

National Asset Leasing Corporation Limited

Annual Report 2000

CONTENTS

COMPANY INFORMATION
NOTICE OF MEETING
DIRECTORS' REPORT
AUDITORS' REPORT TO THE MEMBERS
BALANCE SHEET
PROFIT AND LOSS ACCOUNT
CASH FLOW STATEMENT
STATEMENT OF CHANGES IN EQUITY
NOTES TO THE ACCOUNTS
PATTERN OF SHARE HOLDINGS

CORPORATE INFORMATION

Chairman

Shamim I. Junejo

Managing Director

Rana M. Abu Obaida

Directors

Muhammad Ashiq Rehmani
Dr. Khalid Iqbal
Azhar Tariq Khan
Syed Naveed H. Zaidi
Sohail Ali

Company Secretary

Muhammad Aquib Khan

Bankers of the Company

Habib Bank Limited
Muslim Commercial Bank Limited
National Development Finance Corporation
National Bank of Pakistan
Bank of Punjab
Allied Bank of Pakistan Limited

Auditors

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7&8-
KCHSU, Sharea faisal, Karachi

Share Registrar

Noble Computer Services (Private) Limited
14-Bunglore Town Housing Society,
Sharea Faisal, Karachi.75350 Pakistan

Registered Office

301-302, 3rd floor Muhammad Gulistan Khan
House, 28 East Fazal-ul-Haq Road,
Blue Area Islamabad

Head Office

MZ-1, Progressive Plaza,
Beaumont Road, Karachi
Phones:- (92-21) 5687419, 5682027
Fax:- (92-21) 5684259
E-mail: natlease@.fascom.com

NOTICE OF MEETING

Notice is hereby given that the Tenth Annual General Meeting of National Asset Leasing Corporation Limited will be held at 301-302, Mohammad Gulistan Khan House, Fazal-ul-Haq Road, Islamabad on Saturday December 30, 2000 at 11:00 a.m. to transact the following business:

1. To confirm the Minutes of Ninth General Meeting held on December 30, 1999.
2. To receive, consider and adopt the Audited Accounts of the Company together with Directors' Report thereon for the year ended June 30, 2000.
3. To appoint Auditors and to fix their remuneration for the year 2000-2001. M/s M. Yousuf Adil Saleem & Co., the present Auditors, retire and being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the Chair.

SPECIAL BUSINESS

To approve the transaction and to pass the following the resolution as per requirement under section 208 of company ordinance 1984.

1. Resolved that:

In terms of 208 of the companies ordinance 1984, the Directors of the company be and are hereby authorised Due to deteriorating condition of the company for the purpose of recovery and save guard our investment, Directors be nominated on the Board of Caravan East Fabrics Limited. By virtue of appointment of Directors the company has become associated company. Our present investment in company is Rs. 6.5 million in equity and Rs. 37.0 million in lease financing.

2. Resolved that:

Deposit. Funds, Investments short term and long term in associated Investment Bank. Our present principal deposit in the Bank is Rs. 34.4 million.

A statement under section 160 of the Companies Ordinance, 1984 pertaining to special is being sent to shareholder with the copy of the notes.

Islamabad: December 07, 2000

**By Order of the Board
Mohammad Aquib Khan
Company Secretary**

Notes:

1. The Share Transfer Books of the Company will remain closed from December 23, to December 30, 2000 (bothdays inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order to be must be received at the Company's Registered Office at before the time of holding the meeting. Islamabad at least 48 hours effective
3. The members are requested to please notify to the Company any change in their address.
 1. A member entitled to attend and vote at the above meeting may appoint any other person as his/her proxy. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorised in writing. If a member is a corporation, either it's common seal be affixed to the proxy from or the board of Director' resolution/power of attorney along with specimen signature of the nominee shall be submitted with the proxy. The proxy shall have a right to attend, speak and vote in the place of the member.
 2. Proxy in order to be effective must be received at the Registered Office of the Company not later then forty-eight hours before the time of the meeting and be duly stamped, signed and witnessed.
 3. Proxy need not be a member.
 4. CDC account holder will further have to follow the number mentioned guidelines specified by the Securities and exchange Commission of Pakistan:
 - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by the two persons whose names addresses and NIC numbers shall be mentioned on the form.
 - iii. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

- iv. The proxy shall produce his original NIC or original passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted along with proxy from to the company.
5. The members are requested to immediately notify the change in address, if any.
6. The Share transfer books of the company will remain closed from December 23, 2000 to December 2000 both days inclusive.

DIRECTORS' REPORT

The Board of Directors is pleased to present 10th full year operational review together with the Audited Annual Report of the Company for the year ended June 30, 2000.

Financial Results

The operational result of the company during the year ended June 30, 2000 are summarized as follows:

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
Gross Revenue	36,467,017	32,949,413
Expenditure	31,419,137	21,599,858
	-----	-----
Net Profit before Provisions	5,047,880	11,349,555
Provisions and write-off	26,583,560	24,575,792
	-----	-----
Loss for the year before taxation	(21,535,680)	24,575,792
Taxation	5,852,475	(13,226,237)
	-----	-----
Net loss for the year (after taxation)	(27,388,155)	(13,526,237)
Unappropriated Profit/(Loss) brought forward	(3,421,361)	10,104,876
	-----	-----
Unappropriated Profit/(Loss) carried forward	(30,809,516)	(3,421,361)
	=====	=====

Review of Operations

The financial results of the company show a net loss of Rs 27.4 million for the year ended June 30, 2000, which increased the accumulated loss to Rs 30.8 million. The loss is due to suspension of leasing income against certain leases and reversal of substantial income of profit on deposits and making adequate provision and write-offs to reflect total prudence in the financial results of the company. The company has provided a total sum of Rs26.6 million for the year ended June 30, 2000.

The year 1999-2000 may be considered a year of transition mixed with political and economic uncertainties on the one hand and present Government's instinct combined with efforts to revive the economy on the other. Keeping the total scenario in view, it can be easily termed as the most difficult period for those NBFI's having limited resources.

The Management of company took extra care and abstained from increasing the level of liability by limiting the size of operations, the fact evident from the positive net cash inflow.

Due to deteriorating condition of the company and in order to safe guard our interest/investments, the management of Caravan East Fabrics Limited has been taken over by National Asset Leasing Corporation Limited and its associated companies. Present management is confident that they will be able to submit a workable repayment plan. The performance and financial position have improved which is evident from the latest accounts of the company.

The funds placed with Asset Investment Bank Limited are of short-term nature and payable on demand. The maturities are of less than one year. The bank is making efforts to increase the capital and procure long term deposits. Their arrangements for injection of additional capital and change of Directors are being finalised. We have commitment from the Bank that as and when the funds will be receive by them they will repay our deposits plus profit immediately.

The cumulative losses as of 30.06.2000 are Rs30.8 million which includes the brought forward loss of Rs3.4 million. The net loss during the current year is Rs27.4 million, which includes provision of Rs24.2 million made against receivables and tax liabilities. Moreover income earned on deposit amounting to Rs8.5 million was also reversed as per recommendation of the auditors. Which will hopefully be reversed after receiving

payment from Asset Investment Bank Limited.

We are making all efforts to improve the quality of assets and the liquidity of the company by acquiring/repossessing leased assets from the defaulters and arranging to sell it in the market. We granted lease facilities of Rs35.0 million recently which will generate funds. The substantial amount of payments from various leases will improve the financial health of the company and will help us in meeting our commitments under rescheduling arrangements with the lenders i.e. Banks, Modaraba and Financial Institutions. In addition, arrangement has been made to off load shares of various companies which will generate further funds for the company for utilising the same in lease business. Arrangements have also been made with leading Investment Banks for "Leverage Leasing". The rescheduling of our borrowings will change the classification of the liabilities and the total current liabilities, presently seems mismatched due to non receipt of approval of rescheduling agreement from the commercial Banks.

Business Prospects

The business prospects of the company depend on availability of funds on competitive rates. Negotiations are under way for procuring credit lines at reasonable mark-up rates. The management of the company is confident that it has the professional capability to manage profitable business operations by broadening the funding base through various means and enhancing professional techniques to meet the changes and achieve the desired results.

National Asset Leasing Corporation Ltd. is no doubt facing temporally liquidity problems, but the positive steps recently taken by the management will yield fruitful results. The company is a on going concern and it will not only survive but will flourish in the coming years (INSHALLAH).

Auditors

The auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and offer themselves for re-appointment.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2000 is annexed.

Acknowledgement

The board likes to place on record the commitment, dedication and hard work of all the staff members at Karachi and Islamabad offices. Sincere thanks to our clients, financial institutions and shareholders. We would also like to thank Security & Exchange Commission of Pakistan, Leasing Association of Pakistan, Stock Exchanges and State Bank of Pakistan for their support and guidance. We trust and pray for Allah's Blessings, Mercy and Guidance for achieving desired results in years to come (Ameen).

**On behalf of the
Board**

Islamabad: December 07, 2000

Shamim I.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **NATIONAL ASSETS LEASING CORPORATION LIMITED** as at June 30, 2000 and the related profit and loss account, statement of changes in equity and cash flow statement 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. no provision has been made against doubtful receivables in respect of lease finance amounting to Rs.18,287,876. Further, the company has recognized the unrealized finance income of Rs.32,193,491 on such doubtful receivables as income instead of suspending such finance income in accordance with the Rules of business for Non-Bank Financial Institutions issued

by the State Bank of Pakistan (NBFI Rules).

b. no provision has been made in respect of diminution in value of investments in the shares of associated undertakings estimated at Rs.10,942,197 determined on the basis of comparison with the market value / break-up value of such companies shares and also considering their financial position.

c. in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

d. 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;

e. in our opinion except for the effects of the matters described in paragraphs 'a' and 'b' above, 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 June 30, 2000 and of the loss, its cash flows and changes in equity for the year then ended; and

f. in our opinion, no zakat was deductible at source under the Zakat and ushr Ordinance, 1980.

g. Without qualifying our opinion, we draw attention to the following matters:

i. the company has incurred a net loss of Rs.27,388,155 during the year ended June 30, 2000 and as of that date the company's current liabilities exceeded its current assets by Rs.48,572,110. Had the company made provisions specified in paragraphs a and b above, the position would have further deteriorated. These factors alongwith other matters as set forth in Note 2.2 to the financial statements raise doubt that the company will be able to continue as a going concern.

ii. for the reasons given in the note 18.3 in the financial statements there is uncertainty about the recoverability of the amount deposited with an associated investment bank, consequently management has suspended the mark-up thereon for the year and the mark-up recorded in previous years has been reversed.

Karachi:
Date :December 07, 2000

S/d-
M. Yousuf Adil Saleem & Co
Chartered Accountants

BALANCE SHEET AS AT 30, JUNE 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
SHARE CAPITAL AND RESERVES			
Share Capital			
AUTHORISED			
10,000,000 ordinary shares of Rs. 10 each		100,000,000	100,000,000
		=====	=====
ISSUED, SUBSCRIBED AND PAID-UP			
9,536,800 (1999: 9,536,800) ordinary shares of Rs. 10 each fully paid in cash		95,368,000	95,368,000
RESERVES			

Statutory reserve		9,828,840	9,828,840
Unappropriated Loss		(30,809,516)	(3,421,361)
		-----	-----
		(20,980,676)	6,407,479
		-----	-----
		74,387,324	101,775,479
REDEEMABLE CAPITAL - SECURED	4	1,500,003	4,255,559
LONG TERM FINANCE - SECURED	5	6,666,664	13,333,332
OBLIGATION UNDER FINANCE LEASES	6	320,758	1,045,704
LEASE KEY MONEY	7	2,350,823	6,448,969
CERTIFICATES OF INVESTMENT	8	2,500,000	200,000
DEFERRED TAXATION	22	5,452,475	--
CURRENT LIABILITIES			
Current portion of redeemable capital	4	44,284,971	42,529,415
Current portion of long term finance	5	34,330,204	29,163,536
Current portion of obligation under finance leases	6	724,909	907,226
Current portion of lease key money	7	9,292,134	9,337,467
Certificates of investment	8	--	6,400,000
Short term finance	9	116,565	19,012,379
Accrued and other liabilities	10	48,961,052	33,512,029
		-----	-----
		38,758,922	140,862,052
COMMITMENTS	11		
		-----	-----
		231,936,969	267,921,095
		=====	=====

The annexed notes from 1 to 31 from an integral part of these accounts.

TANGIBLE FIXED ASSETS	12	4,029,717	5,375,228
NET INVESTMENT IN LEASE FINANCE	13	111,264,599	134,362,645
LONG TERM INVESTMENTS	14	26,416,541	33,331,048
LONG TERM DEPOSITS AND PREPAYMENTS	15	39,300	220,650
CURRENT ASSETS			
Current portion of net investment in lease finance	13	325,236,521	58,388,112
Short term investment	16	1,450,000	3,500,000
Advances, deposits, prepayments and other receivables	17	3,306,019	7,630,171
Cash and bank balances	18	52,907,141	25,113,242
		-----	-----
		90,186,812	94,631,524
		-----	-----
		231,936,969	267,921,095
		=====	=====

SHAMIM I. JUNEJO
Chairman

Rana M. Abu Obaida
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
REVENUE			
Income from leasing operations	19	33,741,286	30,713,354
Income from Government securities		1,871,044	(161,350)
Dividend income		265,724	224,775
Income from bank deposits		(13,677)	2,587,378
Profit/(Loss) on disposal of fixed assets		575,286	(414,744)
		-----	-----
		36,467,017	32,949,413

EXPENDITURE

Return and financial charges	20	20,040,171	20,289,280
Excess mark-up provided, written back		--	(8,795,944)
Mark-up on bank deposit transferred to suspense account		1,785,241	--
Administrative and operating expenses	21	9,593,725	10,106,522
		(31,419,137)	21,599,858
PROFIT BEFORE PROVISIONS		5,047,880	11,349,555
Provisions			
Provision for doubtful receivables		8,598,650	10,550,042
Write offs of lease receivable		15,608,886	8,775,750
Provision for diminution in value of investment		2,376,024	5,250,000
		26,583,560	24,575,792
(LOSS)/PROFIT BEFORE TAXATION		(21,535,680)	(13,226,237)
TAXATION	22	5,852,475	300,000
(Loss) After Taxation		(27,388,155)	(13,526,237)
Unappropriated Profit (Loss) Brought Forward		(3,421,361)	10,104,876
		--	--
UNAPPROPRIATED (LOSS) CARRIED FORWARD		(30,809,516)	3,421,361
BASIC EARNINGS PER SHARE		(2.87)	1.42

The annexed notes from 1 to 31 form an integral part of these accounts.

SHAMIM I. JUNEJO
Chairman

Rana M. Abu Obaida
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

A. CASH FLOWS FROM OPERATING ACTIVITIES

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
Net (loss) for the year before tax	(21,535,680)	(13,226,237)
Adjustments for:		
Depreciation on fixed assets	1,002,520	1,481,451
(Income) / loss from long term investments	(1,871,044)	161,350
(Gain)/Loss on sale of fixed assets	(575,286)	414,744
Provision for doubtful receivable	8,598,650	9,120,450
Write offs of lease receivables	15,608,886	8,775,750
Provision for diminution in value of investment	2,376,024	5,250,000
Provision for other receivables	--	1,429,592
Return and financial charges on borrowings	20,040,117	18,833,530
	45,179,867	45,466,867
	23,644,187	32,240,630
(Increase)/decrease in advances, prepayments and other receivables	4,324,152	(4,899,261)
Increase/(decrease) in accrued and other liabilities	15,449,024	1,991,008
Payment of income tax	(596,769)	(295,257)
(Increase)/decrease in long term deposits	181,350	(157,200)
Increase/(decrease) in Certificates of Investment	(4,100,000)	(4,500,000)
Increase/(decrease)in lease key money	(4,143,479)	(4,110,005)

	11,114,278	(11,970,715)
Net cash generated/(used) in operating activities	34,758,465	20,269,915
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(114,772)	(1,685,500)
Sale of fixed assets	1,120,000	659,800
Investment in lease finance (net of recoveries)	32,453,324	14,823,600
Income from investments	1,871,044	(161,350)
Net cash generated/(used) in investing activities	35,329,596	13,636,550
Total carried forward	70,088,061	33,906,465
Total brought forward	70,088,061	33,906,465
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/ (decrease) in redeemable capital	(1,000,000)	(4,648,350)
Increase/ (decrease) in long term finance	(1,500,000)	(1,500,000)
Increase/(decrease) in obligation under finance leases	(907,263)	446,660
Increase /(decrease) in short term finance	(17,846,728)	2,804,770
Return and financial charges on borrowings	(20,040,171)	(18,833,531)
Net cash generated/(used) in financing activities	(41,294,162)	21,730,451
Net (decrease)/increase in cash and cash equivalents	28,793,899	12,176,014
Cash and cash equivalents at July 1, 1999 / 1998	25,113,242	12,937,228
Cash and cash equivalents at June 30, 2000/1999	53,907,141	25,113,242

SHAMIM I. JUNEJO
Chairman

Rana M. Abu Obaida
Managing Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2000

	<i>Issued subscribed and paid-up Capital</i>	<i>Statutory Reserve*</i>	<i>General Reserve Rupees</i>	<i>Unappropriated Profit</i>	<i>TOTAL</i>
Balance at June 30, 1998	95,368,000	9,828,840	--	10,104,876	115,301,716
(Loss) for the year	--	--	--	13,526,237	(13,526,237)
Balance at June 30, 1999	95,368,000	9,828,840	--	3,421,361	101,775,479
(Loss) for the year	--	--	--	(27,388,155)	(27,388,155)
Balance at June 30, 2000	95,368,000	9,828,840	--	(30,809,506)	74,387,324

*The statutory reserve is created by transferring not less than 20% after tax profit for the year which is required under Rules-3 of the Rules business for Non-bank Financial Institutions issued by State Bank of Pakistan.

SHAMIM I. JUNEJO
Chairman

Rana M. Abu Obaida
Managing Director

NATIONAL ASSET LEASING CORPORATION LIMITED NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

1. LEGAL STATUS AND NATURE OF BUSINESS

The company is incorporated in Pakistan as a public limited company and is listed in the Karachi, Lahore and Islamabad Stock Exchange. It essentially carries on the business of leasing.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention and basis of preparation

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

These financial statements have been prepared in accordance with International Accounting Standards as applicable in Pakistan

2.2 Going Concern Assumption

The company had incurred a net loss during the year of Rs.27,388,155 and its accumulated losses upto June 30, 2000, amounted to Rs.30,809,516 which has reduced its net equity to Rs.74,387,324/-. Its current liabilities exceeded its current assets by Rs.48,572,110. The company has not paid the overdue amounts to financial institutions as specified in note 4.3, 5.3 and 10.1 to the financial statements. However, management is in the process of negotiating the rescheduling of such overdue amounts. Thus, the company's financial position is not sound and unless additional capital is injected and new funds are available, there are doubts that it will continue to operate as a going concern.

The company is in the process of negotiations with some investors for injection of equity funds in the company. Further, various possibilities of merger, reorganization and restructuring for streamlining the company's operations and improving its liquidity are also being considered. Management is confident that appropriate funding arrangements will be finalized that will enable the company to continue its operations as a going concern. Consequently these financial statements have been prepared on a going concern basis, and no adjustments, if any, have been made in these accounts that may be required should the company be unable to continue as a going concern.

2.3 Tangible fixed assets and depreciation thereon

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of the asset less estimated residual value is written off over its estimated useful life. Depreciation on fixed assets is charged proportionately from the month of acquisition (full month's depreciation being charged in the month of acquisition) upto the month prior to deletion.

Asset obtained under finance leases are included as tangible fixed assets and depreciation thereon is charged over the useful life of the assets or the lease term whichever is shorter. However, if there is reasonable certainty that the ownership of the assets would transfer to the company at the end of the lease term, the asset is depreciated at the same rates as the Company's own assets.

2.4 Employees' retirement benefits

The Company operates a contributory provident fund for all its permanent employees and contributions are made for any diminution in value, if considered permanent

2.5 Investments

Long term investments: These are stated at moving average cost of the respective entities' shares/certificates. and market value on a portfolio basis.

Short term investments: These are stated at lower of moving average cost of the respective entities' shares/certificates market and value on a portfolio basis.

Investments in associated undertaking

These are stated at cost.

2.6 Government securities repurchase/resale transactions

The company enters into transactions of repurchase or resale in registered Government securities at contracted rates for specified periods of time. These are recorded as follows:

(a) in the case of sale under repurchase obligations the securities are deleted from the books at cost (whilst the coupon income continues to be accrued) and the charges arising from the differential in sale and repurchase values are accrued on a pro-rata basis and recorded under income from Government securities. Upon repurchase the securities are reinstated at their respective original cost.

(b) in the case of purchases under resale obligations the securities are booked at the contracted purchase price and the differential of the contracted purchase and resale prices is amortized over the period of the contract and recorded under income from Government securities.

2.7 Revenue recognition

The Company follows the "financing 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 term of the lease, so as to produce a Constant rate of return on net investment in the lease.

Dividend income from quoted entities is recognized at the time of closure of share transfer books of the company declaring the dividend.

Income on Government securities is recognized by pro-rata accruals of the differential in cost and maturity values and/or the coupon rate applicable.

Project examination, consultancy, commitment and other charges are taken to income when realized.

2.8 Taxation

Current:

The charge for current taxation is based on taxable income which is computed as if all leases are accounted for as operating leases.

Deferred:

The Company accounts for deferred taxation expense using the liability method on all significant temporary differences. This is being dealt with as stated in note 22.2. The charge for current taxation is based on taxable income which is computed as if all leases are accounted for as operating leases.

3. STATUTORY RESERVE

This reserve is created by transferring 20% of the profit after tax for the year. This reserve is required to be maintained under the provisions of the rules of business for Non-Bank Financial Institutions issued by State Bank of Pakistan (NBFI Rules).

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
4. REDEEMABLE CAPITAL SECURED			
Musharika funds	4.1	19,422,224	19,422,224
Finance against TFC's	4.2	26,362,750	27,362,750
		-----	-----
		45,784,974	46,784,974
Less: Current portion	4.3	(44,284,971)	(42,529,415)
		-----	-----
		1,500,003	4,225,559
		=====	=====

4.1 This includes:

Rs. 13,000,000 Musharika fund obtained from a Modaraba for a period of three years. The share in profit between the Company and the Modaraba is in the ratio of their respective contributions. The share of the Modaraba during the year was Rs. 2,405,000. The profit is payable in quarterly installments commenced from September 1997. The facility is secured by charge on leased assets and personal guarantee of directors.

Rs. 6,422,224 Musharika fund was obtained from a commercial bank. The balance represents two lines of Rs. 6 million and Rs. 4 million repayable in 60 and 36 equal installments which commenced from October 10, 1997 and December 26, 1997 respectively. The expected rate of mark-up is 19.5%. This facility is secured by mortgage or charge on present and future book debts of the company and hypothecation of plant and machinery.

4.2 This represents credit line obtained from a DFI. The finance is repayable in four half-yearly and eleven quarterly installments. The facility carries mark-up at the rate of 20.5% per annum. The installments commenced from October 1, 1998. The facility is secured by way of assignment of lease rentals and personal guarantees of directors of the company.

4.3 This includes Rs. 43,084,971 as overdue amount not paid. Management is in the process of negotiating the rescheduling arrangements in respect of such amounts.

5. LONG TERM FINANCE SECURED

	<i>Note</i>	<i>June 30, 2000 Rupees</i>	<i>June 30, 1999 Rupees</i>
From-			
A Commercial bank	5.1	30,143,685	31,143,685
A Modaraba	5.2	10,853,183	11,353,183
		-----	-----
		40,996,868	42,496,868
Less: Current portion	5.3	(34,330,204)	(29,163,536)
		-----	-----

6,666,664	13,333,332
=====	=====

5.1 This represents balance of two term finance facilities of Rs.20 million each obtained from a commercial Bank. The facilities carry a mark-up rate of Rs.0.48 per Rs. 1,000 per day. The two lines were repayable in four and twelve quarterly installments. The installments commenced from September 30, 1998 and September 30, 1999 respectively. These facilities are secured by registered deed of assignment of lease rentals of specific leases. Several of the installments were overdue as at June 30, 1999. Presently negotiations are in progress for rescheduling of the same.

5.2 This represents Morabaha finance facility of Rs.20 million obtained from a Modaraba. This facility carries a mark-up rate of Rs. 0.50 per Rs. 1,000 per day. This finance is repayable in three equal annual installments along with mark-up. The installments commenced from August 17, 1996. The facility is secured by deed of assignment of lease rentals of specific leases and personal guarantees of Directors of the Company. The entire amount is overdue as at June 30, 1999, presently negotiations in progress for rescheduling of the same.

5.3 This includes an aggregate amount of installments that are overdue of Rs. 27.663.535.

6. OBLIGATION UNDER FINANCE LEASES

Liabilities against lease finance (6.1)	10,45,667	1,952,930
Less: Current maturity shown under current liabilities	(724,909)	(907,226)
	-----	-----
	320,758	1,045,704
	=====	=====
6.1 Year to June 30, 1999	--	--
Year to June 30, 2000	--	1,093,177
Year to June 30, 2001	876,730	855,245
Year to June 30, 2002	342,100	342,100
	-----	-----
	1,218,830	2,290,522
Less: Finance charges allocated to future periods	(173,163)	(337,592)
	-----	-----
	1,045,667	1,952,930
	=====	=====

These obligations represent acquisition of assets under finance lease facility. The average rate of return used as the discounting factor ranges from 17.89% to 19.36% per annum. The lease rentals are payable in monthly installments. At the end of the lease the ownership of the asset shall be transferred to the company on payment of residual value amounting to Rs. 181,350 (1999: Rs. 419,750)

7. LEASE KEY MONEY

This represents the security deposits received against lease contracts. The amounts are refundable at the expiry of the respective lease periods.

Lease Key Money	11,642,957	15,786,436
Current portion	(9,292,134)	(9,337,467)
	-----	-----
	2,350,823	6,448,969
	=====	=====

8. CERTIFICATES OF INVESTMENT

The certificates of investment are issued for maturity periods of three months to five years. The return on certificate ranges from 14.5% to 18.5%.

Certificates of Investment	2,500,000	6,600,000
Less: Current maturity	--	(6,400,000)
	-----	-----
	2,500,000	200,000
	=====	=====

9. SHORT-TERM

from Investment bank -unsecured		--	4,000,000
from Leasing -unsecured	9.1	1,165,651	2,804,751
from commercial banks -unsecured		--	12,207,628
		-----	-----
		1,165,651	19,012,379
		=====	=====

9.1 This represents placement received from leasing company. The rate of mark-up is 20.5% per annum

10. ACCRUED AND OTHER LIABILITIES

Accrued return/ mark-up on secured loans and finan	10.1	45,027,994	28,863,504
Accrued return on Certificates of Investment		2,855,706	2,647,558
Accrued operating expenses		657,460	330,656
Unclaimed dividend		116,558	148,678
Other liabilities		303,335	1,521,633
		-----	-----
		48,961,053	33,512,029
		=====	=====

10.1 This includes overdue market-up payable to various financial institutions amounting of Rs. 45,027,994.

11. CONTINGENCIES

Repurchase obligation of	-----	-----
Federal Investment Bonds [Note 2.5(a)]	5,308,765	5,419,180
	=====	=====

12. FIXED ASSETS - TANGIBLE

<i>Particular</i>	<i>Cost at the July 01, 1999</i>	<i>Additions Transfer during the year</i>	<i>Cost at the June 30, 2000</i>	<i>Accumulated depreciation at June 30, 2000</i>	<i>Written down value at at June 30, 2000</i>	<i>Depreciation/ Transfer for the year</i>	<i>Depreciation Rate %</i>
Owned -							
Office premises and car parking	369,000	--	369,000	169,129	199,871	18,451	5
Office equipment	1,884,039	114,772	1,998,811	1,182,929	815,882	151,803	20
Furniture and fixtures	1,117,747	--	1,117,747	622,751	494,996	97,340	10
Office renovation	2,150,641	--	2,150,641	2,053,301	97,340	152,118	33.33
Vehicles	2,967,868	1,177,160 (1,580,493)	2,564,535	1,716,574	847,961	248,575	20
	-----	-----	-----	-----	-----	-----	
Rupees	8,489,295	1,291,932 (1,580,493)	8,200,734	5,744,684	2,456,050	671,545	
	-----	-----	-----	-----	-----	-----	
Under Finance Lease -							
Vehicles	3,383,660	-- (1,177,160)	2,206,500	632,833	1,573,667	330,975	20
	-----	-----	-----	-----	-----	-----	
1999 Rupees	3,383,660	-- 1,177,160	2,206,500	632,833	1,573,667	330,975	
	-----	-----	-----	-----	-----	-----	
2000 Rupees	11,872,955	114,772 (1,580,493)	10,407,234	6,377,517	4,029,717	1,002,520	
	=====	=====	=====	=====	=====	=====	
June 30, 1999 Rupees	12,548,775	1,685,500 (2,361,320)	11,872,955	6,497,727	5,375,228	1,481,451	
	=====	=====	=====	=====	=====	=====	

* Include Rs. 848,000/= transfer from vehicles under finance lease on completion of respective lease contracts.

12.1 Particulars of disposals of fixed assets

<i>Particular</i>	<i>Original cost</i>	<i>Accumulated depreciation</i>	<i>Written down value</i>	<i>Sale proceeds</i>	<i>Mode of disposal</i>	<i>Particulars of purchaser</i>
Motor Vehicle	303,600	227,700	75,900	175,000	Negotiation	Mr. Mohd Iqbal Gohuri Karachi
Motor Vehicle	561,025	420,769	140,256	408,000	Negotiation	Mr. Khwaja Amir Imtiaz Karachi
Motor Vehicle	715,868	474,262	241,606	1,033,000	Insurance Claim	EFU General Insurance Karachi
	=====	=====	=====	=====		
2000 Rupees	1,580,493	1,122,731	457,762	1,616,000		
	=====	=====	=====	=====		

1999 Rupees	2,361,320	1,286,776	1,074,544	659,800
	=====	=====	=====	=====

	2000	1999
	Rupees	Rupees
13. NET INVESTMENT IN LEASE FINANCE		
Minimum lease payments receivable	216,568,492	249,404,337
Add: Residual value	12,640,853	20,309,727
	-----	-----
	229,209,345	269,714,064
Less: Unearned finance income	68,067,052	58,730,264
	-----	-----
Net investment in lease finance	161,142,293	210,983,800
Less: Current portion of net investment in lease finance	49,877,694	76,621,155
	-----	-----
	111,264,599	134,362,645
	=====	=====
13.1 Current portion of net investment in lease finance	49,877,694	76,621,155
Less: Provision for doubtful debts	17,354,042	18,233,043
	-----	-----
	32,523,652	58,388,112
	=====	=====

13.2 Net investment in lease finance includes an amount of Rs. 55,050,428 pertaining to an associated undertaking.

14. LONG TERM INVESTMENTS

15.0% 10 years registered WAPDA Bonds (maturity 2002)		4,500,000	500,000
15.0% 10 years Federal Investment Bonds (maturity 2003)	14.1	--	--
		-----	-----
The above investments are made to meet the liquidity requirement as per NBFIs rules		500,000	4,500,000
Investment in -			
Associated unlisted undertakings	14.2	2,500,000	2,500,000
Listed companies/modarabas [Aggregate market value Rs. 17,477,746/- (1999 Rs. 19,867,308/-)]	14.3	31,542,565	32,081,048
Other unlisted company		--	--
		-----	-----
LESS: Provision for diminution in value of shares		34,042,565	34,581,048
		8,126,024	5,750,000
		-----	-----
		25,916,541	28,831,048
		-----	-----
		26,416,541	33,331,048
		=====	=====

14.1 As at June 30, 2000, the company sold Federal Investment Bond Government securities valuing Rs. 5,000,000 under repurchase arrangement for a specified period of time.

14.2 Investment in associated unlisted undertakings

National Industrial Management Limited 250,000 ordinary shares of Rs. 10 each	14.1	2,500,000	2,500,000
		=====	=====

14.2.1 Percentage of equity held in the investee company is 25% of its capital. The Chief Executive of the associated Company is Mr. Rana Abu Obaida. Audit for the year ended June 30, 2000 of investee company is in progress & the break-up value as per draft accounts is Rs.3100/- per share.

14.3 Investment in listed companies/modarabas**Associated undertakings**

Industrial Capital Modaraba 574,436 (1999: 574,436) modaraba certificates of Rs. 10 each	5,742,575	5,742,575
Asset Investment Bank Limited 990,000 (1999: 990,000) ordinary shares of Rs. 10 each	9,949,500	9,949,500
Caravan East Fabrics Limited 650,000 (1999: 650,000) ordinary shares of Rs. 10 each	6,500,000	6,500,000
	-----	-----
	22,192,075	22,192,075
 Others		
First Hajveri Modaraba 193,286 (1999: 193,286) modaraba certificates of Rs. 10 each	1,424,615	1,424,615
Sui Northern Gas Pipeline Limited 16,478 (1999: 26,478) ordinary shares of Rs. 10 each	170,648	697,503
First International Investment Bank Limited 100 (1999: 100) ordinary shares of Rs. 10 each	3,328	3,328
Pakistan Industrial Leasing Corp.. Ltd. 6,000 (1999: 5,000) ordinary shares of Rs. 10 each	186,000	186,000
Nayab Spinning & Weaving Mills Ltd. 750,000 (1999: 750,000) ordinary shares of Rs. 10 each	7,500,000	7,500,000
 Pakistan Telecommunication Corp. Ltd. (P.T.C.) 1,700 (1999: 2,000) vouchers	65,899	77,527
	-----	-----
	9,350,490	16,388,973
	-----	-----
	31,542,565	32,081,048
	=====	=====

14.4 Unless otherwise stated all shares/Certificates/Vouchers are of Rs. 10/- each.

15. LONG TERM DEPOSITS AND PREPAYMENTS

Deposits on lease contracts	220,650	419,750
Prepaid office rent (to an associated company)	--	300,000
	-----	-----
	220,650	719,750
Less: Current portion	181,350	499,100
	-----	-----
	39,300	220,650
	=====	=====

16. SHORT TERM INVESTMENT

Safa Rice Mills Limited 145,000 (1999: 350,000) ordinary shares	1,450,000	3,500,000
	=====	=====

16.1 Percentage of equity held in the investee company is 12.28% of its capital. The name of the Chief Executive of the investee company is Mr. Pervaiz Aslam. As per last available audited accounts for the year ended August 31, 1999, of the company the break-up value per share including surplus on revaluation of fixed assets is Rs. 31.44. The break-up value per share excluding surplus on revaluation of fixed assets is Rs. 3.82/-.

17 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Current portion of long term deposits	181,350	199,100
Current portion of prepaid office rent	--	300,000
Prepayments and advances	255,073	166,658
Accrued income	954,919	3,835,452
Advance income tax paid net of provision for taxation	273,646	76,877

Other advances and receivables	472,049	1,050,532
Other charges recoverable from lessees	518,982	337,816
Late payment charges receivable	650,000	1,663,736
	-----	-----
	3,306,019	7,630,171
	=====	=====

18. CASH AND BANK BALANCES

Cash in hand	2,182	1,704
Balance with State Bank of Pakistan	300,000	300,000
Balance with banks / DFIs		
on current accounts	8,501,217	650,081
on deposit accounts	18.1 9,703,742	9,761,457
Certificates of deposit with	18.2	
an investment bank	3,440,000	14,400,000
	-----	-----
	52,907,141	25,113,242
	=====	=====

18.1 This includes an amount of Rs. 9,586,680 deposited with an associated investment Bank

18.2 This represents amount deposited with an associated investment bank.

18.3 Because of the adverse financial position of this associated investment bank, the recovery of the aforementioned deposits of Rs. 43,986,680 are dependent on the improvement in the financial position of this bank. Management is confident that in view of expected injection of equity funds, this amount will be recovered in the ensuing period. However, such deposits have been classified as "Other Assets Especially Mentioned". Consequently mark-up thereon for the year has been suspended and the mark-up recognized last year has been reversed.

19. INCOME FROM LEASING OPERATIONS

Return on lease contracts	17,893,562	27,829,942
Commitment and other fees	9,691,229	62,928
Late payment charges	6,158,821	2,813,484
	-----	-----
	33,741,286	30,713,354
	=====	=====

20. RETURN AND FINANCIAL CHARGES

Mark-up on long-term finance	13,985,328	14,024,844
Mark- up on short term finance	1,657,310	861,801
Musharika profit on long-term funds	3,270,426	3,403,110
Charges oh obligation under finance lease	270,571	384,905
Return on Certificates of Investment	759,054	1,455,750
Excise duty and other financial charges	97,302	158,870
	-----	-----
	20,040,171	20,289,280
	=====	=====

21. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and benefits	4,311,427	4,105,662
Rent	300,000	600,000
Telephone, electricity and utilities	849,312	989,216
Printing and Stationery	140,928	139,002
Insurance	278,372	324,762
Travelling and conveyance	486,449	591,695
Vehicle running expenses	827,199	717,199
Office maintenance	137,046	99,556
Legal and professional charges	615,681	397,309
Depreciation on fixed assets	1,002,520	1,481,451
Other operating expenses	644,971	660,670
	-----	-----
	9,593,725	10,106,522
	=====	=====

21.1 Legal and professional charges includes auditors' remuneration and expenses as follows:

Audit fee	50,000	50,000
Other advisory services	40,000	60,000

Tax services	75,000	135,457
Out-of-pocket expenses	10,000	10,000
	-----	-----
	175,000	255,457
	=====	=====

22. TAXATION

Current- for the year	400,000	300,000
Deferred	5,452,475	--
	-----	-----
	5,852,475	300,000
	=====	=====

22.1 Current

The assessments of all the years upto including assessment year 1999-2000 have been finalized by the income Tax authorities. The Company has filed appeals against all the orders passed by the Deputy Commission Income Tax in respect of certain disallowances. The appeals have been heard but the decisions are awaited.

22.2 Deferred

As per International Accounting Standard (IAS) 12 "Accounting for taxes on income (revised)", full liability against deferred tax should be provided in the year to which it relates. The Securities & Exchange Commission of Pakistan vide circular No. 16 dated September 9, 1999 has directed that in order to achieve compliance with the revised IAS 12, all leasing companies, during each of the live financial years beginning July 01, 1998 and ending June 30, 2003 shall provide deferred tax liability arising in that year together with a further amount equal to one fifth of the unprovided deferred tax liability as at the beginning of the financial year ending June 30, 1999. Accordingly the current year's charge for deferred taxation amounts to Rs. 1,504,467 and the apportionment of the liability at beginning of 30 June 1999 amounts to Rs. 3,948,008. After recognizing the current year's charge and apportionment of tax liability at the beginning of June 30, 1999, the unprovided liability amounts to Rs. 10,875,253.

23. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The remuneration of Chief Executive and whole time working Directors and Executives charged in these accounts is as follows:

	2000			1999		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
	Rupees			Rupees		
Managerial remuneration	252,903	483,870	1,173,648	580,644	--	865,110
Housing and utilities	139,097	266,130	217,440	319,356	--	475,807
Reimbursement of medical expenses	35,000	127,941	136,095	43,015	55,442	130,699
	-----	-----	-----	-----	-----	-----
	427,000	877,941	1,527,183	943,015	55,442	1,471,616
	=====	=====	=====	=====	=====	=====
Number of persons	1	2	2	1	2	2
	=====	=====	=====	=====	=====	=====

The Chief Executive, Directors and Executives are also provided with free use of company maintained cars.

	2000	1999
	Rupees	Rupees
24. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS OTHER THAN THOSE STATED HEREINABOVE		
Rent for office premises charged by National Industrial Management Limited	--	600,000
Placement of deposit (net) increase Asset Investment Bank Limited	14,900,000	20,000,000
Profit on deposit from Asset Investment Bank Limited transferred to suspense account	6,903,897	2,586,391

25. Aggregate investment in associated undertakings

Investment in shares		
Industrial Capital Modaraba		5,742,575
National Industrial Management Limited		2,500,000
Assets Investment Bank Limited		9,949,500
Carvan East Fabrics Limited	25.1	6,500,000

Investment in Certificates of Deposits

Asset Investment Bank Limited		43,936,680
-------------------------------	--	------------

Investment in leasing finance

Carvan East Fabrics Limited	25.1	17,163,675
-----------------------------	------	------------

85,792,430
=====

25.1 During the year, in view of the continuing default by the Carvan East Fabrics Limited, the company took over its management and nominated its directors on the investee company's board. Consequently, it has become an associated company

26. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

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

Company follows two types of guidelines. Internally, the management credit risk through review and assessment of the clients exposure and credit worthiness. Externally, it adheres to the NBFBI Rules. The management classifies a particular lease on the basis of NBFBI Rules and also assesses them on the basis of internal policies.

Details of the industry anti sector analysis of lease portfolio is given below:--

	2000	%	1999	%
	Rupees		Rupees	
Textile Composit	77,769	0.05	47,454,372	22.49
Sugar & Allied	--	--	5,000,000	2.37
Cement	6,760,035	4.20	14,752,744	6.99
Textile Spinning	96,684,514	60.00	78,851,272	37.37
Leather & Footwear	--	--	16,916,464	8.02
Chemical & Pharmaceuticals	49,678,502	30.83	31,007,306	14.70
Bank & Financial Institutions	--	--	1,999,000	0.95
Others	7,941,473	4.93	15,002,742	7.11
	-----	-----	-----	-----
	161,142,293	100.00	210,983,900	100.00
	=====	=====	=====	=====

In addition, the company has made certain investments in the shares and Government Securities. For details refer note 14 to these accounts.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below sets out the estimated fair values of financial instruments with their respective book values as of June 30, 2000. The fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between the book value and the fair value estimates.

	Book value	Fair value	Book value Over fair value
	Rupees		
Long-term equity investments	25,916,541	14,974,344	10,942,197

The fair value of long-term quoted equity investments is based on quoted market prices while unquoted equity investments is based on break-up values.

Management intends to hold these investments for a long time period and considers the decline in market value is temporary therefore no additional provision is considered necessary.

The estimated fair value of all other balance sheet financial instruments are not considered significantly different

from their book values.

28. INTEREST RATE RISK MANAGEMENT

(a) The company manages this risk by matching the repricing of their assets and liabilities. The company's interest rate sensitivity position, based on the earlier of contractual repricing or dates, is as follows:--

	2000				
	<i>Less than one year</i>	<i>More than one year and less than five years</i>	<i>More than five years</i>	<i>Not exposed to IRR</i>	<i>Total</i>
ASSETS					
Tangible Fixed Assets	--	--	--	4,029,717	4,029,717
Net Investment in leases	23,231,518	53,788,237	--	66,768,496	143,788,251
Long-term investments	--	500,000	--	25,916,541	26,416,541
Short-term investments	1,450,000	--	--	--	1,450,000
Long-term loans & deposit	--	--	--	39,300	39,300
Advance, deposits and prepaymen	--	--	--	3,306,019	3,306,019
Cash and bank balance	52,604,959	--	--	302,182	52,907,141
A	77,286,477	54,288,237	--	100,362,255	231,936,969
SHARE CAPITAL AND RESERV					
	--	--	--	79,839,799	79,839,799
LIABILITIES					
Redeemable Capital	44,284,971	1,500,003	--	--	45,784,974
Long-term loans	34,330,204	6,666,664	--	--	40,996,868
Certificate of Investments	--	2,500,000	--	--	2,500,000
Liabilities against assets subject to finance lease	724,909	320,758	--	--	1,045,667
Lease key money	--	--	--	11,642,957	11,642,957
Short-term finance	1,165,651	--	--	--	1,165,651
Creditors accrued & other liabilities	--	--	--	48,961,053	48,961,053
B	80,505,735	10,987,425	--	140,443,809	231,936,969
IRR SENSIVITY GAP (A-B)	(3,219,258)	43,300,812	--	(40,081,554)	
CUMULATIVE IRR SENSITIVITY	(3,219,258)	40,081,554	40,081,554	40,081,554	

	1999				
	<i>Less than one year</i>	<i>More than one year and less than five years</i>	<i>More than five years</i>	<i>not exposed to IRR</i>	<i>Total</i>
ASSETS					
Tangible Fixed Assets	--	--	--	5,375,228	5,375,228
Net Investment in leases	49,050,645	88,607,531	--	55,092,581	192,750,757
Long-term investments	--	4,500,000	--	28,831,048	33,331,048
Short-term investments	3,500,000	--	--	--	3,500,000
Long-term loans & deposit	--	--	--	220,650	220,650
Advance, deposits and prepaymen	--	--	--	7,630,170	7,630,170
Cash and bank balance	24,811,538	--	--	301,704	25,113,242
A	77,362,183	93,107,531	--	97,451,381	267,921,095
SHARE CAPITAL AND RESERV					
	--	--	--	101,775,479	101,775,479
LIABILITIES					
Redeemable Capital	29,925,882	16,859,092	--	--	46,784,974
Long-term loans	29,163,536	13,333,332	--	--	42,496,868
Certificate of Investments	6,400,000	200,000	--	--	6,600,000
Liabilities against assets subject to finance lease	907,226	1,045,704	--	--	1,952,930

Lease key money	--	--	--	15,786,436	15,786,436
Short-term finance	19,012,379	--	--	--	19,012,379
Creditors accrued & other liabilities	--	--	--	33,512,029	33,512,029
B	85,409,023	31,438,128	--	151,073,944	267,921,095
IRR SENSIVITY GAP (A-B)	(8,046,840)	61,669,403	--	(53,622,563)	
CUMULATIVE IRR SENSITIVITY	(8,046,840)	53,622,563	53,622,563	53,622,563	

The effected interest rate for each of the monetary financial instruments is as follows:

	<i>Effective interest rate 2000 %</i>	<i>Effective interest rate 1999 %</i>
Net investment in lease finance (net of provisions)	18.72	16.12
Long term investments (excluding shares)	15	15
Cash and bank balances	17	19
Redeemable capital	19.75	19.75
Long term finance	17.58	17.58
Obligations under finance lease	19	21
Certificate of investment	16.45	16.45
Short term finances	20	20.62

29. BASIC (LOSS) / EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the net profit after tax for the year by the number of notes outstanding during the year as follows:

	<i>2000 Rupees</i>	<i>1999 Rupees</i>
(Loss)/after tax for the year	(27,388,155)	(13,526,237)
___ average number of shares Outstanding during the year	9,536,800	9,536,800
Basic/(loss) per share	(2.87)	(1.42)

30. NUMBER OF EMPLOYEES

A number of full time employees as at the year end are 15.

31. GENERAL

All figures have been rounded off to the nearest rupee

Previous year's figures have been re-arranged

SHAMIM I. JUNEJO
Chairman

Rana M. Abu Obaida
Managing Director

PATTERN OF SHARE HOLDINGS AS AT JUNE 30, 2000

<i>Number of Share Holders</i>	<i>Share Holdings</i>		<i>Total Share Held</i>	
52	1	--	100	5,200
219	101	--	500	90,600
171	501	--	1000	163,400
164	1001	--	5000	458,300
31	5001	--	10000	241,100
9	10001	--	15000	116,400
10	15001	--	20000	196,000
4	20001	--	25000	90,300
3	25001	--	30000	84,600
4	30001	--	35000	123,200
2	35001	--	40000	79,900
3	40001	--	45000	125,200

1	45001	--	50000	50,000
2	55001	--	60000	118,700
1	80001	--	85000	81,100
1	85001	--	90000	89,500
1	95001	--	100000	100,000
1	155001	--	160000	160,000
1	175001	--	180000	178,000
1	190001	--	195000	191,600
2	195001	--	200000	399,600
1	200001	--	205000	201,400
1	215001	--	220000	220,000
1	230001	--	235000	234,400
2	255001	--	260000	516,500
3	345001	--	350000	1,045,300
1	360001	--	365000	361,500
1	395001	--	400000	400,000
1	795001	--	800000	800,000
1	805001	--	810000	810,000
1	850001	--	855000	855,000
1	945001	--	950000	950,000
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697				9,536,800
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<i>Categories of Shareholders</i>	<i>Member of Shareholders</i>	<i>Shares Held</i>	<i>Percentage</i>
1. Individuals	665	4,872,400	51.091
2. Investment Companies	7	1,108,100	11.619
3. Joint Stock Companies	15	1,676,400	17.578
4. Financial Institutions	3	1,013,400	10.626
5. Modaraba	6	866,400	9.085
6. Others	1	100	1.001

Total	697	9,536,800	100.000
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