

Grays Leasing Limited

Annual Report 2001

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COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Harold John Gray	Chairman
	Mr. Khawar Anwar Khawaja	Vice Chairman
	Mr. Abdul Rashid Mir	Chief Executive
	Mr. Paul Douglas Gray	
	Mr. Ronald George Blake	
	Mr., Muhammad Tahir Butt	
	Mr. Khurram Anwar Khawaja	
	Mr. Saeed Ahmad Jabal	
	Mr. Muhammad Farooq	
	Mrs. Nuzhat Khawar Khawaja	

AUDITORS	Riaz Ahmad & Company Chartered Accountants 8-Mail Mansion, 30 Shahrah-e-Quaid-e-Azam, Lahore - 54000 - Pakistan Tel: (042) 7233324-26 Fax : (042) 7235762 E-mail: sarfrazm@paknet4.ptc.pk.
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MANAGEMENT CONSULTANTS	Sarfraz Mahmood (Pvt) Ltd.
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CORPORATE SECRETARY	Mr. Abdul Ghaffar
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LEGAL ADVISOR	Akhtar Saeed & Company
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REGISTERED AND HEAD OFFICE	11-A, Lawrence Road, Lahore, Tel: (042) 6372159-61 Fax: (042) 6371898 E-mail: gll@nexlinx.net.pk
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BANKERS	Standard Chartered Grindlays Bank The Bank of Khyber Bank Alfalah Ltd, The Bank of Punjab. Askari Commercial Bank Ltd, Muslim Commercial Bank Ltd. Faysal Bank Ltd.
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First Women Bank Ltd.
Prime Commercial Bank Ltd.
Habib Bank Ltd.

NOTICE OF THE 6TH ANNUAL GENERAL MEETING

Notice is hereby given that the 6th Annual General Meeting of the Company will be held on December 10, 2001 at 11.00 a.m. at the Registered Office of the Company located at 41-A, Lawrence Road, Lahore to transact the following business:

1. to confirm the minutes of 5th Annual General Meeting held on December 21, 2000;
2. to receive, consider and adopt the audited accounts of the company for the year ended June 30, 2001 together with Directors' and Auditors' reports thereon;
3. to approve the payment of cash dividend @ 10% (Re. 1/- per share) as recommended by the directors for the year ended June 30, 2001;
4. to appoint auditors and to fix their remuneration. The present Auditors Messrs. Riaz Ahmad & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment;
5. to transact any other business with the permission of the chair.

BY THE ORDER OF THE BOARD

ABDUL GHAFFAR
(COMPANY SECRETARY)

Lahore: November 12, 2001

NOTES:

1. The members register will remain closed from December 02, 2001 to December 10, 2001 (both days inclusive). Transfer received at the registered office by the close of business hours on December 01, 2001 will be treated in time for the entitlement of dividend.
2. 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. The instrument of proxy in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the meeting;
3. Members are requested to immediately notify the change in address, if any;
4. CDC account holders will have to follow the following guidelines for attending the meeting .
 - i) In case of individuals, the account holders, sub account holders and the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing original I.D. card or passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their participants I.D. numbers and account number in CDS.
 - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of meeting.

DIRECTORS' REPORT TO THE SHAREHOLDERS

It gives me immense pleasure to present the sixth annual report together with the audited accounts of your company for the year ended 30th June, 2001.

OPERATING RESULTS

The operating results of the company for the year are as under:

	<i>RUPEES</i>
Total revenue	73,863,618
Total expenses	44,910,680

Profit before tax	28,952,938
Provision for taxation	1,221,610

Profit after tax	27,731,328
Un-appropriated profit brought forward	1,904,567

Profit available for appropriation	29,635,895
Appropriations:	
Transfer to statutory reserve	(6,500,000)
Transfer to reserve for deferred taxation	(8,000,000)
Proposed dividend @ 10 %	(15,000,000)

	(29,500,000)

Un-appropriated profit	135,895
	=====
Earnings per share	2.51
	=====

REVIEW OF OPERATIONS

Although the economic scenario has remained almost same as previous year, the company succeeded to achieve its budgeted target for the year ended 30, June 2001. During the year, we transacted business worth rupees 307.7 million comprising 250 leases as compared to rupees 205.6 million placed in 249 leases during the preceding year; growth being 50 percent. Gross investment in finance leases as at 30- June 2001 stands at rupees 634.317 million against rupees 459.782 million on 30- June 2000 while the net investment stands at rupees 508.834 million on 30, June 2001 against rupees 370.129 million the last year- growth during this year has been 37.5 percent as against 26.05 percent during the preceding year.

The graph given below shows a consistent growth pattern attained by the company since its inception.

The gross revenue from operations was rupees 73.864 million (rupees 58.035 million in 2000) and net profit before and after tax was rupees 28.953 million and rupees 27.731 million respectively as compared to rupees 25.660 million and rupees 24.750 million during the preceding year.

Our majore emphasis still remains on small to medium size leases; with selected blue chip companies and a blend of assets with high degree of concentration on industrial expansion and growth. This year too, almost half of our business represents lease financing of plant and machinery to various industrial sectors for strengthening their productive assets base through balancing, modernization and expansion.

The ratios of the asset-wise portfolio have almost been maintained by the company as reflected above. Although a minor shift/increase of 2 percent has taken place in case of transport vehicles, the net investment in plant and machinery as on 30th June 2001 again stands at 52 percent as it was last year. This has only been made possible through focusing our activity on country's industrial base as per our policy which is amply substantiated by the fact that 50 percent of lease disbursements during 2000-01 relate to industrial plant, machinery and equipments as shown in the graph given below.

At the same time, we have also been careful about management of all risks we are exposed to. The primary function is to manage credit risk which is all the more important in the prevailing macro environment. We operate under strict criteria and all leases are carefully screened by our Credit Evaluation Department, Executive Committee and the Senior Management. Risk diversification is also ensured by maintaining a balanced sectoral exposure. The sector-wise analysis of our lease portfolio has been given hereunder which shows that the maximum investment in any one sector stands at 27.57 percent in textiles and its made

ups as compared to last year's 24.91 percent in this sector.

The sector-wise break-up of the portfolio can also be seen in note 25.5 to the audited accounts for the year under review.

CREDIT RATING

The credit rating of the company was upgraded by a notch last year. The surveillance of these ratings is under process by JCR-VIS and they have indicated to upgrade these ratings at least by another notch this year as well.

RESOURCE MOBILIZATION

In addition to the equity funds amounting to rupees 50 million against right issue received during May-June 2001, the company also succeeded in managing a blend of medium and short term funds to finance lease operations. Apart from a three years credit line for rupees 25 million from Askari Commercial Bank Limited and a similar one from Faysal Bank Limited negotiated since last annual report, sufficient amount of cheaper funds has also been obtained from various financial institutions which enabled the company to keep the average cost of funding quite compatible with our placements. Raising of funds through Certificates of Investment has just been started while a plan for a reasonable float of Term Finance Certificates is also under consideration.

Human resource development is an equally important area. To develop a team of dedicated and devoted professionals, we have very recently engaged a number of persons, mostly at the very entry level, who are undergoing appropriate training in various fields according to our future requirements.

THE ECONOMY AND THE LEASING SECTOR

The economy

The economic crisis emanated from a series of adversities like fallout of South Asia, sanctions as a consequence of Pakistan's nuclear test, freezing of foreign currency accounts, the IPP issue, ever increasing debt burden, shyness of foreign direct investment, and above all, the lack of good governance and political uncertainty, has further aggravated because of the drastic decline in country's exports and other related trading activities as an aftermath of the tragedy of 11th September which sent shivers to the global economy.

Although, the International Community has assured to help Pakistan out of this mess and the most difficult era of its history, a lot depends on the ensuing political situation and the eventual outcome of the Afghan campaign. The other factor that matters would be the economy of importing countries; the world economy is presently in recession; war is not the best cure for all economic ills, even if the countries waging it do have plenty of resources in their kitty. It would require some years to recover from the impact of global recession and this period will weigh very heavy on Pakistan.

The ailment of the financial sector is also one of the major deterrents to economic growth of the country. Over the past few years, the trade and industry has been witnessing phenomenal reduction in outreach of financial services. The sources of long-term finance have almost dried up due to lack of banks' ability to undertake risk in long-term projects because of scarcity of ample funds (an obvious outcome of low level of savers' interest and confidence) and weaknesses in the legal and institutional infrastructure that supports development of a healthy financial sector.

The current economic scenario thus requires State's attention and intervention at large; economy has to be grossly restructured to put the things to their right path; concerted effort at all levels is must to end the spin.

The leasing sector

A well-functioning financial system significantly contributes towards economic growth. In Pakistan, the banking sector unfortunately could not perform well and support any growth-oriented pattern of socio-economic activity and the dreams of making the country a "Welfare State" all ended in a smoke. For different reasons, the development financing institutions (DFI's) that were created for this very purpose, also failed in achieving their objective and have collapsed so badly. The emergence of the Leasing Sector is thus aimed at filling the gap and providing for the much needed financial support not only to the industrial and corporate sectors but also to socio-economic welfare of the public at large.

Over last couple of years, the leasing sector has grown rapidly and proved to be an alternate source of finance to all sects of the society. The sector currently has rather greater potentials as all other sources of medium to long-term funds have almost dried up. But restoration of confidence of the masses of savers is an essential pre-requisite for which much work has yet to be done through state intervention.

FUTURE OUTLOOK

The share of the leasing sector in the total private fixed capital expenditure in Pakistan still remains below 10 percent as compared to about 40 percent in the developed countries. Moreover, the dearth of medium and long-term funding by banks will obviously increase the leasing potentials in the country. The leasing concept, being closest to the tenets of Islam, will be increasingly accepted in the coming days.

GRAYS LEASING LIMITED

Grays leasing has gained an excellent reputation in the market and, being a keen observer of the changing scenario, will consolidate and concentrate on its corporate goals without compromising on quality and ethical standards.

We are also increasing our branch net-work and will, Insha Allah, succeed to generate quite a fair volume of business and add value to the investment of our stakeholders.

DIVIDEND AND RIGHT ISSUE

In consistence with our previous practice and in line with our key objectives and corporate policy, the board of directors has proposed 10 percent cash dividend as compared to 15 percent cash dividend declared last year. In fact, the proposed dividend of rupees 15 million for the year under review is equal to the dividend declared for the year ended 30th June 2000. In percentage terms, it has however been diluted due to increase in paid-up capital by rupees 50 million through right issue of shares; subscription received just in the month of June 2001. We are confident to continue this policy in future as well.

To enhance the equity base and ensure an early compliance of rule 7(3) of the Leasing Companies Rules, the board of directors has proposed a right issue of 3 million shares of rupees 10 each at par which will be offered in accordance with the instructions from the Securities and Exchange Commission of Pakistan.

AUDITORS

The present auditors Messrs Riaz Ahmad and Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

A statement showing pattern of shareholding in the company as on 30th June 2001 is given herewith.

ACKNOWLEDGMENT

I would like to thank the banks and financial institutions for their support, the clients who provided us opportunity to serve them and company employees at all levels for their dedicated efforts.

ON BEHALF OF THE BOARD

ABDUL RASHID MIR
Chief Executive

Lahore: 5th November, 2001

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GRAYS LEASING LIMITED** as at 30 June 2001 and the 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 account 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 account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

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

LAHORE: November 6, 2001

RIAZ AHMAD & COMPANY
Chartered Accountants

BALANCE SHEET AS AT JUNE 30 2001

	<i>NOTE</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
20,000,000 ordinary shares of Rupees 10 each		200,000,000	200,000,000
		=====	=====
Issued, subscribed and paid up share capital	3	150,000,000	100,000,000
Capital reserve	4	47,500,000	33,000,000
Revenue reserve		135,895	1,904,567
		-----	-----
		197,635,895	134,904,567
NON-CURRENT LIABILITIES			
Redeemable capital	5	622,234,251	38,000,000
Liabilities against assets subject to finance lease	6	9,916,621	17,252,911
Long term security deposits	7	648,264,991	40,924,648
Deferred taxation		15,000,001	1,500,000
Employees' retirement gratuity		1,115,702	788,268
		-----	-----
		130,657,288	82,938,207
CURRENT LIABILITIES			
Current portion of non-current liabilities	8	190,339,361	36,362,675

Short term finances	9	1,520,000,001	130,700,400
Accrued and other liabilities	10	127,443,291	103,303,811
Proposed dividend		15,000,000	15,000,000
Provision for taxation		11,058,027	2,111,840
		-----	-----
		199,836,292	194,505,296
CONTINGENCIES AND COMMITMENTS	11	--	--
		-----	-----
		528,129,475	412,348,070
		=====	=====

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

ASSETS

NON-CURRENT ASSETS

Tangible fixed assets

Operating fixed assets	12	4,060,533	4,428,293
Capital work-in-progress	13	3,965,000	--
		-----	-----
Net investment in finance leases		8,025,533	4,428,293
Lease payments receivable		545,897,407	397,259,332
Guaranteed residual value of leased assets		88,419,757	62,523,199
		-----	-----
Gross investment in leases	14	634,317,164	459,782,531
Less: Unearned finance income		125,482,711	89,653,782
		-----	-----
Net investment in finance leases		508,834,453	370,128,749
Less: Current portion		201,306,259	163,743,812
		-----	-----
		307,528,194	206,384,937
Long term investment	15	115,530	900,638
Long term deposits and deferred cost	16	498,751	871,344
		-----	-----
		316,168,008	212,585,212
CURRENT ASSETS			
Current portion of net investment in finance leases		2,013,062,591	163,743,812
Less: Provision for doubtful receivables	17	2,246,929	635,965
		-----	-----
Advances, deposits, prepayments and other receivables	18	199,059,330	1,631,078,471
		10,486,808	17,827,790
Bank balances	19	2,415,329	18,827,221
		-----	-----
		211,961,467	199,762,858
		-----	-----
		528,129,475	412,348,070
		=====	=====

DIRECTOR

Profit and Loss Account for the year ended 30 June 2001

	<i>NOTE</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
REVENUE			
Income from lease financing		72,547,979	57,303,764
Other income	20	1,315,639	731,046
		-----	-----
		73,863,618	58,034,810
EXPENDITURE			
Administrative and other operating expenses	21	12,867,262	11,624,151
Financial and other charges	22	30,432,454	20,251,888
Provision for doubtful receivables		1,610,964	498,634
		-----	-----
		44,910,680	32,374,673
PROFIT BEFORE TAXATION			
		28,952,938	25,660,137
PROVISION FOR TAXATION			
Current year	23	1,058,027	910,000
Prior year		163,583	--
		-----	-----
		1,221,610	910,000
PROFIT AFTER TAXATION			
		27,731,328	24,750,137
UNAPPROPRIATED PROFIT BROUGHT FORWARD			
		1,904,567	1,454,430
PROFIT AVAILABLE FOR APPROPRIATION			
		29,635,895	26,204,567
APPROPRIATIONS			
Transfer to statutory reserve		(6,500,000)	(5,000,000)
Transfer from general reserve		--	15,000,000
Transfer to reserve for deferred tax		(8,000,000)	19,300,000
Proposed dividend per share			
Rupee 1.00 (2000: Rupees 1.50)		(15,000,000)	15,000,000
		-----	-----
		(29,500,000)	24,300,000
UNAPPROPRIATED PROFIT			
		135,895	1,904,567
EARNINGS PER SHARE			
	24	2.51	2.34
		=====	=====

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

Cash Flow Statement for the year ended 30 June 2001

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	28,952,938	25,660,137

Adjustments to reconcile profit with net cash provided by operating activities		
Depreciation	1,001,693	1,038,138
Deferred cost amortized	280,306	280,307
Provision for gratuity	351,434	302,102
Financial charges	30,152,148	19,870,430
Provision for doubtful receivables	1,610,964	498,634
Loss on disposal of fixed assets	--	101,151
Profit on bank deposits, term finance certificates and NIT units	(714,307)	(731,046)
	-----	-----
	32,682,238	21,359,716
	-----	-----
Operating profit before working capital changes	61,635,176	47,019,853
Decrease/(Increase) in advances, deposits, prepayments and other receivables	7,759,364	(13,126,568)
Increase in accrued and other liabilities	644,961	2,585,624
	-----	-----
Cash generated from operations	70,039,501	36,478,909
Financial charges paid	(28,315,418)	15,991,825
Income tax paid	(2,626,908)	(816,097)
Dividend paid	(15,067,743)	(14,852,226)
Gratuity paid	(24,000)	--
	-----	-----
Net cash from operating activities	24,005,432	4,818,761
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment in finance leases	(138,705,704)	76,488,546
Assets purchased for own use	(633,933)	(260,130)
Capital work-in-progress	(3,965,000)	--
Long term deposits	(25,187)	(110,337)
Sale proceeds of fixed assets	--	181,651
Long term investment	785,108	(250,177)
Profit on bank deposits, term finance certificates and NIT units	764,884	366,424
	-----	-----
Net cash used in investing activities	(141,779,832)	(76,561,115)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of right shares	50,000,000	--
Redeemable capital	88,310,631	(10,000,000)
Short term finances	212,996,001	81,050,391
Long term security deposits	22,284,008	16,408,895
Liabilities against assets subject to finance lease	(1,052,163)	(1,362,188)
	-----	-----
Net cash generated from financing activities	101,362,508	86,097,098
	-----	-----
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(16,411,892)	14,354,744
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YE	18,827,221	4,472,477
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,415,329	18,827,221
	=====	=====

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

Statement of Changes in Equity for the year ended 30 June 2001

CAPITAL RESERVES

REVENUE RESERVES

TOTAL

	<i>SHARE CAPITAL (Note 3) Rupees</i>	<i>Statutory Reserve (Note 4.1) Rupees</i>	<i>Reserve for Deferred Tax (Note 4.2) Rupees</i>	<i>Sub-Total Rupees</i>	<i>General Reserve Rupees</i>	<i>Unappropriated Profit Rupees</i>	<i>Sub-Total Rupees</i>	<i>Rupees</i>
Balance as at 01 July 1999	100,000,000	8,700,000	--	8,700,000	15,000,000	1,454,430	16,454,430	125,154,430
Net profit for the year	--	--	--	--	--	24,750,137	24,750,137	24,750,137
Appropriations								
Statutory Reserve	--	5,000,000	--	5,000,000	--	(5,000,000)	(5,000,000)	--
Reserve for deferred tax	--	--	19,300,000	19,300,000	--	(19,300,000)	(19,300,000)	--
General reserve	--	--	--	--	(15,000,000)	15,000,000	--	--
Proposed dividend	--	--	--	--	--	(15,000,000)	(15,000,000)	(15,000,000)
Balance as at 30 June 2000	100,000,000	13,700,000	19,300,000	33,000,000	--	1,904,567	1,904,567	134,904,567
Right shares issued	50,000,000	--	--	--	--	--	--	50,000,000
Net profit for the year	--	--	--	--	--	27,731,328	27,731,328	27,731,328
Appropriations								
Statutory Reserve	--	6,500,000	--	6,500,000	--	(6,500,000)	(6,500,000)	--
Reserve for deferred tax	--	--	8,000,000	8,000,000	--	(8,000,000)	(8,000,000)	--
Proposed dividend	--	--	--	--	--	(15,000,000)	(15,000,000)	(15,000,000)
Balance as at 30 June 2001	150,000,000	20,200,000	27,300,000	47,500,000	--	135,895	135,895	197,635,895

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

Notes to the Accounts for the year ended 30 June 2001

1. LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as public limited company on 31 August 1995. The company is listed on Karachi and Lahore Stock Exchanges. The company is principally engaged in the leasing business and also provides financial and advisory services. It is classified as a Non-Banking Financial Institution (NBFI) and is monitored by the Securities and Exchange Commission of Pakistan.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.2 Revenue recognition

The company follows the 'Finance Method' to recognize the income on finance leases. The unearned finance income i.e. the excess of aggregate lease payments and the residual value over the cost of leased assets is amortized to income over the lease term by applying the annuity method to produce a constant rate of return on the net investment in lease. Income on bank deposits and other investments is recognized on time proportion basis taking into account the principal outstanding and applicable rate of mark-up/profit thereon. Fees, commissions and commitment charges etc., are recognized on accrual basis. Dividend on equity investments is recognized as income if declared on or before the balance sheet date.

2.3 Tangible fixed assets and depreciation

Owned

Operating fixed assets are stated at cost less accumulated depreciation. Capital work-in-progress is stated at cost. Depreciation is charged to income applying the diminishing balance method to write off the cost of 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 repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased

These are stated at lower of present value of minimum lease payments under the lease agreements and fair value of assets acquired on lease. The related obligations under the lease agreements are accounted for as liabilities. Depreciation is charged on the basis and rates similar to those applied for owned assets.

2.4 Provision for doubtful receivables

Provision for doubtful receivables is made/adjusted after a review of the outstanding portfolio at year-end on the basis of leasing companies (Establishment and Regulations Rules, 2000 issued by the Security and Exchange Commission of Pakistan and management's own judgement.

2.5 Deferred cost

Deferred cost is amortized over a period of five years commencing from the year in which it is incurred.

2.6 Investments

Long term investments are stated at cost. Provision for diminution in value of investments is made if considered permanent. Short-term investments are stated at lower of cost and market value determined on an aggregate portfolio basis.

2.7 Post employment benefits

The company operates an unfunded gratuity scheme covering all its permanent employees who have completed the minimum qualifying period of six months. Provision is made annually to cover the obligation.

2.8 Taxation

The charge for current taxation is based on taxable income at the current tax rates after taking into account the tax credits and tax rebates available, if any. Deferred tax is accounted for by using the liability method on all major timing differences excluding tax effect on those timing differences which are not likely to reverse in the foreseeable future. As a measure of prudence, deferred tax debits are not accounted for (Note 23).

2.9 Foreign currency transactions

Transactions in foreign currency are accounted for in Pak Rupees at the rates of exchange ruling at the date of the transactions. Assets and liabilities in foreign currency are translated into Pak Rupees at the rate of exchange ruling at the balance sheet date. Exchange gain/loss is charged to current year's income.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

15 000 000 (2000:10 000 000) ordinary shares of Rupees 10 each fully paid up in cash (Note 3.1)	150,000,000	100,000,000
	=====	=====

3.1 This includes 7,780,000 (2000: 5,000,000) ordinary shares of Rupees 10 each held by the associated undertakings.

4. CAPITAL RESERVES

Statutory reserve (Note 4.1)	20,200,000	13,700,000
Reserve for deferred tax (Note 4.2)	27,300,000	19,300,000
	-----	-----
	47,500,000	33,000,000
	=====	=====

4.1 This represents the statutory reserve created to comply with the Leasing Companies (Establishment and Regulation) Rules, 2000 issued by Securities and Exchange Commission of Pakistan.

4.2 The reserve has been created to comply with the requirements of Securities and Exchange Commission of Pakistan's circular No.16 dated 09 September 1999 (Note 23.1). This capital reserve shall not be available for utilization for any purpose other than to provide for deferred tax liability.

5. REDEEMABLE CAPITAL

Trust Investment Bank Limited (Note 5.1)	15,000,000	15,392,362
Escort Investment Bank Limited (Note 5.2)	47,223,425	38,000,000
	-----	-----
	62,223,425	53,392,362
Less: Current portion (Note 8)	--	15,392,362
	-----	-----
	62,223,425	38,000,000
	=====	=====

5.1 These represent two placement facilities of Rupees 10 million and Rupees 5 million obtained for financing lease operations. These are unsecured and carry mark-up at the rate of 16 percent per annum payable on half, yearly basis. The placements will mature on 28 May 2004 and 02 June 2004 respectively.

5.2 These represent three placement facilities of Rupees 10.750 million, Rupees 4.400 million and Rupees 32.073 million utilized for financing of lease operations. These are unsecured and carry mark-up at the rate of 16 percent, 15.25 percent and 16 percent per annum respectively payable on half yearly basis. The placements will mature on 03 October 2002, 29 May 2004 and 16 June 2004 respectively.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The rate of interest used as the discounting factor, implicit in leases, ranges from 17.5 percent to 21 percent per annum. The amount of future payments and periods during which they fall due are:

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
<i>Year ended 30 June</i>		
2001	--	1 387 432
2002	999 768	999 768
	-----	-----
2003	949 770	949 770
Total minimum lease payments (Note 6.2)	1 949 538	3 336 970
	-----	-----
Less: Un-amortized finance charges	224 248	559 517
Present value of minimum lease payments (Note 6.2)	1 725 290	2 777 453
	-----	-----
Less: Current portion (Note 8)	733 628	1 052 162
	-----	-----
	991 662	1 725 291
	=====	=====

6.1 The lease rentals are payable in monthly installments. The amount of rentals payable in the years 2002 and 2003 includes the amount of salvage value of Rupees 92,288 and Rupees 296,050 respectively adjustable at the end of the lease term. The lease agreements carry renewal and purchase option at the end of lease period. There are no financial restrictions in lease agreements. These are secured by deposit of Rupees 296,050 and Rupees 92,288 included in long term security deposits and short term security deposits respectively and demand promissory notes.

6.2 Minimum lease payments and their present value are regrouped as below:

<i>2001</i>	<i>2000</i>
<i>Minimum lease Payments</i>	<i>Minimum lease Payments</i>
<i>Present value of minimum lease</i>	<i>Present value of minimum lease</i>

	<i>Rupees</i>	<i>Payments Rupees</i>	<i>Rupees</i>	<i>Payments Rupees</i>
Due not later than one year	999 768	915 120	1 387 432	1 262 848
Due later than one year but not later than five years	949 770	810 170	1 949 538	1 514 605
	-----	-----	-----	-----
	1 949 538	1 725 290	3 336 970	2 777 453
	=====	=====	=====	=====

7. LONG TERM SECURITY DEPOSITS

Security deposits on leases (Note 7.1)		83 126 807	60 842 799
Less: Current portion (Note 8)		18 300 308	19 918 151
		-----	-----
		64 826 499	40 924 648
		=====	=====

7.1 These represent the interest free security deposits received against lease contracts and are repayable/adjustable at the expiry/termination of the respective leases.

8. CURRENT PORTION OF NON-CURRENT LIABILITIES

Redeemable capital (Note 5)	--	15 392 362
Liabilities against assets subject to finance lease (Note 6)	733 628	1 052 162
Long term security deposits (Note 7)	18 300 308	19 918 151
	-----	-----
	19 033 936	36 362 675
	=====	=====

9. SHORT TERM FINANCES

Standard Chartered Grindlays Bank Limited (Note 9.1)	50 000 000	50 000 000
Financial institutions (Note 9.2)	102 000 000	80 700 400
	-----	-----
	152 000 000	130 700 400
	=====	=====

9.1 This carries mark-up at the rate of 16 percent per annum payable quarterly and is secured against pari passu charge over leased assets and lease rentals for Rupees 68 million. Each draw-down will be repaid in full within six months and is eligible for redrawing.

9.2 These represent unsecured placement facilities carry mark-up ranging from 14 to 18.4 percent per annum.

10. ACCRUED AND OTHER LIABILITIES

Mark-up on unsecured redeemable capital	904 502	3 681 762
Mark-up on secured short term finances	1 838 904	817 240
Mark-up on unsecured short term finances	5 743 754	2 151 428
Lease rentals in advance	1 526 192	1 210 326
Income tax withheld	5 145	257 653
Accrued liabilities	483 742	379 561
Un-claimed dividend	80 031	147 774
Lessees' accounts payable	2 162 059	1 684 637
	-----	-----
	12 744 329	10 330 381
	=====	=====

11. CONTINGENCIES AND COMMITMENTS

Contingencies	NIL	NIL
----------------------	-----	-----

Commitments

Lease contracts approved but not disbursed amounting to Rupees 6.164 million as on 30 June 2001 (2000: Rupees 24.541 million).

12. TANGIBLE OPERATING FIXED ASSETS

	<i>COST</i>		<i>ACCUMULATED DEPRECIATION BOOK VALUE</i>			<i>DEPRECIATION</i>		<i>Rate %</i>	
	<i>As at 01 July 2000</i>	<i>Additions/ (Deletions)</i>	<i>As at 30 June 2001</i>	<i>As at 01 July 2000</i>	<i>Adjustment</i>	<i>As at 30 June 2001</i>	<i>AS AT 30 JUNE 2001</i>		<i>Charge for the year</i>
Owned									
Furniture and fixtures	535,007	41,423	576,430	143,527	--	186,817	389,613	43,290	10
Office equipment	1,263,189	592,510	1,855,699	454,180	--	756,415	1,099,284	302,235	10-30
Vehicles	989,155	998,125	1,987,280	515,106	487,085	1,199,209	788,071	197,018	10
	2,787,351	1,632,058	4,419,409	1,112,813	487,085	2,142,441	2,276,968	542,543	
Leased									
Vehicles	3,802,755	(998,125)	2,804,630	1,155,071	(487,085)	1,095,315	1,709,315	427,329	20
Office equipment	216,472	--	216,472	110,401	--	142,222	74,250	31,821	30
30 June 2001 Rupees	6,806,578	1,632,058 (998,125)	7,440,511	2,378,285	487,085 (487,085)	3,379,978	4,060,533	1,001,693	
30 June 2000 Rupees	4,866,692	4,252,765 (2,312,879)	6,806,578	1,513,089	713,957 (886,899)	2,378,285	4,428,293	1,038,138	

13. CAPITAL WORK-IN-PROGRESS

This represents the cost of office building under renovation at Karachi.

14. GROSS INVESTMENT IN LEASES

Gross investment in the lease and present value of minimum lease payments are regrouped as under:

	<i>2001</i>		<i>2000</i>	
	<i>Gross investment in the lease Rupees</i>	<i>Present value of minimum lease payments Rupees</i>	<i>Gross investment in the lease Rupees</i>	<i>Present value of minimum lease Payments Rupees</i>
Due not later than one year	259 847 454	232 932 532	219 723 445	195 349 536
Due later than one year but not later than five years	374 469 710	275 901 921	240 059 086	174 779 213
	634 317 164	508 834 453	459 782 531	370 128 749
			<i>2001 Rupees</i>	<i>2000 Rupees</i>

15. LONG TERM INVESTMENT**Quoted****National Investment Trust**

16 245 (2000: 70 050) units of Rupees 10 each

[Market value as on 30 June 2001 was Rupees 157,577 (2000: Rupees

781,058)]	115 530	900 638
-----------	---------	---------

16. LONG TERM DEPOSITS AND DEFERRED COST

Long term security deposits	498 751	591 038
Deferred cost (Note 16.1)	280 306	560 613
Less: Amortized during the year	280 306	280 307
	-----	-----
	--	280 306
	-----	-----
	498 751	871 344
	=====	=====

16.1 This represents the un-amortized portion of preliminary, share issue and other pre-operating expenses.

17. PROVISION FOR DOUBTFUL RECEIVABLES

Opening balance	635 965	137 331
Charge for the year	1 610 964	559 887
	-----	-----
Reversal	--	(61 253)
Net charge for the year	1 610 964	498 634
	-----	-----
Closing balance	2 246 929	635 965
	=====	=====

18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - Considered good		
To company's executives (Note 18.1)	420 000	162 000
To company's staff	79 000	57 530
To consultants	84 000	335 500
Against assets to be leased out	--	11 459 000
Advance income tax	3 944 874	3 593 390
	-----	-----
	4 527 874	15 607 420
Profit accrued on placement of funds, deposits and investments		
	357 754	408 331
Short term security deposits	217 288	99 813
Short term prepayments	435 952	315 862
Insurance claims receivable	--	55 016
Due from lessees	4 947 940	1 341 348
	-----	-----
	10 486 808	17 827 790
	=====	=====

18.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 420,000 (2000: Rupees 190 000).

19. BANK BALANCES

On current accounts	563 500	620 652
On deposit accounts	1 851 829	18 206 569
	-----	-----
	2 415 329	18 827 221
	=====	=====

20. OTHER INCOME

Profit on term finance certificates	--	3 754
Profit on bank deposits	690 327	727 292
Fee for advisory services	601 332	--

Profit on NIT units	23 980	--
	-----	-----
	1 315 639	731 046
	=====	=====

21. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Staff salaries and other benefits inclusive of employees' retirement gratuity Rupees 351,434 (2000: 302,102) (Note 21.1)

Repair and office maintenance	7 257 716	5 677 922
Rent, rates and taxes	287 639	287 428
Postage and telephone	796 335	817 938
Vehicles' running	546 600	459 160
Electricity, water and gas	728 665	719 766
Legal and professional	250 554	261 338
Insurance	424 260	457 163
Fees and subscription	317 793	242 737
Travelling and conveyance	377 244	498 900
Printing and stationery	295 539	439 915
Auditors' remuneration	291 253	337 608
Audit fee	85 000	75 000
Out of pocket expenses	2 500	2 640
	-----	-----
	87 500	77 640
Entertainment	103 206	161 137
Advertisement	76 154	103 650
Charity and donation (Note 21.2)	--	25 000
Newspapers and periodicals	18 538	18 036
Miscellaneous	6 573	675
Depreciation (Note 12)	1 001 693	1 038 138
	-----	-----
	12 867 262	11 624 151
	=====	=====

21.1 Number of employees, including chief executive and 6 executives (2000: 4) as on 30 June 2001 were 22 (2000: 22).

21.2 Directors and their spouses do not have any interest in donee institutions.

22. FINANCIAL AND OTHER CHARGES

Financial

Mark up on:

Redeemable capital	3 400 816	8 464 527
Short term finances	26 076 643	10 973 725
Financial charges on liabilities against assets subject to finance lease	335 269	264 231
Commission and other bank charges	339 420	167 947
	-----	-----
	30 152 148	19 870 430
Others		
Amortization of deferred cost	280 306	280 307
Loss on disposal of fixed assets	--	101 151
	-----	-----
	30 432 454	20 251 888
	=====	=====

23. PROVISION FOR TAXATION

This represents the provision for minimum tax as required under section 80D of the Income Tax Ordinance, 1979. in view of tax losses estimated at Rupees 59.737 million (2000: Rupees 13.5 million), no provision for current taxation except minimum tax is required.

23.1 Deferred tax computed under the liability method is estimated at Rupees 29.6 million (2000: Rupees 20.8 million) out of which Rupees 27.3 million has been appropriated and transferred to capital reserve under reserve for deferred tax as required vide circular No.16 dated 09 September 1999 of Securities and Exchange Commission of Pakistan and Rupees 1.5 million has been provided as liability.

24. EARNINGS PER SHARE

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

		<i>2001</i>	<i>2000</i>
Profit after taxation	Rupees	27 731 328	24 750 137
Weighted average number of ordinary shares		11 049 123	10 590 000
Earnings per share - Adjusted	Rupees	--	2.34
Earnings per share - Basic	Rupees	2.51	--

25. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**PROFIT I MARK-UP RATE**

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

	<i>FINANCIAL INSTRUMENTS</i>	<i>2001</i>		<i>PROFIT/ MARK-UP BEARING</i>
		<i>PROFIT/MARK-UP BEARING</i>	<i>PROFIT/ MARK-UP BEARING</i>	
	<i>Rupees</i>	<i>Within One Year Rupees</i>	<i>One Year To Five Years Rupees</i>	<i>Rupees</i>
ASSETS				
Net investment in finance leases	508,834,453	201,306,259	307,528,194	--
Long term investment	115,530	--	--	115,530
Security deposits	716,039	--	--	716,039
Advances, deposits and other re	5,888,694	--	--	5,888,694
Bank balances	2,415,329	1,851,829	--	563,500
	=====	=====	=====	=====
	517,970,045	203,158,088	307,528,194	7,283,763
	=====	=====	=====	=====
LIABILITIES				
Redeemable capital	62,223,425	--	62,223,425	--
Liabilities against assets subject to finance lease	1,725,290	733,628	991,662	--
Long term security deposits	83,126,807	--	--	83,126,807
Short term finances	152,000,000	152,000,000	--	--
Accrued and other liabilities	11,212,992	--	--	11,212,992
	=====	=====	=====	=====
	310,288,514	152,733,628	63,215,087	94,339,799
	=====	=====	=====	=====
Total profit/mark-up rate sensitiv	207,681,531	50,424,460	244,313,107	(87,056,036)
	=====	=====	=====	=====
Cumulative profit/mark-up rate se	--	50,424,460	294,737,567	207,681,531
	=====	=====	=====	=====

25.2 EFFECTIVE PROFIT/MARK-UP RATES**Financial assets**

Net investment in finance leases	16.95 to 32 percent per annum
Deposits with banks	7.00 to 11.00 percent per annum
Financial liabilities	
Redeemable capital	15.25 to 16.00 percent per annum
Liabilities against assets subject to finance lease	17.50 to 21.00 percent per annum
Short term finances	14.00 to 18.40 percent per annum

25.3 PROFIT/MARK-UP RATE

	<i>2000</i>			
	<i>FINANCIAL INSTRUMENTS</i>	<i>PROFIT/MARK-UP BEARING</i>		<i>PROFIT/ MARK-UP BEARING</i>
		<i>Within One Year</i>	<i>One Year To Five Years</i>	
		<i>Rupees</i>	<i>Rupees</i>	
ASSETS				
Net investment in finance leases	370,128,749	163,743,812	206,384,937	--
Long term investment	900,638	--	--	900,638
Security deposits	690,851	--	--	690,851
Advances, deposits and other re	13,818,726	--	--	13,818,726
Bank balances	18,827,221	18,206,569	--	620,652
	-----	-----	-----	-----
	404,366,185	181,950,381	206,384,937	16,030,867
	=====	=====	=====	=====
LIABILITIES				
Redeemable capital	53,392,362	15,392,362	38,000,000	--
Liabilities against assets subject to finance lease	2,777,453	1,052,162	1,725,291	--
Long term security deposits	60,842,799	--	--	60,842,799
Short term finances	130,700,400	130,700,400	--	--
Accrued and other liabilities	8,862,402	--	--	8,862,402
	-----	-----	-----	-----
	256,575,416	147,144,924	39,725,291	69,705,201
	=====	=====	=====	=====
Total profit/mark-up rate sensitiv	147,790,769	34,805,457	166,659,646	(53,674,334)
	=====	=====	=====	=====
Cumulative profit/mark-up rate se	--	34,805,457	201,465,103	147,790,769
	=====	=====	=====	=====

25.4 EFFECTIVE PROFIT/MARK-UP RATES**Financial assets**

Net investment in finance leases	17.00 to 32.00 percent per annum
Deposits with banks	9.00 to 11.00 percent per annum

Financial liabilities

Redeemable capital	14.00 to 16.00 percent per annum
Liabilities against assets subject to finance lease	17.50 to 21.50 percent per annum
Short term finances	13.75 to 15.00 percent per annum

25.5 CREDIT RISK

The company's credit risk exposure is not significantly different from that reflected in the financial statements. The

management monitors and limits company's exposure to credit risk through monitoring of client's credit exposure, conservative estimates of provisions for doubtful receivables and the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments. Sector-wise break-up of lease portfolio is given below:

	2001		2000	
	Rupees	%	Rupees	%
INDUSTRIAL SECTORS				
Chemical/Fertilizer/Pharmaceutic	49 222 454	9.67	21 115 337	5.70
Cement	--	--	9 344 674	2.52
Ceramics	--	--	1 265 415	0.34
Construction	24 559 815	4.83	24 559 815	--
Energy, Oil and Gas	2 472 438	0.48	3 194 718	0.86
Food, Tobacco and Beverage	62 846 716	12.35	60 273 571	16.28
Leather, Footwear and Tanneries	6 088 831	1.19	7 195 833	1.94
Paper and Board	6 177 704	1.21	4 892 525	1.32
Rubber and Plastic	6 045 281	1.18	6 245 165	1.69
Services	31 529 453	6.19	15 573 827	4.21
Steel, Engineering and Automobi	50 015 754	9.82	26 783 433	7.24
Sugar and Allied	1 979 756	0.38	6 770 619	1.83
Surgical	13 617 142	2.67	8 936 702	2.41
Textile and Allied	140 286 660	27.57	92 177 283	24.91
Trading	6 416 707	1.33	4 653 143	1.26
Transport and Communication	36 532 238	7.17	28 377 380	7.67
Others	71 043 504	13.96	73 329 124	19.82
	=====	=====	=====	=====
	508 834 453	100.00	370 128 749	100.00
	=====	=====	=====	=====

25.6 SEGMENT BY SECTOR

Public / Government	--	--	--	--
Private	508 834 453	100.00	370 128 749	100.00

25.7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The management is of the opinion that fair value of financial instruments, as on the balance sheet date was not significantly different from their carrying amounts.

	Total	2001			
		Upto One Month	Over One Month to One Year	Over One Year to Five Year	Over Five Years
26. MATURITIES OF ASSETS AND LIABILITIES					
Assets					
Bank balances	2 415 329	2 415 329	--	--	--
Investments	115 530	--	--	115 530	--
Advances, deposits, prepayments and other receivables	10 269 520	812 756	9 456 764	--	--
Net investment in leases	506 587 524	18 040 419	181 018 911	307 528 194	--
Operating fixed assets	8 025 533	81 862	900 488	2 504 775	4 538 408
Security deposits	716 039	--	217 288	498 751	--
	=====	=====	=====	=====	=====
	528 129 475	21 350366	191 593 451	310 647 250	4538408
	=====	=====	=====	=====	=====

Liabilities					
Redeemable capital	62 223 425	--	--	62 223 425	--
Liability against asset subject to finance lease	1 725 290	75 950	657 678	991 662	--
Long term deposits	83 126 806	105 700	18 194 608	64 826 499	--
Short term finances	152 000 000	39 000 000	113 000 000	--	--
Other liabilities and provisions	31 418 058	3 151 880	25 650 476	1 500 000	1 115 702
	-----	-----	-----	-----	-----
	330 493 580	42 333 530	157 502 762	129 541 586	1 115 702
	-----	-----	-----	-----	-----
Net balance	197 635 895	(20 983 164)	34 090 689	181 105 664	3 422 706
	=====	=====	=====	=====	=====
Shareholders' equity	197 635 895				
	=====				

27. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the accounts for remuneration, including all benefits to Chief Executive and Executives of the company are as follows:

	2001			2000		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	1 200 000	1 536 000	2 736 000	1 200 000	1 184 000	2 384 000
Bonus	150 000	192 000	342 000	75 000	95 750	170 750
House rent	480 000	423 780	903 780	480 000	473 600	953 600
Utilities	120 000	153 600	273 600	120 000	118 400	238 400
Leave fare assistance	--	36 333	36 333	--	--	--
Leave encashment	150 000	94 000	244 000	--	--	--
Gratuity	100 000	171 000	271 000	100 000	132 333	232 333
	-----	-----	-----	-----	-----	-----
	2 200 000	2 606 713	4 806 713	1 975 000	2 004 083	3 979 083
	=====	=====	=====	=====	=====	=====
Number of persons	1	6	--	1	4	--
	=====	=====	=====	=====	=====	=====

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

27.2 The chief executive has been provided company's maintained vehicle. Free group medical insurance has been provided to chief executive and all executives of the company.

28. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-grouped wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR

FORM 34

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF GRAYS LEASING LIMITED AS AT JUNE 30, 2001

No. of Shareholders	Shareholding From	To	Total Shares Held
1	1	100	94

118	101	500	57333
71	501	1000	60952
106	1001	5000	375306
28	5001	10000	239873
8	10001	15000	105022
15	15001	20000	294943
8	20001	25000	194899
6	25001	30000	174293
3	35001	40000	116538
2	40001	45000	90000
9	45001	50000	444748
3	65001	70000	200250
4	75001	80000	302036
1	80001	85000	84000
1	85001	90000	90000
5	95001	100000	493500
1	100001	105000	105000
1	110001	115000	112915
2	145001	150000	300000
2	168001	173000	341188
1	290001	295000	290250
1	310001	315000	312000
1	330001	335000	332311
1	375001	380000	378750
1	400001	405000	401750
1	528001	533000	529623
1	790001	795000	792426
1	1775001	1780000	1780000
1	5995001	6000000	6000000

404
=====

<i>Categories of Shareholders</i>	<i>Number of Shareholders</i>	<i>Shares Held</i>	<i>Percentage</i>
Individual	393	6,939,500	46.263
Investment Company	1	150,000	1.000
Financial Institution	1	500	0.003
Joint Stock Companies	9	7,910,000	52.734
Total	404	15,000,000	100.000

ABDUL GHAFAR
(COMPANY SECRETARY)

ASSOCIATED COMPANIES

PAKISTAN:

Grays of Cambridge
(Pakistan) Limited
Small Industries Estate, Sialkot-51310
E-mail: grays@skt.comsats.net.pk
Tel: (0432) 563051-563052
Fax: (0432) 551252

OVERSEAS:

Grays of Cambridge
(International) Limited
Station Road, Robertsbridge,
East Sussex TN32 5DH, ENGLAND
E-mail: grayscambridge@compuser.com
Tel: 01580 880357

Fax: 01580 881156

Anwar Khawaja Industries (Pvt) Limited

Small Industries Estate, Sialkot- 51310

E-mail: select@brain.net.pk

Tel: (0432) 551004, 554531, 55,4535

Fax: (0432) 553609

Gray - Nicolls

Station Road, Robertsbridge,

East Sussex TN32 5DH, ENGLAND

Dawn Sports (Private) Limited

Small Industries Estate, Sialkot - 51310

Tel: (0432) 554537, 557808

Gray - Nicolls

3 Fiveways Boulevard

Keyborough VIC 3173

AUSTRALIA

Tel: 03 9769 0999

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BRANCH NETWORK

Head Office:

Grays Leasing Limited

41-A, Lawrence Road, Lahore.

Tel: (042) 6372159-61

Fax: 6371898

Karachi Office:

304 - Business Arcade

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