

Sigma Leasing Corporation Limited

Annual Report 2001

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Asif Ali Rashid	Chairman
Mr. Ariff Ali Rashid	Vice Chairman
Mr. Muhammad Nasim Khan	Chief Executive & Managing Director
Mr. Arfan Ali Rashid	Director
Mr. Iskander Sultan Khwaja	Director
Mr. Ruhail Mohammed	Director
Mr. Shahzad Ali Rashid	Director
Mr. Sirajuddin Cassim	Director
Mr. S. Arshad A. Kazmi	Director

COMPANY SECRETARY

Mr. Arfan Ali Rashid

AUDITORS

Taseer Hadi Khalid & Co. (Member firm of KPMG International)
Chartered Accountants

LEGAL ADVISOR

Mohsin Tayebaly & Co.

BANKERS

Askari Commercial Bank Limited
Allied Bank of Pakistan Limited
Metropolitan Bank Limited
ORIX Investment Bank Pakistan Limited
National Bank of Pakistan
Emirates Bank International

REGISTERED OFFICE & HEAD OFFICE

Sigma House

8-C, Block-6, PECHS,
Off : Shahrah-e-Faisal,
Karachi-75400, Pakistan
Tel: (021) 4557233-4, 4544850-1
Fax: (021) 4544439
Email: sigma@khi.comsats.net.pk
Website: www.sigma-leasing.com

LIAISON OFFICES

Lahore: Rex Market, 6-Allama Iqbal Road,
Tel.: (042) 6306798, 6365975 Fax: (042) 6365343

Faisalabad: P-178/B, Model Town-B, Jail Road,
Tel.: (042) 636830-31 Fax: (041) 644961

Sialkot: Uggoki Road, Near Zohra Hospital Chowk, Shabpura,
Tel.: (0432) 552919, 554429 Fax: (0432) 552919

SHARE DEPARTMENT

Sigma House
8-C, Block-6, PECHS,
Off. Shahrah-e-Faisal, Karachi.

REGISTRAR FOR TFCs

Noble Computer Services (Pvt.) Ltd.
14-Banglore Town Housing Society, Shahrah-e-Faisal,
Karachi.

BOARD OF DIRECTORS

Asif Ali Rashid
Chairman

Ariff Ali Rashid
Vice Chairman

Muhammad Nasim Khan
C.E.O. & Managing Director

Arfan Ali Rashid
Director

Iskander Sultan Khwaja
Director

Shahzad Ali Rashid
Director

Ruhail Mohammed
Director

Sirajuddin Cassim
Director

S. Arshad A. Kazmi
Director

DIRECTORS' REPORT

On behalf of the Board of Directors, I take pleasure in presenting the 5th Annual Report together with the audited financial statements for the year ending 30 June 2001.

2001

FINANCIAL HIGHLIGHTS

Profit before taxation	12,318,112
Provision for taxation	1,305,983

Net Profit after taxation	11,012,129
Unappropriated Profit brought forward	156,205

11,168,334

APPROPRIATIONS:

Transfer to Statutory Reserve	(2,202,426)
Capital Reserve for Deferred Tax	(5,268,576)
Proposed Dividend	(3,500,000)

(10,971,002)

Unappropriated Profit carried forward	197,332
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DIVIDEND

The Directors recommend a cash dividend of Rs. 0.35 per share i.e. 3.5% for the year ended 30 June 2001.

REVIEW OF OPERATIONS

I am pleased to report that even with the adverse investment climate, Alhamdulillah your company has fared well. We are of the firm opinion that if the company is conservatively managed, which it would, Insha Allah, it would emerge even stronger.

Overall economic activities in the country, especially the aspect of industrialization, have continued to deteriorate, primarily due to the global economic slowdown and declining investor's confidence. International investors are not keen to look at higher risk economies, which has also impacted local investors' confidence in these countries and Pakistan is no exception.

Leasing sector in Pakistan is still the primary source of medium term funding to the industrial sector of the country and there is intense competition between leasing companies and modarabas for leasing business.

The management believes that this changing scenario for the leasing companies would not impact the overall quality of conservatively managed leasing companies who would spread risk with even greater diversification.

For funds mobilization the TFC which has become a popular instrument has already attracted competition within TFC market. The upside of the improvement in the TFC market is that it would provide good opportunity to well managed leasing companies to match their cash flow.

INTEREST RATE SCENARIO

Substantial fall in the lease-rates was balanced to a certain extent by the decrease in the borrowing rates, as financial institutions with sufficient liquidity continued to increase their reliance on well-managed leasing companies. However, the gap between borrowing and lease-rates has continued to shrink, requiring the leasing companies to expand their operations for earning the desired return on investment. Your company's management believes that the gap between borrowing and lease-rates will stabilize in the current year.

FUNDING POSITION

During year July 2000 to June 2001, your company redeemed 10% of the Rs.110m TFCs that were floated in January 2000. Another 10% has been redeemed in July, 2001.

The management has arranged three years loan and running finance facilities at reasonable mark-up rates and has also maintained unutilized Credit Lines during the period under review which speaks of the high confidence which your company enjoys in the financial sector.

The management has also mobilized deposits of over Rs.41 million under certificates of Investment.

CERTIFICATE OF INVESTMENTS

Your company is now an approved Leasing Company by Securities and Exchange Commission of Pakistan to accept investment in Certificates of Investment. The current expected rates of profit on the COIs are quite attractive for the investors ranging from 13% to 15% p.a.

LEASE PORTFOLIO & DISBURSEMENTS

Your company's Net Investment in Leases has increased by about 30%.

Once again, your company has exercised utmost care in analyzing the overall risk of clients before disbursements, in order to keep the overall quality of portfolio at the highest level. You will appreciate that a very high quality portfolio, will be expected to yield a modest, yet assured Return on Investment.

The quality of any lease portfolio can be measured by its over-dues position on which account your company's lease portfolio is **amongst the lowest in the entire leasing sector**. By the grace of God Almighty the company has achieved 99.99% recovery with 0.01% overdue and no rescheduling in the year under review.

The lease portfolio of the company remained well diversified with investment in almost all the major sectors of the economy including textile (spinning, weaving, apparel), cement, synthetic, health care, pharmaceutical, sugar, food & allied, information technology, education and services sector.

PROFITABILITY

The reduced Return on Equity for the period July 2000 to June 2001, as compared to last year, was largely due to the fact that sound leasing opportunities, were not available for most part of the year. It was only in the last two quarters that opportunities came and your company took advantage of these opportunities.

CREDIT RATING

JCR-VIS Credit Rating Company has revised upwards the company's outlook to **'Positive'** and again certified the risk-management efforts of the company through its **medium to long term entity rating of BBB(Triple B)**, and **short term entity rating of A-2 (A Two)**. The TFCs of the company carry an **instrument rating of A- (A minus)**. The upgrade in outlook reflects the ability of the management to improve SLCL's financial performance in adverse economic conditions while maintaining quality of assets intact.

FUTURE OUTLOOK & STRATEGY

Your company's management believes that industry would continue to increase reliance on lease financing for asset acquisition. Their perception is, and very rightly so, that lease finance is the most easily available option specially due to substantial reduction in availability of industrial finance by DFIs.

Your company is very well positioned now to reap maximum advantage from the growing leasing business in the country, as the entire management efforts would be directed towards marketing rather than collection of stale over-dues from lease customers.

On the liability side, the cash flow matching would increasingly bring advantages to leasing companies. Your company will strategically focus on increasing the overall liability duration to make maximum use of the lower interest rates regime in the country.

Towards this goal, your company intends to shortly offer another Rs.250m TFC in the market at reduced rates Insha Allah, to finance the projected leases. The company would also offer Right Shares to the existing shareholders to increase its capital and hence improve the earning capacity.

For the year 2001-2002, your company is targeting to increase its balance sheet size by 25% in lease portfolio and other earning assets.

A high level of marketing effort, directed towards quality customer plus improved cash flow matching would Insha Allah yield better profitability in times to come.

PAID UP CAPITAL

Alhamdulillah, your company has received SECP approval to issue right shares to raise paid up capital to Rs. 200 million, at 30% discount in two trenches. First trench of five million ordinary shares is underway through M/s Taseer Hadi Khalid & Co. to bring in the funds at the earliest.

DIRECTORS

Mr. Ebrahim Qassim has retired due to his preoccupation in his other companies while Mr. Haider Ali has left us for his eternal abode on 24th February 2001. The contributions of both the directions are duly recognized and appreciated.

Mr. Sirajuddin Cassim and Mr. S. Arshad A. Kazmi has joined the Board of Directors against these vacancies.

AUDITORS

The auditors Messrs Taseer Hadi Khalid & Co, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

The pattern of shareholdings as at 30 June 2001 is annexed on page 29 of this report.

ACKNOWLEDGEMENTS

The directors are pleased to put on record their gratitude to the company's discerning clients, hardworking employees, capable senior management, supportive SECP and SBP, cooperative bankers, TFC investors, COIs investors and shareholders. The entire success of the company is owed to you all.

Karachi: 14 November 2001

Asif Ali Rashid
Chairman

NOTICE OF 5th ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Sigma Leasing Corporation Limited will be held on Thursday 13 December 2001 at 11.30 a.m. at its registered office at Sigma House, 8-C, Block 6, PECHS, Off: Shahrah-e-Faisal, Karachi, to transact the following business:

1. To confirm the minutes of the Extra Ordinary General Meeting of the company held on 27 October 2001.
2. To receive, consider and adopt the Audited Accounts together with the Directors, and Auditors' Report for the year ended 30 June 2001.
3. To approve as recommended by the Directors, the payment of Cash Dividend @ 3.5% i.e. Rs. 0.35 per share for the year ended 30 June 2001.
4. To appoint Auditors and fix their remuneration. The present auditors M/s Taseer Hadi Khalid & Co., Chartered Accountants retire and being eligible offer themselves for reappointment.
5. To transact any other business with the permission of the Chair.

By Order of the Board

Arfan Ali Rashid
Company Secretary

Karachi: 21 November 2001

Notes:

1. The share transfer books of the company will remain closed from 06 December 2001 to 13 December 2001 (both days inclusive).
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint another member as proxy to attend, speak and vote for him/her.
3. An instrument of proxy and the power of attorney or other authority (if any) under which it signed or a notary certified copy of such power of authority, in order to be valid, must be deposited at the registered office of the company not less than 48 hours before the time of the meeting.
4. Members are requested to notify any change in their address immediately.

Auditors' Report To The Members

We have audited the annexed balance sheet of **Sigma Leasing Corporation Limited** as at 30 June 2001 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied; except for the change as stated in note 2.3 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 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Karachi:
Date: 14 November 2001

Taseer Hadi Khalid & Co.
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE 2001

	<i>Note</i>	<i>2001</i>	<i>2000</i>
CAPITAL AND RESERVES			
Authorised Capital 30,000,000 ordinary shares of Rs. 10 each		300,000,000	300,000,000
		=====	=====
Issued, subscribed and paid up capital	3	100,000,000	100,000,000
Statutory reserve	4	14,489,361	12,286,935
Capital reserve for deferred tax	5	14,260,110	8,991,534
Unappropriated profit		197,332	156,205
		128,946,803	121,434,674
SURPLUS ON REVALUATION	6	18,636,046	--
REDEEMABLE CAPITAL	7	76,233,601	97,305,531
LONG TERM LOANS - Secured	8	26,666,668	--
LIABILITIES AGAINST ASSETS			
SUBJECT TO FINANCE LEASE	9	1,345,310	1,037,682
CERTIFICATE OF INVESTMENTS			
LONG TERM DEPOSITS	10	750,000	--
	11	49,299,652	35,134,176
CURRENT LIABILITIES			
Current portion of long term liabilities	12	83,170,224	25,685,951
Short term loan		--	20,000,000
Accrued expenses and other liabilities	13	11,668,121	10,183,490
Provision for taxation		1,278,177	876,017
Proposed dividend		3,500,000	20,000,000
		99,616,522	76,745,458
Commitments	14		
	Rupees	401,494,602	331,657,521
		=====	=====
TANGIBLE FIXED ASSETS	15	36,506,570	17,845,940
NET INVESTMENT IN LEASE FINANCE	16	182,141,730	102,204,231
LONG TERM INVESTMENTS	17	21,961,800	26,318,425
LONG TERM DEPOSITS	18	1,213,900	1,105,900

CURRENT ASSETS
Current portion of net investment in

lease finance	16	121,564,790	132,707,763
Current portion of long term deposits		--	76,932
Current maturity of long term investments	17	1,088,500	--
Short term loan		--	2,862,000
Advances, prepayments and other receivables	19	16,092,564	16,795,000
Placements with other NBFIs		--	8,500,000
Cash and bank balances	20	20,924,748	23,241,330
		-----	-----
		159,670,602	184,183,025
		-----	-----
Rupees		401,494,602	331,657,521
		=====	=====

These accounts should be read in conjunction with the annexed notes.

Asif Ali Rashid
Chairman

Muhammad Nasim Khan
Chief Executive

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2001

	<i>Note</i>	<i>2001</i>	<i>2000</i>
INCOME			
Lease income	21	44,144,458	40,241,220
Mark-up on deposits/placements/musharika arrangements etc.	22	2,113,479	1,023,700
(Loss)/gain on sale of investments		(2,950,772)	2,100,582
Others	23	5,882,945	5,733,520
		-----	-----
		49,190,110	49,099,022
EXPENSES			
Administrative and operating expenses	24	10,436,036	8,665,912
Financial charges	25	26,361,168	20,071,313
Provision for potential lease losses		74,794	--
Reversal of provision for decline other than temporary in value of long term investments		--	(4,287,435)
		-----	-----
		36,871,998	24,449,790
PROFIT BEFORE TAXATION			
		-----	-----
		12,318,112	24,649,232
Provision for taxation			
- Current year	26	1,278,177	647,827
- Prior year		27,806	(265,650)
		-----	-----
		1,305,983	382,177
PROFIT FOR THE YEAR			
		-----	-----
Unappropriated profit brought forward		11,012,129	24,267,055
		-----	-----
		156,205	9,734,095
		-----	-----
		11,168,334	34,001,150
APPROPRIATIONS			
Transfer to statutory reserve		(2,202,426)	(4,853,411)
Transfer to capital reserve for deferred tax		(5,268,576)	(8,991,534)
Proposed dividend @ 3.5% (2000: 20%)		(3,500,000)	20,000,000
		-----	-----
		(10,971,002)	33,844,945
UNAPPROPRIATED PROFIT CARRIED			
		-----	-----

FORWARD	Rupees	197,332	156,205
		=====	=====
EARNINGS PER SHARE - basic and diluted	31	1.10	2.42
		=====	=====

These accounts should be read in conjunction with the annexed notes.

Asif Ali Rashid
Chairman

Muhammad Nasim Khan
Chief Executive

CASH FLOW STATEMENT

For the year ended 30 June 2001

	<i>2001</i>	<i>2000</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,318,112	24,649,232
Adjustments for:		
Depreciation	1,835,961	1,706,067
Reversal of provision for decline other than temporary in value of long term investments	--	(4,287,435)
Financial charges	26,361,168	20,071,313
(Gain)/loss on sale of fixed assets	(162,289)	218,036
Potential lease losses	74,794	--
Loss/(gain) on sale of investments	2,950,772	(2,100,582)
	-----	-----
	43,378,518	40,256,631
Changes in operating assets/liabilities		
Net investment in lease finance	(68,869,320)	(31,100,606)
Advances, prepayments and other receivables	3,239,210	(16,587,814)
Placements with other NBFIs	8,500,000	1,500,000
Short term loan	(20,000,000)	(5,000,000)
Accrued expenses and other liabilities	928,757	(804,180)
	-----	-----
	(76,201,353)	(51,992,600)
Cash used in operations	(32,822,835)	(11,735,969)
Financial charges paid	(24,877,224)	(11,740,282)
Taxes paid	(578,597)	(258,531)
	-----	-----
	(25,455,821)	(11,998,813)
Net cash flows from operating activities	(58,278,656)	(23,734,782)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,181,256)	(1,635,048)
Purchase of investments	(363,273,203)	(2,147,078,874)
Sale proceeds of investments	363,590,556	2,131,374,720
Sale proceeds of disposals of fixed assets	563,000	599,300
Long term deposits	(31,068)	(137,294)
Lease key money deposits	14,461,617	9,416,167
Other long term deposits	(40,000)	300,699
	-----	-----
	14,089,646	(7,160,330)
Net cash flows from investing activities	(44,189,010)	(30,895,112)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of term finance certificates - net	--	107,843,638
Redemption of the term finance certificates	(11,000,000)	--

Certificate of Investments	41,075,000	--
Long term loans	32,699,182	(34,547,344)
Dividend paid	(20,000,000)	(20,000,000)
Payment of lease rentals	(901,754)	(1,673,241)
	-----	-----
Net cash flows from financing activities	41,872,428	51,623,053
	-----	-----
(Decrease)/Increase in cash and bank balances	(2,316,582)	20,727,941
Cash and bank balances at beginning of the year	23,241,330	2,513,389
	-----	-----
Cash and bank balances at end of the year	20,924,748	23,241,330
	=====	=====

These accounts should be read in conjunction with the annexed notes.

Asif Ali Rashid
Chairman

Muhammad Nasim Khan
Chief Executive

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2001

	<i>Share Capital</i>	<i>Statutory Reserve</i>	<i>Capital Reserve for Deferred Tax</i>	<i>Unappropriated Profit</i>	<i>Total</i>
Balance as at 30 June 1999	100,000,000	7,433,524	--	9,734,095	117,167,619
Profit for the year	--	--	--	24,267,055	24,267,055
Transferred during the year	--	4,853,411	8,991,534	(13,844,945)	--
Proposed Dividend	--	--	--	(20,000,000)	(20,000,000)
	-----	-----	-----	-----	-----
Balance as at 30 June 2000	100,000,000	12,286,935	8,991,534	156,205	121,434,674
Profit for the year	--	--	--	11,012,129	11,012,129
Transferred during the year	--	2,202,426	5,268,576	(7,471,002)	--
Proposed Dividend	--	--	--	(3,500,000)	(3,500,000)
	-----	-----	-----	-----	-----
Balance as at 30 June 2001	100,000,000	14,489,361	14,260,110	197,332	128,946,803
	=====	=====	=====	=====	=====

These accounts should be read in conjunction with the annexed notes.

Asif Ali Rashid
Chairman

Muhammad Nasim Khan
Chief Executive

NOTES TO THE ACCOUNTS

For the year ended 30 June 2001

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on 11 April 1996 as a public limited company and received Certificate of Commencement of Business on 27 January 1997. The company is principally engaged in the business of leasing and was listed on the Karachi Stock Exchange on 7 January 1997.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

2.2 Statement of Compliance

These financial statements have been prepared in accordance with the accounting standards issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standing Interpretations Committee of the IASC, as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Leasing Companies (Establishment and Regulation) Rules, 2000.

2.3 Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation except lease hold land and building, which are stated at revalued amount. The revaluation of fixed assets is carried out every five years. Up to 30 June 2001, land and buildings were carried at cost.

Depreciation on fixed assets is charged on written down values at the rates given in note 15 to the accounts.

A full year's depreciation is charged on all fixed assets capitalized during the year while no depreciation is charged in the year fixed assets are disposed off or scrapped.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred. Major renewals and maintenance are capitalised as and when incurred.

Gains and losses on disposal of assets, if any, are taken to profit and loss account.

2.4 Assets Subject to Finance Lease

Assets subject to finance lease are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired. The related obligations under the lease are accounted for as liabilities. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on written down values at the rates given in note 15 to the accounts.

2.5 Investments

Long term

Investments in equity securities are stated at cost net of provision made for decline other than temporary in value of investments, if any. Investment in debt securities, which are held with the intention of holding them to maturity, are stated at cost and the difference between the face value and purchase cost is amortised on the basis of effective yield on investments.

Short term

Short-term investments are valued at lower of cost and market value determined on an aggregate portfolio basis. Cost is determined on moving average basis and the market values are taken from closing rates of the Karachi Stock Exchange (Guarantee) Limited on the last working day of the income year.

2.6 Revenue Recognition

Lease income

The financing method is used in accounting for income on direct financing leases. Under this method the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over the net investment (cost of leased assets) is amortized to income over the term of the lease, so as to produce a constant periodic rate of return on net investment outstanding in the leases.

Fee and commissions are recognised as income when realised.

Investment income

Return on investment is recognized at the rates specified in the respective investment schemes on time proportion basis.

Dividend income

Dividend income is recorded at the time of closure of share transfer books of the company declaring the dividend.

Gain on sale of marketable securities

Gain and loss on sale of marketable securities is taken to income in the period in which it arises.

2.7 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account available tax credits and rebates. Income for the purposes of computing current taxation is determined under the provisions of the tax laws whereby lease rentals received or receivable are deemed to be income.

Deferred

The Company accounts for deferred taxation using the liability method on all significant timing differences. Deferred tax is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future. However, deferred tax debits are not accounted for.

2.8 Staff retirement benefits

The Company operates an approved provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the company and its employees, to the fund at the rate of 8.33 per cent of basic salary.

2.9 Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

		<i>2001</i>	<i>2000</i>
10,000,000 (2000: 10,000,000) ordinary shares of Rs. 10/- each fully paid in cash	Rupees	100,000,000	100,000,000
		=====	=====

4. STATUTORY RESERVE

In accordance with the State Bank of Pakistan regulations for Non Banking Financial Institutions, the company is required to transfer 20 percent of its after tax profits to statutory reserve until the reserve equals its paid up capital. Thereafter 5 percent of after tax profits are required to be transferred to reserve.

5. CAPITAL RESERVE FOR DEFERRED TAX

The capital reserve is not available for utilisation for any purpose other than to provide for deferred tax liability (See Note 26).

6. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book value produced by revaluation of certain fixed assets referred to in note 15.1 and 15.2.

7. REDEEMABLE CAPITAL

Principal raised	7.1	110,000,000	110,000,000
Redeemed upto 30 June		11,000,000	--
		-----	-----
Initial transaction costs incurred		99,000,000 (2,156,362)	110,000,000 (2,156,362)
		-----	-----
Current maturity		96,843,638 (22,000,000)	107,843,638 (11,000,000)
Amortisation of transaction costs		1,389,963	461,893
		-----	-----
	Rupees	76,233,601	97,305,531
		=====	=====

7.1 The Term Finance Certificates (TFCs) were issued in January 2000 to raise funds for leasing operations. The TFCs are redeemable in 6 semi annual installments commencing from July 2000 and carry profit at the rate of 17 percent per annum payable semi annually. The TFCs are secured by hypothecation of present and future movable assets and receivables of the company.

8. LONG TERM LOANS - Secured

From commercial/investment banks

Finance A		--	7,300,818
Finance B	8.1	40,000,000	--
		-----	-----
		40,000,000	7,300,818
Maturing within one year		(13,333,332)	(7,300,818)
		-----	-----
	Rupees	26,666,668	--
		=====	=====

8.1 This represents loan facility availed from a Commercial Bank and carries floating rate of interest which is discount rate plus 2.5% with a floor of 15.5% and cap of 17% per annum. The loan is payable in 12 equal quarterly installments of Rs. 3,333,333 each. The loan facility is secured by pari passu hypothecation charge over leased assets and rentals receivable by the company.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2001	2000
Balance at beginning of the year	1,763,977	1,773,218
Assets acquired during the year	1,080,000	1,664,000
	-----	-----
	2,843,977	3,437,218
Payments made during the year	901,754	1,673,241
	-----	-----
	1,942,223	1,763,977
Maturing within one year	(596,913)	(726,295)
	-----	-----
	Rupees	1,345,310
	=====	=====

9.1 This represents vehicles acquired under four different finance lease arrangements from leasing companies. Rentals are payable in equal monthly installments. Repairs and insurance costs are to be borne by lessee. Financing rates ranging from 16.52 percent to 18.5 percent have been used as discounting factor. Purchase option can be exercised by the lessee by adjusting security deposit at the expiry of lease period.

Future minimum lease payments including residual value are as detailed below:

Year ending 30 June 2001	--	900,584
Year ending 30 June 2002	803,592	393,420
Year ending 30 June 2003	1,179,842	769,670
Year ending 30 June 2004	265,914	--
	-----	-----
	2,249,348	2,063,674
Finance charges allocated to future periods	(307,125)	(299,697)
	-----	-----
	Rupees	1,942,223
	=====	=====
Certificate of Investments	41,075,000	--

Maturing within one year		(40,325,000)	--
	Rupees	750,000	--

These represents mobilization of funds on profit and loss sharing basis under the scheme of certificate of investments introduced with the permission of Securities and Exchange Commission of Pakistan. The certificates are for terms ranging from three months to five years and carry mark-up ranging from 13.5% to 16% per annum.

11. LONG TERM DEPOSITS

From customers - Lease key money deposits	11.1	55,654,631	41,193,014
From employees		395,000	435,000
From others		165,000	165,000
		56,214,631	41,793,014
Maturing within one year		(6,914,979)	(6,658,838)
	Rupees	49,299,652	35,134,176

11.1 This represent sums received from lessees under lease contracts and are repayable/adjustable at the expiry of lease period.

12. CURRENT PORTION OF THE LONG TERM LIABILITIES

Redeemable capital	7	22,000,000	11,000,000
Long term loans	8	13,333,332	7,300,818
Liabilities against assets subject to finance lease	9	596,913	726,295
Certificate of investments	10	40,325,000	--
Long term deposits	11	6,914,979	6,658,838
	Rupees	83,170,224	25,685,951

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued mark-up on finance lease		14,257	11,006
Accrued mark-up on term and running finance facilities		950,472	618,083
Accrued expenses		160,917	97,413
Advances from customers		825,247	834,564
Accrued mark-up on redeemable capital		7,624,640	8,453,424
Accrued mark-up on certificate of investments		1,977,088	--
Others		115,500	169,000
	Rupees	11,668,121	10,183,490

14. COMMITMENTS

Commitments for lease disbursement	Rupees	20,000,000	14,000,000
------------------------------------	--------	------------	------------

15. TANGIBLE FIXED ASSETS - At cost less accumulated depreciation

	COST				DEPRECIATION							
	As at 1 July 2000	Additions/ Transfers*	Surplus on revaluation	Disposals	As at 30 June 2001	Rate %	As at 1 July 2000	For the year	Disposals/ Transfer*	Released on Revaluation	As at 30 June 2001	Written down value as at 30 June 2001
OWNED												
Leasehold Land	1,800,000	--	16,200,000	--	18,000,000	--	--	--	--	--	--	18,000,000
Building on Leasehold Land	10,841,380	--	258,620	--	11,100,000	5	1,721,428	455,998	--	(2,177,426)	--	11,100,000

Vehicles	3,461,998	989,000	--	(465,500)	3,985,498	20	1,632,745	520,381	(249,154)	--	1,903,972	2,081,526
Equipment	1,377,266	21,750	--	(88,250)	2,602,396	10	317,710	196,500	(30,349)	--	833,893	1,768,503
		1,291,630*							350,032*			
Furniture & Fixtures	2,238,912	170,506	--	--	2,409,418	10	600,995	180,842	--	--	781,837	1,627,581
	19,719,556	1,181,256	16,458,620	(553,750)	38,097,312		4,272,878	1,353,721	(279,503)	(2,177,426)	3,519,702	34,577,610
		1,291,630*							350,032			
LEASED												
Vehicles	1,911,000	1,080,000	--	(247,000)	(247,000)	20	453,336	482,240	(120,536)	--	815,040	1,928,960
Office Equipments	1,291,630	--	--	--	--	10	350,032	--	--	--	--	--
		(1,291,630)*							(350,032)			
	3,202,630	1,080,000	--	(247,000)	2,744,000		803,368	482,240	(120,536)	--	815,040	1,928,960
		(1,291,630)*							(350,032)			
2001	Rupees	22,922,186	2,261,256	16,458,620	(800,750)	40,841,312	5,076,246	1,835,961	(400,039)	(2,177,426)	4,334,742	36,506,570
			-- *									
2000	Rupees	21,152,397	3,239,048	--	(1,529,259)	22,922,186	4,082,101	1,706,067	(711,922)	--	5,076,248	17,845,940
			60,000*									

15.1 At 30 June 2001 land and building were revalued by a professional valuer "Survall Engineering Surveyors and Technical Consultants".

The valuation was determined on the following basis:

- Leasehold land - Present market value of similar properties in the area.
- Building on leasehold land - Present costs of construction discounted for approximate depreciation.

The surplus arising on revaluation was credited to surplus on revaluation of fixed assets account.

15.2 Had there been no revaluation, the net book value of the revalued leasehold land and building would amount to:

	2001	2000
Leasehold land	1,800,000	1,800,000
Building on leasehold land	8,663,954	9,119,952
	10,463,954	10,919,952

15.3 Disposals of tangible fixed assets

Description	Mode of Disposal	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	(Loss) / Gain	Particulars of Buyer
Equipment							
Monitor	Insurance claim	11,000	3,783	7,217	3,740	(3,477)	EFU General Insurance Ltd
Computers	Insurance claim	77,250	26,566	50,684	26,260	(24,424)	EFU General Insurance Ltd
Vehicles							
Suzuki Khyber	Insurance claim	465,500	249,154	216,346	350,000	133,654	EFU General Insurance Ltd
Suzuki Mehran	Negotiation	247,000	120,536	126,464	183,000	56,536	Mr. Akhter Jamil B-585, Block-13, F.B Area, Karachi
	Rupees	800,750	400,039	400,711	563,000	162,289	

16. NET INVESTMENT IN LEASE FINANCE - Secured

	2001			2000		
	<i>Not later than one year</i>	<i>Later than one year and less than five years</i>	<i>Total</i>	<i>Not later than one year</i>	<i>Later than one year and less than five years</i>	<i>Total</i>
	<i>(Rupees)</i>					
Installments contract receivables	152,898,103	153,518,286	306,416,389	126,915,419	113,152,968	240,068,387
Residual value of leased assets	6,984,579	51,929,352	58,913,931	7,925,322	37,494,068	45,419,390
	-----	-----	-----	-----	-----	-----
Lease contract receivable	159,882,682	205,447,638	365,330,320	134,840,741	150,647,036	285,487,777
Unearned lease income	(38,243,098)	(23,305,908)	(61,549,006)	(2,132,978)	(48,442,805)	(50,575,783)
Potential lease losses	(74,794)	--	(74,794)	--	--	--
	-----	-----	-----	-----	-----	-----
Net investment in lease finance	121,564,790	182,141,730	303,706,520	132,707,763	102,204,231	234,911,994
	=====	=====	=====	=====	=====	=====

The company has entered into various lease agreements with mark-up rates ranging from 16.77 percent to 27.15 percent per annum. The agreements usually are for a three years period.

In certain leases, the company has security, in addition to leased assets, in the form of corporate/ personal guarantee of associated companies/directors.

Net Investment in lease finance includes Rs. 1,404,133 (2000: Rs. NIL) due from associated company. Maximum amount due from associated company at the end of any month during the year was Rs. 1,605,000 (2000: Rs. Nil).

As of 30 June 2001 none of the leases were rescheduled/restructured. An amount of Rs. 43,998 being 0.01% of the total lease portfolio is over due.

17. LONG TERM INVESTMENTS

	2001	2000
Term Finance Certificates (TFCs) - Quoted		
Pakistan industrial Leasing Corporation Limited	--	7,219,925
Paramount Leasing Limited	2,949,800	3,010,000
Dewan Salman Fibres Limited	15,000,000	--
	-----	-----
17.1	17,949,800	10,229,925
Term Finance Certificates (TFCs) - Unquoted		
Dewan Salman Fibres Limited	--	15,000,000
Federal Investment Bonds	1,088,500	1,088,500
Pakistan Investment Bonds	4,012,000	--
	-----	-----
	23,050,300	26,318,425
Maturing within one year - (Federal Investment Bonds)	(1,088,500)	--
	-----	-----
Rupees	21,961,800	26,318,425
	=====	=====

17.1 Aggregate market value as at 30 June 2001 of the above quoted investments amounted to Rs. 18,098,303 (2000: Rs. 10,356,375).

18. LONG TERM DEPOSITS

Lease deposits	503,000	471,932
Other- security deposits	710,900	710,900
	-----	-----
	1,213,900	1,182,832
Maturing within one year	--	(76,932)
	-----	-----
Rupees	1,213,900	1,105,900
	=====	=====

19. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advances		
Advance Tax	450,054	775,280
Others	260,000	--
	-----	-----
	710,054	775,280
Prepayments	260,064	248,417
Repossessed goods	1,064,499	--
Other receivables		
Insurance receivable	195,089	435,464
Accrued return on deposits/placements	271,884	145,912
Subscription refundable	--	6,990,000
Accrued income on leases	2,303,533	1,699,918
Dividend receivable	--	5,100,000
Lease rentals receivable	1,521,704	924,316
Receivables from brokers	9,655,105	--
Others	110,632	475,693
	-----	-----
	14,057,947	15,771,303
	-----	-----
Rupees	16,092,564	16,795,000
	=====	=====

20. CASH AND BANK BALANCES

Cash with banks and other financial institutions		
- on current account	20.1	140,746
- on current accounts (profit earning)		20,784,002

		23,121,932

Rupees		20,924,748

		23,241,330
		=====

20.1 This includes deposit of Rs. 50,000 (2000: Rs. 50,000) with the State Bank of Pakistan to meet liquidity requirements under the State Bank of Pakistan Prudential Regulations for Non-Banking Financial Institutions.

21. LEASE INCOME

Income on lease contracts	43,894,274	39,894,860
Return on advance against leases	215,472	268,409
Cancellation charges of lease contracts	34,712	77,951
	-----	-----
Rupees	44,144,458	40,241,220
	=====	=====

22. MARK-UP ON DEPOSITS/PLACEMENTS/MUSHARIKA ARRANGEMENTS etc.

Income on local currency deposits/placements/ musharika arrangements etc.	Rupees	2,113,479	1,023,700
		=====	=====

23. OTHER INCOME

Mark-up on Term Finance Certificates	3,121,767	319,665
Mark-up on Federal Investment Bonds	155,942	165,000

Mark-up on Pakistan Investment Bonds	245,385	--
Dividend income	1,497,880	5,371,775
Gain/(Loss) on sale of fixed assets	162,289	(218,036)
Others	699,682	95,116
	-----	-----
Rupees	5,882,945	5,733,520
	=====	=====

24. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and other benefits	24.1	4,160,121	3,348,252
Contribution to Provident Fund		187,370	94,972
Directors fees		9,000	8,000
Rent, rates and taxes		47,030	39,191
Security services		108,000	108,000
Utilities		307,560	303,969
Postage and periodicals		64,091	61,874
Fees and documentation charges		64,250	81,100
Printing and stationary		442,659	304,841
Vehicle running and maintenance		495,080	339,816
Insurance		624,556	397,072
Travelling and conveyance		33,472	210,687
Auditors' remuneration	24.2	66,527	105,826
Legal and professional charges		1,043,706	566,282
Depreciation	15	1,835,961	1,706,067
Entertainment		58,640	54,221
Advertisement and business promotion expenses		112,865	71,968
Telex, fax and telephone expenses		165,529	158,111
Repairs and maintenance		201,376	202,927
Zakat		44,358	--
Others		363,885	502,736
		-----	-----
Rupees		10,436,036	8,665,912
		=====	=====

24.1 At 30 June 2001, 14 (2000: 12) employees were employed by the company.

24.2 AUDITORS' REMUNERATION

Audit fee	60,000	55,000
Special audit fee	--	40,000
Out of pocket expenses	6,527	10,826
	-----	-----
Rupees	66,527	105,826
	=====	=====

25. FINANCIAL CHARGES

Financial charges on lease financing	254,340	192,357
Mark-up on term finances	26,091,916	19,856,373
Bank charges	14,912	22,583
	-----	-----
Rupees	26,361,168	20,071,313
	=====	=====

26. TAXATION**Current**

The tax liability of the company for the year has been calculated under the normal provisions of the Income Tax Ordinance, 1979 or minimum tax at the rate of 0.5 per cent of turnover under section 80(D), whichever is higher. The income tax assessments of the company have been finalised upto and including assessment year 2000-2001.

Deferred

Deferred tax liability as at 30 June 2001 arising due to timing differences computed under the liability method is estimated at Rs.20.77 million (2000: Rs. 18.752 million) of which Rs. 2.02 million is in respect of the current year.

The Securities and Exchange Commission of Pakistan (SECP) vide circular No. 16 dated 09 September 1999 has directed that in order to achieve compliance with the revised IAS 12, all leasing companies, during each of the five financial years beginning 1 July 1998 and ending 30 June 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 ended 30 June 1999.

Compliance with the above directive shall be deemed to be met where the company consistently transfers to a capital reserve an amount equal to aggregate amount determined in accordance with the preceding paragraph.

Accordingly, the company has transferred Rs.14,260,110 to capital reserve for deferred tax. This represents half of the liability at 30 June, 1999 and liability in respect of 2000 and 2001. The deferred tax liability not accounted for at 30 June 2001 amounts to Rs.6,506,890.

27. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	<i>EXECUTIVES</i>		<i>CHIEF EXECUTIVE</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
Managerial remuneration	1,095,000	996,000	1,023,300	295,968
Housing and utilities	543,000	492,000	519,700	148,742
Bonus	124,500	124,500	43,600	20,000
Leave encashment	--	--	13,000	--
Provident fund	91,236	82,968	85,276	19,342
	-----	-----	-----	-----
Rupees	1,853,736	1,695,468	1,684,876	484,052
	=====	=====	=====	=====
Number of Persons	1	1	4	2
	=====	=====	=====	=====

The Chief Executive and Executives are also entitled to free use of company maintained vehicles.

28. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties, and continually assessing the credit worthiness of counter parties.

A sector wise breakdown of lease portfolio is as follows:

	<i>2001</i>	<i>%</i>	<i>2000</i>	<i>%</i>
Textile made ups	119,702,899	39.41	66,528,476	28.32
Pharmaceuticals	1,355,511	0.45	9,957,537	4.24
Sugar	1,059,547	0.35	10,037,348	4.27
Cement	4,258,418	1.40	6,284,050	2.68
Textile spinning	4,510,776	1.49	16,989,963	7.23
Synthetic	11,154,402	3.67	4,030,163	1.72
Insurance	1,575,786	0.52	2,428,428	1.03
Banking and Financial Institutions	2,293,722	0.76	13,213,209	5.62
Textile-Weaving	20,601,498	6.78	22,273,468	9.48
Construction	5,365,984	1.77	316,267	0.13
Airlines	2,632,134	0.87	2,875,654	1.22
Shipping and traveling agents	13,890,637	4.57	9,652,010	4.11
Transportation	45,620,678	15.02	21,022,764	8.95
Trading Services	3,051,514	1.00	21,971,751	9.35
Food	27,801,397	9.15	636,460	0.27

Communication and IT	8,595,816	2.83	5,860,343	2.49
Education	11,111,046	3.66	17,006,447	7.24
Others	19,124,755	6.30	3,827,656	1.63
	-----	-----	-----	-----
Rupees	303,706,520	100.00	234,911,994	100.00
	=====	=====	=====	=====

In addition the company has invested in Term Finance Certificates, Federal Investment Bonds and Pakistan Investment Bonds. For details refer Note 17.

29. FAIR VALUE OF FINANCIAL ASSETS

The fair value of all financial assets and financial liabilities is estimated to approximate their carrying value as at 30 June 2001 except for investments which are stated at cost.

30. INTEREST RATE RISK EXPOSURE

The information about company's exposures to interest rate risk based on contractual refinancing or maturity dates whichever is earlier is as follows:

	<i>Less than one month</i>	<i>One month to one year</i>	<i>2001 Over one year</i>	<i>Non- interest bearing</i>	<i>Total</i>
Financial Assets					
Net investment in lease finance	11,978,173	109,586,617	182,141,730	--	303,706,520
Long term investments	990,000	98,500	20,873,300	--	21,961,800
Long term deposits	--	--	--	1,213,900	1,213,900
Advances and other receivables	--	--	--	15,382,446	15,382,446
Cash and bank balances	20,784,002	--	--	140,746	20,924,748
	-----	-----	-----	-----	-----
	33,752,175	109,685,117	203,015,030	16,737,092	363,189,414
	-----	-----	-----	-----	-----
Financial Liabilities					
Redeemable capital	8,843,638	11,000,000	77,000,000	--	96,843,638
Long term loans	--	13,333,332	26,666,668	--	40,000,000
Liabilities against assets subject to finance lease	45,844	551,069	1,345,310	--	1,942,223
Certificate of investments	50,000	40,275,000	750,000	--	41,075,000
Long term deposits	--	--	--	56,214,631	56,214,631
Accrued expenses and other liabilities	--	--	--	10,842,874	10,842,874
	-----	-----	-----	-----	-----
	8,939,482	65,159,401	105,761,978	67,057,505	246,918,366
	-----	-----	-----	-----	-----
On-balance sheet gap (a)	24,791,571	44,525,716	97,253,052	(50,320,413)	116,271,048
	-----	-----	-----	-----	-----
Total interest rate sensitivity gap R	24,791,571	69,317,287	166,570,339	116,249,926	--
	=====	=====	=====	=====	=====

	<i>Less than one month</i>	<i>One month to one year</i>	<i>2000 Over one year</i>	<i>Non- interest bearing</i>	<i>Total</i>
Financial Assets					
Net investment in lease finance	6,607,960	88,598,425	139,705,609	--	234,911,994
Long term investments	--	--	26,318,425	--	26,318,425
Long term deposits	--	--	--	1,182,832	1,182,832
Short term loan	--	2,862,000	--	--	2,862,000
Advances and other receivables	--	--	--	16,019,720	16,019,720
Placements with other NBFIs	8,500,000	--	--	--	8,500,000
Cash and bank balances	23,121,932	--	--	119,398	23,241,330

	38,229,892	91,460,425	166,024,034	17,321,950	313,036,301
Financial Liabilities					
Redeemable capital	3,343,638	5,500,000	99,000,000	--	107,843,638
Long term loans	--	7,300,818	--	--	7,300,818
Liabilities against assets subject to finance lease	66,136	660,159	1,037,682	--	1,763,977
Long term deposits	--	--	--	41,793,014	41,793,014
Short term loans	--	20,000,000	--	--	20,000,000
Accrued expenses and other liabilities	--	--	--	10,645,383	10,645,383
	3,409,774	33,460,977	100,037,682	52,438,397	189,346,830
On-balance sheet gap (a)	34,820,118	57,999,448	65,986,352	(35,116,447)	123,689,471
Total interest rate sensitivity gap R	34,820,118	92,819,566	158,805,918	123,689,471	--

(a) The on balance sheet gap represents the net amounts of on-balance sheet items.

(b) The effective interest rates for financial assets and liabilities are as follows:

	2001	2000
	<i>Effective interest rate %</i>	
Assets		
Net Investment in Lease Finance including advance against lease	19.59	21.31
Term Finance Certificates	16.04	14.77
Federal Investment Bonds	15.00	15.00
Pakistan Investment Bond	14.00	--
Short term loans	--	15.00
Placements with other NBFIs	--	14.82
Cash and bank balances	8.00	9.50
Liabilities		
Redeemable capital	18.28	18.28
Long term loans	16.00	16.00
Short term loans	--	14.10
Certificate of investments	13.5 to 16	--

31. EARNING PER SHARE - basic and diluted

Profit for the year	Rupees	11,012,129	24,267,055
Weighted average number of ordinary shares		10,000,000	10,000,000
Earnings per share	Rupees	1.10	2.42

32. GENERAL

Figures have been rounded off to the nearest rupee.

PATTERN OF SHARE HOLDING AS AT 30 JUNE 2001

<i>SHARE HOLDING</i>		<i>Number of</i>	<i>Total</i>	<i>Percentage</i>
<i>From</i>	<i>To</i>	<i>Share Holders</i>	<i>Shares Held</i>	

1	--	100	0	0	0
101	--	500	153	76,500	0.765
501	--	1,000	0	0	0
1,001	--	5,000	3	14,500	0.145
5,001	--	10,000	1	10,000	0.100
15,001	--	20,000	1	20,000	0.200
75,001	--	80,000	1	80,000	0.800
95,001	--	100,000	4	399,500	3.995
145,001	--	150,000	2	298,000	2.980
495,001	--	500,000	1	497,000	4.970
545,001	--	550,000	2	1,093,000	10.930
795,001	--	800,000	2	1,600,000	16.000
845,001	--	850,000	2	1,700,000	17.000
875,001	--	880,000	1	877,500	8.775
1,095,001	--	1,100,000	2	2,200,000	22.000
1,130,001	--	1,135,000	1	1,134,000	11.340
			-----	-----	-----
			176	10,000,000	100.000
			=====	=====	=====

CATEGORIES OF SHAREHOLDERS

<i>Particulars</i>	<i>Share holders</i>	<i>Share holding</i>	<i>Percentage</i>
Individuals	176	10,000,000	100.00
	-----	-----	-----
	176	10,000,000	100.00
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