

Grays of Cambridge (Pakistan) Limited Annual Report 2000

ASSOCIATED COMPANIES

In Pakistan

Grays Leasing Limited

Head Office:

41-A, Lawrence Road, Lahore.

Tel: (042) 6372159 - 61

Fax: (042) 6371898

E-mail: gll@ms.net.pk

Liaison Office:

Small Industries Estate, Sialkot

Tel: (0432) 563051 - 52

Fax: (0432) 551252

E-mail: grays@skt.comsats.net.pk

Anwar Khawaja Industries (Pvt) Limited

Small Industries Estate, Sialkot - 51310

Tel: (0432) 551004 - 554531 - 554535 -65473

Fax: (0432) 553609

Dawn Sports (Private) Limited

Small Industries Estate, Sialkot- 51310

Tel: (0432) 554537 - 557808

Overseas

Grays of Cambridge (International) Limited

Station Road, Robertsbridge,

East Sussex TN32 5DH, ENGLAND

Tel: 01580 880357

Fax: 01580 881156

Gray - Nicolls

Station Road, Robertsbridge,

East Sussex TN32 5DH, ENGLAND

Gray - Nicolls (Australia) Pty. Limited

3 Fiveways Boulevard

Keyborough VIC 3173

AUSTRALIA

Tel: 03 9769 0999

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Corporate Information

BOARD OF DIRECTORS Mr. Harold John Gray (Chairman)
Mr. Khawar Anwar Khawaja (Chief Executive)
Mr. Paul Douglas Gray
Mr. Khurram Anwar Khawaja
Mr. Neil Douglas James Gray
Mr. Muhammad Tahir Butt
Mrs. Nuzhat Khawar Khawaja
Mr. Sarfraz Mahmood (Alternate to
Mr. Harold John Gray)

CORPORATE SECRETARY Mr. Shakil Ahmed Bhalli

AUDITORS Messrs. M. A. Tabussum & Co.
Chartered Accountants
S-8 Ahmed Arcade
161 -Ferozepur Road
Lahore
Phone: (042) 7580098 - 7587323
Fax: (042) 7675510

MANAGEMENT CONSULTANTS Messrs. Sarfraz Mahmood (Pvt) Limited
8-Mall Mansion, 30-Shahrah-e-Quaid-e-Azam,
Lahore-54000 (Pakistan)
Phone: (042) 7233324 - 26
Fax: (042) 7235762
E-Mail: sarfrazm@paknet1.ptc.pk

**REGISTERED OFFICE
AND WORKS** Small Industries Estate,
Sialkot - 4 (Pakistan)
Phones: (0432) 555338, 563051, 563052

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the thirty-seventh Annual General Meeting of **GRAYS OF CAMBRIDGE (PAKISTAN) LIMITED** will be held on Saturday, December 23, 2000 at 11.30 a.m. at company's registered office, Small Industries Estate, Sialkot to transact the following business:

1. To confirm the minutes of last Annual General Meeting.
2. To receive, consider and adopt the audited accounts and the report of the directors and auditors thereon for the year ended June 30, 2000.
3. To approve the payment of final dividend at the rate of 400 percent (Rupees 40 per share) for the year ended June 30, 2000.
4. To approve the issuance of bonus shares at 25% (one share for every four shares) subject to the compliance of other legal formalities.
5. To appoint auditors and to fix their remuneration for the year ending June 30, 2001. The present auditors, Messrs. M.A. TABUSSUM & CO., Chartered Accountants, Lahore, being eligible, offer themselves for reappointment.
6. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

SIALKOT: November 21, 2000.

COMPANY SECRETARY

NOTES:

- i) The shares transfer books of the company will remain closed from December 15, 2000 to December 22, 2000 (both days inclusive).
- ii) A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote at the meeting. Proxies in order to be effective must be received by the company at the registered office not less than 48 hours before the time for holding the meeting.
- iii) Account holders and sub-account holders holding book entry securities of the Company in Central Depository System of Central Depository of Pakistan Limited are requested to bring original I.D. Card or attested copy of I.D. Card for identification purpose.

Company Profile

Industrial Profile

Grays of Cambridge (Pakistan) Limited was incorporated in Pakistan on June 02, 1964 to incarnate a strong yearn of Late Mr. Anwar Khawaja, the first Managing Director of the company, of making the WORLD'S BEST hockey stick in collaboration with Messrs H.J. Gray & Sons of Cambridge, England

[presently named as "Grays of Cambridge (International) Limited"] under an agreement made and signed in 1963.

The formal inauguration of this Pak-British joint enterprise was held on May 08, 1965 although the unit commenced its commercial production on April 01, 1965 under the elite supervision of an English technician, Mr. D. Fosket who had actually made Hockey Sticks with his own hands for more than half a century. This great expert gave training to Pakistani workers and carved them into a team of adroit and enchanting craftsmen by inculcating them with all his expertise, elegance and excellence.

During 1983, while the company continued progressively making conventional hockey sticks (around 90,000 sticks a year), the management acquired technical know-how from Mr. Toon Coolen of Netherlands and started making a Novelty Stick with a U-Shaped head approved by the Rules Committee of the International Hockey Federation. By virtue of this blending mechanization with the skills of the local craftsmen, the hockey sticks produced by this unit have met with a global acceptance as the best ever-made and the venture proved to be an international success. The fact that the first mark of 17590 hockey sticks produced and exported during .1965 has culminated to its present volume of 200,000 sticks a year, has evidently placed GRAYS PAKISTAN fairly and squarely on the World Hockey Map.

Equally important was the year 1973 which also witnessed expansion in Company's Product line. A Cricket Ball manufacturing unit was established to produce balls with the World's most famous brand names "DUKE & SONS" and "GRAY-NICOLLS" This unit has also shown a tremendous growth as evidenced by rising production of completely hand sewn cricket balls from a few thousand in its first year of inception to around forty thousand a year at present. These balls are being used in first class as well as the Test Cricket in Pakistan and abroad.

The company has a global net work of marketing agents as well as a full fledged quality control wing consisting of on-job trained supervisors headed by a professional, all working under a regular control of the Company's Chief Executive / Technical Director Mr. Khawar A. Khawaja who did his B.E. from the University of Engineering and Technology, Lahore.

Corporate Profile

The company which was incorporated as a private limited company went public in April 1986 and was listed on Karachi and Lahore Stock Exchanges in January 1987. The issue was very well received by public and was over-subscribed by 200 times, a record response by public. Since then, the share of the company has a very strong demand which is well supported by the fact that its 10 rupees share has touched a 450 rupees price and is being quoted at Rupees 375 at present.

In the recent years GRAYS PAKISTAN has also worked on expansion in its corporate set up. Consequently, it acquired DAWN SPORTS (PRIVATE) LIMITED, a hockey manufacturing unit, as a wholly owned subsidiary. At the same time, a plan for diversification in financial and economic activities is also underway, and as a result thereof, the Company co-sponsored a leasing company named GRAYS LEASING LIMITED, listed on Karachi and Lahore Stock Exchanges with an equity capital of 100 million rupees which was also over subscribed even under the prevailing crunch in the investment market.

The financial performance of the company is also revealed by a simple statistic that the shareholders' equity has grown from 225 thousand rupees in 1965 to 176129 thousand rupees in 2000 inspite of high pay outs like:

<i>CASH</i>	<i>BONUS</i>
<i>DIVIDEND</i>	<i>SHARES</i>

1992

200 percent

--

1993	----	100 percent	--
1994	----	100 percent	--
1995 (Half year)	----	100 percent	--
1996	----	150 percent	--
1997	----	200 percent	--
1998	----	160 percent	40 percent
1999	----	200 percent	25 percent
2000	----	400 percent	25 percent

Surely, it is due to this performance that the company was ranked as first for "Corporate Excellence Award" by the Management Association of Pakistan during 1995 and has been declared as one of the Top 25 Companies by the Karachi Stock Exchange for eight consecutive years from 1989 to 1996. For the years 1997 and 1998, the company was not ranked among Top 25 Companies just for lack of some membership criteria. For 1999, it has again been ranked as Third in the Tope 25 Companies.

GRAYS PAKISTAN, under the chairmanship of Mr. John Gray and Chief Executive Officer Mr. Khawar A. Khawaja, has pledged itself to a very strong commitment to realism and honesty with its principles which legislates for the benefits of the public and not least of the Sports and the sportsmen.

Directors' Report

The Directors are pleased to present to you their report along with the Audited Accounts for the year ended June 30, 2000 and the Auditors' Report thereon.

FINANCIAL RESULTS

The operating results and the Directors' recommendations regarding appropriations there of are as under:

	<i>Rupees</i>
Profit for the year ended June 30, 2000 after providing for administration, marketing and financial charges	90,559,725
Less: Workers' profit participation fund	4,469,580
Donations	1,168,213

	5,637,793

PROFIT BEFORE TAXATION	84,921,932
Less: Provision for taxation	7,667,150

PROFIT AFTER TAXATION	77,254,782
UNAPPROPRIATED PROFIT BROUGHT FORWARD	70,549

PROFIT AVAILABLE FOR APPROPRIATIONS	77,325,331
APPROPRIATIONS:	
Bonus shares @ 25%	32,663,751
Proposed final dividend @ 400%	522,620,001
Transfer to general reserve	20,000,000

	75,528,375

UNAPPROPRIATED PROFIT CARRIED FORWARD

1,796,956
=====

CHIEF EXECUTIVE'S REVIEW

The Directors endorse the Chief Executive's Review dealing with performance, activities and prospects of the Company, which is included in this report.

AUDITORS

The present auditors Messrs. M.A Tabussum & Co., Chartered Accountants, retire, and being eligible, have offered themselves for re-appointment.

PATTERN OF SHAREHOLDINGS

The pattern of shareholdings as at June 30, 2000 is given on page 31.

for and on behalf of the Board

KHAWAR A. KHAWAJA
Chief Executive

SIALKOT: November 21, 2000

Chief Executive's Review

With profound gratitude to the Almighty Allah, I am pleased to welcome you to the 37th annual general meeting and present this review of performance of the company for the year ended June 30, 2000.

OPERATING PERFORMANCE

In my last review, I have informed you about the development of composite hockey stick which has affected sales of wooden hockey to some extent. However, despite this change, we succeeded to maintain our sales at rupees 100.301 million depicting a minor increase of rupees 1.833 million over last year's sales of rupees 98.468 million. The operating margin on trading has also been maintained with a slight improvement made possible through a strict check on various overheads.

The pre-tax profit has, however, gone up at 85.43 percent i.e. from rupees 45.797 million to rupees 84.922 million during the year under review. This substantial increase in net profit is an outcome of higher returns on company's investments in its subsidiary and associated undertaking and optimal fund management. You will surely be delighted to note that total income from other sources increased from rupees 19.225 million during 1998-99 to rupees 60.476 million during 1999-2000. This income includes dividends amounting to rupees 12 million received from Dawn Sports (Private) Limited during 1998-99 and rupees 46.500 million {rupees 13.5 million received and rupees 24 million accrued from Dawn Sports, and rupees 3 million received and rupees 6 million accrued from Grays Leasing Limited} during 1999-2000.

APPROPRIATION OF PROFITS

The directors have decided to adhere to their policy of handsome dividend payouts, broadening equity base gradually and securing company's financial health by profit plough back. They have thus proposed 400 percent cash dividend, 25 percent bonus shares and rupees 20 million transfer to the general reserve from out of profits for year ended 30th June 2000 as compared to 200 percent cash dividend, 25 percent bonus shares and rupees 20 million transfer to general reserve during preceding year.

Dear shareholders, you would surely be delighted that, even after such exemplary cash pay-outs, the equity base of your company has grown from rupees 151.136 million as at 30th June 1999 to rupees 176.129 million on 30th June 2000 which reflects a consistent growth of the company.

FUTURE OUTLOOK

As mentioned earlier, the introduction of composite hockey will have negative impact on sale of wooden hockey in the top range. In the middle and lower range, sales are expected to be maintained provided the quality of products is improved and the costs are kept well under control for maintaining a competitive edge. As the middle and lower range do have at present just a wafer-thin margin of profit, the company's earnings from trading may remain under strain till necessary facilities for making composite hockey sticks are obtained. We are therefore working on two fronts; firstly, managing for a sales mix which will optimize contribution and secondly, making appropriate arrangements to get a composite hockey project as early as possible. We are confident that we will soon overcome this situation before it goes into an awful mess.

DAWN SPORTS (PRIVATE) LIMITED

The financials of this wholly owned subsidiary are also being published as a part of this annual report and you can well ascertain its performance there from. You will surely appreciate that the results shown by the company are excellent in all respects.

GRAYS LEASING LIMITED

Grays of Cambridge (Pakistan) Limited holds forty percent of the paid up capital of rupees one hundred million in Grays Leasing Limited. After declaring 15 percent cash dividend for this year too, its net worth has grown from rupees 125.154 million to rupees 134.905 million on 30th June 2000.

The company which started lease operations on 26th February 1997, has generated lease business over rupees 750 million till 30th June 2000. comprising of 688 lease contracts. The business volume grew at 34.7 percent; the net investment in finance lease increased from rupees 293.640 million to rupees 370.129 million which depicts 26.05 percent growth; the gross revenue from operations was rupees 58.035 million as against rupees 46.924 million in 1999; and the pre-tax profit was 25.660 million as compared to rupees 22.501 million during 1999.

PERSONNEL & WORKING ENVIRONMENT

Your company is well aware of the importance of a team of skilled workers and staff. Therefore, in-house training programs designed for this purpose are regularly undertaken. Fresh apprentices are trained through on-job practical working methods. At the same time, other important areas like health, safety and better working environment are also being looked after very well.

The company has implemented a computer-based management information system. We have also made significant progress in the development of in-house programs and implementation of new software and its applications which provide a centralized database, support integration between the manufacturing and financial systems, and assist the company in providing meaningful data in time for management decision making.

APPRECIATION

I wish to place on record my very special thanks to all at various levels of management, administration and workers of the company as well as of all associated concerns for their tireless and dedicated efforts and positive attitude towards our corporate goals.

Sialkot: 21st November 2000

Khawar A. Khawaja
Chief Executive

Statement of Value Added and its Distribution

	<i>2000</i> <i>(Rupees in 000)</i>	%	<i>1999</i> <i>(Rupees in 000)</i>	%
VALUE ADDED				
Net Sales	100,301		98,468	
Less: Materials and services	48,970		50,325	
	-----		-----	
	51,331		48,143	
Other Income	60,477		19,225	
	-----		-----	
	111,808	100.00	67,368	100.00
	=====		=====	
DISTRIBUTION				
To employees				
Salaries, wages and benefits	16,645	14.89	15,161	22.50
Workers' profit participation fund	4,470	4.00	2,410	3.58
	-----		-----	
	21,115	18.89	17,571	26.08
To Government				
Taxes on income	7,667	6.86	2,389	3.55
To Banks				
Interest, Commission etc.	2,528	2.26	1,307	1.94
To Shareholders				
Bonus shares	3,266	2.92	2,613	3.88
Dividend	52,262	46.74	20,905	31.03
To Service to community				
Donations	1,168	1.04	763	1.13
Retained in business				
Depreciation	2,076	1.86	1,930	2.87
Retained profits	21,726	19.43	19,890	29.52
	-----		-----	
	23,802	21.29	21,820	32.39
	-----		-----	
	111,808	100.00	67,368	100.00
	=====		=====	

Decade at a Glance

	<i>(Rupees in '000)</i>									
	<i>June 30</i> <i>2000</i>	<i>June 30</i> <i>1999</i>	<i>June 30</i> <i>1998</i>	<i>June 30</i> <i>1997</i>	<i>June 30</i> <i>1996</i>	<i>June 30</i> <i>1995</i>	<i>Dec 31</i> <i>1994</i>	<i>Dec 31</i> <i>1993</i>	<i>Dec 31</i> <i>1992</i>	<i>Dec 31</i> <i>1991</i>
INCOME										
Sales and Revenues	160 777	117 693	112 395	87 865	80 253	38 452	66 651	66 224	61 736	47 459
Cost of Sales	52 419	50 710	49 151	45 238	38 505	19 299	32 427	27 411	25 096	23 441
Operating & other costs	23 436	21 185	22 353	15 907	16 044	7 057	14 768	12 944	9 785	7 984
Taxes on income	7 667	2 390	1 147	633	952	469	767	79	894	2 657

Profit after Taxation	77 255	43 408	39 744	26 087	24 752	11 627	18 689	25 790	26 961	13 377
FINANCIAL POSITION										
Current Assets	207 046	150 421	107 605	96 147	61 835	87 965	78 105	73 496	61 020	39 716
Less: Current liabilities	108 869	56 259	37 516	48 353	26 491	23 403	18 433	19 035	23 119	13 030
Net Working Capital	98 177	94 162	70 089	47 794	35 344	64 562	59 672	54 461	37 901	26 686
Fixed Assets and long term deposits	77 952	56 974	58 544	53 040	53 132	10 361	11 090	5 078	3 673	3 772
Net capital employed	176 129	151 136	128 633	100 834	88 476	74 923	70 762	59 539	41 574	30 458
Other liabilities	--	--	--	--	--	--	--	--	360	272
Shareholders' equity	176 129	151 136	128 633	100 834	88 476	74 923	70 762	59 539	41 214	30 186
STATISTICS AND RATIOS										
Bonus shares (Percentage)	25	25	40	--	--	--	--	--	--	--
Dividend (Percentage)	400.00	200.00	16,000	200.00	150.00	10,000	100.00	100.00	200.00	7000
Profit on shareholders' Equity (Percentage)	48.22	30.30	31.79	27.94	2905	16.14	27.49	43.45	65.16	53.42
Profit before tax to Sales (Percentage)	8,467	46.51	41.33	31.17	33.02	3,263	30.51	40.22	44.71	35.03
Current Ratio	1.90: 1	2.67: 1	2.87: 1	1.99: 1	2.33:1	3.76: 1	4.24: 1	3.86: 1	2.64: 1	3.04: 1

Auditors' Report to the Members

We have audited the annexed Balance Sheet of **GRAYS OF CAMBRIDGE (PAKISTAN) LIMITED** as at June 30, 2000 and related Profit and Loss account, 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 statement in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility 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 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 the 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 explanations given to us, the balance sheet, profit and loss account, cash flow statement and the 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 company's affairs as at June 30, 2000 and of the profit, its cash flows and the changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

(M.A. TABUSSUM & COMPANY)

Chartered Accountants

LAHORE: November 21,2000

Balance Sheet as at June 30, 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
5,000,000 ordinary shares of Rupees 10 each		50,000,000	50,000,000
		=====	=====
Issued, subscribed and paid up share capital	3	13,065,500	10,452,400
Reserves	4	161,266,375	140,613,100
Unappropriated profit		1,796,956	70,549
		-----	-----
		176,128,831	151,136,049
CURRENT LIABILITIES			
Export refinance	5	35,000,000	15,000,000
Creditors, accrued and other liabilities	6	13,285,708	17,434,982
Provision for taxation	7	7,989,317	2,659,114
Dividend payable	8	52,594,055	21,164,429
		-----	-----
		108,869,080	56,258,525
CONTINGENCIES AND COMMITMENTS			
	9	--	--
		-----	-----
		284,997,911	207,394,574
		=====	=====
ASSETS			
NON-CURRENT ASSETS			
Tangible operating fixed assets	10	13,385,018	12,735,824

Equity and other investments	11	64,465,664	44,155,139
Long term security deposits		101,023	82,623
		-----	-----
		77,951,705	56,973,586
CURRENT ASSETS			
Stock in trade	12	22,482,960	26,404,162
Trade debts	13	29,746,080	42,261,123
Advances, deposits, prepayments and other receivables	14	57,001,656	24,597,149
Cash and bank balances	15	97,815,510	57,158,554
		-----	-----
		207,046,206	150,420,988
		-----	-----
		284,997,911	207,394,574
		=====	=====

The annexed notes form an integral part of these accounts

KHAWAR A. KHAWAJA
Chief Executive

MUHAMMAD TAHIR BUTT
Director

Profit and Loss Account for the year ended June 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
SALES	16	100,300,582	98,468,095
COST OF GOODS SOLD	17	52,419,452	50,710,195
		-----	-----
GROSS PROFIT		47,881,130	47,757,900
ADMINISTRATIVE SELLING AND GENERAL EXPENSES	18	15,266,692	16,695,150
		-----	-----
		32,614,438	31,062,750
OTHER INCOME	19	60,476,507	19,224,690
		-----	-----
		93,090,945	50,287,440
FINANCIAL AND OTHER CHARGES	20	8,169,013	4,490,027
		-----	-----
PROFIT BEFORE TAXATION		84,921,932	45,797,413
PROVISION FOR TAXATION			
Current		7,667,150	2,336,947
Prior years		--	52,462
		-----	-----
		7,667,150	2,389,409
		-----	-----
PROFIT AFTER TAXATION		77,254,782	43,408,004
UNAPPROPRIATED PROFIT BROUGHT FORWARD		70,549	180,445
		-----	-----

PROFIT AVAILABLE FOR APPROPRIATIONS	77,325,331	43,588,449
APPROPRIATIONS:		
Bonus shares @ 25% (1999: 25%)	3,266,375	2,613,100
Proposed final dividend Rupees 40 per share (1999: Rupees 20 per share)	52,262,000	20,904,800
Transfer to general reserve	20,000,000	20,000,000
	-----	-----
	75,528,375	43,517,900
	-----	-----
UNAPPROPRIATED PROFIT	1,796,956	70,549
	=====	=====
EARNINGS PER SHARE	21	33.22
	59.13	

The annexed notes form an integral part of these accounts

KHAWAR A. KHAWAJA
Chief Executive

MUHAMMAD TAHIR BUTT
Director

Cash Flow Statement for the year ended June 30, 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	84,921,932	45,797,413
Adjustment for non cash and other items:		
Depreciation	2,075,822	1,929,854
Profit on deposits with banks	(12,937,310)	(4,927,695)
Dividend income	(47,536,983)	(12,701,215)
Loss / (gain) on sale of investment	3,464	(1,566,732)
Miscellaneous	(2,214)	(29,048)
	-----	-----
	(58,397,221)	(17,294,836)
	-----	-----
Operating profit before working capital changes	2,652,471	28,502,577
Increase in current assets (Decrease) /increase in creditors, accrued and other liabilities	(15,968,262)	(20,690,202)
Increase in export refinance	4,149,274	4,541,696
	20,000,000	4,000,000
	-----	-----
	(117,536)	(12,148,506)
	-----	-----
Cash flows from operating activities before income tax	26,407,175	16,354,071
Income tax paid	(2,336,947)	(1,199,218)
	-----	-----
Net cash flows from operating activities	24,070,228	15,154,853

CASH FLOWS FROM INVESTING ACTIVITIES

Addition in equity investment	(20,310,525)	(247,270)
Addition in fixed assets	(2,800,588)	(1,335,281)
Long term security deposits	(18,400)	(35,763)
Proceeds from disposal of fixed assets	77,786	1,287,877
Profit on deposits with banks	12,937,310	4,927,695
Dividend income	47,536,983	12,701,215
(Loss) / gain on sale of investment	(3,464)	1,566,732
	-----	-----
Net cash flows from investing activities	37,419,102	18,865,205
	-----	-----
Net increase / decrease in cash and cash equivalents	61,489,330	34,020,058
Dividend paid	(20,832,374)	(11,894,456)
	-----	-----
Net increase in cash and cash equivalents	40,656,956	22,125,602
Cash and cash equivalents at the beginning of the year	57,158,554	35,032,952
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	97,815,510	57,158,554
	=====	=====

KHAWAR A. KHAWAJA
Chief Executive

MUHAMMAD TAHIR BUTT
Director

Statement of Changes in Equity for the year ended 30 June 2000

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Reserve for Bonus Shares</i>	<i>Unappropriated Profit</i>	<i>Total</i>
Balance as at June 30, 1998	7,466,000	118,000,000	2,986,400	180,445	128,632,845
Net profit for the year	--	--	--	43,408,004	43,408,004
Bonus shares issued	2,986,400	--	(2,986,400)	--	--
Appropriations:					
Bonus shares	--	--	2,613,100	(2,613,100)	--
Proposed dividend	--	--	--	(20,904,800)	(20,904,800)
General reserve	--	20,000,000	--	(20,000,000)	--
	-----	-----	-----	-----	-----
Balance as at June 30, 1999	10,452,400	138,000,000	2,613,100	70,549	151,136,049
Net profit for the year	--	--	--	77,254,782	77,254,782
Bonus shares issued	2,613,100	--	(2,613,100)	--	--
Appropriations:					
Bonus shares	--	--	3,266,375	(3,266,375)	--
Proposed dividend	--	--	--	(52,262,000)	(52,262,000)
General reserve	--	20,000,000	--	(20,000,000)	--
	-----	-----	-----	-----	-----
Balance as at June 30, 2000	13,065,500	158,000,000	3,266,375	1,796,956	176,128,831
	=====	=====	=====	=====	=====

KHAWAR A. KHAWAJA
Chief Executive

MUHAMMAD TAHIR BUTT
Director

Notes to the accounts for the year ended June 30, 2000

1. THE COMPANY AND ITS ACTIVITIES

Grays of Cambridge (Pakistan) Limited was incorporated in Pakistan on June 02, 1964 as a private company limited by shares under the Companies Act, 1913 (Now Companies Ordinance, 1984) and converted into a public limited company on April 17, 1986. The Company's shares are quoted on the Karachi and Lahore Stock Exchanges. The principal activities of the company are to manufacture-cum-export of quality sports goods particularly hockey sticks, cricket bats and hockey and cricket balls.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Overall valuation policy

These accounts have been prepared under the historical cost convention except to the extent of exchange differences as stated in Note 2.7.

2.2 Tangible fixed assets and depreciation

These are stated at cost less accumulated depreciation except land and capital work-in-progress which are stated at cost. Cost of tangible fixed assets consists of historical cost including directly attributable cost of bringing the assets to working condition.

Depreciation is charged to income applying the reducing balance method to write off the cost of operating fixed assets over their expected useful life.

Full year's depreciation is charged on additions, while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal of tangible fixed assets is included in current year's income.

2.3 Staff retirement benefits

The company operates a funded contributory provident fund scheme for its employees. Equal monthly contributions are made both by the company and employees at the rate of 6.25 percent of the salary to the fund.

2.4 Taxation

The company falls under section 80(cc) of the Income Tax Ordinance, 1979 and provision for income tax has been made in the accounts accordingly.

2.5 Stock-in-trade

This is valued at the lower of average cost and net realizable value. Average cost and net realizable value are defined as under:

Average Cost

For raw material -- at annual average cost

For work-in-process and finished goods	--	at annual manufacturing cost
Net realizable value	--	it signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

2.6 Trade Debts

Known bad debts are written off and provision is made against debts considered doubtful.

2.7 Exchange Difference / Foreign Currency

Transactions in foreign currencies are recorded in the books of accounts using the rates of exchange ruling at the date of respective transaction. All assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Gains and losses on translation are included in the income currently.

2.8 Investments

These are stated at cost.

2.9 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers. Profit on deposits with banks is recognized on a time proportion basis taking into account the principal outstanding and rate of profit / interest applicable thereon.

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
204 700 Ordinary shares of Rupees 10 each fully paid up in cash	2,047,000	2,047,000
4 400 Ordinary shares of Rupees 10 each fully paid up for consideration other than cash	44,000	44,000
1 097 450 Ordinary shares of Rupees 10 each issued as fully paid bonus shares	10,974,500	8,361,400
	-----	-----
	13,065,500	10,452,400
	=====	=====

3.1 Grays of Cambridge (International) Limited, England and Anwar Khawaja Industries (Pvt) Ltd.

Sialkot, associated undertakings held 522,666 and 65,332 ordinary shares of Rs. 10/- each respectively (1999: 414,633 and 52,266 ordinary shares).

4. RESERVES

Capital reserve for issuance of bonus shares

Balance at the beginning of the year	2,613,100	2,986,400
Transfer from profit and loss account	3,266,375	2,613,100
Bonus shares issued	(2,613,100)	(2,986,400)
	-----	-----
Balance at the end of the year	3,266,375	2,613,100
General reserve		
Balance at the beginning of the year	138,000,000	118,000,000
Transfer from profit and loss account	20,000,000	20,000,000
	-----	-----

158,000,000	138,000,000
-----	-----
161,266,375	140,613,100
=====	=====

5. EXPORT REFINANCE

Habib Bank Limited	5,000,000	5,000,000
ANZ Grindlays Bank Limited	30,000,000	10,000,000
	-----	-----
	35,000,000	15,000,000
	=====	=====

This represents the availed portion of total credit facility of Rupees 26 million obtained from Habib Bank Limited and Rupees 32 million obtained from ANZ Grindlays Bank Limited. It carries mark up at the rate of paisas 22 per Rupees thousand per day. These finances are secured by registered hypothecation over stocks, book debts of the company, mortgage of freehold land and building and pledge of Government securities or shares on stocks of other listed companies.

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	448,790	3,085,252
Advances from customers	14,379	475,410
Due to directors	142,557	366,372
Commission payable	5,388,770	6,998,607
Workers' profit participation fund (Note 6.1)	4,469,580	2,410,390
Due to associated undertakings	--	33,093
Other accrued liabilities	2,821,632	4,065,858
	-----	-----
	13,285,708	17,434,982
	=====	=====

6.1 Workers' Profit Participation Fund

Balance at the beginning of the year	2,410,390	2,153,370
Less: Payments made during the year		
To Workers	372,000	402,000
To Government	2,038,390	1,751,370
	-----	-----
	2,410,390	2,153,370
	-----	-----
	--	--
Share of company's profit for the year	4,469,580	2,410,390
	-----	-----
	4,469,580	2,410,390
	=====	=====

7. PROVISION FOR TAXATION

Balance at the beginning of the year	2,659,114	1,468,923
Payments made during the year	(2,336,947)	(1,146,756)
	-----	-----
	322,167	322,167
Provision for the year	7,667,150	2,336,947
	-----	-----

7,989,317	2,659,114
=====	=====

8. DIVIDEND PAYABLE

Proposed final dividend	52,262,000	20,904,800
Unclaimed dividend	332,055	259,629
	-----	-----
	52,594,055	21,164,429
	=====	=====

9. CONTINGENCIES AND COMMITMENTS

Counter guarantees given by the company to its bankers and post dated cheques issued to the Custom Authorities are amounting to Rupees 6.320 million (1999:Rupees 7.477 million).

10. TANGIBLE OPERATING FIXED ASSETS

<i>Description</i>	<i>Cost</i>		<i>Accumulated depreciation</i>			<i>Book value</i>		<i>Depreciation</i>	
	<i>As at July 01, 1999</i>	<i>Additions (deletions)</i>	<i>As at June 30, 2000</i>	<i>As at July 01, 1999</i>	<i>Adjustment</i>	<i>As at June 30, 2000</i>	<i>As at June 30, 2000</i>	<i>Charge For the year</i>	<i>Rate %</i>
Freehold Land	38,487	164,219	202,706	--	--	--	202,706	--	--
Factory Building on Freehold Land	8,428,090	471,892	8,899,982	3,180,164	--	3,752,146	5,147,836	571,982	10
Plant and Machinery	2,543,156	116,875	2,660,031	1,515,279	--	1,629,754	1,030,277	114,475	10
Office Equipment	1,318,534	--	1,318,534	547,051	--	624,199	694,335	77,148	10
Tools and equipment	1,140,127	91,339	1,231,466	352,877	--	440,736	790,730	87,859	10
Electric Installations	1,737,382	192,574	1,929,956	760,517	--	877,461	1,052,495	116,944	10
Furniture & Fixtures	903,172	--	903,172	390,787	--	42,026	461,146	51,239	10
Vehicles	5,241,596	1,605,270 (147,600)	6,699,266	2,172,718	(72,028)	3,020,405	3,678,861	919,715	20
Computers	681,982	158,419	840,401	389,649	--	524,875	315,526	135,226	30
Security Arms	19,300	--	19,300	6,960	--	8,194	11,106	1,234	10
2000-Rupees	22,051,826	2,800,588 (147,600)	24,704,814	9,316,002	(72,028)	11,319,796	13,385,018	2,075,822	
1999 - Rupees	23,173,445	1,335,281 (2,456,900)	22,051,826	8,584,219	(1,198,071)	9,316,002	12,735,824	1,929,854	
	=====	=====	=====	=====	=====	=====	=====	=====	
			<i>2000 Rupees</i>	<i>1999 Rupees</i>					

10.1 The depreciation charged for the year has been allocated as follows:

Cost of goods sold	891,260	893,325
Administrative, selling and general expenses	1,184,562	1,036,529
	-----	-----
	2,075,822	1,929,854
	=====	=====

10.2 Detail of fixed assets disposed of during the year:

	<i>COST</i> <i>RUPEES</i>	<i>ACCUMULATED</i> <i>DEPRECIATION</i>	<i>BOOK</i> <i>VALUE</i> <i>RUPEES</i>	<i>SALE</i> <i>PROCEEDS</i> <i>RUPEES</i>	<i>MODE OF</i> <i>DISPOSAL</i>	<i>PARTICULARS</i> <i>OF PURCHASER</i>
Honda CG 125 STH 3202	73,800	36,014	37,786	40,000	Negotiation	Mr. Abdul Razaq, (Employee)
Honda CG 125 STH 3203	73,800	36,014	37,786	37,786	Negotiation	Mr. Amjad Javed (employee)
	----- 147,600 =====	----- 72,028 =====	----- 75,572 =====	----- 77,786 =====		

11. EQUITY AND OTHER INVESTMENTS

MUTUAL FUNDS

ICP STATE ENTERPRISE (MUTUAL FUND) SERIES 'A'

39900 ordinary shares of Rupees 10 each
(1999: 39900 shares)

1,260,840 1,260,840

LEASING AND LEASING MODARABA

GRAYS LEASING LIMITED

(ASSOCIATED UNDERTAKING)

4000000 (40%) ordinary shares of Rupees 10 each
(1999: 2000000 (20%) shares)

40,422,875 20,000,000

TRUST MODARABA

182000 certificates of Rupees 10 each including
82000 bonus certificates (1999: 182000
certificates including 82000 bonus certificates)

2,182,545 2,182,545

FIRST GRINDLAYS MODARABA

24948 certificates of Rupees 10 each including
5948 bonus certificates (1999: 24948
certificates including 5948 bonus certificates)

529,030 529,030

FIRST CRESCENT MODARABA

205312 certificates of Rupees 10 each including
58812 bonus certificates (1999: 205312
certificates including 58812 bonus certificates)

2,554,820 2,548,370

FIRST FIDELITY LEASING MODARABA

444186 certificates of Rupees 10 each including
74624 bonus certificates (1999: 444186
certificates including 74624 bonus certificates)

4,510,285 4,510,285

TEXTILE SPINNING

UMER FABRICS LIMITED

14950 ordinary shares of Rupees 10 each
(1999: 14950 shares)

153,465 153,465

NISHAT MILLS LIMITED

45891 ordinary shares of Rupees 10 each including

13726 bonus shares (1999: 45891 shares including 13726 bonus shares)	929,320	929,320
--	---------	---------

SUGAR**HUSEIN SUGAR MILLS LIMITED**

13197 ordinary shares of Rupees 10 each including 7010 bonus shares (1999: 13197 shares including 7010 bonus shares)	326,550	326,550
--	---------	---------

CEMENT**MAPLE LEAF CEMENT FACTORY LTD.**

227000 ordinary shares of Rupees 10 each including 6000 bonus shares (1999: 227000 shares including 6000 bonus shares)	2,090,250	2,090,250
--	-----------	-----------

D. G. KHAN CEMENT COMPANY LTD.

172945 ordinary shares of Rupees 10 each including 8612 bonus shares (1999: 172945 shares including 8612 bonus shares)	4,382,344	4,382,344
--	-----------	-----------

CHEMICALS**SITARA CHEMICAL INDUSTRIES LTD.**

950 ordinary shares of Rupees 10 each including 655 bonus shares (1999: 950 shares including 550 bonus shares)	6,740	6,740
	-----	-----
	59,349,064	38,919,739
	=====	=====

FOREIGN EXCHANGE BEARER CERTIFICATES

Rupees 0.110 million face value and Rupees 0.150 million surrender value (1999: Rupees 0.220 million face value and Rupees 0.385 million surrender value)	116,600	235,400
---	---------	---------

UNQUOTED**Wholly owned subsidiary company****DAWN SPORTS (PRIVATE) LIMITED**

600000 Fully paid ordinary shares of Rupees 10 each including 300000 bonus shares. Break up value as on June 30, 2000 was Rupees 41.08 per share (1999: 450000 ordinary shares including 150000 bonus shares. Break up value Rupees 63.03 per share)	5,000,000	5,000,000
	-----	-----
	64,465,664	44,155,139
	=====	=====

11.1 Market value of quoted equity investment was Rupees 46.631 million as on June 30, 2000 (1999: Rupees 31.973 million)

12. STOCK-IN-TRADE

Raw materials	13,027,227	16,495,697
---------------	------------	------------

Work-in-process	6,189,293	6,046,138
Finished goods	3,266,440	3,862,327
	-----	-----
	22,482,960	26,404,162
	=====	=====
13. TRADE DEBTS - UNSECURED	29,746,080	42,261,123
	=====	=====

These are unsecured but considered good. The export bills under collection include bills due from Gray Nicolls, England and Gray Nicolls, Australia (associated undertakings) amounting to Rupees 18.681 million (1999: Rupees 19.541 million)

14. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances		
To employees	1,080,383	995,175
Provision for doubtful debts	(11,000)	(11,000)
	-----	-----
Considered good	1,069,383	984,175
To Suppliers	670,144	1,185,604
To Income tax department	3,870,529	3,452,957
	-----	-----
	5,610,056	5,622,736
Deposits - Trade and others	8,335,425	8,499,644
Short term prepayments	106,280	114,050
Export rebate claims	6,993,000	6,251,896
Sales tax receivable	1,090,614	1,589,595
Dividend receivable	30,000,000	--
Accrued profit on investments	3,415,296	1,632,801
Grays of Cambridge (Int'l) Limited (associated undertaking)	29,650	29,650
Dawn Sports (Private) Limited (subsidiary undertaking)	1,421,335	856,777
	-----	-----
	57,001,656	24,597,149
	=====	=====

15. CASH AND BANK BALANCES

Cash in hand	25,417	981
Cash with banks:		
Current Accounts	1,889,197	304,290
Deposit Accounts	95,900,896	56,853,283
	-----	-----
	97,790,093	57,157,573
	-----	-----
	97,815,510	57,158,554
	=====	=====

16. SALES

Export	101,411,114	99,477,281
Custom rebates	8,108,165	6,856,457
	-----	-----

	109,519,279	106,333,738
Local	891,914	1,849,730
	-----	-----
	110,411,193	108,183,468
Commission to selling agents	(10,110,611)	(9,715,373)
	-----	-----
	100,300,582	98,468,095
	=====	=====

17. COST OF GOODS SOLD

Raw materials consumed (Note 17.1)	37,390,082	37,749,858
Salaries, wages and other benefits inclusive of employer's contribution towards provident fund Rupees 154,698 (1999 Rupees 137,268)	11,355,687	10,174,716
Repair and maintenance	570,495	429,288
Fuel and power	1,150,797	1,053,326
insurance	571,263	584,168
Rent, rates and taxes	37,136	45,580
Depreciation (Note 10.1)	891,260	893,325
	-----	-----
	51,966,720	50,930,261
Work - in- process:	-----	-----
Opening Inventory	6,046,138	4,826,101
Closing Inventory	(6,189,293)	(6,046,138)
	-----	-----
	(143,155)	(1,220,037)
	-----	-----
Cost of goods manufactured	51,823,565	49,710,224
Finished goods:		
Opening Inventory	3,862,327	4,862,298
Closing Inventory	(3,266,440)	(3,862,327)
	-----	-----
	595,887	999,971
	-----	-----
	52,419,452	50,710,195
	=====	=====

17. Raw Material Consumed

Opening stock	16,495,697	12,535,951
Purchases during the year	33,921,612	41,709,604
	-----	-----
	50,417,309	54,245,555
Closing stock	13,027,227	16,495,697
	-----	-----
	37,390,082	37,749,858
	=====	=====

18. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

Salaries and other benefits inclusive of employer's contribution towards provident fund Rupees 50,466

(1999: Rupees 46,141)	5,289,409	4,985,812
Travelling and conveyance	1,552,107	2,151,183
Vehicles running	800,975	661,672
Postage, telephone and telex	836,070	639,919
Legal and professional	455,250	266,110
Audit fee	50,000	50,000
Printing and stationery	319,210	206,317
Boarding, lodging and entertainment	206,521	317,384
Fee and subscription	414,202	228,653
Books and periodicals	31,073	38,489
Repairs and maintenance	93,851	78,464
Free samples	175,008	176,389
Export tax	255,735	239,447
Advertisement and publicity	1,200,828	2,871,237
Clearing and forwarding	2,376,925	2,443,242
Royalty	--	251,095
Bad debts	--	33,583
Miscellaneous	24,966	19,625
Depreciation (Note 10.1)	1,184,562	1,036,529
	-----	-----
	15,266,692	16,695,150
	=====	=====

18.1 Number of employees, including Chief Executive and 3 Executives as on June 30, 2000 were 142 (1999: 131).

19. OTHER INCOME

Profit on deposits with banks	12,937,310	4,927,695
Dividend income (Note 19.1)	47,536,983	12,701,215
Capital gain	--	1,566,732
Gain on sale of fixed assets	2,214	29,048
	-----	-----
	60,476,507	19,224,690
	=====	=====

19.1 Included Rs. 37.500 million from subsidiary undertaking Dawn Sports (Private) Limited (1999: Rs. 12.000 million) and Rs. 9.000 million from associated undertaking Grays Leasing Limited (1999: nil).

20. FINANCIAL AND OTHER CHARGES

Mark up on export Refinance	2,143,844	938,411
Bank charges and commission	383,912	368,615
	-----	-----
	2,527,756	1,307,026
Capital loss	3,464	--
Zakat	--	9,975
Workers' profit participation fund	4,469,580	2,410,390
Donations (Note 20.1)	1,168,213	762,636
	-----	-----
	8,169,013	4,490,027
	=====	=====

20.1 None of the directors and their spouses had any interest in the donees fund.

21. EARNINGS PER SHARE - BASIC

There is no dilutive effect on the basic earnings per share of the company, which is based on:

Profit after taxation	(Rupees)	77,254,782	43,408,004
Number of shares		1,306,550	1,306,550
Earnings per share (Note 21.1)	(Rupees)	59.13	33.22

21.1 The earning per share for the year ended June 30, 1999 is restated from Rupees 41.53 per share to Rupees 33.22 per share due to issue of bonus shares in the year ended June 30, 2000.

22. CHIEF EXECUTIVE'S AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts for the year for remuneration including certain benefits to the chief executive and executives were as follows:

	2000		1999	
	<i>Chief Executive</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Executives</i>
Managerial remuneration	1,656,000	564,000	1,656,000	532,000
Allowances:				
Housing	744,000	253,800	744,000	239,400
Utilities	129,465	28,200	88,691	26,600
Bonus	--	70,500	--	110,466
Earned leave	--	32,900	--	29,633
	-----	-----	-----	-----
Rupees	2,529,465	949,400	2,488,691	938,099
	=====	=====	=====	=====
Number of persons	1	3	1	3

22.1 Chief Executive and one executive have been provided free maintained vehicles.

22.2 No meeting fees were paid to directors during the year under reference.

23. TRANSACTIONS WITH ASSOCIATED / SUBSIDIARY UNDERTAKINGS

The company purchased from and sold to associated / subsidiary undertakings goods, materials and services at market prices in the aggregate sum of Rupees 0.103 million (1999: Rupees 1.605 million) and Rupees 31.139 million (1999: Rupees 28.900 million) respectively.

Maximum aggregate amount due from associated / subsidiary undertakings at the end of any month during the year was Rupees 24.522 million (1999: Rupees 20.800 million).

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company's exposure to interest / mark up rate risk and effective rates on its financial assets and financial liabilities are summarized as follows:

	2000	
	<i>INTEREST / MARK-UP</i>	<i>NON</i>

	<i>FINANCIAL INSTRUMENTS</i>	<i>BEARING</i>		<i>INTEREST/ MARK-UP BEARING</i>
		<i>WITHIN ONE YEAR</i>	<i>ONE YEAR TO FIVE YEARS</i>	
ASSETS				
Trade debts	29,746,080	--	--	29,746,080
Advances, deposits and other receivables	24,024,847	--	--	23,024,847
Cash and bank balances	97,815,510	95,900,896	--	1,914,614
	-----	-----	-----	-----
	150,586,437	95,900,896	--	54,685,541
	-----	-----	-----	-----
LIABILITIES				
Export refinance	35,000,000	35,000,000	--	--
Creditors, accrued and other liabili	13,285,708	--	--	13,285,708
	-----	-----	-----	-----
	48,285,708	35,000,000	--	13,285,708
	-----	-----	-----	-----
Total interest / mark up rate sensiti	102,300,729	60,900,896	--	41,399,833
	-----	-----	-----	-----
Cumulative interest/mark-up rate sensitivity gap		60,900,896	60,900,896	102,300,729
		-----	-----	-----

EFFECTIVE INTEREST / MARK-UP RATES**FINANCIAL ASSETS**

Deposits with banks 8.00 to 16.00 percent per annum

FINANCIAL LIABILITIES

Export refinance 8.00 percent per annum

	<i>FINANCIAL INSTRUMENTS</i>	<i>1999 INTEREST / MARK-UP BEARING</i>		<i>NON INTEREST/ MARK-UP BEARING</i>
		<i>WITHIN ONE YEAR</i>	<i>ONE YEAR TO FIVE YEARS</i>	
ASSETS				
Trade debts	42,261,123	--	--	42,261,123
Advances, deposits and other receivables	21,030,142	--	--	21,030,142
Cash and bank balances	57,158,554	56,853,283	--	305,271
	-----	-----	-----	-----
	120,449,819	56,853,283	--	63,596,536
	-----	-----	-----	-----
LIABILITIES				
Export refinance	15,000,000	15,000,000	--	--
Creditors, accrued and other liabili	17,434,982	--	--	17,434,982
	-----	-----	-----	-----
	32,434,982	15,000,000	--	17,434,982

Total interest / mark up rate sensi	88,014,837	41,853,283	--	46,161,554
Cumulative interest / mark-up rate sensitivity gap		41,853,283	41,853,283	88,014,837

EFFECTIVE INTEREST / MARK-UP RATES**FINANCIAL ASSETS**

Deposits with banks 8.00 to 17.75 percent per annum

FINANCIAL LIABILITIES

Export refinance 8.00 to 11.00 percent per annum

25. PLANT CAPACITY AND ACTUAL PRODUCTION

As the company is engaged in manufacturing of man made sports goods and its production is dependent upon the efficiency of the persons engaged, hence the capacity of the unit could not be determined.

26. CORRESPONDING FIGURES

Corresponding figures have been rearranged wherever necessary for the purpose of comparison.

KHAWAR A. KHAWAJA
Chief Executive

MUHAMMAD TAHIR BUTT
Director

STATEMENT PURSUANT TO SECTION 237 OF THE COMPANIES ORDINANCE, 1984

The accounts of the subsidiary company M/s. Dawn Sports (Pvt) Limited for the year ended June 30, 2000 alongwith the auditors' and directors' reports thereon are annexed:

(a) The holding company interest in the subsidiary company for the year ended June 30, 2000 is 100 percent including 7 shares issued to the Directors.

(b) The net aggregate amount of the profit of subsidiary company which have so far not been dealt within the accounts of the holding company for the year ended June 30, 2000 is as follows:

	<i>Rupees</i>
For the year	20,284,519
For the previous financial years	38,862,709

	59,147,228
Final dividend paid	13,500,000

	45,647,228
	=====

KHAWAR A. KHAWAJA

MUHAMMAD TAHIR BUTT

Chief Executive

Director

FORM - 34
Pattern of Shareholdings
As at June 30, 2000

<i>NUMBER OF SHARE HOLDERS</i>	<i>SHAREHOLDINGS FROM</i>	<i>TO</i>	<i>TOTAL SHARES HELD</i>
374	1	100	1,562
89	101	500	18,019
34	501	1000	26,216
24	1001	5000	62,305
5	5001	10000	40,537
2	10001	15000	26,260
1	15001	20000	16,755
1	40001	45000	40,013
1	50001	55000	52,698
1	55001	60000	56,398
1	65001	70000	65,332
1	110001	115000	114,013
2	130001	135000	267,276
1	515001	520000	519,166
-----			-----
537			1,306,550
=====			=====

<i>CATEGORIES OF SHARE HOLDERS</i>	<i>NUMBER OF SHARE HOLDERS</i>	<i>SHARES HELD</i>	<i>PERCENTAGE</i>
Individuals	534	608,039	56.54
Investment Companies	1	114,013	8.73
Associated Companies	2	584,498	44.73
-----			-----
TOTAL	537	1,306,550	100.00
=====			=====

DAWN SPORTS (PRIVATE) LIMITED

Directors' Report

The Directors have pleasure in presenting their report together with the accounts of the company for the year ended June 30, 2000.

The operating results and directors recommendations regarding appropriations are as under :-

Rupees

Operating profit	20,121,232
Other income	5,991,865

	26,113,097
Financial and other charges	2,584,017

Profit before taxation	23,529,080
Provision for taxation	3,244,561

Profit after taxation	20,284,519
Unappropriated profit brought forward	4,462,709

Profit available for appropriation	24,747,228
Appropriations:	
Proposed final dividend @ 400%	24,000,000
Transfer to general reserve	--

	24,000,000

Unappropriated profit	747,228
	=====

The Directors are pleased to report that the Company has attained good financial results. They also expect good results and performance of the company in the next year.

The present auditors Messrs. M. A. Tabussum & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment for the ensuing year.

The Directors wish to place on record their appreciation for the sincere efforts and hard work done by the workers, staff and officers of the Company during the year under review.

for and on behalf of the Board

KHURRAM ANWAR KHAWAJA
Chief Executive

SIALKOT: November 21, 2000

Auditors' Report to the Members

We have audited the annexed Balance Sheet of **DAWN SPORTS (PRIVATE) LIMITED** as at June 30, 2000 and related Profit and Loss account, 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 the 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 explanations given to us, the balance sheet, profit and loss account, cash flows statement and statement of changes in equity, together with the notes form⁹ 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, 2000 and of the profits, its cash flows and the 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.

LAHORE: November 21, 2000

(M.A. TABUSSUM & COMPANY)
Chartered Accountants

Balance Sheet as at June 30, 2000

	<i>NOTE</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 1,000,000 ordinary shares of Rupees 10 each		10,000,000	5,000,000
Issued, subscribed and paid up share capital	3	6,000,000	4,500,000
Reserves	4	17,900,000	19,400,000
Unappropriated profit		747,228	4,462,709

		24,647,228	28,362,709
CURRENT LIABILITIES			
Export Refinance	5	14,500,000	--
Creditors, accrued and other liabilities	6	9,578,278	7,720.03
Provision for taxation	7	3,244,561	1,861,689
Dividend payable		24,000,000	13,500,000
		-----	-----
		51,322,839	23,081,718
CONTINGENCIES AND COMMITMENTS	8		
		-----	-----
		75,970,067	51,444,427
		=====	=====
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	9	7,179,928	7,467,035
Long term security deposit		29,200	21,300
		-----	-----
		7,209,128	7,488,335
CURRENT ASSETS			
Stock in trade	10	11,720,604	11,468,243
Trade debts	11	5,056,975	6,867,125
Advances, deposits, prepayments and other receivables	12	6,175,387	5,321,646
Cash and bank balances	13	45,807,973	20,299,078
		-----	-----
		68,760,939	43,956,092
		-----	-----
		75,970,067	51,444,427
		=====	=====

The annexed notes form an integral part of these accounts.

KHURRAM A. KHAWAJA
Chief Executive

KHAWAR A. KHAWAJA
Director

Profit and Loss Account for the year ended June 30, 2000

	<i>NOTE</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
SALES	14	48,768,261	48,013,318
COST OF GOODS SOLD	15	23,365,196	24,101,845
		-----	-----
GROSS PROFIT		25,403,065	23,911,473
ADMINISTRATIVE, SELLING AND GENERAL EXPENSES	16	5,281,833	5,601,127
		-----	-----
		20,121,232	18,310,346

OTHER INCOME	17	5,991,865	3,516,383
		-----	-----
		26,113,097	21,826,729
FINANCIAL AND OTHER CHARGES	18	2,584,017	1,381,964
		-----	-----
PROFIT BEFORE TAXATION		23,529,080	20,444,765
PROVISION FOR TAXATION		3,244,561	1,861,689
		-----	-----
PROFIT AFTER TAXATION		20,284,519	18,583,076
UNAPPROPRIATED PROFIT BROUGHT FORWARD		4,462,709	879,633
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		24,747,228	19,462,709
APPROPRIATIONS:			
Bonus shares (1999: @ 33.33%)		--	1,500,000
Proposed final dividend Rupees 40 per share (1999: Rupees 30 per share)		24,000,000	13,500,000
		-----	-----
		24,000,000	15,000,000
		-----	-----
UNAPPROPRIATED PROFIT		747,228	4,462,709
		=====	=====
EARNINGS PER SHARE	19	33.81	30.97
		=====	=====

The annexed notes form an integral part of these accounts.

KHURRAM A. KHAWAJA
Chief Executive

KHAWAR A. KHAWAJA
Director

Cash Flow Statement for the year ended June 30, 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,529,080	20,444,765
Adjustment for -		
Depreciation	818,769	883,633
Profit on deposits with banks	(5,991,865)	(3,516,383)
Loss on sale of fixed assets	--	3,357
	-----	-----
	(5,173,096)	(2,629,393)
	-----	-----
Operating profit before working capital changes	18,355,984	17,815,372
Decrease / (increase) in current assets	704,048	(4,482,774)
Increase / (decrease) in creditors, accrued and other liabilities	1,858,249	(123,702)
	-----	-----
Cash flow from operating activities before income tax	20,918,281	13,208,896
Income tax paid	(1,861,689)	(913,065)

Net cash flows from operating activities	19,056,592	12,295,831
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term security deposits	(7,900)	(17,400)
Profit on deposits with banks	5,991,865	3,516,383
Proceeds from disposal of fixed assets	--	122,773
Addition in fixed assets	(531,662)	(1,398,311)
Net cash flows from investing activities	5,452,303	2,223,445
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in export refinance	14,500,000	--
Dividend paid	(13,500,000)	(12,000,000)
Net cash flows from financing activities	1,000,000	(12,000,000)
Net increase in cash and cash equivalents	25,508,895	2,519,276
Cash and cash equivalents at the beginning of the year	20,299,078	17,779,802
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	45,807,973	20,299,078

KHURRAM A. KHAWAJA
Chief Executive

KHAWAR A. KHAWAJA
Director

Statement of Changes in Equity for the year ended June 30, 2000

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Reserve for Bonus Shares</i>	<i>Unappropriated Profit</i>	<i>Total</i>
Balance as at June 30, 1998	3,000,000	17,900,000	1,500,000	879,633	23,279,633
Issue of bonus shares	1,500,000	--	(1,500,000)	--	--
Net profit for the year	--	--	--	18,583,076	18,583,076
Appropriations:					
Bonus shares	--	--	1,500,000	(1,500,000)	--
Proposed final dividend	--	--	--	(13,500,000)	(13,500,000)
Balance as at June 30, 1999	4,500,000	17,900,000	1,500,000	4,462,709	28,362,709
Issue of bonus share	1,500,000	--	(1,500,000)	--	--
Net profit for the year	--	--	--	20,284,519	20,284,519
Appropriations:					
Proposed final dividend	--	--	--	(24,000,000)	(24,000,000)
Balance as at June 30, 2000	6,000,000	17,900,000	--	747,228	24,647,228

KHURRAM A. KHAWAJA
Chief Executive

KHAWAR A. KHAWAJA
Director

Notes to the Accounts for the year ended June 30, 2000

1. THE COMPANY AND ITS ACTIVITIES

Dawn Sports (Private) Limited was incorporated in Pakistan on April 07, 1993 as a private company limited by shares under the Companies Ordinance, 1984. The principal activities of the company are to manufacture-cum-export of quality sports goods particularly hockey sticks. The company is wholly owned subsidiary of Grays of Cambridge (Pakistan) Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Overall valuation policy

These accounts have been prepared under the historical cost convention except to the extent of exchange differences as stated in Note 2.5.

2.2 Tangible fixed assets and depreciation

These are stated at cost less accumulated depreciation except land and capital work-in-progress which are stated at cost. Cost of fixed assets consists of historical cost including directly attributable cost of bringing the assets to working condition.

Depreciation is charged to income applying the reducing balance method to write off the cost of operating fixed assets over their expected useful life.

Full year's depreciation is charged on additions, while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal of tangible fixed assets is included in current year's income.

2.3 Taxation

The company falls under section 80(cc) of the Income Tax Ordinance 1979 and provision for income tax has been made in the accounts accordingly.

2.4 Stock-in-trade

This is valued at the lower of average cost and net realizable value. Average cost and net realizable value are defined as under:

Average Cost

For raw material - at annual average cost.

For work-in-progress
and finished goods

- at annual manufacturing cost

Net realizable value

- It signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

2.5 Trade Debts

Known bad debts are written off and provision is made against debts considered doubtful.

2.6 Exchange Differences / Foreign Currency

Transactions in foreign currencies are recorded in the books of accounts using the rates of exchange ruling at the date of respective transaction. All assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange prevailing at the balance sheet date. Gains and losses on translation are included in the income currently.

2.7 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers. Profit on short term placement of funds is recognized on a time proportion basis taking into account the principal outstanding and rates of profit/interest thereon.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
300,000 Ordinary shares of Rupees 10 each fully paid up in cash	3,000,000	3,000,000
300,000 Ordinary shares of Rupees 10 each issued as fully paid bonus shares	3,000,000	1,500,000
	-----	-----
	6,000,000	4,500,000
	=====	=====

3.1 Grays of Cambridge (Pak) Limited wholly owned the equity of Dawn Sports (Pvt) Limited.

4. RESERVES

Capital

Reserve for issue of bonus shares:		
Balance at the beginning of the year	1,500,000	1,500,000
Transfer from profit and loss account	--	1,500,000
	-----	-----
	1,500,000	3,000,000
Less: Bonus shares issued	1,500,000	1,500,000
	-----	-----
Balance at the end of the year	--	1,500,000
Revenue		
General reserve	17,900,000	17,900,000
	-----	-----
	17,900,000	19,400,000
	=====	=====

5. EXPORT REFINANCE

ANZ Grindlays Bank Limited	14,500,000	--
	=====	=====

This represents the availed portion of total credit facility of Rs. 20 million obtained from ANZ Grindlays Bank Limited. It carries mark up at the rate of paisas 22 per Rupee thousand per day. This finance is secured by registered hypothecation over stocks, book debts of the company and

mortgage of freehold land & building.

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	2,368,455	656,080
Grays of Cambridge (Pakistan) Limited (holding company)	1,421,335	856,777
Anwar Khawaja Industries (associated company)	199	--
Due to directors	763	9,909
Commission payable	1,277,578	1,553,677
Workers' profit participation fund (Note 6.1)	1,238,373	1,076,040
Workers' welfare fund	321,326	321,326
Other accrued liabilities	2,950,249	3,246,220
	-----	-----
	9,578,278	7,720,029
	=====	=====

6.1 WORKERS' PROFIT PARTICIPATION FUND

Balance at the beginning of the year	1,076,040	905,248
Less: Payments made during the year		
To Workers	201,000	207,000
To Government	875,040	698,248
	-----	-----
	1,076,040	905,248
	-----	-----
	--	--
Add: Share of company's profit for the year	1,238,373	1,076,040
	-----	-----
Balance at the end of the year	1,238,373	1,076,040
	=====	=====

7. PROVISION FOR TAXATION

Balance at the beginning of the year	1,861,689	913,065
Provision for the year	3,244,561	1,861,689
	-----	-----
Payments made during the year	5,106,250	2,774,754
	1,861,689	918,065
	-----	-----
Balance at the end of the year	3,244,561	1,861,689
	=====	=====

8. CONTINGENCIES AND COMMITMENTS

Counter guarantees given by the company to its bankers and post dated cheques issued to the Custom Authorities are amounting to Rupees 0.582 million as on June 30, 2000 (1999: Rupees 1.170 million).

9. OPERATING FIXED ASSETS

<i>DESCRIPTION</i>	<i>COST</i>		<i>ACCUMULATED DEPRECIATION</i>		<i>BOOK VALUE</i>		<i>DEPRECIATION</i>	
	<i>AS AT</i>	<i>ADDITIONS/</i>	<i>AS AT</i>	<i>AS AT</i>	<i>AS AT</i>	<i>AS AT</i>	<i>FOR</i>	<i>RATE</i>
	<i>AS AT</i>	<i>(DELETIONS)</i>	<i>JUNE 30,</i>	<i>JUNE 30,</i>	<i>JUNE 30,</i>	<i>JUNE 30,</i>	<i>THE</i>	<i>%</i>
	<i>1999</i>		<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>2000</i>	<i>YEAR</i>	

Land - Freehold	910,000	--	910,000	--	--	--	910,000	--	--
Factory Building on freehold land	5,995,364	218,502	6,213,866	2,326,312	--	2,715,067	3,498,799	388,755	10
Plant and Machinery	1,508,124	301,400	1,809,524	324,984	--	473,438	1,336,086	148,454	10
Office Equipment	88,375	--	88,375	27,441	--	33,534	54,841	6,093	10
Tools and Equipment	425,164	--	425,164	132,954	--	162,175	262,989	29,221	10
Electric Installations	237,058	--	237,058	80,282	--	95,960	141,098	15,678	10
Furniture and Fixtures	243,196	11,760	254,956	87,762	--	104,481	150,475	16,719	10
Computers	159,490	--	159,490	98,202	--	116,588	42,902	18,386	30
Vehicles	2,079,257	--	2,079,257	1,102,826	--	1,298,112	781,145	196,286	20
Security Arms	3,500	--	3,500	1,730	--	1,907	1,593	177	10
	-----	-----	-----	-----	-----	-----	-----	-----	-----
2000 Rupees	11,649,528	531,662	12,181,190	4,182,493	--	5,001,262	7,179,928	818,769	
	=====	=====	=====	=====	=====	=====	=====	=====	=====
1999 Rupees	10,430,244	1,398,311 (179,027)	11,649,528	3,351,757	(52,897)	4,182,493	7,467,035	883,633	
	=====	=====	=====	=====	=====	=====	=====	=====	=====

9.1 The depreciation charged for the year has been allocated as follows:

Cost of goods sold	582,108	589,021
Administrative, selling and general expenses	236,661	294,612
	-----	-----
	818,769	883,633
	=====	=====

10. STOCK IN TRADE

Raw materials	7,086,863	7,530,162
Work-in-process	2,920,815	2,066.92
Finished goods	1,712,926	1,871,158
	-----	-----
	11,720,604	11,468,243
	=====	=====

11. TRADE DEBTS

Bills receivable	5,056,975	6,867,125
	=====	=====

These are un-secured but considered good.

12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good		
Employees	301,785	193,745
Suppliers	55,000	29,778
Contractors	30,000	30,000
Clearing agents	701	701
Income tax department	679,623	556,766
	-----	-----
	1,067,109	810.99
Deposits - Trade and others	450,000	323,200

Short term prepayments	2,667	2,451
Export rebate claims	2,356,598	3,181,303
Sales tax receivable	424,858	380,565
Accrued profit on deposits with banks	1,684,155	615,102
Anwar Khawaja Industries (associated undertaking)	--	4,056
Other receivables	190,000	3,979
	-----	-----
	6,175,387	5,321,646
	=====	=====

13. CASH AND BANK BALANCES

Cash in hand	12,071	6,248
Cash with banks:		
Current Accounts	2,633,738	24,743,921
Deposit Accounts	43,162,164	17,818,438
	-----	-----
	45,795,902	20,292,830
	-----	-----
	45,807,973	20,299,078
	=====	=====

14. SALES

Export	49,128,513	48,832,053
Custom rebate	4,595,991	3,924,758
	-----	-----
	53,724,504	52,756,811
Commission to selling agent	(4,956,243)	(4,743,493)
	-----	-----
	48,768,261	48,013,318
	=====	=====

15. COST OF GOODS SOLD

Raw materials consumed (Note 15.1)	18,314,722	18,819,243
Salaries, wages and other benefits	4,241,938	3,962,196
Repair and maintenance	289,062	336,238
Fuel and power	371,777	384,266
Insurance	252,830	252,036
Rent, rates and taxes	8,419	6,390
Depreciation (Note 9.1)	582,108	589,021
	-----	-----
	24,060,856	24,349,390
Work-in-process:		
Opening inventory	2,066,923	1,793,968
Closing inventory	(2,920,815)	(2,066,923)
	-----	-----
	(853,892)	(272,955)
	-----	-----
Cost of goods manufactured	23,206,964	24,076,435
Finished goods:		
Opening inventory	1,871,158	18,965,681

Closing inventory	(1,712,926)	(1,871,158)
	-----	-----
	158,232	25,410
	-----	-----
	23,365,196	24,101,845
	=====	=====

15.1 Raw Material Consumed

Opening stock	7,530,162	6,406,736
Purchases during the year	17,871,423	19,942,669
	-----	-----
	25,401,585	26,349,405
Closing stock	7,086,863	7,530,162
	-----	-----
	18,314,722	18,819,243
	=====	=====

16. ADMINISTRATIVE, SELLING-AND GENERAL EXPENSES

Salaries and other benefits	2,032,765	1,912,364
Traveling and conveyance	650,629	530,779
Vehicle running	377,010	339,347
Postage, telephone and telex	157,462	105,405
Legal and professional	127,553	114,975
Audit fee	15,000	15,000
Printing and stationery	77,815	52,658
Boarding, lodging and entertainment	139,956	117,355
Fee and, subscription	20,393	21,008
Books and periodicals	6,976	4,564
Repair and maintenance	26,848	32,460
Free sample	34,399	24,569
Export tax	122,215	117,987
Advertisement and publicity	--	8,922
Clearing and forwarding	1,236,581	1,872,500
Miscellaneous	19,570	36,622
Depreciation (Note 9.1)	236,661	294,612
	-----	-----
	5,281,833	5,601,127
	=====	=====

16.1 Number of employees including chief executive and 1 executive were 67 (1999: 70)

17. OTHER INCOME

Profit on deposits with banks	5,991,865	3,519,740
Loss on sale of fixed assets	--	(3,357)
	-----	-----
	5,991,865	3,516,383
	=====	=====

18. FINANCIAL AND OTHER CHARGES

Financial		
Mark-up on Re-finance	794,453	--

Bank Charges	106,149	85,924
Brokerage charges	5,042	--
	-----	-----
	905,644	85,924
Others		
Workers' profit participation fund	1,238,373	1,076,040
Donations (Note 18.1)	440,000	220,000
	-----	-----
	2,584,017	1,381,964
	=====	=====

18.1 None of the directors and their spouses had any interest in the donees fund.

19. EARNINGS PER SHARE - BASIC

There is no dilutive effect on the basic earnings per share of the company, which is based on:

Profit after taxation	(Rupees)	20,284,519	18,583,076
Number of shares		600,000	600,000
Earnings per share (Note 19.1) (Rupees)		33.81	30.97

19.1 The earning per share for the year ended June 30, 1999 is restated from Rs. 41.30 per share to Rupees 30.97 per share due to issue of bonus shares in the year ended June 30, 2000.

20. CHIEF EXECUTIVE'S AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts for the year for remuneration including certain benefits to the Chief Executive and Executive was as follows:

	<i>2000</i>		<i>1999</i>	
	<i>Chief Executive</i>	<i>Executive</i>	<i>Chief Executive</i>	<i>Executive</i>
Managerial remuneration	789,000	120,000	789,000	100,000
Allowances:				
Housing	351,000	54,000	351,000	45,000
Utilities	123,243	6,000	118,621	5,000
Bonus	--	15,000	--	24,078
	-----	-----	-----	-----
Rupees	1,263,243	195,000	1,258,621	174,078
	=====	=====	=====	=====
Number of persons	1	1	1	1

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company's exposure to interest / mark up rate risk and effective rates on its financial assets and financial liabilities are summarized as follows:

	<i>2000</i>		<i>NON INTEREST/ MARK-UP BEARING</i>
	<i>FINANCIAL INSTRUMENTS</i>	<i>INTEREST/MARK-UP BEARING</i>	
	<i>WITHIN ONE YEAR</i>	<i>ONE YEAR TO FIVE YEARS</i>	
ASSETS			

Trade debts	5,056,975	--	--	5,056,975
Advances, deposits and other receivables	5,493,097	--	--	5,493,097
Cash and bank balances	45,807,973	45,795,902	--	12,071
	-----	-----	-----	-----
	56,358,045	45,795,902	--	10,562,143
	-----	-----	-----	-----
LIABILITIES				
Export Refinance	14,500,000	14,500,000	--	--
Creditors, accrued and other liabilities	9,578,278	--	--	9,578,278
	-----	-----	-----	-----
	24,078,278	14,500,000	--	9,578,278
	-----	-----	-----	-----
Total interest / mark up rate sensitivity gap	32,270,767	1,295,902	--	983.87
	-----	-----	-----	-----
Cumulative interest / mark-up rate sensitivity gap		31,295,902	31,295,902	32,279,767
		-----	-----	-----

EFFECTIVE INTEREST / MARK-UP RATES**FINANCIAL ASSETS****Cash with banks**

Deposit Accounts	12.00 to 16.00 percent per annum
Daily product accounts	8.00 to 11.00 percent per annum

FINANCIAL LIABILITIES

Export Refinance	8%
------------------	----

1999

<i>FINANCIAL INSTRUMENTS</i>	<i>INTEREST/MARK-UP BEARING</i>		<i>NON INTEREST/MARK-UP BEARING</i>
	<i>WITHIN ONE YEAR</i>	<i>ONE YEAR TO FIVE YEARS</i>	

ASSETS

Trade debts	6,867,125	--	--	6,867,125
Advances, deposits and other receivables	5,319,195	--	--	5,319,195
Cash and bank balances	20,299,078	20,292,830	--	6,248
	-----	-----	-----	-----
	32,485,398	20,292,830	--	12,195,568
	-----	-----	-----	-----

LIABILITIES

Creditors, accrued and other liabilities	7,720,029	--	--	7,720,029
	-----	-----	-----	-----
	7,720,029	--	--	7,720,029

Total interest / mark up rate sensitivity gap	24,765,369	20,292,830	--	4,472,539
Cumulative interest / mark-up rate sensitivity gap		20,292,830	20,292,830	24,765,369

EFFECTIVE INTEREST / MARK-UP RATES**Cash with banks:****FINANCIAL ASSETS**

Deposit accounts	12.00 to 17.75 percent per annum
Daily product accounts	8.00 to 11.00 percent per annum

22. PLANT CAPACITY AND ACTUAL PRODUCTION

As the company is engaged in manufacturing of man made sports goods and its production is dependent upon the efficiency of the persons engaged, hence the capacity of the unit could not be determined.

23. CORRESPONDING FIGURES

Corresponding figures have been rearranged wherever necessary for the purpose of comparison.

KHURRAM A. KHAWAJA
Chief Executive

KHAWAR A. KHAWAJA
Director

CONSOLIDATED FINANCIAL STATEMENTS**Auditors' Report to the Members**

We have examined the annexed Consolidated Financial Statements comprising Consolidated Balance Sheet of GRAYS OF CAMBRIDGE (PAK) LIMITED and its wholly owned subsidiary Dawn Sports (Pvt) Limited as at June 30, 2000 and the related Consolidated Profit and Loss account, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement together with the notes forming part thereof. for the year ended June 30, 2000. We have also expressed separate opinions on the financial statements of Grays of Cambridge (Pakistan) Limited and its wholly owned subsidiary Dawn Sports (Private) Limited These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

Our examination was made in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements examined by us present fairly the financial position of Grays of Cambridge (Pakistan) Limited and its wholly owned subsidiary Dawn Sports (Private) Limited as at June 30, 2000 and the results of their operations for the year then ended.

(M.A. TABUSSUM & COMPANY)

Chartered Accountants

LAHORE · November 21, 2000

Consolidated Balance Sheet as at June 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital 5 000 000 ordinary shares of Rupees 10 each		50,000,000	50,000,000
Issued, subscribed and paid up share capital	3	13,065,500	10,452,400
Reserves	4	177,166,375	156,513,100
Unappropriated Profit		5,544,184	21,033,258
		-----	-----
		195,776,059	187,998,758
CURRENT LIABILITIES			
Export refinance	5	49,500,000	15,000,000
Creditors, accrued and other liabilities	6	21,442,651	24,298,234
Provision for taxation	7	11,233,878	4,520,803
Dividend payable	8	52,594,055	21,164,429
		-----	-----
		134,770,584	64,983,466
CONTINGENCIES AND COMMITMENTS			
	9	-----	-----
		330,546,643	252,982,224
		=====	=====

The annexed notes form an integral part of these accounts.

KHAWAR A. KHAWAJA

Chief Executive

ASSETS**NON-CURRENT ASSETS**

Tangible fixed assets	10	20,564,946	20,202,859
Equity and other investments	11	59,465,664	39,155,139
Long term security deposits		130,223	103,923
		-----	-----
		80,160,833	59,461,921

CURRENT ASSETS

Stock in trade	12	34,203,564	37,872,405
Trade debts	13	34,803,055	49,128,248

Advances, deposits, prepayments and other receivables	14	37,755,708	29,062,018
Cash and bank balances	15	143,623,483	77,457,632
		-----	-----
		250,385,810	193,520,303
		-----	-----
		330,546,643	252,982,224
		=====	=====

MUHAMMAD TAHIR BUTT
Director

**Consolidated Profit and Loss Account
for the year ended June 30, 2000**

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
SALES	16	149,068,843	146,481,413
COST OF GOODS SOLD	17	75,784,648	74,812,040
		-----	-----
GROSS PROFIT		73,284,195	71,669,373
ADMINISTRATIVE SELLING AND GENERAL EXPENSES	18	20,548,525	22,296,277
		-----	-----
OTHER INCOME	19	52,735,670 28,968,372	49,373.10 10,741,073
		-----	-----
FINANCIAL AND OTHER CHARGES	20	81,704,042 10,753,030	60,114,169 5,871,991
		-----	-----
PROFIT BEFORE TAXATION		70,951,012	54,242,178
PROVISION FOR TAXATION			
Current		1,091,171	4,198,636
Prior years		--	52,462
		-----	-----
		1,091,171	4,251,098
		-----	-----
PROFIT AFTER TAXATION		60,039,301	49,991,080
UNAPPROPRIATED PROFIT B/F		21,033,258	14,560,078
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATIONS		81,072,559	64,551,158
APPROPRIATIONS:			
Bonus shares @ 25% (1999: 25%)		3,266,375	2,613,100
Proposed final dividend Rupees 40 per share (1999: Rupees 20 per share)		52,262,000	20,904,800
Transfer to general reserve		20,000,000	20,000,000
		-----	-----

		75,528,375	43,517,900
		-----	-----
		5,544,184	21,033,258
		=====	=====
EARNINGS PER SHARE	21	45.95	38.26

The annexed notes form an integral part of these accounts

KHAWAR A. KHAWAJA
Chief Executive

MUHAMMAD TAHIR BUTT
Director

Consolidated Cash Flow Statement for the year ended June 30, 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	70,951,012	54,242,178
Adjustments for non cash and other items:		
Depreciation	2,894,591	2,813,487
Profit on deposits with banks	(18,929,175)	(8,447,435)
Dividend income	(10,036,983)	(701,215)
Loss / (gain) on sale of investments	3,464	(1,566,732)
Miscellaneous	(2,214)	(25,691)
	-----	-----
	(26,070,317)	(7,927,586)
	-----	-----
Operating profit before working capital changes	44,880,695	46,314,592
Decrease / (increase) in current assets	9,300,344	(24,076,001)
(Decrease) /increase in creditors, accrued and other liabilities	(2,855,583)	3,321,019
	-----	-----
Cash flows from operating activities before income tax	51,325,456	25,559,610
Income tax paid	(4,198,636)	(2,112,283)
	-----	-----
Net cash flows from operating activities	47,126,820	23,447,327
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in equity investment	(20,310,525)	(247,270)
Addition in fixed assets	(3,332,250)	(2,677,942)
Increase in long term security deposits	(26,300)	(53,163)
Proceeds from disposal of fixed assets	77,786	1,355,000
Profit on deposits with banks	18,929,175	8,447,435
Dividend income	10,036,983	701,215
Gain on sale of investments	(3,464)	1,566,732
	-----	-----
Net cash flows from investing activities	5,371,405	9,092,007
CASH FLOWS FROM FINANCING ACTIVITIES		
Export refinance	34,500,000	4,000,000

Dividend paid	(20,832,374)	(11,894,456)
Net cash flows from financing activities	13,667,626	(7,894,456)
Net Increase in cash and cash equivalents	66,165,851	24,644,878
Cash and cash equivalents at the beginning of the year	77,457,632	52,812,754
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	143,623,483	77,457,632

KHAWAR A. KHAWAJA
Chief Executive

MUHAMMAD TAHIR BUTT
Director

Consolidated Statement of Changes in Equity for the year ended June 30, 2000

	<i>Share Capital</i>	<i>Capital Reserve on Acquisition</i>	<i>Reserve for Bonus Shares</i>	<i>General Reserve</i>	<i>Unappropriated Profit</i>	<i>Total</i>
Balance as at June 30, 1998	7,466,000	1,073,762	2,986,400	132,826,238	14,560.08	158,912,478
Net profit for the year	--	--	--	49,991,080	49,991,080	49,991,080
Bonus shares issued	2,986,400	--	(2,986,400)	--	--	--
Appropriations:						
Bonus shares	--	--	2,613,100	--	(2,613,100)	--
Proposed dividend	--	--	--	--	(20,904,800)	(20,904,800)
General reserve	--	--	--	20,000,000	(20,000,000)	--
Balance as at June 30, 1999	10,452,400	1,073,762	2,613,100	152,826,238	21,033,258	187,998,758
Net profit for the year	--	--	--	--	60,039,301	60,039,301
Bonus shares issued	2,613,100	--	(2,613,100)	--	--	--
Appropriations:						
Bonus shares	--	--	3,266,375	--	(3,266,375)	--
Proposed dividend	--	--	--	--	(52,262,000)	(52,262,000)
General reserve	--	--	--	20,000,000	(20,000,000)	--
Balance as at June 30, 2000	13,065,500	1,073,762	3,266,375	172,826,238	5,544,184	195,776,059

KHAWAR A. KHAWAJA
Chief Executive

MUHAMMAD TAHIR BUTT
Director

Notes to the Consolidated Accounts for the year ended June 30, 2000

1. PRINCIPAL ACTIVITIES

The principal activities of the company are to manufacture-cum-export of quality sports goods particularly hockey sticks, cricket bats and hockey and cricket balls.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Overall valuation policy

These accounts have been prepared under the historical cost convention except to the extent of exchange differences as stated in Note 2.7.

2.1.1 Principles of consolidation

The consolidated financial statements include Grays of Cambridge (Pak) Limited and wholly owned subsidiary Dawn Sports (Pvt) Limited (Incorporated in Pakistan) Companies are consolidated using the purchase method.

2.2 Tangible fixed assets and depreciation

These are stated at cost less accumulated depreciation except land and capital work-in-progress which are stated at cost. Cost of tangible fixed assets consists of historical cost including directly attributable cost of bringing the assets to working condition. Depreciation is charged to income applying the reducing balance method to write off the cost of operating fixed assets over their expected useful life.

Full year's depreciation is charged on additions, while no depreciation is charged on assets deleted during the year. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of tangible fixed assets is included in current year's income.

2.3 Staff retirement benefits

A funded contributory provident fund scheme is maintained for the employees. Equal monthly contributions are made both by the company and employees at the rate of 6.25 percent of the salary to the fund.

2.4 Taxation

The group falls under section 80(cc) of the Income Tax Ordinance, 1979 and provision for income tax has been made in the accounts accordingly.

2.5 Stock-in-trade

This is valued at the lower of average cost and net realizable value. Average cost and net realizable value are defined as under:

Average Cost

For raw materials - at annual average cost.

For work-in-process and finished goods - at annual manufacturing cost.

Net realizable value - It signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales.

2.6 Trade Debts

Known bad debts are written off and provision is made against debts considered doubtful.

2.7 Exchange Difference / Foreign Currency

Transactions in foreign currencies are recorded in the books of accounts using the rates of exchange ruling at the date of respective transaction. All assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Gains and losses on translation are included in the income currently.

2.8 Investments

These are stated at cost.

2.9 Revenue recognition

Revenue from sales is recognized on delivery of goods to customers. Profit on deposits with banks is recognized on time proportion basis taking into account the principal outstanding and rates of profit/interest applicable thereon.

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
204 700 Ordinary shares of Rupees 10 each fully paid up in cash	2,047,000	2,047,000
4 400 Ordinary shares of Rupees 10 each fully paid up for consideration other than cash	44,000	44,000
1 097 450 Ordinary shares of Rupees 10 each issued as fully paid bonus shares	10,974,500	8,361,400
	----- 13,065,500 =====	----- 10,452,400 =====

3.1 Grays of Cambridge (International) Limited, England and Anwar Khawaja Industries (Pvt) Ltd. Sialkot (associated undertakings) held 522666 and 65332 ordinary shares of Rs. 10 each respectively (1999: 414633 and 52266 shares).

4. RESERVES

Capital:

Capital reserve- on acquisition	1,073,762	1,073,762
Reserve for issue of bonus shares:		
Balance at the beginning of the year	2,613,100	2,986,400
Transfer from profit and loss account	3,266,375	2,613,100
Bonus shares issued	(2,613,100)	(2,986,400)
	----- 3,266,375 -----	----- 2,613,100 -----
	4,340,137	3,686,862

Revenue:

General reserve:		
Balance at the beginning of the year	152,826,238	132,826,238
Transfer from profit and loss account	20,000,000	20,000,000
	----- 172,826,238 -----	----- 152,826,238 -----

	177,166,375	156,513,100
	=====	=====

5. EXPORT REFINANCE

Habib Bank Limited	5,000,000	5,000,000
ANZ Grindlays Bank Limited	44,500,000	10,000,000
	-----	-----
	49,500,000	15,000,000
	=====	=====

This represents the availed portion of total credit facility of Rs. 26 million obtained from Habib Bank Limited and Rs. 52 million obtained from ANZ Grindlays Bank Limited. It carries mark up at the rate of paisas 22 per Rupee thousand per day. These finances are secured by registered hypothecation over stocks, book debts of the company, mortgage of freehold land & building and pledge of government securities and shares of listed companies.

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	2,817,245	3,741,332
Advances from customers	14,379	475,410
Due to directors	143,320	376,281
Commission payable	6,666,348	8,552,284
Workers' profit participation fund [Note 6.1]	5,707,953	3,486,430
Anwar Khawaja Industries (associated undertaking)	199	33,093
Other accrued liabilities	6,093,207	7,633,404
	-----	-----
	21,442,651	24,298,234
	=====	=====

6.1 Worker's profit participation fund

Balance at the beginning of the year	3,486,430	3,058,618
Payments made during the year:		
To Workers	573,000	609,000
To Government	2,913,430	2,449,618
	-----	-----
	3,486,430	3,058,618
	-----	-----
	--	--
Share of company's profit for the year	5,707,953	3,486,430
	-----	-----
Balance at the end of the year	5,707,953	3,486,430
	=====	=====

7. PROVISION FOR TAXATION

Balance at the beginning of the year	4,520,803	2,381,988
Provision for the year	10,911,711	4,251,098
	-----	-----
	15,432,514	6,633,086
Payments during the year	4,198,636	2,112,283
	-----	-----
Balance at the end of the year	11,233,878	4,520,803
	=====	=====

8. DIVIDEND PAYABLE

Proposed final dividend	52,262,000	20,904,800
Unclaimed dividend	332,055	259,629
	-----	-----
	52,594,055	21,164,429
	=====	=====

9. CONTINGENCIES AND COMMITMENTS

Counter guarantees given by the company to its bankers and post dated cheques issued to the Custom Authorities are amounting to Rs6.90 million (1999: Rs.8.65 million)

10. TANGIBLE FIXED ASSETS

<i>Description</i>	<i>Cost</i>			<i>Accumulated depreciation</i>			<i>Depreciation</i>		
	<i>As at July 01, 1999</i>	<i>Additions/ (Deletions)</i>	<i>As at June 30, 2000</i>	<i>As at July 01, 1999</i>	<i>Adjustments</i>	<i>As at June 30, 2000</i>	<i>Book value as at June 30, 2000</i>	<i>Charge for the year</i>	<i>Rate %</i>
Freehold Land	948,487	164,219	1,112,706	--	--	--	1,112,706	--	--
Factory Building	14,423,454	690,394	15,113,848	5,506,476	--	6,467,213	8,646,635	960,737	10
Plant and Machinery	4,051,280	418,275	4,469,555	1,840,263	--	2,103,192	2,366,363	262,929	10
Office Equipment	1,406,909	--	1,406,909	574,492	--	657,733	749,176	83,241	10
Tools and Equipment	1,565,291	91,339	1,656,630	485,831	--	602,911	1,053,719	117,080	10
Electric Installations	1,974,440	192,574	2,167,014	840,799	--	973,421	1,193,594	132,622	10
Furniture and Fixtures	1,146,368	11,760	1,158,128	478,549	--	546,507	611,621	67,958	10
Vehicles	7,379,703	1,605,270 (147,600)	8,837,373	3,334,394	(72,028)	4,377,367	4,460,006	1,115,001	20
Computers	841,472	158,419	999,891	487,851	--	641,463	358,428	153,612	30
Security Arms	22,800	--	22,800	8,690	--	10,101	12,699	1,411	10
	-----	-----	-----	-----	-----	-----	-----	-----	
2000 Rupees	33,760,204	3,332,250 (147,600)	36,944,854	13,557,345	(72,028)	16,379,908	20,564,946	28,945,912	
	=====	=====	=====	=====	=====	=====	=====	=====	
1999 Rupees	33,603,689	2,677,942 (2,521,427)	33,760,204	11,935,976	-- (1,192,118)	13,557,345	20,202,859	2,813,487	
	=====	=====	=====	=====	=====	=====	=====	=====	

10.1 The depreciation charged for the year has been allocated as follows:

Cost of goods sold	1,473,368	1,482,346
Administrative, selling and general expenses	1,421,223	1,331,141
	-----	-----
	2,894,591	2,813,487
	=====	=====

10.2 Detail of fixed assets disposed of during the year:

<i>PARTICULARS</i>	<i>COST RUPEES</i>	<i>ACCUMULATED BOOK VALUE DEPRECIATION RUPEES</i>	<i>SALE PROCEEDS RUPEES</i>	<i>MODE OF DISPOSAL</i>	<i>PARTICULARS OF PURCHASER</i>
--------------------	------------------------	---	-------------------------------------	-----------------------------	-------------------------------------

Honda CG 125 STH 3202	73,800	36,014	37,786	40,000	Negotiation	Mr. Abdul Razaq, Sialkot.
Honda CG 125 STH 3203	73,800	36,014	37,786	37,786	Negotiation	Mr. Amjad Javed (employee)
	147,600	72,028	75,572	77,786		

11. EQUITY AND OTHER INVESTMENTS

2000
Rupees

1999
Rupees

MUTUAL FUNDS

ICP STATE ENTERPRISE (MUTUAL FUND) SERIES 'A'

39900 ordinary shares of Rupees 10 each
(1999: 39900 shares)

1,260,840 1,260,840

LEASING AND LEASING MODARABA

GRAYS LEASING LIMITED

(ASSOCIATED UNDERTAKING)

4000000 (40%) ordinary shares of Rupees 10 each
(1999: 2000000 (20%) shares)

40,422,875 20,000,000

TRUST MODARABA

182000 certificates of Rupees 10 each including
82000 bonus certificates (1999: 182000
certificates including 82000 bonus certificates)

2,182,545 2,182,545

FIRST GRINDLAYS MODARABA

24948 certificates of Rupees 10 each including
5948 bonus certificates (1999: 24948
certificates including 5948 bonus certificates)

529,030 529,030

FIRST CRESCENT MODARABA

205312 certificates of Rupees 10 each including
58812 bonus certificates (1999: 205312
certificates including 58812 bonus certificates)

2,554,820 2,548,370

FIRST FIDELITY LEASING MODARABA

444186 certificates of Rupees 10 each including
74624 bonus certificates (1999: 444186
certificates including 74624 bonus certificates)

4,510,285 4,510,285

TEXTILE SPINNING

UMER FABRICS LIMITED

14950 ordinary shares of Rupees 10 each
(1999: 14950 shares)

153,465 153,465

NISHAT MILLS LIMITED

45891 ordinary shares of Rupees 10 each including
13726 bonus shares (1999: 45891 shares)

including 13726 bonus shares)	929,320	929,320
-------------------------------	---------	---------

SUGAR**HUSEIN SUGAR MILLS LIMITED**

13197 ordinary shares of Rupees 10 each including 7010 bonus shares (1999: 13197 shares including 7010 bonus shares)	326,550	326,550
--	---------	---------

CEMENT**MAPLE LEAF CEMENT FACTORY LTD.**

227000 ordinary shares of Rupees 10 each including 6000 bonus shares (1999: 227000 shares including 6000 bonus shares)	2,090,250	2,090,250
--	-----------	-----------

D. G. KHAN CEMENT COMPANY LTD.

172945 ordinary shares of Rupees 10 each including 8612 bonus shares (1999: 172945 shares including 8612 bonus shares)	4,382,344	4,382,344
--	-----------	-----------

CHEMICAL**SITARA CHEMICAL INDUSTRIES LTD.**

950 ordinary shares of Rupees 10 each including 655 bonus shares (1999: 950 shares including 655 bonus shares)	6,740	6,740
--	-------	-------

-----	-----
59,349,064	38,919,739

FOREIGN EXCHANGE BEARER CERTIFICATES

Rupees 0.110 million face value and Rupees 0.150 million surrender value (1999: Rupees 0.220 million face value and Rupees 0.385 million surrender value)	116,600	235,400
---	---------	---------

-----	-----
59,465,664	39,155,139
=====	=====

11.1 Market value of quoted equity investment was Rupees 46.631 million as on June 30, 2000 (1999: Rupees 31.973 million).

12. STOCK-IN-TRADE

Raw materials	20,114,090	24,025,859
Work in process	9,110,108	8,113,061
Finished Goods	4,979,366	5,733,485

-----	-----
34,203,564	37,872,405
=====	=====

13. TRADE DEBTS - UNSECURED

34,803,055	49,128,248
=====	=====

These are unsecured but considered good. The export bills under collection include bills due from Gray Nicolls, England and Gray Nicolls, Australia (associated undertakings) amounting to Rs.18.681 million (1999: Rs.19.541 million).

**14. ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES**

Advances:

To employees	1,382,168	1,188,920
Provision for doubtful debts	(11,000)	(11,000)
	-----	-----
Considered good	1,371,168	1,177,920
To Suppliers	755,845	1,215,382
To Income tax department	4,550,152	4,009,723
	-----	-----
	6,677,165	6,403,025
Deposits - Trade and others	8,975,425	8,857,524
Short term prepayments	108,947	116,501
Export rebate claims	9,349,598	9,433,199
Sales tax receivable	1,515,472	1,970,160
Dividend receivable	6,000,000	--
Accrued profit on deposits with banks	5,099,451	2,247,903
Grays of Cambridge (Int'l) Ltd. (associated undertaking)	29,650	29,650
Anwar Khawaja Industries (associated undertaking)	--	4,056
	-----	-----
	37,755,708	29,062,018
	=====	=====

15. CASH AND BANK BALANCES

Cash in hand	37,488	7,229
Cash with banks:		
Current Accounts	4,522,935	2,778,682
Deposit Accounts	139,063,060	74,671,721
	-----	-----
	143,585,995	77,450,403
	-----	-----
	143,623,483	77,457,632
	=====	=====

16. SALES

Export	150,539,627	148,309,334
Custom rebate	12,704,156	10,781,215
	-----	-----
	163,243,783	159,090,549
Local	891,914	1,849,730
	-----	-----
	164,135,697	160,940,279
Commission to selling agents	(15,066,854)	(14,458,866)
	-----	-----
	149,068,843	146,481,413
	=====	=====

17. COST OF GOODS SOLD

Raw material consumed (Note 17.1)	55,704,804	56,569,101
Salaries, wages and other benefits (inclusive of employer's contribution towards provident fund Rupees 154,698 (1999: Rupees 137,268))	15,597,625	14,136,912

Repair and maintenance	859,557	765,526
Fuel and power	1,522,574	1,437,592
Insurance	824,093	836,204
Rent, rates and taxes	45,555	51,970
Depreciation (Note 10.1)	1,473,368	1,482,346
	-----	-----
	76,027,576	75,279,651
Work - in- process:		
Opening Inventory	8,113,061	6,620,069
Closing Inventory	(9,110,108)	(8,113,061)
	-----	-----
	(997,047)	(1,492,992)
	-----	-----
Cost of goods manufactured	75,030,529	73,786,659
Finished goods:		
Opening Inventory	5,733,485	67,588,661
Closing Inventory	(4,979,366)	(5,733,485)
	-----	-----
	754,119	1,025,381
	-----	-----
	75,784,648	74,812,040
	=====	=====
17.1 Raw Material Consumed		
Opening stock	24,025,859	18,942,687
Purchases during the year	51,793,035	61,652,273
	-----	-----
	75,818,894	80,594,960
Closing stock	20,114,090	24,025,859
	-----	-----
	55,704,804	56,569,101
	=====	=====

18. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

Salaries and other benefits (inclusive of employer's contribution towards provident fund Rupees 50,466 (1999: Rupees 46,141))	7,322,174	6,898,176
Travelling and conveyance	2,202,736	2,681,962
Vehicles running	1,177,985	1,001,019
Postage, telephone and telex	993,532	745,324
Legal and professional	582,803	381,085
Audit fee	65,000	65,000
Printing and stationery	397,025	258,975
Boarding, lodging and entertainment	346,477	434,739
Fee and subscription	434,595	249,661
Books and periodicals	38,049	43,053
Repair and maintenance	120,699	110,924
Bad debts	--	33,583
Free samples	209,407	200,958
Export tax	377,950	357,434
Advertisement and publicity	1,200,828	2,880,159
Clearing and forwarding	3,613,506	4,315,742

Royalty	--	251,095
Miscellaneous	44,536	56,247
Depreciation (Note 10.1)	1,421,223	1,331,141
	-----	-----
	20,548,525	22,296,277
	=====	=====

18.1 Number of employees including 2 chief executives and 4 executives as on June 30, 2000 were 209 (1999: 201)

19. OTHER INCOME

Profit on deposits with banks	18,929,175	8,447,435
Dividend income	10,036,983	701,215
Gain on sale of investments	--	1,566,732
Gain on sale of fixed assets	2,214	25,691
	-----	-----
	28,968,372	10,741,073
	=====	=====

19.1 Included Rs. 9.00 million received from Grays Leasing Limited (1999: Nil).

20. FINANCIAL AND OTHER CHARGES

Mark up on Refinance	2,938,297	938,411
Bank charges and commission	495,103	454,539
	-----	-----
	3,433,400	1,392,950
Capital loss	3,464	--
Zakat	--	9,975
Workers' profit participation fund	5,707,953	3,486,430
Donations (Note 20.1)	1,608,213	982,636
	-----	-----
	10,753,030	5,871,991
	=====	=====

20.1 None of the directors and their spouses had any interest in the donees fund.

21. EARNINGS PER SHARE - BASIC

There is no dilutive effect on the basic earnings per share of the group, which is based on:

Profit after taxation	(Rupees)	60,039,301	49,991,080
Number of shares		1,306,550	1,306,550
Earnings per share	(Rupees)	45.95	38.26

21.1 The earning per share for the year ended June 30, 1999 is restated from Rupees 47.83 per share to Rupees 38.26 per share due to issue of bonus shares in the year ended June 30, 2000.

22. CHIEF EXECUTIVES' AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts for the year for remuneration including certain benefits to the chief executives and executives were as follows:

2000

1999

	<i>Chief Executives</i>	<i>Executives</i>	<i>Chief Executives</i>	<i>Executives</i>
Managerial remuneration	2,445,000	684,000	2,445,000	632,000
Allowances:				
Housing	1,095,000	307,800	1,095,000	284,400
Utilities	252,708	34,200	207,312	31,600
Bonus	--	85,500	--	134,544
Earned leave	--	32,900	--	29,633
	-----	-----	-----	-----
Rupees	3,792,708	1,144,400	3,747,312	1,112,177
	=====	=====	=====	=====
Number of persons	2	4	2	4

22.1 Chief Executives and one executive have been provided free maintained vehicles.

23. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The company purchased from and sold to associated undertakings goods, materials and services at market prices in the aggregate sum of Rupees 0.103 million (1999: Rupees 0.313 million) and Rupees 31.139 million (1999: Rupees 26.024 million) respectively.

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rupees 19.632 million (1999: Rupees 19.660 million).

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company's exposure to interest / mark up rate risk and effective rates on its financial assets and financial liabilities are summarized as follows -

	<i>2000</i>			<i>NON INTEREST/ MARK-UP BEARING</i>
	<i>FINANCIAL INSTRUMENTS</i>	<i>INTEREST/MARK-UP BEARING</i>		
		<i>WITHIN ONE YEAR</i>	<i>ONE YEAR TO FIVE YEARS</i>	
ASSETS				
Trade debts	34,803,055	--	--	34,803,055
Advances, deposits and other receivables	27,096,609	--	--	27,096,609
Cash and bank balances	143,623,483	141,696,798	--	1,926,685
	-----	-----	-----	-----
	205,523,147	141,696,798	--	63,826,349
	-----	-----	-----	-----
LIABILITIES				
Export refinance	49,500,000	49,500,000	--	--
Creditors, accrued and other liabilities	21,442,651	--	--	21,442,651
	-----	-----	-----	-----
	70,942,651	49,500,000	--	21,442,651
	-----	-----	-----	-----
Total interest / mark up rate sensitivity gap	134,580,496	92,196,798	--	42,383,698

Cumulative interest / mark-up rate sensitivity gap	92,196,798	92,196,798	134,580,496
--	------------	------------	-------------

EFFECTIVE INTEREST / MARK-UP RATES**FINANCIAL ASSETS****Cash with banks:**

Deposits accounts	12.00 to 16.00 percent per annum
Daily product accounts	8.00 to 11.00 percent per annum

FINANCIAL LIABILITIES

Export refinance	8.00 percent per annum
------------------	------------------------

	<i>1999</i>			
	<i>FINANCIAL INSTRUMENTS</i>	<i>INTEREST/MARK-UP BEARING WITHIN ONE YEAR</i>	<i>ONE YEAR TO FIVE YEARS</i>	
ASSETS				
Trade debts	49,128,248	--	--	49,128,248
Advances, deposits and other receivables	24,935,794	--	--	24,935,794
Cash and bank balances	77,457,632	74,671,721	--	2,785,911
	151,521,674	74,671,721	--	76,849,953
LIABILITIES				
Export refinance	15,000,000	15,000,000	--	--
Creditors, accrued and other liabilities	24,298,234	--	--	24,298,234
	39,298,234	15,000,000	--	24,298,234
Total interest / mark up rate sensitivity gap	112,223,440	59,671,721	--	52,551,719
Cumulative interest / mark-up rate sensitivity gap		59,671,721	59,671,721	112,223,440

EFFECTIVE INTEREST / MARK-UP RATES**FINANCIAL ASSETS****Cash with banks**

Deposit accounts	12.00 to 17.50 percent per annum
Daily product accounts	8.00 to 11.00 percent per annum

FINANCIAL LIABILITIES

Export refinance 8.00 to 11.00 percent per annum

25. PLANT CAPACITY AND ACTUAL PRODUCTION

As the company is engaged in manufacturing of man made sports goods and its production is dependent upon the efficiency of the persons engaged, hence the capacity of the unit could not be determined.

26. CORRESPONDING FIGURES

Corresponding figures have been rearranged wherever necessary for the purpose of comparison.

KHAWAR A. KHAWAJA
Chief Executive

MUHAMMAD TAHIR BUTT
Director