

UNIVERSAL LEASING CORPORATION LIMITED

ANNUAL REPORT 1997

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Amanullah Khan	Chief Executive
Mr. Hameed Khan	Director
Mr. Rasheed M. Choudhry	Director
Mr. Iqbal Kasbati	Director
Mr. S. M. Shabbir Shah	Director
Mr. Nusrat Ali	Director
Mr. Majid Khan	Director

CREDIT COMMITTEE

Mr. Amanullah Khan	Chief Executive
Mr. S. M. Shabbir Shah	Director
Mr. Riaz Arif Qureshi	Vice President
Mr. Sohail Khan	Vice President

COMPANY SECRETARY

Mr. S. M. Shabbir Shah

AUDITORS

Khalid Majid Husain Rahman
Chartered Accountants

Rahim Iqbal Rafiq & Co
Chartered Accountants

LEGAL ADVISORS

M/s. Panni & Rizvi
Advocates & Corporate Counselors

REGISTERED OFFICE

House No.11,
No. 88, G-6-3,
Islamabad.
Telephone No. 6652391 - 392 - 393

Fax No. 6652390

KARACHI OFFICE

6th Floor, Lakson Square Building No. 3

Sarwar Shaheed Road

Karachi.

Telephone No. 5687880 5687860 5687016 - 026 - 056

Fax No. 5680414

LAHORE OFFICE

House No. 192, Street No.5

C.M.A. Colony, Abid Majeed Road

Lahore Cantt

Lahore

Telephone No. 6652391 - 392 - 393

Fax No. 6652390

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 Fourth Annual General Meeting of the Members of Universal Leasing Corporation Limited will be held on Saturday, December 27, 1997, at 12.00 Noon at Hotel Marriot Islamabad, to transact the following business.

Ordinary Business

1. To confirm the minutes of the Extra Ordinary General Meeting held on November 13,1997.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 1997 and the reports of the Directors and the Auditors thereon.
3. To approve, as recommended by the Board of Directors, the payment of cash dividend to the Shareholders of the Company at the rate of Rs. 1/= per share of par value Rs. 10 each i.e. 10 % for the year ended June 30, 1997.
4. To appoint auditors and fix their remuneration. The present Auditors Messrs. Khalid Majid Husain Rahman, Chartered Accountants and Messrs. Rahim Iqbal Rafiq & Co. Chartered Accountants, retire and being eligible, offers themselves for re-appointment.

SPECIAL BUSINESS

5. To consider, ratify and approve the remuneration of full time working elected Director and Chief Executive
6. To consider and pass with or without modification the following resolution as Special Resolution

CHANGE OF THE PLACE OF REGISTERED OFFICE

"Resolved that the Registered Office of the Company be changed from House No. 11, Street No. 88, G-6-3, Islamabad To House No 192, Street No. 5, C.M.A. Colony, Abid Majeed Road, Lahore Cantt., Lahore and the clause II of the Memorandum of Association of the Company be amended in the following manner:-

The words "Islamabad Capital Territory be substituted by the words Province of Punjab"

A statement under Section 160 of the Companies Ordinance, 1984, pertaining to the special business is annexed to this notice.

7. To transact any other business as may be placed before the meeting with the permission of the Chair.

Notes:

1. The Share Transfer Books of the Company shall remain closed from December 20, 1997 to December 27, 1997 (both days inclusive).

2. A member entitled to attend, speak and vote at these meeting may appoint a proxy to attend, speak and vote on his/her behalf. A proxy need not to 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. Member are requested to notify change in their address, if any.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE ,1984

AGENDA NO. 5

Approval of remuneration of the Chief Executive and whole time working Director the Company.

The member's approval is sought for the payment of remuneration and provision of certain facilities to the Chief Executive and one whole time working Director as per recommendations of the Board of Directors of the Company. For this purpose it is proposed that the following resolution be passed as an Ordinary Resolution: !~

"Resolved that the Chief Executive and whole time working Director shall be paid w.e.f January 01,1997 and July 01,1997 respectively the gross remuneration per month as follows alongwith other ' benefits as per their service contracts:

1- Mr. Amanullah Khan	Chief Executive	Rs. 86,120
2- Mr. S.M. Shahbbir Shah	Director/Company Secre	Rs. 40,000

AGENDA NO. 6

Initially the Company was Incorporated and Registered in Islamabad to capture the leasing business mainly in the Punjab Market. Now our business is concentrated in Karachi and Lahore and we intend to concentrate in this market it will be operationally more cost effective and efficient for us to operate from Lahore than from Islamabad.

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Board of Directors is pleased to present the Third Annual Report of the Company for the year ended June 30, 1997. THE BOARD The constitution of the Board of Directors has changed during the year under review as under :

Our Chairman Mr. Nek Mohammad Qureshi expired in March 1997. The Corporation has lost a very dedicated guidance of a team leader, his sudden death is an irreparable loss to the Corporation. Syed Mohammad Shabbir Shah was appointed to fill in the casual vacancy. Later at the extra ordinary general meeting held on November 14, 1997 following Directors have been elected: Mr. Amanullah Khan, Mr. Iqbal Kasbati, Mr. Rashid M Chaurdhry, Mr. Hameed Khan, Mr. Nusrat Ali, Syed Mohammad Shabbir Shah and Mr. Majid All Khan. Further, Mr. Irfan Ahmad Qureshi and Mr. Nadeem All did not offer themselves for directorship. In their places Mr. Nusrat Ali and Mr. Majid Ali Khan have been elected as Directors of the Company. The Board welcomes the appointment of Mr. Nusrat Ali and Mr. Majid All Khan as the directors, and the Board wishes to place on record the appreciation for the services rendered by the out going Directors Mr. Irfan Ahmed Qureshi and Mr. Nadeem Ali.

PERFORMANCE REVIEW Your Corporation has fared very well despite unfavorable economic conditions. The Directors are pleased to report the following results:

	June 30, 1997
Profit before Taxation	11,464,694
-Taxation	118,750

Profit after Taxation	11,345,944
Unappropriated profit brought forward	10,418,669

Profit available for appropriation	21,764,613
APPROPRIATIONS	
Transfer to statutory reserves	2,269,190
General Reserve for contingencies	8,000,000
Dividend	11,000,000

Unappropriated profit carried forward	495,423
	=====

Your Corporation registered steady though not very aggressive growth during the year ended on June 30, 1997. Investment in leases increased to Rs.121 million in 1997 compared to Rs.99 million in 1996. The company earned Rs. 18.8 million from lease operations as compared to Rs. 11.2 million in 1996.

DIVIDEND The Directors are pleased to recommend cash dividend of 10% percent for the year ended June 30, 1997.

RESOURCE MOBILIZATION Resource mobilization is a crucial area for any financial institution and more so for a leasing company. In the present monetary conditions funds raising has become an arduous task. Despite the present liquidity crunch the company has been able to negotiate local credit line of Rs. 20 million from a financial institution and further negotiations are underway. The Management in view of strength and reputation of its sponsors and the members is confident of arranging more funding from local and foreign lenders.

FUTURE OUTLOOK Leasing is slowly becoming the acceptable mode for medium term financing and its share in total fixed investment is likely to grow. Unfortunately the slowdown in economic growth has resulted in decline in fixed investments and hence decline in the demand for lease financing. Recent changes in the economic climate, lowering of discount rate by State Bank of Pakistan and de-regulation of the economy are likely to boost the industrial investment. Financing cost have started dropping and are expected to drop further in the coming months. Your Company aims to take full advantage offered by the improved investment climate.

The on-going privatization policies of the Government are expected to have far reaching ramification on the growth of industrial and commercial sector. The leasing sector in Pakistan will continue to grow and the recent debate to increase paid-up capital of leasing companies from 100 million to 200 million within the next 2-3 years will be a further source of funding and growth for the leasing industry.

Our strategy in the coming years is to further enhance and deepen our understanding of target market, simultaneously to participate in syndication where the risk and 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 We 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 the hard work, team effort and commendable performance.

AUDITORS The present auditors Khalid Majid Husain Rahman, Chartered Accountants and Rahim Iqbal Rafiq & Co. Chartered Accountants retire and being eligible, offer themselves for the reappointment.

PATTERN OF SHAREHOLDING The pattern of Share holding as on June 30, 1997 is annexed to this report. Accountants retire and being eligible, offer themselves for the reappointment.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Universal Leasing Corporation Limited as at June 30, 1997 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, Joss 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, 1997 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.

RAHIM IQBAL RAFIQ & CO.
CHARTERED ACCOUNTANTS

KHALID MAJID HUSAIN RAHMAN
CHARTERED ACCOUNTANTS

Karachi: Dec 3, 1997

BALANCE SHEET AS AT JUNE 30, 1997

Note 1997 1996

		Rupees	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
Reserves	3	12,873,858	2,604,668
Unappropriated profit		495,423	10,418,669
		-----	-----
		123,369,281	123,023,337
OBLIGATIONS UNDER FINANCE LEASES	4	375,148	454,076
DEFERRED LIABILITY		349,387	
LONG TERM DEPOSITS	5	15,009,329	12,060,806
CURRENT LIABILITIES			
Current portion of obligations under finance leases		392,475	263,449
Current maturity of long term deposits		8,625	
Short term running finance	6	18,959,822	5,780,906
Accrued and other liabilities	7	625,508	893,293
Proposed dividend		11,000,000	
		-----	-----
		30,986,430	6,937,648
COMMITMENTS	8		
		-----	-----
		170,089,575	142,475,867
		=====	=====

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

	Note	1997 Rupees	1996 Rupees
FIXED ASSETS	9	15,619,032	16,079,476
NET INVESTMENTS IN LEASES		-----	-----
Minimum lease rentals receivable		134,271,312	118,649,779
Add: Residual value		16,617,509	13,434,383
		-----	-----
Gross investment in leases		150,888,821	132,084,162
Less: Unearned finance income		(29,260,541)	(33,485,102)
		-----	-----
		121,628,280	98,599,060
Less: Allowance for potential lease losses		(252,900)	-
		-----	-----

		121,375,380	98,599,060
Less: Current portion of net investment in leases		(29,407,022)	(23,092,766)
		-----	-----
		91,968,358	75,506,294
	10		
LONG TERM INVESTMENTS		1,545,000	1,956,395
LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS	11		
		1,979,315	2,640,582
		-----	-----
Current portion of net investment in leases	12	29,407,022	23,092,766
Short term investments	13	1,040,930	-
Short term musharika investments	14	16,804,288	-
Advances, prepayments and other receivables		7,019,458	1,897,086
Taxation	15	386,340	451,338
Cash and bank balances		4,319,832	20,851,930
		-----	-----
		58,977,870	46,293,120
		-----	-----
		170,089,575	142,475,867
		=====	=====

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1997**

	Note	1996 Rupees	1997 Rupees
Income from lease operations	16	18,860,281	11,247,758
Other Income	17	4,868,522	9,600,150
		-----	-----
		23,728,803	20,847,908
		-----	-----
Administrative and operating expenses	18	8,927,335	7,511,042
Financial Charges	19	3,083,874	241,510
Provision for potential lease loses		252,900	-
		-----	-----
		12,264,109	7,752,552
		-----	-----
Profit before taxation		11,464,694	13,095,356
Provision for taxation - current		118,750	149,428
		-----	-----
Profit after taxation		11,345,944	12,945,928
Unappropriated profit brought forward		10,418,669	61,927
		-----	-----
		21,764,613	13,007,855

Appropriations:
Transfer to:

Statutory reserve	2,269,190	2,589,186
General reserve - reserve for contingencies	8,000,000	-
Proposed dividend 10% (~1996:Nil)	11,000,000	-
	-----	-----
	21,269,190	2,589,186
	-----	-----
Unappropriated profit carried forward	495,423	10,418,669
	=====	=====

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, 1997.**

	1997 Rupees	1996 Rupees
Cash Flows from operating activities		
Operating profit before taxation	11,464,694	13,095,356
Adjustments for:		
Amortization of deferred costs	699,538	954,487
Depreciation	1,652,469	1,356,099
Loss/(gain) on sale of investment	321,040	(449,330)
Loss on sale of fixed assets	-	17,295
Financial Charges	3,083,874	241,510
Provision for diminution in value investments	208,750	-
Provision of gratuity	349,387	-
Provision for potential lease losses	252,900	-
Dividend Income	(58,250)	(25,000)
Operating profit before working capital changes	17,974,402	15,190,417
	-----	-----
Increase in net investment in leases	(23,029,220)	(95,601,353)
Increase in long term deposits	2,957,148	11,752,181
(Decrease)/increase in accrued liabilities	(267,785)	545,166
Increase in short term running finance	13,178,916	5,780,906
(Increase)/decrease in prepayments and other receivables excluding dividend	(5,099,372)	968,089
	-----	-----
	(12,260,313)	(76,555,011)
	-----	-----
Cash generated from/(used in) operations	5,714,089	(61,364,594)
Decrease/(increase) in long term deposits, prepayments and deferred costs	(38,271)	133,100
Income tax paid	(53,752)	(251,819)
	-----	-----
Net cash generated from/(used in) operating activities	5,622,066	(61,483,313)
Cash flows from investing activities		
	-----	-----
Sale of fixed assets	-	350,000
Dividend received	35,250	25,000

Purchase of fixed assets	(1,192,025)	(14,518,008)
Net (purchases)/sales of long term investments	(442,075)	13,844,405
Net (purchases)/sales of short term investments	(717,250)	2,849,330
Increase in short term musharika investments	(16,804,288)	
	-----	-----
	(19,120,388)	2,550,727
	-----	-----
<i>Net cash used in investing activities</i>	(13,498,322)	(58,932,586)
Cash flows from financing activities		
Proceeds from lease obligations	668,425	649,000
Repayment of finance lease liabilities	(618,327)	(193,803)
Financial charges paid	(3,083,874)	(241,510)
	-----	-----
<i>Net cash (used in)/generated from financing activities</i>	(3,033,776)	213,687
	-----	-----
Net decrease in cash and bank balances	(16,532,098)	(58,718,899)
Add: Cash and balances as at July 01, 1996	20,851,930	79,570,829
	-----	-----
	4,319,832	20,851,930
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997**

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 (NBFI) 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.

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

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

Leased:

Assets acquired under finance leases 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.

The outstanding obligations under finance leases 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 amortized systematically over the period of 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.

Gains and losses, on disposal of investments, if any, are 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 Revenue recognition

Income from lease operations:

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.

Profit on Musharika investments:

Expected profit on Musharika investments is recognized on pro-rata accrual 'basis.

Dividend income:

Dividend income is recognized when the right to receive the dividend is established.

2.7 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all of its permanent employees. Provision is made in the financial statements based on one month basic salary for each completed year of service or proportion thereof.

2.8 Allowance for potential lease losses

The allowance for potential lease losses is maintained at a level which, in the judgment of the management, is adequate to provide for potential losses on lease portfolio that can be reasonably anticipated.

3. RESERVES

	1997 Rupees	1996 Rupees
Statutory reserve (Note 3.1)		
Balance as at July 1, 1996	2,604,668	15,482
Add: Transfer during the year	2,269,190	2,589,186
	-----	-----
Balance as at June 30, 1997	4,873,858	2,604,668
General reserve - reserve for contingencies		
Transfer during the year	8,000,000	-
	-----	-----
	12,873,858	2,604,668
	=====	=====

3.1 Statutory Reserve

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

4. OBLIGATIONS UNDER FINANCE LEASES

	1997 Rupees	1996 Rupees
Balance of obligations under finance leases	717,525	193,050
Add: Acquisition net of repayments	50,098	524,475
	-----	-----
	767,623	717,525
Less: Current portion shown under current liabilities	(392,475)	(263,449)
	-----	-----
	375,148	454,076
	=====	=====

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

Year ended	1997 Rupees	1996 Rupees
June 30, 1997	-	377,940
June 30, 1998	491,324	386,930
June 30, 1999	320,584	131,335
June 30, 2000	17,524	-
	-----	-----

	829,432	896,205
Less: Finance charges allocated to future periods	(61,809)	(178,680)
	-----	-----
	767,623	717,525
	=====	=====

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

	1997	1996
	Rupees	Rupees
Lease key money from lessees	15,017,954	12,060,806
Less: Current maturity of security deposits from lessees	(8,625)	-
	-----	-----
	15,009,329	12,060,806
	=====	=====

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

6. SHORT TERM RUNNING FINANCE - Secured

Short term running finance facilities available at the balance sheet date from commercial banks under mark-up arrangements were Rupees 20 million (1996: Rupees 10 million). The rates of mark-up applicable to these facilities range from Rupees 0.55 to Rupees 0.60 (1996: Rupee 0.54) per Rupees 1,000 per day. These facilities are secured by charge on leased out assets and related rentals receivable.

7. ACCRUED AND OTHER LIABILITIES

	1997	1996
	Rupees	Rupees
Mark-up on short term finance		
Accrued rent	-	89,855
Auditors' remuneration	66,000	-
Tax deducted from payments to suppliers and others	175,000	80,000
Others	36,038	640,442
	348,470	82,996
	-----	-----
	625,508	893,293
	=====	=====

8. COMMITMENTS

	1997	1996
	Rupees	Rupees
For capital expenditure	-	400,000
For lease disbursements	11,000,000	20,000,000

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

9. FIXED ASSETS

COST

DEPRECIATION

	As at July 1, 1996	Additions during the year Rupees	As at June 30, 1997	As at July 1, 1996	For the year	As at June 30, 1997 Rupees	Written down value	Deprec- iation rate%
Owned:								
Office premises	9,844,000	-	9,844,000	492,200	492,200	984,400	8,859,600	5
Furniture and fixtures	6,911,647	40,000	6,951,647	922,075	695,165	1,617,240	5,334,407	10
Motor vehicles		450,000	450,000	-	90,000	90,000	360,000	20
Office equipment	480,315	33,600	513,915	142,453	102,783	245,236	268,679	20
	-----	-----	-----	-----	-----	-----	-----	
	17,235,962	523,600	17,759,562	1,556,728	1,380,148	2,936,876	14,822,686	
Leased:								
Motor vehicles	570,470	423,000	993,470	170,228	198,694	368,922	624,548	20
Office equipment	-	245,425	245,425	-	73,627	73,627	171,798	30
	-----	-----	-----	-----	-----	-----	-----	
1997	17,806,432	1,192,025	18,998,457	1,726,956	1,652,469	3,379,425	15,619,032	
	=====	=====	=====	=====	=====	=====	=====	
1996	2,821,719	14,984,713	17,806,432	370,857	1,356,099	1,726,956	16,079,476	

10. LONG TERM INVESTMENTS - Listed securities

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

	1996 No. of certificates/ shares	1997 No. of certificates/ shares		1997 Rupees	1996 Rupees
Mutual Funds					
	49,630	49,630	Confidence Mutual Fund	496,300	496,300
	-	10,000	23rd ICP Mutual Fund	81,300	-
	-	10,000	25th ICP Mutual Fund	102,800	-
Leasing Companies					
	13,500	23,500	National Development Leasing Corp. Ltd. (Ordinary shares of Rupees 5 each)	396,175	314,500
Synthetic & Rayon					
	10,000	20,000	Pakistan Synthetic Ltd.	468,425	292,125
Auto & Allied Engineering					
	18,966	-	General Tyre & Rubber Co. Ltd.	-	853,470
				-----	-----
				1,545,000	1,956,395
				=====	=====

The aggregate market value of the investments as on June 30, 1997 amounted to Rupees 866,318 (1996: Rupees 1,140,031).

11. LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS

1997 Rupees	1996 Rupees
----------------	----------------

Deposits:		
Rest house - Lahore	66,000	66,000
Lease key money	110,861	92,590
Others	20,000	-
	-----	-----
	196,861	158,590
Deferred costs (Note 11.1)	1,782,454	2,481,992
	-----	-----
	1,979,315	2,640,582
	=====	=====

11.1 Deferred Costs

Preliminary expenses	1,396,646	1,396,646
Shares floatation expenses including commission and brokerag	791,591	791,591
Unallocated revenue expenditure	2,057,030	2,057,030
Others	210,868	210,868
	-----	-----
	4,456,135	4,456,135
Less: Amortized upto June 30, 1997	(2,673,681)	(1,974,143)
	-----	-----
	1,782,454	2,481,992
	=====	=====

12. SHORT TERM INVESTMENTS - Listed securities

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

1996 No. of certificates/shares	1997 No. of certificates/shares	1997 Rupees	1996 Rupees	
Mutual Fund Companies				
-	1,000	21 st ICP Mutual Fund	8,230	-
Leasing Companies				
-	3,000	Paramount Leasing Corp. Ltd.	28,890	-
Textile Spinning				
-	2,000	Ahmed Hassain Textile Mills Ltd.	18,260	-
-	5,000	Idrees Textile Mills Ltd.	33,150	-
Sugar & Allied Industries				
-	5,000	Haseeb Waqas Sugar Mills Ltd.	39,650	-
Auto & Allied Engineering				
-	10,500	Agri Autos Industries Ltd. (Ordinary shares of Rupees 5 each)	51,240	-
4,862		General Tyre & Rubber Co. Ltd.	198,910	-
8,000		Indus Motors Co. Ltd.	161,600	-
1996	1997	1997	1996	

No. of certificates/certificates/ shares	No. of shares		Rupees	Rupees
-	24,000	Transport and communication Pakistan Telecommunication Corp.	709,750	-
			1,249,680	-
		Less: Provision for diminution in the value of investments	(208,750)	-
			-----	-----
			1,040,930	-
			=====	=====

The aggregate market value of the investments as on June 30, 1997 amounted to Rupees 1,040,930 (1996: Rupees Nil).

13. SHORT TERM MLISHARIKA INVESTMENTS - Unsecured

These represent investments made on musharika basis, whereby the Company is to participate in the profit and loss in agreed proportions. The expected profit on such investments is 22% per annum.

ADVANCES, PREPAYMENTS AND

14. OTHER RECEIVABLES

	1997 Rupees	1996 Rupees
Advances		
For capital expenditure		
For purchase of software	950,000	-
To executives (Note 14.1) - considered good	144,000	-
Prepayments	171,000	15,000
Musharika profit receivable - considered good	75,285	355,678
Insurance claim	4,431,375	-
Profit/return due on deposits	-	350,000
Dividend receivables	-	453,138
Lease rentals receivable	23,000	-
Others receivables (Note 14.2)	744,984	359,129
	479,814	364,141
	-----	-----
	7,019,458	1,897,086
	=====	=====

14.1 Advance to Executives

Maximum amount due from the executives at the end of any month during the year amounted to Rupees 171,000 (1996: Rupees 15,000).

14.2 Others Receivables

These include Rupees 217,683 (1996: Rupees 205,738) receivable from an associated company. The maximum amount due at the end of any month from the associated company amounted to Rupees 217,683 (1996: Rupees 205,738).

15. CASH AND BANK BALANCES

	1997 Rupees	1996 Rupees
Cash in hand	38,163	5,976
Cheques in hand	-	593,794

Cash at banks:		
On current accounts with:		
- State Bank of Pakistan (Note 15.1)	65,000	65,000
- Other commercial banks	4,216,557	15,157,064
On PLS savings accounts:		
- On deposit accounts	112	284
- On time deposit accounts	-	5,029,812
	-----	-----
	4,319,832	20,851,930
	=====	=====

15.1 State Bank of Pakistan

This amount is deposited with State Bank of Pakistan as required under the regulations for Non Banking Financial Institutions.

16. INCOME FROM LEASE OPERATIONS	1997	1996
	Rupees	Rupees
Income on lease contracts	18,607,206	10,225,649
Front end and documentation fee	253,075	1,022,109
	-----	-----
	18,860,281	11,247,758
	=====	=====

17. OTHER INCOME

Profit on musharika investments	4,547,265	-
Mark-up income	-	3,659,833
Profit/return on deposits with banks	168,275	4,881,329
Underwriting commission	-	83,174
Gain on sale of investments	-	449,330
Gain on lease termination	64,922	-
Dividend income	58,250	25,000
	29,810	501,484
	-----	-----
Others	4,868,522	9,600,150
	=====	=====

ADMINISTRATIVE AND OPERATING EXPENSES

	1997	1996
	Rupees	Rupees
Salaries, allowances and staff benefits including directors' remuneration	3,314,754	2,755,586
Rent expenses	396,000	867,075
Traveling and conveyance	231,034	267,695
Vehicle running expenses	330,548	174,503
Electricity and gas charges	70,306	88,989
Telephone and telex	172,043	151,867
Insurance	205,994	58,320
Fees, subscriptions and periodicals	317,554	32,505
Printing and stationery	79,884	66,658
	100,317	60,323

Legal and professional charges .-	137,500	88,500
Auditors' remuneration (Note 18.1)	86,716	26,022
Repairs and maintenance	72,183	70,456
Entertainment expenses	1,652,469	1,356,099
Depreciation	240,000	240,000
Share registrar services	699,538	954,487
Amortization of deferred costs	40,670	74,832
Advertisement	37,808	51,040
Property tax	12,000	6,000
Donations (Note 18.2)	208,750	-
Provision for diminution in value of investments	321,040	-
Loss on sale of investments	-	17,295
Loss on sale of fixed assets	12,075	-
Penalties levied by State Bank of Pakistan	188,152	102,790
	-----	-----
Miscellaneous	8,927,335	7,511,042
	=====	=====

18.1 Auditors' Remuneration

	Khalid Majid Husain Rahman	Rahim Iqbal Rafiq & Co.	1997	1996
	Rupees			
Audit fee	42,500	42,500	85,000	42,500
Fee for taxation services	32,500	-	32,500	32,500
Fee for special audit	10,000	-	10,000	-
Fee for advisory services	-	-	-	8,500
Out-of-pocket expenses	5,000	5,000	10,000	5,000
	-----	-----	-----	
	90,000	47,500	137,500	88,500
	=====	=====	=====	

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.

19. FINANCIAL CHARGES

	1996	1997
	Rupees	Rupees
Finance charges under lease obligations	172,688	117,699
Mark-up on short-term running finance	2,801,237	89,855
Bank charges	48,604	23,466
Lease processing fee	9,684	10,490
Central excise duty	51,661	-
	-----	-----
	3,083,874	241,510
	=====	=====

20. REMUNERATION OF CHIEF EXECUTIVE AND OTHER EXECUTIVES

	1997			1996		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees			Rupees		
Managerial remuneration	640,800	319,050	252,000	566,600	350,956	409,756

Housing and utility	356,520	180,950	132,000	271,800	180,950	193,004
Expenses reimbursed	7,171	7,900	2,816	4,746	17,681	20,411
	-----	-----	-----	-----	-----	-----
	1,004,491	507,900	386,816	843,146	549,587	623,171
	=====	=====	=====	=====	=====	=====
No. of persons	1	1	1	1	1	2
	=====	=====	=====	=====	=====	=====

20.1 Others Facilities

The chief executive and executives are 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. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

	1997	1996
	Rupees	Rupees
Purchase of shares	2,585,300	17,545,455
Sale of shares	1,450,500	19,181,690
Share registrar services	240,000	240,000

22. CORRESPONDING FIGURES

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

**PATTERN OF HOLDING OF THE SHARE HELD BY THE SHAREHOLDERS
AS AT JUNE 30, 1997**

S. No.	No. of Shares Holding	From	To	Total Certificate
1	868	101	500	434,000
2	5	501	1,000	5,000
3	7	1,001	5,000	32,500
4	17	5,001	10,000	158,000
5	34	10,001	15,000	485,500
6	33	15,001	20,000	651,000
7	36	20,001	25,000	898,000
8	14	25,001	30,000	419,000
9	7	30,301	35,000	245,000
10	11	45,301	50,000	550,000
11	1	55,001	60,000	58,000
12	1	95,001	100,000	100 000
13	1	245,001	250,000	250,000
14	1	495,001	500,000	500,000
15	1	745,001	750,000	750,000
16	1	895,001	900,000	900,300
17	5	910,001	915,000	4,564,000
	-----			-----
	1,043			11,000,000
	=====			=====

Categories of Shareholders	Number	Shares Held	Percentage
Individual	1,034	4,036,000	36,691
Joint Stock Companies	1	912,800	8,298
Financial Institutions	1	900,000	8,182
Modaraba Companies	3	2,575,600	23,415
Investment Companies	4	2,575,600	23,415
	-----	-----	-----
	1,043	10,000,000	100,000
	=====	=====	=====