

DAWOOD LEASING COMPANY LIMITED

Annual Report

June 1996

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CORPORATE INFORMATION

Board of Directors

Mr. Rafique Dawood	Chairman & Chief Executive
Mr. Mehboob G. Rawjee	
Mr. Ayaz Dawood	
Mr. Asadullah Khawaja	(Nominee of ICP)
Mr. A.K.M. Sayeed	(Nominee of NIT)
Mr. Bashir A. Sheikh	(Nominee of Al Faysal Inv. Bank)
Mr. S. Gulrez Yazdani	(Nominee of SLIC)

Company Secretary

Mr. Salman Rasheed

Auditors

M. Yousuf Adil & Co.,
Chartered Accountants

Legal Advisors

Sattar & Sattar Associates
Mohsin Tayebaly & Co.

Bankers

ANZ Grindlays Bank plc.
Askari Commercial Bank Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Muslim Commercial Bank Ltd.
Oman International Bank S.A.O.G.
Societe Generale, The French & International Bank

**Registered Office
and Head Office**

5-B, Lakson Square Building # 1,
Sarwar Shaheed Road, Karachi - 74200
Tel: (021) 568 7778-9
Fax: (021) 568 5830

Branch Office

2nd floor, Gulberg Heights, 6-H, Gulberg, Lahore
Tel: (042) 571 1308
Fax: (042) 571 0296

Share Department

513, Clifton Centre, Khayaban-e-Roomi,
Clifton Karachi-75600.

NOTICE OF SECOND ANNUAL GENERAL MEETING

Notice is hereby given that the Second Annual General Meeting of the Company will be held in the Auditorium of the Institute of Chartered Accountants of Pakistan, G-31, Block 8, Clifton, Karachi on November 14, 1996 at 1130 hours to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 1996 together with Directors' and Auditors' Reports thereon.
2. To approve payment of Cash Dividend to the Shareholders @ Rs. 1.25 per share of Rs. 10/= each for the year ended June 30, 1996 as recommended by the Board of Directors.
3. To appoint Auditors to hold office till the conclusion of the Third Annual General Meeting and to fix their remuneration. The retiring Auditors Messrs M. Yousuf Adil & Company, Chartered Accountants, being eligible, offer themselves for re-appointment.
4. Any other business with the permission of the chair.

By order of the Board

Notes

1. The Register of members of the Company will remain closed from November 5, 1996 to November 14, 1996 (both days inclusive).
2. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as a proxy.
3. An instrument appointing a proxy and the power-of-attorney or other authority (if any) under which it is signed or a naturally certified copy of the power or authority, in order to be valid, must be deposited at the Registered Office of the Company, at the latest by 1130 hours on November 12, 1996 and must be duly stamped, signed and witnessed.
4. The Shareholders are requested to notify any changes in their address immediately.

DIRECTORS REPORT

We are pleased to present your Company's Second Annual Report for the year ended June 30, 1996. Dawood Leasing commenced business operations on January 1, 1995 and this is our first report depicting a full year of operation.

Operating Results	July 1, 1995 to June 30, 1996 Rupees	January 1, 1995 to June 30, 1995 Rupees
Income		
Lease Income	84,664,664	21,190,592
Non Lease Income	4,452,231	6,811,018
	-----	-----
	89,116,895	28,001,610
	=====	=====
Profit Before Taxation	46,210,588	18,087,384
Provision for Taxation	1,273,702	170,000
	-----	-----
Profit after Taxation	44,936,886	17,917,384
Unappropriated Profit Brought Forward	4,333,907	--
	-----	-----
Profit Available for Appropriation	49,270,793	17,917,384
Appropriations		
Transfer to Statutory Reserve	8,987,377	3,583,477
Transfer to General Reserve	7,500,000	10,000,000
Proposed Cash Dividend	31,250,000	--
	-----	-----
	47,737,377	13,583,477
	-----	-----
Unappropriated Profit Carried Forward	1,533,416	4,333,907
	=====	=====
Earnings per Share	1.80	1.43 (Annualized)
Proposed Cash Dividend	1.25	

Review of Operations

The lease income of your Company has increased from Rs. 21.19 million to Rs. 84.66 million during the year. New leases worth Rs. 282.8 million have been written, taking the total leases written since the start of business operations to Rs. 575.6 million. We are pleased to report that all lease rentals due for the year have been received.

Dawood Leasing has followed a conservative policy for writing leases. We have continued to maintain a fairly diversified lease portfolio with exposure to any sector not exceeding 16%. Last year, our maximum exposure was 27% to the cement sector. That has now been reduced to 15%. This year, power generation is at the top of the list with an exposure of 16%

Due to our conservative accounting approach, we had written-off the entire deferred expenditure of Rs. 2.3 million in the last period accounts. This year, a general provision of Rs. 5.0 million has been made to build-up a reserve for potential lease losses. The total of mandatory statutory reserve, general reserve and allowance for potential lease losses is now 6.8% of net investment in lease finance.

During the year, Dawood Leasing has been successful in arranging for various lease syndications worth over Rs. 1.0 billion. Thus, we have not only serviced our valued clients but also shared the risk and rewards with other leasing companies. We strongly believe that leasing companies are complementary to each other. Lease syndication not only provides the benefit of multiple risk evaluation criterion but also of risk sharing.

Your Company's target market has been towards infrastructure and related projects, small business as well as consumer lease financing. We have also embarked upon leasing to the health sector and technical training institutions.

As reported earlier, your Company had entered the consumer finance business by providing lease facilities to Diners Club card holders. This scheme has been well received by the card holders and over 600 leases worth a total of Rs. 21.7 million have been written so far. It is anticipated that, by June 1997, over 1,000 card leases will be written.

We are pleased to report, that despite bearish stock market conditions, an amount of Rs. 2.2 million was contributed by capital gains.

Future Business Prospects

In Pakistan, leasing still has a vast potential for growth, as less than 10% of the capital investment in the country is being financed through leasing. Nevertheless, in the presence of sluggish economic growth and a growing number of leasing companies, it is prudent to have a long-term view and strive for sustainable and steady growth.

With this perspective, your Company plans to maintain a well diversified portfolio of leases. Our objective is to create the right mix between big-ticket leasing, small enterprise leasing and consumer lease financing. Your Company plans to continue to serve viable, environment friendly and socio-economically beneficial entities.

The 1996-97 budget has levied Central Excise Duty @ 1/12 of 1% per month on the lease financing. This levy is a pass through cost and will make the lease finance expensive. This incremental cost, together with other taxes levied on the corporate sector, may further hamper the pace of industrial growth in the country. The management is fully aware of the challenging domestic environment in which it has to operate.

As a resource mobilisation measure, your Company is in the process of negotiating a number of additional credit lines from both local and multilateral institutions. We are also in the process of preparing a comprehensive scheme to launch Certificates of Investment (COIs). With the introduction of COIs, we hope to enhance our competitive position in the leasing industry.

You would be pleased to know, that on the initiative of your Company, Pakistan Credit Rating Agency (PACRA) has already started evaluating Dawood Leasing. We are confident that this credit rating, once done, will add to the stockholders' faith in the Company.

Pattern of Share Holding

The pattern of Share-holding appears on page 22.

Auditors

The retiring auditors, Messrs M. Yousuf Adil & Company, Chartered Accountants, being eligible, offer themselves for re-appointment.

Acknowledgment

We wish to record our appreciation for the continued support and confidence of our esteemed clients and shareholders, especially the small investors, We value the support and guidance provided by the Ministry of Finance, the State Bank of Pakistan and the Corporate Law Authority. We are grateful to our lease syndicate partners and lending institutions for their support and confidence. The commitment, dedication and hard work demonstrated by the management and staff members of the Company in achieving these results are fully rec-

ognized and acknowledged. We convey our special thanks to Sui Northern Gas Pipelines Limited and Habib Bank Limited who are the largest customers of your Company.

We pledge to continue to work towards social responsibility and national development, in the best interests of our Shareholders.

On behalf of the Board
Rafique Dawood
Chairman & Chief Executive

September 25, 1996
Karachi.

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Dawood Leasing Company Limited as at June 30, 1996 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the period 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 purpose of our audit and, after due verification thereof, 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 period was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the object 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 and the statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1996 and of the profit and the changes in financial position for the period then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

M.Yousuf Adil & Co.,
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1996

	Note	1996 Rupees	1995 Rupees
SHARE CAPITAL AND RESERVES			
Authorized			
30,000,000 Ordinary Shares of Rs. 10/- each.		300,000,000	300,000,000
		=====	=====
Issued, Subscribed and Paid up			
25,000,000 Ordinary Shares of Rs. 10/- each			
Fully Paid in Cash		250,000,000	250,000,000
Statutory Reserve	3	12,570,854	3,583,477
General Reserve	4	17,500,000	10,000,000
Unappropriated Profit		1,533,416	4,333,907
		-----	-----
		281,604,270	267,917,384
REDEEMABLE CAPITAL	5	59,890,256	30,000,000
LIABILITY AGAINST ASSET SUBJECT TO			
FINANCE LEASE	6	165,424	187,742
LONG TERM LEASE DEPOSITS	7	40,605,063	27,154,120

ALLOWANCE FOR POTENTIAL LEASE LOSSES		5,000,000	--
CURRENT LIABILITIES			
Short Term Borrowings	8	42,325,635	10,000,000
Current Maturity of Redeemable Capital		61,733,662	--
Current Maturity of Lease Liability		95,228	89,878
Accrued and Other Liabilities	9	15,635,987	4,933,328
Proposed Cash Dividend		31,250,000	--
Taxation		1,142,790	170,000

		152,183,302	15,193,206
CONTINGENCY AND COMMITMENT	10		

		539,448,315	340,452,452
		=====	

The annexed notes from 1 to 21 form an integral part of these accounts.

OPERATING ASSETS	11	11,221,240	12,441,246
NET INVESTMENT IN LEASE FINANCE			
Minimum Lease Payments Receivable		655,910,575	348,480,877
Residual Value of Lease Assets		51,324,880	27,023,921

		707,235,455	375,504,798
Unearned Income		(196,659,686)	(122,129,781)

Net Investment in Lease Finance		510,575,769	253,375,017
Current Portion of Net Investment in Lease Finance		(121,544,593)	(27,794,042)

		389,031,176	225,580,975
CURRENT ASSETS			
Current Portion of Net Investment in Lease Finance		121,544,593	27,794,042
Short Term Investments	12	7,188,400	30,647,860
Advances Against Lease Commitment		3,750,000	37,000,000
Advances, Deposits and Prepayments	13	1,438,887	550,483
Other Receivables	14	1,237,871	795,558
Cash and Bank Balances	15	4,036,148	5,642,288

		139,195,899	102,430,231

		539,448,315	340,452,452
		=====	

Rafique Dawood
Chairman & Chief Executive

S. Gulrez Yazdani
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30,1996**

	Note	1996 Rupees	Six Months ended June 30, 1995 Rupees
Income			
Lease Income		84,664,664	21,190,592
Return on Deposits and Investments	16	2,164,772	4,148,662
Gain on Sale of Investments		2,227,421	2,662,356
Other Income		60,038	-

		89,116,895	28,001,610
Expenditure			
Administrat	17	14,448,630	6,517,877
Financial C	18	23,457,677	1,055,701

Allowance for Potential Lease Losses	5,000,000	-

	42,906,307	7,573,578

Operating profit	46,210,588	20,428,032
Incorporation, Listing and Other - Net	-	2,340,648

Profit Before Taxation	46,210,588	18,087,384
Provision for Taxation		
Current Year	546,042	170,000
Prior Year	727,660	-
	1,273,702	170,000
Profit After Taxation	44,936,886	17,917,384
Unappropriated Profit Brought Forward	4,333,907	--
	-----	-----
Profit Available for Appropriation	49,270,793	17,917,384
Appropriations		
Transferred to Statutory Reserve	8,987,377	3,583,477
Transferred to General Reserve	7,500,000	10,000,000
Proposed Cash Dividend	31,250,000	--
	-----	-----
	47,737,377	13,583,477
	-----	-----
Unappropriated Profit Carried Forward	1,533,416	4,333,907
	=====	

The annexed notes from 1 to 21 form an integral part of these accounts

**STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 1996**

	1996	1995
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit after Taxation	44,936,886	17,917,384
Adjustment to Determine Net Cash Flows		
Depreciation	2,021,468	1,947,642
Gain on Sale of Investment	(2,227,421)	(2,662,356)
Financial Charges	23,457,677	1,055,701
Gain on Sale of Assets	(60,038)	--
Allowance for Potential Lease Losses	5,000,000	--
	-----	-----
Operating Profit Before Working Capital Changes	73,128,572	18,258,371
Working Capital Changes		
Advances, Deposits and Prepayments	(888,404)	(550,483)
Other Receivables	(442,313)	(795,558)
Accrued and Other Liabilities	3,525,230	3,901,342
Taxation	972,790	170,000
	-----	-----
	3,167,303	2,725,301
	-----	-----
	76,295,875	20,983,672
Less: Financial Charges Paid	(16,280,248)	(23,715)
	-----	-----
Net Cash Provided by Operating Activities	60,015,627	20,959,957
B. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	--	250,000,000

Redeemable Capital Obtained	105,000,000	30,000,000
Lease Finance Obtained	349,000	343,500
Redemption of Redeemable Capital	(13,376,082)	
Repayment of Lease Liability	(365,968)	(65,880)
Long Term Lease Deposits	13,450,943	27,154,120
Short Term Borrowings	32,325,635	10,000,000
	-----	-----
Net Cash Provided by Financing Activities	137,383,528	317,431,740

C. CASH FLOW USED IN INVESTING ACTIVITIES

Investment in Leases (Net)	(257,200,752)	(253,375,017)
Capital Expenditure	(1,076,262)	(15,388,888)
Proceeds from Sale of Fixed Assets	334,838	1,000,000
Investment in Marketable Securities	(15,348,500)	(60,418,604)
Sale Proceeds of Marketable Securities	41,035,381	32,433,100
Advance Against Lease Commitment	33,250,000	(37,000,000)

Net Cash Used in Investing Activities	(199,005,295)	(332,749,409)
---------------------------------------	---------------	---------------

Net (decrease)/increase in cash and cash equivalent (A + B + c)	(1,606,140)	5,642,288
---	-------------	-----------

Cash and cash equivalent at the beginning of the year	5,642,288	-
---	-----------	---

Cash and cash equivalent at the end of the year	4,036,148	5,642,288
	=====	=====

NOTES TO THE ACCOUNTS - JUNE 30, 1996**1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated on June 22, 1994 as a public limited company and is listed on the Karachi and Islamabad Stock Exchanges. The Company primarily carries on the business of leasing.

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 in recognizing income on lease contracts. Under this method the unearned income i.e, the excess of aggregate lease rentals and the estimated residual value over the cost of the leased asset is deferred and then amortized over the terms of the lease, so as to produce a constant rate of return on net investment in the lease.

Front end fee, commitment fee and other commissions are taken to income when realized.

The transaction of purchase and resale obligation of Government Securities at contracted rates for specified periods of time are recorded at the contracted purchase price and the differential of the contracted purchase and resale prices is taken to income.

Return on securities is recognized on accrual basis.

Dividend income is recognized at the time of closure of the shares transfer book of the company declaring the dividend.

2.3 Staff Retirement Benefits

The Company operates a funded contributory Provident Fund Scheme for its employees. The employees are also entitled to gratuity after completion of three years continuous service in accordance with the service rules of the Company.

2.4 Allowance for Potential Lease Losses

The Company, as a prudent policy, makes a general provision at a reasonable level, which in the judgment of management is adequate to provide for potential losses on lease portfolio that can be reasonably anticipated. The allowance is created by charge to income.

2.5 Taxation

The charge for current taxation is based on taxable income at the current rates of taxation. On lease income, it is computed as if all leases are operating leases, after taking into account allowances available for depreciation in respect of fixed assets under lease.

The tax effect for deferred taxation is calculated using the liability method on all major timing differences which are expected to reverse in foreseeable future. As a measure of prudence deferred tax debits are not accounted for.

2.6 Tangible Fixed Assets and Depreciation

Operating assets are stated at cost less accumulated depreciation. Depreciation is charged to income, applying the straight line method whereby cost of an asset is written-off over its estimated useful life. A full year's depreciation is charged on all assets acquired during the year while no depreciation is charged on assets disposed off during the year.

Normal repairs and maintenance are charged to income as and when incurred. Gains and losses on disposal, if any, are taken to the Profit and Loss Account.

2.7 Investments

Short term investments are stated at lower of moving average cost and market/break-up value on aggregate portfolio basis.

3. STATUTORY RESERVE

	1996 Rupees	1995 Rupees
Opening	3,583,477	--
Transferred during the year	8,987,377	3,583,477
	-----	-----
	12,570,854	3,583,477
	=====	=====

The reserve is created by transferring 20% of the after tax profit for the year which is required under Rule-3 of State Bank of Pakistan's Prudential Regulations for Non-Banking Financial Institutions.

4. GENERAL RESERVE

	1996 Rupees	1995 Rupees
Opening balance	10,000,000	-
Transferred during the year	7,500,000	10,000,000
	-----	-----
	17,500,000	10,000,000
	=====	=====

5. REDEEMABLE CAPITAL - SECURED (NON-PARTICIPATORY)

	Term Finance Certificate I	Morabaha Finance II	Finance Under Mark-up Arrangement	1996 Rupees	1995 Rupees
Opening Balance	--	--	30,000,000	--	30,000,000
Obtained during the year	50,000,000	50,000,000	--	*5,000,000	105,000,000
	-----	-----	-----	-----	-----
	50,000,000	50,000,000	30,000,000	5,000,000	135,000,000
	-----	-----	-----	-----	-----
Paid during the year	6,688,041	6,688,041	--	--	13,376,082
	-----	-----	-----	-----	-----
	43,311,959	43,311,959	30,000,000	5,000,000	121,623,918
	-----	-----	-----	-----	-----
Payable within one year shown under current liabilities	15,182,899	15,182,899	30,000,000	1,367,864	61,733,662
	-----	-----	-----	-----	-----
Rupees	28,129,060	28,129,060	--	3,632,136	59,890,256
	=====	=====	=====	=====	=====
Repayment period	Jan 17, 1996-Mar 03,1996- Aug 17, 1998	Oct 23, 1996	Lumpsum on Oct 23, 1996	Nov 06, 1996- Mar 06, 1999	
Sale Price	Rs. 50,000,000	50,000,000	30,000,000	20,000,000	
Purchase Price	Rs. 68,882,214	68,882,214	38,063,014	31,708,440	
Prompt Payment Bonus	Rs. 2,503,968	2,503,968	--	4,357,080	

These are secured against hypothecation of all properties and assets including book debts of the Company ranking pari passu with each other and with the charge created to secure short term borrowing (Refer Note 8).

* The sanctioned amount of finance under mark-up arrangement is Rs. 20 Million out of which Rs. 5 Million was received on May 07, 1996.

	1996 Rupees	1995 Rupees
6. LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE		
Opening balance	311,970	
Acquired during the year	349,000	343,500

	660,970	343,500
Paid during the year	(365,418)	(31,530)

	295,552	311,970
Security deposit	(34,900)	(34,350)

	260,652	277,620
Payable within one year shown under current liabilities	(95,228)	(89,878)

	165,424	187,742
	=====	

This represents a vehicle acquired under finance lease agreement from a leasing company.

The cost plus financial charges are payable in 36 monthly installments of Rs. 11,501/-. Implicit rate of return is 17% per annum.

The future minimum lease payments to which the company is committed as at June 30, 1996 are as under:-

Year ended June 30,	Rupees
1997	138,012
1998	138,012
1999	57,505

	333,529
Financial Charges Allocated to Future Period	(72,877)

	260,652
	=====

7. LONG TERM DEPOSITS

These represent the security deposits received from lessees under lease contracts and are repayable at the expiry of their respective lease period.

8. SHORT TERM BORROWINGS

	Limit in Rs. million	1996 Rupees	1995 Rupees
Secured			
From Commercial Bank			
Morabaha Finance (8.1)	15	15,000,000	5,000,000
Running Finance (8.2)	35	17,325,635	-
From Investment Bank			
Finance against bills (8.3)	10	10,000,000	5,000,000

		42,325,635	10,000,000
		=====	

Facilities are secured against hypothecation of all properties and assets including book debts ranking pari passu with each other and with the charge created to secure redeemable capital

(Refer Note 5).

8.1 The repurchase price of the facility is Rs. 16.368 (Million).

8.2 It is subject to mark-up of Rs. 0.5480 per Rupees 1,000/- per day.

8.3 It is subject to mark-up of Rs. 0.5137 per Rupees 1,000/- per day.

	1996 Rupees	1995 Rupees
9. ACCRUED AND OTHER LIABILITIES		
Mark-up on Secured Redeemable Capital	7,048,668	1,009,178
Short-term Borrowings	1,160,747	22,808
Advance from Clients	6,108,086	1,349,203
Withholding Tax	51,616	653,012
Accrued Expenses	660,477	295,331
Syndication and Front End Fee	500,000	1,285,554
Others	106,393	318,242
	-----	-----
	15,635,987	4,933,328
	=====	=====

10. CONTINGENCY AND COMMITMENTS

10.1 Contingency

A portion of the tax demand amounting to Rs. 1.2 Million in respect of assessment year 1995-96 not acknowledged as in the opinion of the management, the company has good case and favorable decision is expected from the Income Tax Appellate Commissioner, where appeal is pending.

10.2 Commitments

Lease financing contracts committed but not executed at the balance sheet date were Rs. 126.8 million (1995: Rs. 17.3 million).

11. OPERATING ASSETS

Particulars	Cost at July 01, 1995	Additions/ (Disposals) during the year	Cost at June 30, 1996	Accumulated Depreciation at June 30, 1996	Book Value at June 30, 1996	Depreciation for the year	Rate %
Company Owned							
Lease improvements	5,213,738	315,126	5,528,864	1,074,260	4,454,604	552,886	10
Furniture and fixture	2,895,613	--	2,895,613	579,122	2,316,491	289,561	10
Office equipment	236,700	96,490	333,190	56,989	276,201	33,319	10
Computer Equipment	955,309	315,646	1,270,955	222,627	1,048,328	127,096	10
Vehicles	4,744,028	--	4,744,028	1,897,612	2,846,416	948,806	20
	-----	-----	-----	-----	-----	-----	
	14,045,388	727,262	14,772,650	3,830,610	10,942,040	1,951,668	
Under lease							
Vehicle	343,500	349,000 (343,500)	349,000	69,800	279,200	69,800	20
Rupees	14,388,888	1,076,262 (343,500)	15,121,650	3,900,410	11,221,240	2,021,468	
	=====	=====	=====	=====	=====	=====	
1995 Rupees		15,388,888 (1,000,000)	14,388,888	1,947,642	12,441,246	1,947,642	
	=====	=====	=====	=====	=====	=====	

11.1 Disposal of assets

Particulars	Mode of Disposal	Sold to	Cost	Accumulated Depreciation	Book Value	Sale Proceeds
Vehicle	Insurance	Orient Insurance				

Claim Co. Ltd. Karachi.

Rupees	343,500	68,700	274,800	334,838
	=====	=====	=====	=====
Rupees 1995	1,000,000	-	1,000,000	1,000,000
	=====	=====	=====	=====

12. SHORT TERM INVESTMENTS

	No. of Shares	Market/ Breakup Value Rupees	1996 Rupees	1995 Rupees
Quoted				
Sitara Chemical Industries Ltd.	-	-	-	16,908,000
Adamjee Insurance Company Ltd.	21,075	2,929,425	2,578,500	2,578,500
Pakistan State Oil Company Ltd.	600	252,000	162,400	703,720
Paramount Leasing Ltd.	9,900	69,300	99,000	249,000
KASB Premier Fund Ltd.	50,000	245,000	500,000	500,000
ICI Pakistan Ltd.	5,000	269,250	343,500	-
25th I.C.P. Mutual Fund	500	3,625	5,000	-
		-----	-----	-----
		3,768,600	3,688,400	20,939,220

Unquoted

Fidelity Mutual Fund Ltd				
Chief Executive - Mr. Najam Ali	250,000	2,500,000	2,500,000	2,500,000
Kohinoor Energy Ltd.	-	-	-	6,208,640
Government Securities				
Federal Investment Bonds- 10 years		-	1,000,000	1,000,000
			-----	-----
			7,188,400	30,647,860
			=====	=====

13. ADVANCES, DEPOSITS AND PREPAYMENTS

Advance Income Tax		198,408	300,912
Other Advances		12,000	48,232
Deposits		41,000	19,200
Prepayments		1,187,479	182,139
		-----	-----
		1,438,887	550,483
		=====	=====

1996
Rupees

1995
Rupees

14. OTHER RECEIVABLES

Considered Goods		
Accrued Profit / Interest	381,996	505,975
Lease Arrangement Fee	-	243,860
Dividend	33,845	33,750
Others	822,030	11,973
	-----	-----
	1,237,871	795,558
	=====	=====

15. CASH AND BANK BALANCES

Cash in Hand	19,857	18,154
Cash with Banks		
In Deposit Accounts (15.1)	3,970,370	5,622,069
In Current Accounts	45,921	2,065
	-----	-----
	4,036,148	5,642,288
	=====	=====

15.1 This includes Rs. 50,000/- deposited with State Bank of Pakistan, to maintain liquidity requirements of Prudential Regulations

16. RETURN ON DEPOSITS AND INVESTMENTS

Profit on		
Bank Deposits	347,123	2,853,000
PLS Accounts (Net of Zakat)	1,269,675	565,572
Interest on Securities	335,677	690,340
Dividend	212,297	39,750
	-----	-----
	2,164,772	4,148,662
	=====	=====

17. ADMINISTRATION AND OPERATING EXPENSES

Salaries and Benefits	6,111,920	2,493,864
Directors' Meeting Fees	1,500	3,000
Rent, Rates and Taxes	179,471	88,534
Insurance	431,206	69,296
Legal and Professional	483,671	152,687
Travelling and Conveyance	1,047,896	131,231
Postage and Telephone	877,004	401,053
Utilities	213,461	60,877
Printing and Stationery	582,158	236,870
Vehicles Running and Maintenance	426,169	165,653
Entertainment	436,145	156,003
Advertisement	548,150	80,805
Repairs and Maintenance	194,188	132,657
Auditors' remuneration	112,625	35,000
Share Department	497,330	279,000
Depreciation	202,1468	1,947,642
Fees and Subscription	186,261	--
Donation (17.2)	18,500	--
Others	79,507	83,705
	-----	-----
	14,448,630	6,517,877
	=====	=====

	1996	1995
	Rupees	Rupees
17.1 Auditors' remuneration		
Statutory Audit fee	50,000	35,000
Special Audit fee	28,000	-
Tax and other Consultancy	24,000	-
Out of Pocket	10,625	-
	-----	-----
	112,625	35,000
	=====	=====

17.2 Directors have no interest in the donee's fund.

18. FINANCIAL CHARGES

Mark-up on		
Redeemable Capital	20,251,819	1,009,178
Short Term Borrowings	2,828,350	22,808
Financial Charges on Lease Liability	53,523	18,185
Documentation, Project Examination Fee and Bank Charges	323,985	5,530
	-----	-----
	23,457,677	1,055,701
	=====	=====

19. TAXATION

The assessment of the first accounting year ended June 30, 1995, (Assessment year 1995-96) has been finalized. The company has filed appeal against the order of the assessing officer and the appeal is pending with the Income Tax Appellate Commissioner. The deferred taxation works out to be a debit balance.

20. REMUNERATION TO DIRECTORS AND EXECUTIVES

June 1996
Chief

June 1995
Chief

	Executive	Directors	Executive	Executive	Directors	Executive
Managerial remuneration	866,329	532,258	1,653,226	387,096	483,871	561,270
Housing and utilities	476,481	292,742	909,274	212,904	266,129	308,730
	-----	-----	-----	-----	-----	-----
Rupees	1,342,810	825,000	2,562,500	600,000	750,000	870,000
	=====	=====	=====	=====	=====	=====
Number of Persons	1	2	6		1	2

5

20.1 The Chief Executive, Directors and Executives are also provided with free use of company owned cars, medical insurance cover, provident fund contribution and travelling, the monetary value of these are Rs. 683,000 (1995: Rs. 216,000) approximately.

20.2 Fees of Rs. 1,500/- were paid to three non - executive directors for attending Board meetings.

21. GENERAL

Prior year's figures have been re-arranged for the purpose of comparison wherever necessary. The comparative figures in Profit & Loss Account are for six months period, as the company started operation from January 1, 1995.

PATTERN OF HOLDING AS AT JUNE 30, 1996

Number of Share Holders	SHARE From	HOLDING To	Shares Held
56	1	100	5,600
4,664	101	500	2,307,000
115	501	1000	92,300
73	1001	5000	191,500
25	5001	10000	231,100
11	10001	15000	142,100
15	15001	20000	293,800
10	20001	25000	241,300
11	25001	30000	325,700
1	30001	35000	35,000
2	35001	40000	80,000
1	40001	45000	41,000
6	45001	50000	298,000
2	55001	60000	111,600
1	60001	65000	65,000
1	75001	80000	80,000
1	85001	90000	87,100
6	95001	100000	600,000
1	100001	105000	102,500
1	110001	115000	112,000
1	125001	130000	130,000
1	220001	225000	222,300
1	235001	240000	240,000
5	245001	250000	1,250,000
1	290001	295000	294,200
1	370001	375000	374,000
1	410001	415000	410,600
5	495001	500000	2,500,000
1	795001	800000	796,500
1	885001	890000	888,400
1	945001	950000	950,000
3	995001	1000000	3,000,000
1	1495001	1500000	1,500,000
1	1515001	1520000	1,516,400
1	2480001	2485000	2,485,000
1	2995001	3000000	3,000,000
-----		-----	
5,029		25,000,000	
=====		=====	

The slabs representing NIL holding have been omitted

Categories of Shareholders

	Number of Shareholders	Shares Held	Percentage
Particulars			
Joint Stock Companies	10	4,035,200	16.14
Modaraba Companies	3	929,300	3.72
Insurance Companies	4	2,524,500	10.10
Investment Companies	14	8,173,100	32.69
Individuals	4998	9,337,900	37.35
	-----	-----	-----
	5029	25,000,000	100.00
	-----	-----	-----