
Processing fee		1,748,625	953,750
Documentation charges		447,500	328,800
Income from Ijarah operations	27.1	<u>34,278,064</u>	<u>12,278,359</u>
		<u>142,475,688</u>	<u>117,152,534</u>
27.1 Income from Ijarah operations			
Ijarah rental income	27.1.1	26,388,932	9,962,201
Processing fee		56,500	52,500
Documentation charges		26,800	20,200
Advance rental amortisation		7,221,974	1,941,744
Others		583,858	301,714
		<u>34,278,064</u>	<u>12,278,359</u>
27.1.1 Ijarah rental income comprises of principal and profit component.			
28. RETURN ON INVESTMENT			
Profit on bank accounts	28.1	2,170,468	877,649
Income from Pakistan Investment Bonds		2,956,428	2,526,202
Income from Market Treasury Bills		357,977	-
Dividend income	28.2	<u>475,125</u>	<u>222,630</u>
		<u>5,959,998</u>	<u>3,626,481</u>
28.1 This amount includes Rs. 3,206 (2015: Rs. 1,175) which represents profit on bank account(s) maintained with Islamic bank(s) by the Company.			
28.2 This amount represents dividend income earned during the year on investment in National Investment Unit Trust.			
29. OTHER INCOME			
Income from financial assets	13.6	5,866	3,388
Income from non-financial assets			
Gain on disposal of fixed assets		1,364,100	-
Rental income		1,734,533	-
Others	29.1	<u>131,175</u>	<u>18,450</u>
		<u>3,235,674</u>	<u>21,838</u>
29.1 This amount includes commitment fees, duplicate transfer letter charges and miscellaneous income.			

	Note	2016	2015
		----- Rupees -----	
30. ADMINISTRATIVE AND OPERATING EXPENSES			
Directors' fee	34	1,253,332	560,000
Salaries, allowances and benefits	30.1 & 30.2	20,164,334	18,604,281
Depreciation	13.1 & 13.5	34,700,966	15,769,054
Amortisation	14	149,802	149,802
Office utilities		1,442,641	1,167,514
Legal and professional charges		2,934,930	2,342,958
Auditors' remuneration	30.4	525,000	525,000
Postage, subscription, printing and stationary		1,416,197	1,394,700
Vehicle running and maintenance		1,111,593	1,210,589
Office repair and general maintenance		1,064,502	1,148,555
Workers' Welfare Fund		1,044,330	1,108,441
Insurance		973,654	746,732
Advertisement		225,915	90,550
Travelling and conveyance		420,991	352,235
Rent on Ijarah finance		544,420	-
Rent expense		1,141,700	-
Office shifting expenses		1,610,644	-
General		1,564,841	986,060
		<u>72,289,792</u>	<u>46,156,471</u>
30.1	This includes salary of Rs. 5.472 million (2015: Rs. 5.010 million) paid to the Chief Executive Officer and Executive Director.		
30.2	Salaries and benefits include Rs. 0.837 million (2015: Rs. 0.745 million) in respect of staff provident fund.		
30.3	The total number of employees at as June 30, 2016 is 24 (2015: 23) and the average number of employees during the year was also 24. (2015: 23).		
30.4 Auditors' remuneration			
Audit fee		335,000	335,000
Review report on the statement of compliance with the Code of Corporate Governance		50,000	50,000
Half yearly review fee		115,000	115,000
Out of pocket expenses		25,000	25,000
		<u>525,000</u>	<u>525,000</u>
31. FINANCE COST			
Mark-up on:			
- Running finance		7,846,939	4,720,240
- Certificate of investment		19,907,797	15,183,128
- Short term loan from related party		275,551	333,238
Bank charges		63,439	69,490
		<u>28,093,726</u>	<u>20,306,096</u>

32. TAXATION	Note	2016	2015
----- Rupees -----			
Current		1,574,547	1,228,026
Prior	32.3	-	(4,368,702)
Deferred	22.2	8,897,185	7,169,305
		<u>10,471,732</u>	<u>4,028,629</u>

32.1 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.

32.2 The returns of income have been filed upto and including Tax Year 2015 corresponding to financial year ended June 30, 2015 under self assessment scheme. However, the return may be selected for which an amendment within six years from the end of the respective Tax Year and within five years from the end of financial year in which assessment order is issued as treated to have been issued for that tax years to the Company respectively.

32.3 During the last financial year, the Company had filed revised tax returns for Tax Year 2011 and Tax Year 2012 to claim refund of cumulative excess tax charged for those Tax Years amounting to Rs. 4.368 million after obtaining requisite approval from the Income Tax authorities under the Income Tax Ordinance, 2001.

33. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders	<u>40,714,397</u>	<u>50,284,982</u>
	(Number of shares)	
Weighted average number of outstanding ordinary shares	<u>25,369,800</u>	<u>25,369,800</u>
	(Rupees)	
Earning per share - basic and diluted	<u>1.60</u>	<u>1.98</u>

33.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2016.

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016			2015		
	Chief Executive Officer	Non Executive Directors	Executive Director & Executives	Chief Executive Officer	Non Executive Directors	Executive Director & Executives
----- Rupees -----						
Managerial remuneration	1,858,068	1,253,332	6,112,982	1,703,226	560,000	5,610,921
Housing and utilities	1,021,932	-	3,774,174	936,774	-	3,337,995
Provident Fund contribution	-	-	172,837	-	-	122,580
	<u>2,880,000</u>	<u>1,253,332</u>	<u>10,059,993</u>	<u>2,640,000</u>	<u>560,000</u>	<u>9,071,496</u>
Number of persons	<u>1</u>	<u>7</u>	<u>6</u>	<u>1</u>	<u>7</u>	<u>6</u>

- 34.1** The executives of the Company are also entitled to free use of Company owned and maintained vehicles.
- 34.2** 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.

35. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

Nature of transaction	Relation with the Company	Note	2016	2015
			----- Rupees -----	
Certificates of investment				
Certificates of investment issued during the year	Directors		62,400,000	62,800,510
Certificates of investment matured during the year	Directors		108,178,990	66,285,510
Financial charges on above certificates of investment for the year	Directors		8,991,994	6,868,634
Certificates of Investment				
Certificates of investment issued during the year	Close relatives of directors		26,000,000	89,265,720
Certificates of investment matured during the year	Close relatives of directors		96,506,015	69,265,720
Financial charges on above certificates of investment for the year	Close relatives of directors		10,279,494	8,233,811
Finance Lease				
Finance leases disbursed during the year	Directors		-	4,502,500
Rental received / adjusted	Directors		5,891,845	1,109,355
Finance leases disbursed during the year	Associated undertaking		-	4,400,000
Rental received / adjusted	Associated undertaking		1,907,904	1,287,057
Short term loan				
Short term loan obtained during the year	Associated undertaking		-	50,000,000
Short term loan repaid during the year	Associated undertaking		40,000,000	32,000,000
Financial charges on short term loan for the year	Associated undertaking	31	275,551	333,238

Nature of transaction	Relation with the Company	Note	2016	2015
			----- Rupees -----	
Prepaid rent and Security deposit				
Prepaid rent paid during the year	Associated undertaking		2,695,000	-
Security deposit paid during the year	Associated undertaking		245,000	-
Prepaid rent paid charged as expense the year	Associated undertaking		980,000	-
Employee <input type="checkbox"/> Provident Fund				
Contribution during the year			837,298	745,634
35.1 Year ended balances				
Certificates of investment			253,085,005	152,066,230
Accrued mark-up on above				
Certificates of investment			7,441,240	3,765,052
Closing balance of rentals receivable related to finance leases			6,510,089	14,309,838
Short term loan		19	-	40,000,000
Accrued mark-up on short term loan		16	-	19,682
Prepaid rent			1,715,000	-
Security deposit			245,000	-

Any receivable from related parties was not overdue at June 30, 2016. Particulars of remuneration to chief executive, directors and executives are disclosed in note 34 to these financial statements.

36. PROVIDENT FUND DISCLOSURE

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

Size of the fund - Net assets	<u>4,501,061</u>	<u>4,452,274</u>
Cost of investments made	<u>252,000</u>	<u>252,000</u>
Percentage of the investments made	<u>6%</u>	<u>6%</u>
Fair value of the investments made	<u>532,210</u>	<u>520,774</u>

The breakup of the fair value of the investments is:

	2016		2015	
	Rupees	%	Rupees	%
Mutual Funds	<u>532,210</u>	<u>100</u>	<u>520,774</u>	<u>100</u>

The management, based on the unaudited 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 227 of the Companies Ordinance, 1984 and Rules formulated for this purpose.

37. CASH AND CASH EQUIVALENTS	Note	2016	2015
		Rupees	
Cash and cash equivalents comprise of the following items:			
Cash and bank balances	5	44,296,138	43,753,913
Short term borrowings	18	(187,854,564)	(192,856,269)
		<u>(143,558,426)</u>	<u>(149,102,356)</u>

38. 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

38.1 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.

38.2 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.

38.2.1 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.

38.2.2 Exposure to credit risk

In summary, compared to the maximum amount included in the balance sheet, the maximum exposure to credit risk as at June 30, 2016 is as follows:

	2016		2015	
	Balance Sheet	Maximum exposure	Balance Sheet	Maximum exposure
----- Rupees -----				
Cash and bank balances	44,296,138	44,294,713	43,753,913	43,736,831
Investments	43,458,506	3,537,645	28,206,036	3,461,625
Ijarah rental receivables	904,009	904,009	-	-
Advances to employees	196,006	196,006	78,304	78,304
Accrued markup / return on investment	1,475,668	180,000	1,229,408	-
Net Investment in finance lease	1,538,654,480	976,393,970	1,289,558,468	883,108,935
Other receivable - net	1,795,739	1,795,739	1,328,723	1,328,723
Long term deposits	300,460	300,460	109,500	109,500
	<u>1,631,081,006</u>	<u>1,027,602,542</u>	<u>1,364,264,352</u>	<u>931,823,918</u>

Differences in the balances as per balance sheet and maximum exposures in investments and investment in finance lease were due to the fact that investments of Rs. 39.921 million (2015: Rs. 24.744 million) relates to investments in government securities and investment in finance lease includes Rs. 562.261 million (2015: Rs. 406.449 million) relating to security deposit which are not considered to carry credit risk.

38.2.3 Credit ratings and Collaterals

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

Ratings	2016	2015
AAA	2.54%	0.66%
AA+	31.84%	50.14%
AA	7.91%	11.10%
AA-	0.48%	0.24%
A+	15.09%	0.18%
A	6.45%	37.09%
A-	35.69%	0.59%
	<u>100.00%</u>	<u>100.00%</u>

38.2.4 Description of Collaterals held

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

38.2.5 Aging analysis of net investment in finance lease

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

	2015			
	Carrying Amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
Past due	----- Rupees -----			
Neither over due not impaired	1,280,111,874	1,280,111,874	-	-
1 - 89 days *	6,053,432	6,053,432	-	-
90 days - 1 year *	3,393,162	3,393,162	-	-
1 year - 2 years	-	-	-	-
2 years - 3 years	-	-	-	-
More than 3 years	878,049	-	878,049	878,049
	<u>1,290,436,517</u>	<u>1,289,558,468</u>	<u>878,049</u>	<u>878,049</u>

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

* No impairment loss has been recorded as these finance leases do not meet the criteria for provisioning requirements under NBFC Regulations, 2008.

38.2.6 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:

	2016		2015	
	Rupees	Percentage	Rupees	Percentage
Energy, oil and gas	135,459,061	7.54	18,304,526	1.21
Steel, engineering and auto	104,503,295	5.82	147,381,149	9.73
Electrical goods	221,503,525	12.33	278,695,541	18.40
Transport and communication	7,483,458	0.42	3,404,660	0.22
Chemical, fertilizer and pharmaceuticals	26,617,560	1.48	15,733,291	1.04
Textile	8,220,659	0.46	10,391,244	0.69
Glass and ceramics	13,673,255	0.76	66,560,704	4.39
Food, tobacco and beverage	25,911,741	1.44	66,963,352	4.42
Hotels	114,224,949	6.36	43,405,182	2.87
Construction	62,548,587	3.48	53,858,758	3.56
Health care	91,382,766	5.09	135,429,562	8.94
Advertisement	6,598,664	0.37	5,631,333	0.37
Services	77,736,939	4.33	8,934,830	0.59
Packaging	6,572,070	0.37	10,060,457	0.66
Banking and Financial Institutions	-	-	356,594	0.02
Others	893,558,089	49.75	649,868,546	42.90
	<u>1,795,994,618</u>	<u>100.00</u>	<u>1,514,979,729</u>	<u>100.00</u>

38.3 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.

38.3.1 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.

38.3.2 Maturity analysis for financial liabilities

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

	2016					
	Total	Contractual cash flow	Upto three months	More than three months and upto one year	More than one year and upto five years	Over five years
	----- Rupees -----					
Non derivative financial liabilities						
Trade and other payable	14,975,355	14,975,355	14,975,355	-	-	-
Accrued mark-up	8,410,233	8,410,233	8,410,233	-	-	-
Certificate of investment - unsecured	264,835,006	276,822,668	68,411,567	208,411,101	-	-
Short term borrowing	187,854,564	187,854,564	138,111,293	49,743,271	-	-
	<u>476,075,158</u>	<u>488,062,820</u>	<u>229,908,448</u>	<u>258,154,372</u>	<u>-</u>	<u>-</u>

	2015					
	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	7,377,541	7,377,541	7,377,541	-	-	-
Accrued mark-up	4,161,639	4,161,639	4,161,639	-	-	-
Certificate of investment - unsecured	156,466,231	167,416,844	28,644,371	138,772,473	-	-
Short term borrowing	192,856,269	192,856,269	192,856,269	-	-	-
Short term loan - related party	40,000,000	40,295,233	40,295,233	-	-	-
	<u>400,861,680</u>	<u>412,107,526</u>	<u>273,335,053</u>	<u>138,772,473</u>	<u>-</u>	<u>-</u>

38.3.3 The contractual cash flow relating to the above financial liabilities have been determined on the basis mark-up rates effective at year end. The rates of mark-up have been disclosed in notes 17 to 19 to these financial statements.

38.4 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.

38.4.1 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.

38.4.2 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>	
	2016	2015
 Rupees	
Fixed rate instruments		
Financial assets	<u>69,873,891</u>	<u>29,747,804</u>
Financial liabilities	<u>264,835,006</u>	<u>156,466,231</u>
Variable rate instruments		
Financial assets	<u>1,538,654,480</u>	<u>1,289,558,468</u>
Financial liabilities	<u>187,854,564</u>	<u>232,856,269</u>

38.4.2.1 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.

38.4.2.2 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 2015.

	<u>Profit and loss</u>	
	100 bp increase	100 bp decrease
 Rupees	
As at June 30, 2016		
Cash flow sensitivity - variable rate instruments	<u>13,507,999</u>	<u>(13,507,999)</u>
As at June 30, 2015		
Cash flow sensitivity - variable rate instruments	<u>10,567,022</u>	<u>(10,567,022)</u>

The sensitivity analysis prepared as of June 30, 2016 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.

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

		2016					
		Exposed to mark-up / interest / profit rate risk					Not exposed to mark-up / interest / profit rate risk
Effective mark-up / interest / profit rate	Total	Upto three months	More than three months and upto one year	More than one year and upto five years	Over five years		
Percent (%)	Rupees						
Financial assets							
Cash and bank balances	4 - 5.7	44,296,138	29,049,021	-	-	-	15,247,117
Short term investments	5.95-6.35	16,259,209	6,462,496	6,259,068	-	-	3,537,645
Other receivables - net	-	1,795,739	-	-	-	-	1,795,739
Ijarah rental receivables	12.04-12.88	904,009	904,009	-	-	-	-
Loans and advances to employees - considered good	-	196,006	-	-	-	-	196,006
Accrued mark-up / return on investments	-	1,475,668	-	-	-	-	1,475,668
Net investment in finance lease (net of security deposit)	8.08 - 17.92	976,393,970	108,539,271	311,157,466	556,498,989	198,244	-
Long-term Investments	9.25 - 11.5	27,199,297	-	-	27,199,297	-	-
Long-term deposits	-	300,460	-	-	-	-	300,460
		1,068,820,496	144,954,797	317,416,534	583,698,286	198,244	22,552,635
Financial liabilities							
Trade and other payables	-	14,975,355	-	-	-	-	14,975,355
Accrued mark-up	-	8,410,233	-	-	-	-	8,410,233
Certificates of investment - unsecured	7 - 9.5	264,835,006	68,103,273	196,731,733	-	-	-
Short term borrowings	7.85 - 8.85	187,854,564	138,111,293	49,743,271	-	-	-
		476,075,158	206,214,566	246,475,004	-	-	23,385,588
On balance sheet gap		592,745,338	(61,259,769)	70,941,530	583,698,286	198,244	(832,953)

		2015					
		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 - 6.25	43,753,913	5,003,393	-	-	-	38,750,520
Short term investments	-	3,461,625	-	-	-	-	3,461,625
Other receivables - net	-	1,328,723	-	-	-	-	1,328,723
Loans and advances to employees - considered good	-	78,304	-	-	-	-	78,304
Accrued mark-up / return on investments	-	1,229,408	-	-	-	-	1,229,408
Net investment in finance lease (net of security deposit)	10.51 - 22.36	883,108,935	95,636,474	282,313,981	503,956,922	1,201,558	-
Long-term Investments	9.25 - 11.5	24,744,411	-	-	24,744,411	-	-
Long-term deposits	-	109,500	-	-	-	-	109,500
		957,814,819	100,639,867	282,313,981	528,701,333	1,201,558	44,958,080
Financial liabilities							
Trade and other payables	-	7,377,541	-	-	-	-	7,377,541
Accrued mark-up	-	4,161,639	-	-	-	-	4,161,639
Certificates of investment - unsecured	8.5 - 11	156,466,231	25,857,710	130,608,521	-	-	-
Short term borrowings	9.49 - 10.49	192,856,269	192,856,269	-	-	-	-
Short term loan - related party	8.98	40,000,000	40,000,000	-	-	-	-
		400,861,680	258,713,979	130,608,521	-	-	11,539,180
On balance sheet gap		556,953,139	(158,074,112)	151,705,460	528,701,333	1,201,558	33,418,900

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

38.4.3 Financial instruments by category

Particulars	2016				Total
	Loans and receivables	Held to maturity	Financial assets 'at fair value through profit or loss'	Financial assets 'available for sale'	
----- Rupees -----					
Financial assets					
Cash and bank balances	44,296,138	-	-	-	44,296,138
Short term investments	-	12,721,564	-	3,537,645	16,259,209
Other receivables - net	1,795,739	-	-	-	1,795,739
Ijarah rental receivables	904,009	-	-	-	904,009
Advance to employees	196,006	-	-	-	196,006
Accrued markup / return on investments	1,475,668	-	-	-	1,475,668
Net investment in finance lease (net of security deposit)	976,393,970	-	-	-	976,393,970
Long-term investments	-	27,199,297	-	-	27,199,297
Long-term deposits	300,460	-	-	-	300,460
	1,025,361,990	39,920,861	-	3,537,645	1,068,820,496

Particulars	2016		Total
	Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	
----- Rupees -----			
Financial Liabilities			
Trade and other payables	-	14,975,355	14,975,355
Accrued mark-up	-	8,410,233	8,410,233
Certificates of investment - unsecured	-	264,835,006	264,835,006
Short term borrowings	-	187,854,564	187,854,564
Short term loan from a related party - unsecured	-	-	-
	-	476,075,158	476,075,158

Particulars	2015				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	43,753,913	-	-	-	43,753,913
Short term investments	-	-	-	3,461,625	3,461,625
Other receivables - net	1,328,723	-	-	-	1,328,723
Advance to employees	78,304	-	-	-	78,304
Accrued markup / return on investments	1,229,408	-	-	-	1,229,408
Net investment in finance lease (net of security deposit)	883,108,935	-	-	-	883,108,935
Long-term investments	-	24,744,411	-	-	24,744,411
Long-term deposits	109,500	-	-	-	109,500
	929,608,783	24,744,411	-	3,461,625	957,814,819

Particulars	Financial liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
	----- Rupees -----		
Financial Liabilities			
Trade and other payables	-	7,377,541	7,377,541
Accrued mark-up	-	4,161,639	4,161,639
Certificates of investment - unsecured	-	156,466,231	156,466,231
Short term borrowings	-	192,856,269	192,856,269
Short term loan from a related party - unsecured	-	40,000,000	40,000,000
	-	400,861,680	400,861,680

38.5 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, 2016.

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, 2016, 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. 35,376 (2015: Rs. 34,616).

39. 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:

	2016	2015
	----- Rupees -----	
Total debt	452,689,570	389,322,500
Total equity	545,305,956	505,500,727
Total capital employed	997,995,526	894,823,227
Gearing ratio	45.36%	43.51%

39.1 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.

40. SEGMENT INFORMATION

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

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

	2015			
	Finance lease	Ijarah finance	Others	Total
	----- Rupees -----			
Segment revenue	104,888,623	12,286,924	3,625,306	120,800,853
Administrative and operating expenses	19,089,197	11,648,858	139,461	30,877,516
Reversal of potential lease losses	52,620	-	-	52,620
Segment result	85,852,046	638,066	3,485,845	89,975,957
Provision for Workers' Welfare Fund				(1,108,441)
Unallocated expenses				(14,170,514)
Result from operating activities				74,697,002
Finance cost				(20,383,391)
Provision for taxation				(4,028,629)
Profit for the year				50,284,982
Other Information				
Segment assets	<u>1,290,594,266</u>	<u>52,462,037</u>	<u>72,577,552</u>	<u>1,415,633,855</u>
Unallocated assets				85,124,056
Total assets				<u>1,500,757,911</u>
Segment liabilities	<u>411,852,497</u>	<u>10,559,822</u>	<u>-</u>	<u>422,412,319</u>
Unallocated liabilities				530,895,260
Total liabilities				<u>953,307,579</u>
Capital expenditure	<u>-</u>	<u>39,211,500</u>	<u>-</u>	<u>39,211,500</u>
Depreciation	<u>-</u>	<u>10,583,410</u>	<u>-</u>	<u>10,583,410</u>
Unallocated Capital expenditure				1,344,962
Unallocated Depreciation				5,185,644

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

As at June 30, 2016, short term investments - available for sale amounting to Rs. 3.54 million (2015: Rs. 3.46 million), mentioned in note 6, were categorised in level 1. Revaluation rates announced by Mutual Funds Association of Pakistan (MUFAP) are used to determine fair value of investment in mutual funds categorised as 'available for sale'.

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

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 20, 2016 by the Board of Directors of the Company.

43. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 20, 2016, proposed a final dividend of Rs. 0.50 per share (2015: nil) for the year ended June 30, 2016, amounting to Rs. 12.68 million (2015: nil) for approval of members at the Annual General Meeting to be held on October 24, 2016. These financial statements do not reflect the impact of this proposed dividend.

Chief Executive Officer**Director**

No. of Share Holders	Having Shares		Shares Held	Percentage %
	From	To		
58	1	100	585	0.0023
17	101	500	6866	0.0271
25	501	1000	19078	0.0752
28	1001	5000	61213	0.2413
5	5001	10000	42182	0.1663
1	10001	15000	14551	0.0574
4	15001	20000	69475	0.2738
2	20001	25000	49690	0.1959
2	25001	30000	50736	0.2000
1	30001	35000	32000	0.1261
1	45001	50000	49950	0.1969
4	55001	60000	229241	0.9036
1	90001	95000	94080	0.3708
1	100001	105000	100831	0.3974
1	115001	120000	116787	0.4603
1	120001	125000	122127	0.4814
1	125001	130000	128560	0.5067
1	155001	160000	159116	0.6272
2	195001	200000	399800	1.5759
1	495001	500000	500000	1.9708
1	580001	585000	582007	2.2941
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	1660001	1665000	1663524	6.5571
2	2345001	2350000	4700000	18.5260
1	2450001	2455000	2451090	9.6614
1	3950001	3955000	3953394	15.5831
1	4220001	4225000	4223584	16.6481
169	Company Total		25369800	100.0000

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2016**

Categories 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 Ltd.	1	799,899	799,899	3.15
Foreign Companies				
Kraftex Limited	1	4,223,584	4,223,584	16.65
Individuals	151	9,695,883	9,695,883	38.22
Others	4	3,904	3,904	0.02
Total	169	25,369,800	25,369,800	100
Holding 5% or more				
1 Kraftex Limited		4,223,584		16.65%
2 Unibro Industries Ltd		1,499,785		5.91%
3 Mid East Agencies (Pvt.) Ltd		1,286,994		5.07%
4 Mr. Yousuf Jan Muhammad		1,822,640		7.18%
5 Mr. Sohail Inam Ellahi		2,451,090		9.66%
6 Mr. Pervez Inam		3,953,394		15.58%
7 Mr. Fawad S Malik		1,348,670		5.32%
8 Mr. Muhammad Ali Pervez		2,350,000		9.26%
9 Mr. Hassan Sohail		2,350,000		9.26%
Total			21,286,157	83.89%

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 23rd Annual General Meeting to be held on Monday, October 24, 2016 and at any adjournment thereof.

As witness my/our hand this day of _____ 2016.

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 اہم _____ ساکن _____

بحیثیت 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 طحا مسماة _____
ساکن _____

یا انکی / اسکی غیر موجودگی میں مسماة _____
_____ ساکن _____ اپنا متبادل (پراکسی) مقرر کرتا / کرتی ہوں اور یہ
حقوق تفویض کرتا / کرتی ہوں جس کے تحت وہ میری / ہماری جگہ مندرجہ بالا کمپنی کے شراکت داران کے 23 ویں سالانہ اجلاس میں
شرکت اور ووٹ ڈالنے کے مجاز ہوں، جبکہ انعقاد بوقت شام 4:00 بجے بروز پیر، مورخہ 24 اکتوبر 2016 طلب و مقرر کیا گیا ہے
جمع اس اجلاس یا اس کے کسی مؤخر کردہ اجلاس کے۔

اس دستاویز کی تصدیق بقلم خود کرتا / کرتی ہوں بتاریخ _____ 2016
_____ کا دستخط شدہ، بحیثیت و موجودگی

براہ مہربانی یہاں 5 روپے کا
ریونیو اسٹامپ چسپاں کریں

گواہان کے دستخط جمع پتے

ممبر کے دستخط جمع حصص فولیو نمبر

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

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