

GRAY LEASING LIMITED

Annual Reports 2003

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BOARD OF DIRECTORS

Mr. Harold John Gray
Mr. Khawar Anwar Khawaja
Mr. Abdul Rashid Mir
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

Chairman
Vice Chairman
Chief Executive

AUDIT COMMITTEE

Mr. Khawar Anwar Khawaja
Mr. Muhammad Tahir Butt
Mr. Muhammad Farooq

AUDITORS

Riaz Ahmad & Company
Chartered Accountants
10-B, Saint Mary Park
Main Boulevard, Gulberg-III
Lahore-54000 (Pakistan)
Ph: (042) 571 81 36-39
Fax: (042)5714340
E-mail: racolhr@brain.net.pk

MANAGEMENT CONSULTANT COMPANY SECRETARY/

Sarfraz Mahmood (Pvt) Ltd.

CHIEF FINANCIAL OFFICER

Mr. Fawad Hanif

LEGAL ADVISOR

Saeed Akhtar
Advocate & Corporate Counsel

REGISTERED AND HEAD OFFICE

11 -A, Lawrence Road, Lahore.
Tel: (042)6372159-61
Fax: (042)6371898
E-mail: gll@nexlinx.net.pk

BANKERS

Standard Chartered Grindlays

BankAlfalah Ltd.
The Bank of Punjab
The Bank of Khyber
Askari Commercial Bank Ltd.
Muslim Commercial Bank Ltd.
Faysal Bank Ltd.
First Women Bank Ltd.
Prime Commercial Bank Ltd.
Habib Bank Ltd.

VISION

To be one of the most progressive institutions in the financial sector by providing quality service to our clientele in a superior manner, maintaining high ethical and professional standards, striving for continuous improvements and consistent growth to add value to our shareholders and our team of conscientious employees and a fair contribution to the national economy.

MISSION

To develop a client base representing all segments of the economy; emphasis being placed on financial support to medium and small enterprises for their expansion, balancing and modernization requirements.

To endeavor for a lasting relationship with clients and associates on the principles of Mutualism.

To transform the company into a dynamic, profitable and growth oriented institution through an efficient resource mobilization and the optimum utilization thereof.

To provide healthy environment and corporate culture for good governance of the company which ensures exceptional value for clients, personnel and the investors above all.

To implement the best professional standards with due observance of moral and ethical values in all respects of corporate life which will Insha Allah bring social and economic parity and prosperity among Nation and turn Pakistan into a Modern and Liberal Muslim Welfare State.

NOTICE OF THE 8TH ANNUAL GENERAL MEETING

Notice is hereby given that the 8th Annual General Meeting of the Company will be held on October 25, 2003 at 11:00 a.m at registered office of the Company located at 41-A Lawrence Road, Lahore to transact the following business:

Ordinary Business

- 1 To confirm the minutes of the 7th Annual General Meeting held on November 01, 2002;
- 2 To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2003 together with the 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, 2003;
- 4 To appoint auditors and to fix their remuneration. The present auditors Messrs. Riaz Ahmad and 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 ORDER OF THE BOARD

FAWAD HANIF

Lahore: September 27, 2003

(COMPANY SECRETARY)

NOTES:

1. The members register will remain closed from October 18, 2003 to October 24, 2003 (both days inclusive). Transfers received at the registered office by the close of business hours on October 17, 2003 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

On behalf of the Board of Directors, I am pleased to present the Annual Report together with the audited financial statements for the year ended June 30,2003.

OPERATING RESULTS

The operating results of the company for the year are as under:	Rupees
Total revenue	104,434,972
Total expenses	64,570,937
Profit before tax	39,864,035
Provision for taxation:	
Current	1,766,661
Deferred	5,700,000
	7,466,661
Profit after tax	32,397,374
Un-appropriated profit brought forward	711,293
Profit available for appropriation	33,108,667
Appropriations:	
Transfer to statutory reserve	6,479,475
Proposed dividend @ 10 %	18,000,000
	24,479,48
Un-appropriated profit	8,629,192
Earning per share	1.8

KEY OPERATING AND FINANCIAL DATA

Key operating and other financial data for the last six years is being given hereinafter this report.

REVIEW OF OPERATIONS

During the year under review, we transacted business worth Rupees 446 million comprising 403 leases as compared to Rupees 400 million placed in 283 leases during the preceding year; growth being 11.5 percent. Gross investment in finance leases as at 30 June 2003 stands at Rupees 1,020 million against Rupees 853 million on 30 June 2002, while the net investment stands at Rupees 861 million on 30 June 2003 against Rupees 696 million the last year - growth during this year has been 24 percent.

The gross revenue from operations was Rupees 104.435 million (Rupees 90.960 million in 2002 and net profit before and after tax was Rupees 39.864 million and Rupees 32.397 million respectively as compared to Rupees 32.178 million and Rupees 23.219 million during the preceding year.

Dear shareholders, we still emphasize on small and medium size leases with Select-Clientele in various industrial and commercial sectors to finance their "balancing, modernization and expansion" activities, and for this very purpose, we have all along concentrated on lease financing of plant, machinery and equipments to various industrial units to strengthen their production base. However, the management of your company also believes in assets quality; assets which do have a ready market at reasonable resale values. From this point of view, vehicles are presently considered to be on top; hence, much of the leasing business presently concentrates on and around the automobile financing. Your company has also done quite a handsome business in this sector.

However, irrespective of the nature or type of asset, we have all along been quite vigilant and strict in our evaluation and risk management procedures and internal controls. All leases are very carefully screened by the Credit Evaluation Department being monitored by the Executive Committee and the Senior Management. Risk diversification is also ensured by maintaining a balanced sector-wise exposure.

CREDIT RATING

JCR-VIS has assigned us Medium to Long-Term Entity Rating at BBB+ (Triple B Plus) while the Short-Term Entity Rating and the Equity Rating was maintained at A-2 (A Two) and PE-3+. The outlook on the Entity and Equity Ratings was considered "Stable". The surveillance of these ratings is again in process and we hope it will improve by another notch when our net investment in lease finance crosses a billion rupees figure.

RESOURCE MOBILIZATION

Long-Term credit lines of Rupees 166 million have been availed during this period. Further, your company also succeeded in managing a blend of medium and short term cheaper funds which enabled the company to keep the average cost of funding compatible with our placements. We have also raised short-term funds by issuing Certificates of Investment.

At present, we are almost at the final stage of issuance of Privately Placed Term Finance Certificates amounting to Rupees 250 million for a tenor of four years while arrangements for floatation of Listed Term Finance Certificates amounting to Rupees 250 million for 4-5 years tenor are also underway and will hopefully be concluded during the second half of this year.

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

Having remained in a state of stagnation for over five years, Pakistan's Economy has made significant strides during the year under review. Despite lack of clarity on domestic political and external geo-political fronts, massive un-employment, grave poverty and low productivity problems, the Economy has been remarkably resilient. This indicates that the economic strategy had so far focused almost exclusively on the restoration of macro economic stability while poverty reduction and employment generation is considered to be achieved as an eventual outcome of macro-ic stability

Pakistan is currently undergoing dramatic political and economic changes which have resulted in strong economic fundamentals and international political and economic support. Consequently, the liquidity flows have been unprecedented interest rates are at their lowest and foreign exchange reserves are at their highest ever. Moving forward to fiscal 2003-04 when the economic indicators are much stronger than we have seen in a decade, the socio-political stability in the country will surely lead to a lot of improvements in key fundamentals and positive spill over effect on the overall economy.

We believe that these indicators will remain stable and create a favorable climate for investment

which would obviously work as a growth engine for the economy. A pickup in investment in turn will lead to an upswing in employment, rise in per capita income and higher consumption. Furthermore, for business, higher aggregate demand will create scope for greater capacity utilization and higher corporate earnings,

The leasing sector

One of the most formidable challenges being faced by the leasing companies at present is the growing presence of commercial banks in the lease market. Their low cost of funds, colossal size and extensive branch network has intimidated the leasing companies which have been forced to work on very lean sores*

However, leasing and banking are two different concepts; while leasing inherently entails risk, commercial banks are risk averse. That is why the leasing companies undertaking leasing as their core business have so far faced this challenge somehow successfully. They have undoubtedly beaten a severe competition from commercial banks just with efficient and prudent risk management. Nevertheless, the leasing companies will now have to offer exceptionally efficient and quality services and variety of products which may suit to their clients' financial problems in a much better way. The newly framed "Non-banking Financial Companies" Rules open another avenue for these companies.

FUTURE OUTLOOK

The Leasing Sector in Pakistan is under severe pressure and competition from commercial banks and DFIs which have entered this sector quite vigorously. Their low cost of funds and strong branch net work give them an edge over the much smaller leasing companies. On the other side, they lack leasing expertise and always rely upon strong collaterals from their clients. As such the leasing companies still have a great potential. The leasing concept, being closest to the tenets of Islam, is gradually increasing its share in the financial markets of the country

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. In October 2002, we established a full-fledged Branch at Karachi, the financial hub of the country which will, Insha Allah, succeed to generate quite a fair volume of business and add value to the investment of our stakeholders.

DIVIDEND

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. We are confident to continue this policy in future as well.

CODE OF CORPORATE GOVERNANCE

A statement of compliance with the Code of Corporate Governance is also given hereinafter. We fully support and endorse implementation of this Code and believe that this will strengthen the corporate sector of the country in line with the Global trends. Therefore, we have implemented the code and there is no material departure from it. All major disclosures as required under the code have been complied with.

The financial statements annexed hereto, present fairly its state of affairs, the results of its operations, cash flows and changes in equity. Proper books of accounts have been maintained and appropriate accounting policies have been applied consistently using reasonable and prudent accounting estimates as well as accordance with the International Accounting Standards and other relevant provisions of law. An effective system of internal controls has also been implemented and regularly monitored. There is no significant doubt upon the ability of the company to continue its operations as a going concern.

INTERNAL CONTROLS

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 our lease administration and financial systems, and assist the company in providing meaningful data in time for management decision making. This system is being continuously reviewed by internal and statutory auditors; hence it works as a strong internal control over company operations in all spheres of corporate and financial management.

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Pakistan is currently undergoing dramatic political and economic changes which have resulted in strong economic fundamentals and international political and economic support. Consequently, the liquidity flows have been unprecedented interest rates are at their *lowest* and foreign exchange reserves are at their highest ever. Moving forward to fiscal 2003-04 when the economic indicators are much stronger than we have seen in a decade, the socio-political stability in the country will surely lead to a lot of improvements in key fundamentals and positive spill over effect on the overall economy.

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very lean spread

KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS

	1998	1999	2000	2001	2002	2003
PROFIT AND LOSS						
Revenue	28,682	46,924	58,035	73,864	90,960	104,435
Financial charges	2,231	13,997	19,870	30,153	38,860	40,858
Provision for doubtful receivables	-	128	499	1,611	4,277	8,380
Profit before tax	16,852	22,500	25,660	28,953	32,178	39,864
Profit after tax	16,392	20,400	24,750	27,732	23,219	32,397
Dividend	-	15,000	15,000	15,000	18,000	18,000
BALANCE SHEET						
Paid up share capital	100,000	100,000	100,000	150,000	180,000	180,000
Shareholders equity	119,754	125,154	115,605	170,336	205,555	219,953
Borrowings	51,259	115,046	186,869	215,948	353,393	425,311
Net investment in finance leases	187,190	293,640	370,129	508,834	696,220	860,700
Total assets	202,499	306,541	412,348	528,129	748,158	896,455
PERFORMANCE INDICATORS						
Profit before tax/Gross revenue	59%	48%	44%	39%	35%	38%
Profit after tax/Gross revenue	57%	43%	43%	38%	26%	31%
Return on shareholder's equity	14%	16%	21%	16%	11%	15%
Income/Expense ratio	2.42	1.92	1.79	1.64	1.55	1.62
Total borrowings to equity ratio	30:70	48:52	62:38	56:44	63:37	64:36
Interest coverage ratio	8.55	2.61	2.29	1.96	1.82	1.98
Earning per share	1.64	2.04	2.48	2.51	1.54	1.8
Break up value per share	6.65	6.95	6.42	9.46	11.42	12.22
Lease disbursements	142,809	179,361	241,600	307,700	399,490	446,205
Number of contracts	129	164	250	250	283	403

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their Listing Rules, relevant for the year ended June 30, 2003 have been duly complied with.

FOR AND ON BEHALF OF THE BOARD

ABDUL RASHID MIR
25 September 2003

Chief Executive/Director

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Grays Leasing Limited to comply with the Listing Regulation No.37 (Chapter XI) of the Karachi Stock Exchange and Chapter XIII of the Listing Regulations of Lahore Stock Exchange where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance

does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance effective as at 30 June 2003.

AUDITORS' REPORT

We have audited the annexed balance sheet of GRAYS LEASING LIMITED as at 30 June 2003 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 except for the changes as stated in note No. 2.8 with which we concur;

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 2003 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,

BALANCE SHEET AS AT 30 JUNE 2003

	NOTE	2003	2002
ASSETS		Rupees	Rupees
Cash and bank balances	3	20,892,920	38,102,332
Investments	4	4,727,314	204,296
Advances, deposits, prepayments and other receivables	5	15,070,981	8,918,230
Net investment in finance leases	6		
Lease payments receivable		841,848,914	733,313,887
Guaranteed residual value of leased assets		177,828,660	119,844,101
Gross investment in leases		1,019,677,574	853,157,988
Less: Un-earned finance income		158,977,559	156,937,853

Net investment in finance leases		860,700,015	696,220,135
Less: Provision for doubtful receivables	7	14,903,706	6,523,793
		845,796,309	689,696,342
Long term security deposits		282,052	549,251
Tangible fixed assets	8	9,685,087	10,687,759
		896,454,663	748,158,210
LIABILITIES			
Short term finances	9	115,000,000	232,000,000
Long term security deposits	10	175,032,094	117,525,385
Certificates of investment	11	48,200,000	
Redeemable capital	12	260,890,093	117,640,092
Accrued and other liabilities	13	13,041,269	14,606,662
Provision for taxation	22.1	1,766,661	1,458,666
Liabilities against assets subject to finance lease	14	1,220.90	3,753,392
Employees' retirement gratuity	15	1,351,134	1,318,870
Dividend payable		18,000,000	18,000,000
Deferred taxation	22.2	42,000,000	36,300,000
		676,502,146	542,603,067
NET ASSETS		219,952,517	205,555,143
REPRESENTED BY:			
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	16	180,000,000	180,000,000
Capital reserve	17	31,323,325	24,843,850
Revenue reserve		8,629,192	711,293
Shareholders' equity		219,952,517	205,555,143
Contingencies and commitments	18	.	—
		219,952,517	205,555,143

The annexed notes form an integral part of these accounts.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	2003 Rupees	2002 Rupees
REVENUE			
Income from lease financing		99,788,972	90,008.13
Other income	19	4,646,000	951,936
		104,434,972	90,960,065
EXPENDITURE			
Administrative and other operating expenses	20	15,329,649	15,645,318
Financial and other charges	21	40,861,375	38,859.97
Provision for doubtful receivables	7	8,379,913	4,276,864
		64,570,937	58,782,151
PROFIT BEFORE TAXATION		39,864,035	32,177.914
PROVISION FOR TAXATION			
Current year	22.1	1,766,661	1,458,666
Deferred	22.2	5,700,000	7,500.00
		7,466,661	8,958.67
PROFIT AFTER TAXATION		32,397,374	23,219,248
UNAPPROPRIATED PROFIT BROUGHT FORWARD		711,293	135.895
PROFIT AVAILABLE FOR APPROPRIATIONS		33,108,667	23,355,143
APPROPRIATIONS			
Transfer to statutory reserve		6,479,475	4,640,850
Proposed dividend per share Rupee (2002: Rupee 1)		18,000,000	18,000,000
		24,479,475	22,643,850
UNAPPROPRIATED PROFIT CARRIED FORWARD		8,629,192	711.293
EARNINGS PER SHARE - BASIC	23	1.8	1.54

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2003

	2003	2002
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	39,864,035	32,177,914
Adjustments to reconcile profit with net cash provided by operating activities		
Depreciation	1,475,781	1,694,961
Provision for gratuity	77,431	436,668
Financial charges	40,858,855	39,043,939
Provision for doubtful receivables	8,379,913	4,276,864
(Gain) / Loss on disposal of fixed assets	2,520	-37,560
Surplus on revaluation of investments	-1,368,582	-83,034
Profit on bank deposits	-3,151,699	-660,423
	46,274,219	44,67-,415
Operating profit before working capital changes	86,138,254	76,849,329
Decrease/(increase) in advances, deposits, prepayments and other receivables	-2,984,288	2,148,574
Increase in accrued and other liabilities	-709,929	2,678,283
Cash generated from operations	82,444,037	81,676,186
Financial charges paid	-41,367,023	-39,857,405
Income tax paid	-5,130,062	-1,543,364
Dividend paid	-17,917,845	-15,002,484
Gratuity paid	-45,167	-233,500
Net cash from operating activities	17,983,940	25,039,433

	2003	2002
	Rupees	Rupees
»H FLOWS FROM INVESTING ACTIVITIES		
investment in finance leases	-164,479,880	-187,385,682
its purchased for own use	-480,631	-1,667,991
term security deposits	563,249	-129,262
proceeds of fixed assets	354,000	813,864
term investment	-3,154,436	-
on bank deposits received	3,358,583	638,794
ash used in investing activities	-163,839,115	-187,730,277
FLOW FROM FINANCING ACTIVITIES		
if right shares	-	30,000,000
mable capital obtained	143,250,001	55,416,667
srm finances repaid	-117,000,000	80,000,000
ates of investment issued	48,200,000	-
rm security deposits	57,506,709	34,398,578
liabilities paid	-3,310,947	-1,437,398
h generated from financing activities	128,645,763	198,377,847
:REASE/(DECREASE) IN CASH AND CASH		
LENTS	-17,209,412	35,687,003
ND CASH EQUIVALENTS AT THE		
ING OF THE YEAR	38,102,332	2,415,329
JD CASH EQUIVALENTS AT THE END		
KEAR (Note 3)	20,892,920	38,102,332
fixed notes form an integral part of these accounts.		

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2003

	SHARE CAPITAL (Note 16)	CAPITAL RESERVES		Sub-Total (Note 17)	REVENUE RESERVES Unappropriated Profit	TOTAL
	Rupees	Statutory Reserve Rupees	Reserve for Deferred Tax Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2001	150,000,000	20,200,000	27,300,000	47,500,000	135,895	197,635,895
Right shares issued	30,000,000	-	-	-	-	30,000,000
Net profit for the year	-	-	-	-	23,219,248	23,219,248

Appropriations						
Statutory reserve	-	4,643,850	-	4,643,850	-4,643,850	
Dividend	-		-	-	-18,000,000	-18,000,000
Balance as at 30 June 2002	180,000,000	24,843,850	27,300,000	52,143,850	711,293	232,855,143
Reserve for deferred tax transfer to deferred tax liability	-	-	-27,300,000	-27,300,000	-	(27,300,000)
Balance	180,000.00	24,843,850	-	24,843,850	711,293	205,555,143
Net profit for the year	-		-	-	32,397.37	32,397,374
Appropriations						
Statutory reserve	-	6,479,475	-	6,479,475	-6,479,475	-
Proposed dividend	-		-	-	-18,000.00	-18,000,000
Balance as at 30 June 2003	180,000,000	31,323,325		31,323,325	8,629.192	219,952.52

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2003

1. LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as public limited company under the Companies Ordinance, 1984 on 31 August 1995. The company's shares are listed on Karachi and Lahore Stock Exchanges. The company is principally engaged in the leasing business and also provides (management and advisory services. It has been classified as a Non-Banking Financial Company (NBFC) and is monitored by the Securities and Exchange Commission of Pakistan. Its registered office is situated at Lahore.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 **Basis of preparation of financial statements**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for the revaluation of investments and exchange differences as stated in notes 2.7 and 2.10 respectively.

2.3 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.

2.4 **Tangible fixed assets and depreciation**

Owned assets

Operating fixed assets are stated at cost less accumulated depreciation except land and capital work-in-progress which are stated at cost. Depreciation is charged to income applying the diminishing balance method at the rates specified in the operating assets note 8 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.

2.5 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 now (Prudential Regulations for Non-Banking Finance Companies (NBFCs) undertaking the business of leasing only) issued by the Securities and Exchange Commission of Pakistan and management's own judgment. The change in provision is charged to profit and loss account. Income is not recognized on classified finance leases till the actual realization.

2.6 Deferred cost

Deferred cost is amortized over a period of five years commencing from the year in which it is incurred. The amortization is charged to profit and loss account.

2.7 Investments

Investments are initially recognized on trade-date at cost, comprising of fair value of consideration paid and cost of transaction. Its classification is made on the basis of intended purpose for holding such investment. These are measured at the balance sheet date on the following basis:

Held -to-maturity investments

These are stated at amortized cost, less impairment loss, if any, recognized to reflect irrecoverable amounts. Impairment losses are charged to profit and loss account for the period.

Assets held for trading

These are recognized at fair value and changes in carrying values are included in profit and loss account for the period.

Available for sale

These are stated at fair value and changes in carrying values are included in profit and loss account.

2.8 Staff retirement benefits

The company operates unfunded gratuity scheme (defined benefit plan) for all its permanent employees. Provision is made in the accounts based on the actuarial valuation using projected unit credit method. Actuarial gains / losses are recognized as expense / income in the year in which it arises. The valuation of obligation under the scheme was carried out by independent actuary as on 30 June 2003 after taking into consideration the following assumptions:

- Discount rate - 8%
- Expected rate of increase in salary level - 7%
- Average expected remaining working life time of employees - 6 years

Previously the expense was recognized with reference to employees last drawn basic salary and number of years of service on the basis of terminal value of scheme. The accounting policy has been changed due to adoption of IAS-19. Had the policy not changed, profit for the year would have been lower by Rupees 0.263 million.

2.9 Taxation

Current

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

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.

2.10 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.

2.11 Financial instruments

All other financial assets and liabilities are recognized at cost which is the fair value of consideration given or received at the time when the company becomes a party to the contractual provision of the instrument by following trade date accounting. Any gain or deficit on subsequent measurement and derecognition of the financial assets and liabilities is charged to profit and loss account.

2.12 Off-setting

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle or a net basis, or to realize the asset and to settle the liabilities simultaneously.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances.

2.14 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized.

2.15 Related party transactions and transfer pricing

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

	2003 Rupees	2002 Rupees
3. CASH AND BANK BALANCES		
Cash in hand	3,181	-
Cash with banks on:		
Current accounts (Note 3.1)	2,385,630	3,577,779
Deposit accounts	18,504,109	34,524,553
	20,892,920	38,102,332
3.1 This includes balance with State Bank of Pakistan amounting to Rupees 15,000 (2002: NIL).		
4. INVESTMENTS		
Available for sale		
National Investment Trust Unit		
209 637 (2002: 16 884) units of Rupees 10 each	3,275,698	121,262
Accumulated surplus on revaluation of investment.	1,451,616	83,034
	4,727,314	204,296
5. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	2003 Rupees	2002 Rupees
Advances-Considered good (Unsecured)		
To company's executives (Note 5.1)	519,548	120,767
To company's staff	52,743	93,580
To consultants	38,500	171,325

For purchase of vehicles	2,478,000	-
Advance income tax	8,101,607	4,430,211
Profit accrued on bank deposits	166,767	373,651
Short term security deposits	-	296,050
Short term prepayments	233,571	239,286
Insurance and other claims receivables	625,227	252,516
Due from lessees	2,855,018	2,940,844
	15,070,981	8,918,230

t 1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 635,917 (2002 Rupees 418,500)

6. NET INVESTMENT IN FINANCE LEASES

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

	2003		2002	
	Gross Investment in the lease Rupees	Present value of minimum lease payments Rupees	Gross investment in the lease Rupees	Present value of minimum lease payments Rupees
Due not later than one year	409,161,885	371,209,552	416,006,341	361,130.15
Due later than one year but not later than five years	610,515,689	489,490,463	437,151,647	335,089,985
	1,019,677,574	860,700,015	853,157,988	696,220,135

7. PROVISION FOR DOUBTFUL RECEIVABLES	2003		2002	
		Rupees		Rupees
Opening balance as on 01 July		6,523,793	2,246	,929
Charge for the year		8,457,487	4,313	,435
Reversal		-77,574		-36,571
Net charge for the year		8,379,913	4,276	,864
Closing balance as on 30 June		14,903,706	6,523	,793

8. TANGIBLE FIXED ASSETS

ASSETS	As at 01 July 2002	COST		ACCUMULATED DEPRECIATION			BOOK VALUE		DEPRECIATION	
		As at 30 June 2003	Additions/ (Deletions)	As at 01 July 2002	Adjustments	As at 30 June 2003	AS AT 30 JUNE 2003	Charge for the year	Rate %	
Owned										
Building	4,823,061		4,823,061	241,153	-	470,248	4,352,813	229,095		5
Furniture and fixtures	744,580	27,350	771,930	242,593	-	295,527	476,403	52,934		10
Office equipments	1,240,310	53.85	1,286,510	345,355	-3,283	436,516	849,994	94,444		10
		-7.65								
Computers	1,159,169	477,220	1,437,807	705,101	-51,408	888,927	548,880	235,234		30
		-198,582								
Vehicles	369,655	4,824,706	5,194,361	217,183	1,808,106	2,659,103	2,535,258	633,814		20
	8,336.78	5,383,126	13,513,669	1,751,385	1,808,106	4,750,321	8,763,348	1,245.52		
		-206,232			-54,691					
Leased										
Vehicles	5,910,500	370,000	1,130,500	2,033,706	-1,881,606	347,780	782.72	195.68		20
		-5,150,000								
Computers	339,472	-216,472	123,000	201,397	-164,496	62,731	60,269	25,830		30
Office equipments	125,000		125,000	37,500		46,250	78,750	8,750		10
	6,374,972	370,000	1,378.50	2,272,603	(2,046,102)	456,761	921,739	230,260		
		-5,366,472								
30 June 2003 Rupees	14,711,747	5,753,126	14,892.17	4,023,988	1,808,106	5,207,081	9,685,087	1,475,781		
		-5,572,704			-2,100,793					
30 June 2002 Rupees	7,440,511	9,098,491	14,711,747	3,379,978	-1,050,951	4,023,988	10,687,759	1,694,961		
		[1,827,255)								

Detail of fixed assets disposed off during the year:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain/ (Loss)	Mode of Sale	Particulars of Purchaser
	Rupees	Rupees	Rupees	Rupees	Rupees		
Suzuki Mehran Motor Cycle	299,000	59,800	239,200	275	35,800	Insurance claim	Askari General Insurance Co. Ltd
Five Computers	68,500	13.7	54,800	62,000	7,200	Insurance claim	Askari General Insurance Co. Ltd
Three Printers	246,757	194,850	51,907	14,000	-37,907	Negotiation	Rashid Mahmood Dar Hafeez Centre, Lahore
External Fax Modem	30,450	20593	9,857	3,000	-6,857	Negotiation	Rashid Mahmood Dar Hafeez Centre, Lahore
	4,500	3,744	756	.	-756	Write off	

8.1 Deletions in assets on lease represent the assets transferred to own assets on expiry of lease term and some other assets were stolen against which insurance claim lodged.

	2003 Rupees	2002 Rupees
9. SHORT TERM FINANCES		
Financial institutions Secured	-	25,000,000
Financial institutions - Unsecured (Note 9.1)	115,000,000	207,000,000
	115,000,000	232,000,000

9.1 These represent unsecured placement facilities carry mark -up ranging from 7.25 to 8.25 (2002: 13 to 15) percent per annum from various financial institutions.

10. LONG TERM SECURITY DEPOSITS

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

11. CERTIFICATES OF INVESTMENT		
Financial institutions (Note 11.1)	25,000,000	
Others (Notes 11.1 and 11.2)	23,200,000	
	48,200,000	

11.1 The company has a scheme of registered certificates of investment for resource mobilization as per permission from the Securities and Exchange Commission of Pakistan. The term of these certificates of investment ranges from three months to three years and expected profit rate ranges from 7 to 10 percent per annum.

11.2 This includes Rupees 20 million against certificates of investment issued to Messrs Anwar Khawaja Industries (Private) Limited an associate concern, for one year, maturing on 30 December 2003 at the profit rate of 10 percent per annum.

12. REDEEMABLE CAPITAL		
Secured		
Askari Commercial Bank Limited	-	20,416,667
Orix Investment Bank Pakistan Limited (Note 12.1)	16,666,668	25,000,000
Askari Commercial Bank Limited-II (Note 12.2)	150,000,000	-
Unsecured		
Trust Investment Bank Limited (Note 12.3)	27,000,000	5,000,000
Escorts Investment Bank Limited (Note 12.4)	67,223,425	67,223,425
	260,890,093	117,640,092

12.1 This is a term finance facility of Rupees 25 million obtained for financing of lease operations. The facility is secured against specific charge on leased assets for Rupees 33.334 million. This carries mark-up rate of 4 percent over prevailing State Bank of Pakistan discount rate with a floor of 13 percent and cap of 16 percent per annum. This is repayable in 12 equal quarterly installments. The date of maturity is 29 June 2005.

12.2 This is a term finance facility of Rupees 166.67 million obtained for financing of lease operations out of which Rupees 150 million has been availed. The facility is secured against pari passu charge on leased assets for Rupees 251 million. This carries markup at the prevailing State Bank of Pakistan discount rate with no floor and cap. This is repayable in 20 equal quarterly installments.

12.3 This represents placement facility of Rupees 27 million obtained for financing lease operations. This is unsecured and carry Mark-up up at the rate of 8.50 percent per annum payable on half-yearly basis. The placement will mature on 29 September, 2004.

12.4 This represent four placement facilities of Rupees 32.073 million, Rupees 10.750 million, Rupees 4.400 million and Rupees 20 million utilized for financing of lease operations. First three facilities carry mark up at the rate of 8.50 (2002: 13) percent per annum and 4th facility carries mark up at the rate of 8.00 (2002: 13) percent per annum and payable on half yearly basis. These facilities will mature according to following schedule:

Finance Facility (Rupees in Million)	Maturity Date
32.073	29.03.2005
10.75	29.09.2004
4.4	29.09.2004
20	01.10.2004

	2003	2002
	Rupees	Rupees
13. ACCRUED AND OTHER LIABILITIES		
Mark-up on secured redeemable capital	2,206,388	17,808
Mark-up on unsecured redeemable capital	2,023,685	300,865
Mark-up on secured short term finances	-	160,397
Mark-up on unsecured short term finances	2,506,002	7,194.62
Lease rentals in advance	455,634	2,423,564
Income tax withheld	13,571	263
Accrued liabilities	2,209,000	717,105
un-claimed dividend	159,702	77,547
Lessee's accounts payable	3,467,287	3,714,489
	13,041,269	14,606,662

14. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The rate of interest used as the discounting factor, implicit in leases ranges from 17.25 percent to 20.62 percent per annum. The amount of future payments and periods during which they fall due are

Year ended 30 June

2003	-	1,958,338
2004	509,940	1,073,940
2005	579,740	1,300,840
2006	382,330	242,730
Total minimum lease payments	1,472,010	4,575.85
Less: Un-amortized finance charges	251,115	822,456
Present value of minimum lease payments	1,220,895	3,753,392

14.1 The lease rentals are payable in monthly installments. The amount of rentals payable in the years 2005 and 2006 includes the amount of salvage value of Rupees 24,800 and Rupees 154,550 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 1/9,350 included in long-term security deposits and demand promissory notes.

14.2 Minimum lease payments and present value of minimum lease payments are regrouped as under:

2003

2002

	Minimum Lease Payments Rupees	Present value of minimum lease payments Rupees	Minimum Lease Payments Rupees	Present value of minimum lease payments Rupees
Due not later than one year	509,940	398,014	1,958.34	1,664,492
Due later than one year but not later than five years	962,070	822,881	2,617,510	2,088,900
	1,472,010	1,220,895	4,575,848	3,753,392

	2003 Rupees	2002 Rupees
15. EMPLOYEES RETIREMENT GRATUITY		
Balance as on 01 July	1,318,870	1,115,702
Add:Provision for the year	77,431	436,668
	1,396,301	1,552,370
Less:Paid during the year	45,167	233,500
	1,351,134	1,318,870
15.1 NET LIABILITY		
Present value of defined benefit obligations	1,131,612	876,834
Non-vested past service cost to be recognized in later periods	-14,975	-29,950
Unrecognized actuarial losses	-20,503	-
Benefit due but not paid	255,000	255,000
Additional assets due to application of IAS-19	-	2J6.986
	1,351,134	1,318.870~
16. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
18,000,000 (2002: 18,000,000) Ordinary shares of Rupees 10 each fully paid up in cash (Note 16.1)	180,000,000	180,000,000

16.1 This includes 9,714,259 (2002: 9,714,259) ordinary shares of Rupees 10 each held by the associated undertakings.

17. CAPITAL RESERVE

This represents the statutory reserve created to comply with the Leasing Companies (Establishment and Regulation) Rules, 2000 now (Prudential Regulations for Non - Banking Finance Companies (NBFCs) undertaking the business of leasing only) issued by Securities and Exchange Commission of Pakistan.

18. CONTINGENCIES AND COMMITMENTS

Commitments

Lease contracts approved but not disbursed amounting to Rupees 1.409 million as on 30 June 2003 (2002: Nil)

24.2 EFFECTIVE PROFIT/MARK-UP RATES

Financial assets	
Net investment in finance leases	8.75 to 28 percent per annum
Deposits with banks	2.75 to 3 percent per annum
Financial liabilities	
Redeemable capital	8 to 13 percent per annum
Liabilities against assets subject to finance lease	15.60 to 20.62 percent per annum
Short term finances	7.25 to 8.25 percent per annum
Certificates of investment	7 to 10 percent per annum

24.3 PROFIT / 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:

	TOTAL Rupees	2002 EXPOSED TO INTEREST/ MARK-UP RATE RISK		NOT EXPOSED TO INTEREST/ MARK-UP RISK Rupees
		Within One Year Rupees	Over One Year [To Five Years Rupees	
ASSETS				
Net investment in finance leases	696,220,135	350,713,218	345,506,917	-
Long term investment	204,296	-	-	204,296
Security deposits	549,251	-	-	549,251
Advances, deposits and other receivables	3,781,358	-	-	3,781,358
Cash and bank balances	38,102,33	34,524,553	-	3,577,779
	738,857.37	385,237,771	345,506,917	8,112,684
LIABILITIES				
Redeemable capital	117,640,092	16,666,664	100,973,428	-
Liabilities against assets subject to finance lease	3,753,392	1,664,492	2,088,900	-
Long term security deposits	117,525,385	-	-	117,525,385
Short term finances	32,000,000	232,000,000	-	-
Accrued and other liabilities	12,182,835	-	-	12,182,835
	483,101,704	250,331,156	103,062,328	129,708,220
Total profit/mark-up rate sensitivity gap	255,755,668	134,906,615	242,444,589	-121,595,536
Cumulative profit/mark-up rate sensitivity gap	-	134,906,615	377,351,204	255,755,668

24.4 EFFECTIVE PROFIT/MARK-UP RATES

Financial assets	
Net investment in finance leases	15.50 to 32 percent per annum
Deposits with banks	4.50 to 5 percent per annum
Financial liabilities	
Redeemable capital	13 to 15 percent per annum
Liabilities against assets subject to finance lease	17.25 to 20.62
Deposits with banks	13 to 15 percent per annum

24.5 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 clients 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/segment-wise break-up of lease portfolio/security deposits against is given below:

LEASE PORTFOLIO	2003		2002	
	Rupees	%	Rupees	%
INDUSTRIAL SECTORS				
Chemical/Fertilizer/Pharmaceuticals	57,342,559	6.66	68,465,854	9.83
Cement	8,594,932	1	10,000,000	1.44
Construction	10,747,126	1.24	26,826,615	3.85
Energy, Oil and Gas	9,872,375	1.15	622,438	0.09
Food, Tobacco and Beverage	93,758,357	10.89	94,920,216	13.63
Leather, Footwear and Tanneries	4,576,377	0.53	8,920,931	1.28
Paper and Board	5,735,579	0.67	8,166,704	1.17

Rubber and Plastic	41,770,832	4.85	4,129,281	0.59
Services	103,117,213	11.98	69,185,448	9.94
Steel, Engineering and Automobile	38,762,275	4.5	65,870,554	9.46
Sugar and Allied	10,989,151	1.28	4,352,732	0.63
Surgical	17,985,182	2.09	7,681,342	1.1
Textile and Allied	185,060,907	21.5	152,485,960	21.9
Trading	16,009,426	1.86	4,393,457	0.71
Transport and Communication	83,918,992	9.75	61,028,016	8.77
Others	172,458,732	20.05	108,624,587	1 F. 60
	860,700,015	100	696,220,135	100

SEGMENT BY SECTOR

Public / Government	-	-	-	-
Private	860,700,015	100	696,220,135	100.00

LONG TERM SECURITY DEPOSITS

INDUSTRIAL SECTORS

Chemical/Fertilizer/pharmaceuticals	7,666,117	1.28	9,156,427	7 / ri
Cement	1,000,000	0.57	1,000,000	0.85
Construction	2,700,861	1.54	5,408,436	4.6
Energy, Oil and Gas	2,358,090	1.35	150,008	0.13
Food, Tobacco and Beverage	16,712,887	9.55	16,990,719	14.46
Leather, Footwear and Tanneries	1,983,540	1.13	3,216,370	2.74
Paper and Board	2,091,600	1.19	2,594,321	2.21
Rubber and Plastic	4,232,365	2.42	429,445	0.37
Services	21,986,474	12.56	13,892,409	11.82
Steel, Engineering and Automobile	5,311,585	3.03	9,027,955	7.68
Sugar and Allied	1,622,448	0.93	638,543	0.54
Surgical	4,508,892	2.58	1,925,713	1.64
Textile and Allied	34,257,954	19.57	28,225,151	24.02
Trading	4,762,080	2.72	1,410,710	1.2
Transport and Communication	14,221,846	8.13	9,437,599	8.03
Others	49,615,355	28.35	14,021,584	11.93
	175,032,094	100	117,525,385	100

SEGMENT BY SECTOR

Public / Government	-	-	-	-
Private	175,032,094	100	117,525,385	100

24.6 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 amounts shown.

25. MATURITIES OF ASSETS AND LIABILITIES	Total	Upto One Month	2003		
			Over One Month to One Year	Over One Year to Five Years	Over Five Years
	Rupees	Rupees	Rupees	Rupees	
Assets					
Cash and bank balances	20,892,920	20,892,920	-	-	-
Investments	4,727,314	-	-	4,727,314	-
Advances, deposits, prepayments and other receivables	15,070,981	359,329	14,711,652	-	-
Net investment in leases	860,700,015	24,927,215	346,282,337	489,490,463	-
Operating fixed assets	9,685,087	100,376	1,087,891	3,102,823	5,393,997
Security deposits	282,052	-	-	282,052	-
	911,358.37	46,279,840	362,081,880	497,602,652	5,393,997
Liabilities					
Short term finances	115,000,000	10,000,000	105,000,000	-	-
Long term security deposits	175,032,094	418,475	56,546,005	118,067,614	-
Certificates of investment	48,200,000	-	48,000,000	200,000	-
Redeemable capital	260,890,093	5,250,000	33,083,332	222,556,761	
Liabilities against assets					

subject to finance lease	1,220,896	30,598	367,416	822,882	-
Other liabilities and provisions	91,062,769	8,736,194	38,975,441	42,000,000	1,351,134
	691,405,852	24,435,267	281,972,194	383,647,257	1,351,134
Net balance	219,952,517	21,844,573	80,109,686	113,955,395	4,042,863
Shareholder's equity	219,952,517				

	Total	2002			
		upto One Month	Over One Month to One Year	Over One Year to Five Years	Over Five Years
	Rupees	Rupees	Rupees	Rupees	
Assets					
Cash and bank balances	38,102,332	38,102,332		-	-
Investments	204,296	-	-	204,296	-
Advances, deposits, prepayments and other receivables	8,622,180	782,262	7,839,918		-
Net investment in leases	696,220,135	28,392,675	322,320,543	345,506,917	-
Security deposits	845,301	-	296,050	549,251	-
Operating fixed assets	10,687,759	116,334	1,279,680	3,544,051	5,747,694
	754,682,003	67,393,603	331,736,191	349,804,515	5,747,694
Liabilities					
Short term finances	232,000,000	55,000,000	177,000,000	-	-
Long term deposits	1,17,525,385	418,475	26,931,623	90,175,287	-
Redeemable capital	117,640,092	-	16,666,664	100,973,428	-
Liability against assets subject to finance lease	3,753,392	148,456	1,372,74	2,232,196	-
Other liabilities and provisions	78,207,991	23,406,482	41,706,432	11,776,207	1,318,870
	549,126,860	78,973,413	263,677,459	205,157,118	1,318,870
Net balance	205,555,143	-11,579,810	68,058,732	144,647,397	4,428,824
Shareholder's equity	205,555,143				

26. 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:

	2003			2002		Total
	Chief Executive	Executives	Total	Chief Executive	Executives	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial Remuneration	1,210,000	1,360,000	2,560,000	1,200,000	1,734,142	2,934,142
Bonus	150,000	170,000	320,000	150,000	191,350	341,350
House rent	480,000	544,000	1,024,000	480,000	693,657	1,173,657
Utilities	100,000	136,000	256	120	639,414	-639,414
Leave fare assistance	-	190,401	190,401	-	57,416	57,416
Leave encashment	150,000	214,801	364,801	150,000	130,375	280,375
Gratuity	100,000	157,864	257,864	100,000	193,968	293,968
	2,210,000	2,773,066	4,973,066	2,200,000	3,174,32	5,374,322
Number of persons	1	7		1	6	

26.1 Rupees 30,000 were paid as meeting fees to directors during the year under reference.

26.2 The chief executive has been provided company's maintained vehicle, t-ror grer.u. ";\dical insurance has be.>n provided to chief executive and all executives of the company.

28. AUTHORIZED FOR ISSUE

These financial statements were approved by the board of directors and authorized for

Issue on 25th September, 2003.

29. CORRESPONDING FIGURES

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

PATTERN OF HOLDING OF THE SHARES HELD BY THE

SHARE HOLDERS OF GRAYS LEASING LIMITED
AS AT JUNE 30,2003

No. of Shareholders	ShareHoldig		Total Shares Held
	From	To	
99	101	500	47296
55	501	1000	44289
40	1001	5000	123477
24	5000	10000	215841
4	10001	15000	54854
16	15001	20000	305808
5	20001	25000	118062
4	25001	30000	120000
1	30001	35000	33951
5	35001	40000	184260
1	40001	45000	45000
7	45001	50000	344102
2	50001	55000	105500
1	55001	60000	60000
1	60001	65000	63521
3	65001	85000	240300
4	85001	90000	360000
2	95001	100000	197481
1	100001	105000	100800
2	105001	120000	232200
1	120001	130000	126000
1	130001	160000	155920
2	160001	180000	343500
1	180001	205000	202762
1	205001	210000	206662
1	210001	240000	239630
1	240001	350000	348300
1	350001	400000	398773
1	400001	485000	482100
1	485001	630000	626400
1	630001	640000	635547
1	640001	695000	694500
1	695001	900000	892426
1	900001	2500000	2450738
1	2500001	7500000	7200000
293			18000000

PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2003

Categories of Shareholders	No of Shreholders	Shares Held	Percentage (%)
Individual	285	7,982,241	44.346
Investment Company	0	-	-
Joint Stock Companies	7	9,954,238	55.301
Foreign Companies	1	63,521	0.353
Total	293	18,000,000	100

Associated Companies, Undertaking and related Parties	3	9,714,259	53.968
Grays Of Cambridge(Pak) Ltd.	1	7,200.00	40
Anwar Khawaja Industries(Pvt) Ltd.	1	2,450,738	13.615
Grays Of Cambridge International U.K	1	63,521	0.353
Directors, CEO and their spouse and their children	14	2,882,033	16.016
Mr. Harold John Gray	1	900	0.009
Mr. Khawar Anwar Khawaja	1	626,400	3.48
Mr. Abdul Rashid Mir	1	155,920	0,866
Mr. Paul Douglas Gray	1	33,951	0.189
Mr. Ronald George Blake	1	900	0.005
Mr. Muhammad Tahir Butt	1	239,630	1.331
Mr. Khurram Anwar Khawaja	1	694,500	3.858
Mr. Saeed Ahmed Jabal	1	900	0.005
Mr Muhammad Farooq	1	900	0.005
Mr. Nuzhat Khawar Khawaja	1	398,773	2.215
Mrs. Nadira Rashid Mir	1	17,334	0.096
Mrs. Khadeeja khurram	1	482,100	2.678
Mrs. Farogh Tahir Butt	1	206,662	1.148
Mrs. Shirly Rowena Blake		23.163	0.129
Executives	Nil	Nil	Nil
Public Sector Companies and corporations	Nil	Nil	Nil
Banks, Development Finance Institutions, Non Banking Financial Institutions, Insurance Companies, Modarba and Mutal Funds	Nil	Nil	Nil
Shareholders holding ten percent or more voting interest in the company	Nil	Nil	Nil
Others	276	5,403,708	30.016
Total	293	18,000,000	100