

UNIVERSAL LEASING CORPORATION LIMITED

ANNUAL REPORT 1996

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Nek Mohammad Qureshi	Chairman
Mr. Amanullah Khan	Chief Executive
Mr. Irfan Ahmed Qureshi	Executive Director
Mr. Rasheed M. Choudhry	
Mr. Nadeem ali	
Mr. Hameed Khan	
Mr. M. Iqbal Kasbati	

CREDIT COMMITTEE

Mr. Amanullah Khan	Chief Executive
Mr. Irfan Ahmed Qureshi	Executive Director
Mr. Shabbir Shah	Manager Finance & Corporate
Mr. Riaz Arif Qureshi	Vice President
Mr. Sohail Khan	Vice President

COMPANY SECRETARY

Mr. Hubert Monteiro

AUDITORS

Khalid Majid Husain Rahman
Chartered Accountants

LEGAL ADVISORS

M/s. Panni & Rizvi
Advocates & Corporate Counselors

REGISTERED OFFICE

House No. 11, Street No. 88,
G-6-3, Islamabad

KARACHI OFFICE

Universal Leasing Corporation Limited
6th Floor, Lakson Square Building No. 3,
Sarwar Shaheed Road, Karachi.
Telephone No. 5687880, 5687860, 5687016-026-056
Fax No. 5680414

LAHORE OFFICE

Universal Leasing Corporation Limited
Bungalow No. 87, Bridge Colony,
Lahore Cantt, Lahore.
Telephone : 6652391-392-393

SHARE TRANSFER OFFICE

M/s. Uni Associates (Pvt) Ltd.
6th Floor, Lakson Square Building No. 3,
Sarwar Shaheed Road, Karachi.

NOTICE OF MEETING

Notice is hereby given that the Third Annual General meeting of the Members of Universal leasing Corporation Limited will be held on Thursday, December 05, 1996 at 12.00 Noon at Hotel Marriot Islamabad, to transact the following business.

Ordinary Business

1. To confirm the minutes of the Second Annual General meeting of the Company held on September 16, 1995.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 1996 and the reports of the Directors and the auditors thereon.
3. To appoint auditors and fix their remuneration. The present auditors Messrs. Khalid Majid Husain Rahman, Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Amanullah Khan

Chief Executive

NOTES:

1. The Share transfer books of the Company shall remain closed from November 25 to December 02, 1996 (both days inclusive).
2. A member entitled to attend, speak and vote at these meetings may appoint a proxy to attend, speak, and vote on his/her behalf. A proxy need not be a member.
3. An instrument of proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of such Power of Attorney or other 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 respective meeting.
4. Members are requested to notify change in their address, if any.

CHAIRMAN'S REVIEW

The Board of Directors of your company feel pleasure in presenting the 2nd Annual report for the year ended June 30, 1996.

For the	For the
year ended	period from
June 30,	APRIL 24
	to June 30,
1996	1995
Rupees	Rupees

Financial Results

Income from lease operations	11,247,758	36,350
Other income	9,600,150	2,724,081
	-----	-----
	20,847,908	276,043
	-----	-----
Administrative and operating expenses	7,511,042	2,556,977

Financial Charges	241,510	15,454
	-----	-----
	7,752,552	2,572,431
Profit before taxation	13,095,356	155,000
Provision for taxation	149,428	110,591
	-----	-----
Profit after taxation	12,945,928	77,409
Unappropriated profit brought forward	61,927	-
	-----	-----
	13,007,855	77,409
Appropriations		
Transfer to statutory reserves	2,589,186	15,482
	-----	-----
Unappropriated profit carried forward	10,418,669	61,927
	=====	=====

REVIEW OF OPERATIONS

Your company is steadily progressing on a path consistent with its objective and operational philosophy.

The operational philosophy emphasizes long term stability, sustainable growth, sound business strategy And development of human resources. Our objective is to make your company the leading organisation in the next 3 to 5 years.

It should be appreciated that leasing companies are operating in an environment of intense competition both from conventional and unconventional forms of leasing, coupled with difficult economic conditions prevalent in the country. Your company has however managed to build up a balanced portfolio and efficiently deployed its equity in line with its goal and objective.

Our strategy aims at providing services and products with long term view in perspective. This requires a close understanding of client's business, its performance and growth perspective. In the circumstances, we aim to augment our role in the credit delivery, tapping new areas with efficacy to achieve the objective of quality service to client.

RESOURCE MOBILISATION

Resource mobilisation is a crucial area for any financial institution and more so for a leasing company. In the present monetary conditions fund raising has become an arduous task. The change in foreign exchange risk cover fee has made foreign funds expensive. The local banks and financial institutions have limited ability to provide long term fund. Despite the present liquidity the company has been able to negotiate local credit lines from different financial institutions which will be successfully utilised after fully deploying equity funds. The company has also approached international lending agencies for foreign credit lines. The Management, in view of the strength and reputation of it's Sponsors and the members, the Board is confident of arranging funding from foreign lenders.

FUTURE OUTLOOK

Our strategy in the coming years is to further enhance & deepen our understanding of target market, simultaneously to participate in syndication where the risk & reward are compatible to the objective of Unilease. We have set a target for the coming year that will enable us to penetrate the market and maintain the growth tempo. Simultaneously we have arrangement in place to meet our targets.

ACKNOWLEDGMENT

I would like to thank the Banks, Lending Institutions and our clients for their valuable support to the Company. Further, the Board wishes to record its appreciation for the Chief Executive and other company personnel for hard work, team effort and commendable performance.

AUDITORS

The auditors, Khalid Majid Husain Rahman, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

The Pattern of Share holding as on June 30, 1996 is annexed to this report.

On Behalf of the Board

N.M. QURESHI
Chairman

November 10, 1996

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Universal Leasing Corporation Limited as at June 30,1996 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the 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 and, after due verification thereof, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the 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 and the statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30,1996 and of the profit and the changes in financial position for the year then ended; and

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

Khalid Majid Husain Rahman
Chartered Accountants

Karachi: November 10, 1996

BALANCE SHEET AS AT JUNE 30, 1996

	Note	1996 Rupees	1995 Rupees
SHARE CAPITAL AND RESERVES			
Authorised capital			
20,000,000 ordinary shares of Rs.10 each		200,000,000	200,000,000
		=====	
Issued, subscribed and paid-up capital			
11,000,000 ordinary shares of Rs.10 each fully paid in cash		110,000,000	110,000,000
Statutory reserve	3	2,604,668	15,482
Unappropriated profit		10,418,669	61,927

		123,023,337	110,077,409
OBLIGATIONS UNDER FINANCE LEASES	4	454,076	193,050
LONG TERM DEPOSITS	5	12,060,806	308,625
CURRENT LIABILITIES			
Current portion of obligations under finance leases		263,449	69,281
Short term running finance	6	5,780,906	-
Accrued and other liabilities	7	893,293	348,127

		6,937,648	417,408
COMMITMENTS	8		

		142,475,867	110,996,492
		=====	

The annexed notes form an integral part of these financial statements.

	Note	1996 Rupees	1995 Rupees
CAPITAL EXPENDITURE-TANGIBLE			
Fixed assets		916,079,476	2,450,862
Capital work in progress	10	--	834,000

		16,079,476	3,284,862
NET INVESTMENTS IN LEASES			
Minimum lease rentals receivable		118,649,779	4,103,050
Add: Residual value		13,434,383	308,625

Gross investment in leases		132,084,162	4,411,675
Less: Unearned finance income		(33,485,102)	(1,413,968)

		98,599,060	2,997,707

Less: Current portion of net investment in leases (23,092,766) 511,804

LONG TERM INVESTMENTS

75,506,294 2,485,903
11 1,956,395 15,800,800

LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS

12 2,640,582 3,728,170

CURRENT ASSETS

Current portion of net investment in leases 23,092,766 511,804
Short term investments 13 -- 2,400,000
Prepayments and other receivables 14 2,348,424 3,214,124
Cash and bank balances 15 20,851,930 79,570,829

46,293,120 85,696,757

142,475,867 110,996,492

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

		For the year ended June 30, 1996	For the period from April 24 to June 30, 1995
	Note	Rupees	Rupees

Income from lease operations	16	11,247,758	36,350
Other income	17	9,600,150	2,724,081

20,847,908 2,760,431

Administrative and operating expenses	18	7,511,042	2,556,977
Financial charges	19	241,510	15,454

7,752,552 2,572,431

Profit before taxation 13,095,356 188,000

Provision for taxation 149,428 110,591

Profit after taxation 12,945,928 77,409

Unappropriated profit brought forward 61,927 --

13,007,855 77,409

Appropriations:

Transfer to statutory reserves 2,589,186 15,482

Unappropriated profit carried forward 10,418,669 61,927

The annexed notes form an integral part of these financial statements.

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT) FOR THE YEAR ENDED JUNE 30,1996**

	1996 Rupees	1995 Rupees
Cash Flows from operating activities		
Operating profit before taxation	13,095,356	188,000
Adjustments for:		
Deferred costs amortized	954,487	1,019,655
Depreciation	1,356,099	370,857
Interest, profit and returns	(4,881,329)	(2,294,355)
Gain on sale of investments	(449,330)	--
Loss on sale of fixed assets	17,295	--
	-----	-----
Operating profit/(loss) before working capital changes	10,092,578	(715,843)
Increase in net investment in leases	(95,601,353)	(2,997,707)
Increase in long term deposits	11,752,181	308,625
Increase in accrued liabilities	545,166	338,127
Increase in short term running finance	5,780,906	--
Decrease/(increase) in prepayments and other receivables	716,270	(3,324,715)
	-----	-----
Cash generated from operations	(66,714,252)	(6,391,513)
Decrease/(increase) in long term deposits, prepayments and deferred costs	133,100	(4,421,980)
	-----	-----
Net cash used in operating activities	(66,581,152)	(10,813,493)
Cash flows from investing activities		
Purchase of fixed assets	(14,518,008)	(2,817,949)
Sale of fixed assets	350,000	--
Capital work in progress	--	(834,000)
Net sale/(purchase) of long term investments	13,844,405	(15,800,800)
Net sale/(purchase) of short term investments	2,849,330	(2,400,000)
Interest, profit and returns received	4,881,329	2,294,355
	-----	-----
Net cash generated from/(used) in investing activities	7,407,056	(19,558,394)
Cash flows from financing activities		
Proceeds from issue of share capital	--	109,965,000
Proceeds from lease obligations	649,000	276,900
Repayment of finance lease liabilities	(193,803)	(18,339)
Refund of loan from a Director	--	(304,000)
	-----	-----
Net cash flow from financing activities	455,197	109,919,561
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(58,718,899)	(9,547,674)
Cash and cash equivalents at July 1	79,570,829	23,155
	-----	-----
Cash and cash equivalents at June 30 representing cash		

and bank balances

20,851,930,79,570,829

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996**

1. LEGAL STATUS AND NATURE OF BUSINESS

The Universal Leasing Corporation Limited was incorporated on July 29, 1993 as a public limited company under the Companies Ordinance, 1984. The principal activity of the Company is leasing of assets. The Company's shares were floated for public subscription on February 6, 1995, while it commenced its business from April 24, 1995. It is listed on the Karachi Stock Exchange and is classified as a Non Banking Financial Institution by the State Bank of Pakistan.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

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

2.2 Fixed Assets and Depreciation

Owned:

Fixed assets are stated at cost less depreciation to date. Depreciation is charged to income by applying straight line method over the useful life of the assets. Full year's depreciation is charged on acquisitions during the year. From the current year, the Company has changed the method of charging depreciation from reducing balance method to straight line method. Effect of this change is given in note 9.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of fixed assets, if any, are included in income currently.

Leased:

Assets acquired under finance lease are stated at the fair value or, if lower, at present value of minimum lease payments. Leased assets are depreciated over their useful life by applying straight line method. From the current year, the Company has changed the method of charging depreciation on leased assets from shorter of useful life and the lease term to the useful life. Effect of this change is given in note 9.

The outstanding obligation under finance lease less finance charges allocated to future periods is shown as liability. The finance charges are calculated at the rate implicit in the lease and are charged to profit and loss account.

2.3 Deferred Costs and Amortization

Deferred costs are written off during a period not exceeding five years commencing from the year of incurrence.

2.4 Investments

Long term investments are carried at cost. Provision is made for diminution other than temporary in their values, if any.

Short term investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis. The charges or credits, if any, arising from adjustments in carrying amounts are taken to the profit and loss account.

Gain/loss on disposal of investments, if any, is recognized in income currently.

2.5 Taxation

Current:

Provision for taxation is made at the prevailing rates of taxation after taking into account tax credits available, if any.

Deferred:

Deferred taxation is accounted for using the liability method on all major timing differences excluding tax effects on those timing differences which are not likely to reverse in the foreseeable future.

2.6 Recognition of Lease Income

The Company follows the "financing method" for recognition of lease income. Accordingly, at the commencement of lease, the total unearned lease finance income consists of the excess of aggregate lease rentals receivables plus any residual value over the cost of the leased assets. This finance income is allocated over the lease term on a pattern reflecting a constant periodic return on the Company's net investment outstanding in respect of the lease.

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

	1996	1995
	Rupees	Rupees
3. STATUTORY RESERVE		
Balance as at July 1, 1995	15,482	-
Add: Transfer from profit and loss account	2,589,186	15,482
	-----	-----
	2,604,668	15,482
	=====	=====

This represents the reserve created under the provisions of the State Bank of Pakistan's Rules for Non Banking Financial Institutions.

	1996	1995
	Rupees	Rupees
4. OBLIGATIONS UNDER FINANCE LEASES		
Balance of obligations under finance leases	193,050	--
Add: Acquisition net of repayments	524,475	262,331
	-----	-----
	717,525	262,331
Less: Current portion shown under current liabilities	(263,449)	(69,281)
	-----	-----
	454,076	193,050
	=====	=====

The obligations under finance leases are reported at aggregate of minimum lease payments, discounted by using the rate of 18.53% to 20.65%. The future payments due are as follows:

	1996	1995
	Rupees	Rupees
Year ended		
June 30, 1996	--	112,200

June 30, 1997	377,940	112,200
June 30, 1998	386,930	121,190
June 30, 1999	131,335	--
	-----	-----
	896,205	345,590
Less: Finance charges allocated to future periods	(178,680)	(83,259)
	-----	-----
	717,525	262,331
	=====	=====

The Company has option to renew the lease agreements for one more year after the expiry of the three year lease term.

5. LONG TERM DEPOSITS

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

6. SHORT TERM RUNNING FINANCE

Short term running finance available at the balance sheet date from a commercial bank under mark-up arrangement was Rupees 10 million. The rate of mark-up applicable to the facility was paisa 54 per Rupees 1,000 per day. This facility was secured by assignment of leased assets and related rentals.

	1996 Rupees	1995 Rupees
7. ACCRUED AND OTHER LIABILITIES		
Mark-up on short term finance	89,855	--
Accrued rent	--	240,000
Auditors' remuneration	80,000	70,000
Tax deducted from payments to suppliers and others	640,442	--
Others	82,996	38,127
	-----	-----
	893,293	348,127
	=====	=====

8. COMMITMENTS

For capital expenditure	400,000	5,200,000
For lease disbursements	20,000,000	16,935,631

For commitments against assets acquired on finance leases, please refer note-4.

9. FIXED ASSETS

	Cost		
	As at July 1, 1995	Additions/ (deletions) during the year	As at June 30, 1996
Owned:			
Building	-	9,844,000	-
Furniture and fixtures	2,309,099	4,602,548	6,911,647
Office equipment	231,950	248,365	480,315
	-----	-----	-----

2,541,049 14,694,913 17,235,962

Leased:

Motor vehicles 280,680 657,095 570,470
(367,295)

1996 2,821,719 14,984,713 17,806,432

1995 - 2,821,719 2,821,719

Depreciation

	As at July 1, 1995	For the year	As at June 30, 1996	Written down value	Depreciation rate %
Owned:					
Building	-	492,200	492,200	9,351,800	5
Furniture and fixtures	230,910	691,165	922,075	5989,572	10
Office equipment	46,39	96,063	142,453	337,862	20
	277,300	1,279,428	1,556,728	15,679,234	
Leased:					
Motor vehicles	93,557	76,671	170,228	400,242	20
	370,857	1,356,099	1,726,956	16,079,476	
	-	370,857	370,857	2,450,862	

9.1 Disposal of Assets

Description	Cost	Sales proceeds	Loss on disposal	Mode of disposal	Buyer
Car	367,295	350,000	(17,295)	Insurance claim	EFU General Insurance Limited

9.2 Due to change in the method of charging depreciation, as disclosed in note 2.2, the total depreciation expense for the year has decreased and, hence, the profit before taxation has increased by Rupees 81,115 as calculated below:

	Rupees
Increase in depreciation on owned assets	32,371
Decrease in depreciation on leased assets	(113,486)
	(81,115)
	1996
	1995

	Rupees	Rupees
10. CAPITAL WORK IN PROGRESS		
Advance for purchase of parking lot	--	784,000
Advance to supplier	--	50,000
	-----	-----
	--	834,000
	=====	=====

11. LONG TERM INVESTMENTS-listed companies

Unless stated otherwise, investments represent ordinary shares of Rupees 10 each fully paid in cash.

1996 No. of shares	1995 No. of shares		1996 Rupees	1995 Rupees
49,630	49,630	Confidence Mutual Fund Ltd.	496,300	496,300
13,500	10,000	National Development Leasing Corporation Ltd. (Ordinary shares of Rupees 5 each)	314,500	304,500
10,000	--	Pakistan Synthetic Ltd.	292,125	--
18,966	--	General Tyre & Rubber Co. Ltd.	853,470	--
--	163,050	Pakland Cement Ltd.	--	15,000,000
			-----	-----
			1,956,395	15,800,800
			=====	=====

The aggregate market value of the investments as on June 30, 1996 amounted to Rupees 1,140,031 (1995: Rupees 15,304,057)

	1996 Rupees	1995 Rupees
12. LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS		
Deposits		
Rest house-Lahore	66,000	66,000
Lease key money	92,590	27,690
	158,590	93,690
Prepayments		
Rest house rent-Lahore		198,000
	158,590	291,690
Deferred costs (Note 12.1)	2,481,992	3,436,480
	2,640,582	3,728,17
12.1 Deferred Costs		
Preliminary expenses	1,396,646	1,396,646
Shares floatation expenses including commission and brokerage	791,591	791,591
Unallocated revenue expenditure	2,057,030	2,057,030
Others	210,868	210,868

	4,456,135	4,456,135
Amortization to date	(1,974,143)	(1,019,655)
	2,481,992	3,436,480

13. SHORT TERM INVESTMENTS-Listed companies

	1996	1995		
No. of shares	No. of shares			
--	25,000	Askari Commercial Bank Ltd	--	725,000
--	50,000	Gadoon Textile Mills Ltd.	--	1,750,000
			--	2,475,000
		Less: Provision for diminution in the value of investments	--	(75,000)
			--	2,400,000

14. PREPAYMENTS AND OTHER RECEIVABLES-considered good

	1996	1995
	Rupees	Rupees
Tax deducted at source	711,357	459,538
Less: Provision for taxation	(260,019)	(110,591)
	451,338	348,947
Prepayments	355,678	614,959
Insurance claim receivable	350,000	--
Profit/return due on deposits	453,138	2,054,874
Lease rentals receivable	359,129	--
Other receivables (Note 14.1)	379,141	195,344
	2,348,424	3,214,124

14.1 These include Rupees 205,738 (1995: Rupees 195,344) receivable from an associated company. The maximum amount due at the end of any month from the associated company amounted to Rupees 205,738 (1995: Rupees 195,344).

	1996	1995
	Rupees	Rupees
15. CASH AND BANK BALANCES		
Cash in hand	5,976	34,194
Cheques in hand	593,794	--
Cash with banks on:		
Current accounts (Note 15.1)	15,222,064	523,387
Current deposit accounts	--	11,302,435
PLS saving accounts		284,127,710,813
PLS time deposit accounts	5,029,812	55,000,000
	20,851,930	79,570,829

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15.1 These include an amount of Rupees 65,000 deposited with State Bank of Pakistan as required under the regulations for Non Banking Financial Institutions.

	1996 Rupees	1995 Rupees
16. INCOME FROM LEASE OPERATIONS		
Income on lease contracts	10,225,649	--
Front end and documentation fee	1,022,109	36,350
	-----	-----
	11,247,758	36,350
	=====	=====

	1996 Rupees	1995 Rupees
17. OTHER INCOME		
Profit/return on deposits with banks	4,881,329	2,294,355
Mark-up income	3,659,833	--
Underwriting commission	83,174	429,725
Gain on sale of investments	449,330	--
Dividend income	25,000	--
Others	501,484	--
	-----	-----
	9,600,150	2,724,080
	=====	=====

	1996 Rupees	1995 Rupees
18. ADMINISTRATIVE AND OPERATING EXPENSES		
Salaries, allowances and staff benefits including directors' remuneration (Note 20)	2,755,586	393,025
Rent expenses	867,075	186,825
Traveling and conveyance	267,695	38,503
Vehicle running expenses	174,503	50,742
Electricity & gas charges	88,989	48,263
Telephone and telex	151,867	75,381
Insurance	58,320	3,128
Fees, subscriptions and periodicals	32,505	13,024
Printing and stationery	66,658	16,502
Legal and professional charges	60,323	15,418
Auditors' remuneration (Note 18.1)	88,500	70,000
Repairs and maintenance	26,022	37,401
Entertainment expenses	70,456	6,284
Depreciation	1,356,099	370,857
Security service charges	39,500	13,338
Share registrar services	240,000	40,000
Advertisement	74,832	--
Computer maintenance	13,575	--
Property tax	51,040	--
Donations (Note 18.2)	6,000	--
Loss on disposal of vehicle	17,295	--
Brokerage commission	32,610	--
Amortization of deferred costs	954,487	1,019,655
Provision for diminution in the value of investments	--	75,000
Sundry expenses	17,105	83,631
	-----	-----

7,511,042 2,556,977

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1996 1995
Rupees Rupees

18.1 Auditors' Remuneration

Audit fee	42,500	40,000
Fee for statutory audit	--	20,000
Fee for taxation services	32,500	--
Fee for advisory services	8,500	--
Out-of-pocket expenses	5,000	10,000
	-----	-----
	88,500	70,000
	=====	=====

18.2 Donations

Donations do not include any amount paid to any person or organization in which the chief executive, directors or their spouses have any interest.

1996 1995
Rupees Rupees

19. FINANCIAL CHARGES

Finance charges under lease obligations	117,699	4,131
Mark-up on short term finance	89,855	--
Bank charges	23,466	8,554
Lease processing fee	10,490	2,769
	-----	-----
	241,510	15,454
	=====	=====

20. REMUNERATION OF CHIEF EXECUTIVE AND OTHER EXECUTIVES

	1996			1995		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees			Rupees		
Managerial remuneration	566,600	350,956	409,756	68,000	--	56,000
Housing and utility	271,800	180,950	193,004	34,000	--	25,000
Expenses reimbursed	4,746	17,681	20,411	28,000	--	--
	-----	-----	-----	-----	-----	-----
	843,146	549,587	623,171	130,000	--	84,000
	=====	=====	=====	=====	=====	=====
No of persons	1	1	6	1	--	2
	=====	=====	=====	=====	=====	=====

20.1 The chief executive and executives were provided with free use of company maintained cars. In addition, the chief executive is also entitled to reimbursement of salaries of house keeping staff and use of mobile telephone.

21. TAXATION

Current:

This represents the provision for minimum tax under section 80D of the Income Tax Ordinance, 1979.

Deferred:

There was no deferred tax liability as on the balance sheet date.

22. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

	1996 Rupees	1995 Rupees
Purchase of shares	17,545,455	--
Sale of shares	19,181,690	--
Underwriting commission paid	--	750,000
Take up commission paid	--	684,600
Furniture and fixture purchased	--	7,200,000
Share registrar services	240,000	40,000
Reimbursement of/reimbursable expenses of office rent, utilities and security service	--	220,000

23. GENERAL

The corresponding figures have been re-arranged wherever necessary for the purpose of comparison.

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1996

Shareholding		Number of Shareholders	Total Share Held
From	To		
101	500	65	434,000
501	1,000	5	5,000
1,001	5,000	7	32,500
5,001	10,000	17	158,000
10,001	15,000	34	485,500
15,001	20,000	33	651,000
20,001	25,000	36	898,000
25,001	30,000	14	419,000
30,001	35,000	7	245,000
45,001	50,000	11	550,000
55,001	60,000	1	58,000
95,001	100,000	1	100,000
245,001	250,000	1	250,000
495,001	500,000	1	500,000
745,001	750,000	1	750,000
895,001	900,000	1	900,000
910,001	915,000	5	4,564,000
		----- 1,043 =====	----- 11,000,000 =====

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Number	Shares Held	Percentage
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Individual	1,034	4,036,000	36.69
Joint Stock Companies	1	912,800	8.30
Financial Institutions	1	900,000	8.18
Modaraba Companies	3	2,575,600	23.42
Investment Companies	4	2,575,600	23.42

	1,043	11,000,000	100.00
		=====	