

Universal Leasing Corporation Limited Annual Report 2001

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Humayun Sadiq Chairman
Mr. Muhammad Talha Qureshi Chief Executive Officer
Mr. Muhammad Asif Dar
Mr. Saeed Haider Bhatti
Mr. Zakir Hussain
Mr. Mohammad Rafique
Mr. Muhammad Saeed Akhtar
Mr. Sarfraz A. Sheikh

BOARD EXECUTIVE COMMITTEE

Mr. Muhammad Talha Qureshi
Mr. Muhammad Asif Dar
Mr. Saeed H. Bhatti

COMPANY SECRETARY

Syed Hassan Mahmood

AUDITORS

M/s. Husain Rahman
Chartered Accountants

LEGAL ADVISORS

M/s. SMR Law Associates
Advocate

REGISTERED OFFICE

First Floor, Al-Malik Building
19, Davis Road, Lahore.
Tel. #: (042) 6309906-7
Fax #: (042) 6309908

KARACHI OFFICE

603 & 604, 6th Floor,
Lakson Square # 3,
Sarwar Shaheed Road, Karachi.
Telephone No. 5655596, 5655597, 5683326
Fax No. 5655627

SHARE TRANSFER OFFICE

603 & 604, 6th Floor,

Lakson Square # 3,
Sarwar Shaheed Road, Karachi.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting of Universal Leasing Corporation Limited will be held on December 28, 2001 at time 11:30 am at place First Floor, Al-Malik Building 19-Davis Road, Lahore to transact the following business:

Ordinary Business

1. To confirm and approve the Minutes of the Extra ordinary General Meeting held on April, 25, 2001.
2. To received, consider and adopt the Audited Accounts of the Universal Leasing Corporation Limited, for the year ended June 30, 2001, together with Directors' and Auditors' reports, thereon.
3. To appoint Auditors for the period ending June 30,2002 and to fix their remuneration.

Special Business:

4. Any other business with the permission of the Chair.

By the Order of Board

Karachi.
Dated: December 1st, 2001

Syed Hassan Mehmood
Company Secretary

NOTES:

- i) The Share Transfer of the company will remain closed from December 28th, 2001 to January 3, 2002 (both days inclusive).
- ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. proxies in order to be effective must be received at the Registered Office of the company, duly stamped and signed not less than 48 hours before the meetings.
- iii) Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her NIC, Representatives of corporate members should bring the usual documents required for such purpose.
- iv) Member are requested to promptly communicate to the Company, any changes in their address.

DIRECTORS' REPORT

On behalf of Board of Directors of Universal Leasing Corporation Limited, we are pleased to present annual audited accounts for the period ended June 30, 2001.

Your company's accounts reflect nine months of operation under new management, which took control in fall of 2000. We would like to update briefly our existing and new certificate holders (who became member after completion of merger formalities) about the developments, which took place since last annual report of the company, which are as under:

Special Investigation

As reported by directors in their last year's report an investigation into the affairs of the company had been ordered by the Securities and Exchange Commission of Pakistan (SECP) under Section 265(b) of the Companies Ordinance 1984. The inspectors who were appointed by the SECP for the purpose have submitted their report to the Commission this year i.e. much after the finalization of company's last audited accounts. This investigation revealed that the funds of the company were misappropriated and misapplied by the previous management with the result that these funds are doubtful of recovery. Consequently your management has made 100% provisioning on all doubtful cases of Musharika Investment, and required provisioning on non-performing leases and long over due receivables of the company strictly in term of provisions of Leasing Rules. The management feels that with above provisioning in respect of all doubtful cases, the company has addressed the findings of the inspectors and meets the concerns of the Commission raised on a complaint of one of the shareholders concerning shod provisioning last year. Provisioning of a huge amount of Rs. 43.71 million for the year has

been necessitated on account of doubtful cases as per requirement of Leasing Rules.

Enhancement of paid up capital

The year under review was a difficult year for all those leasing companies operating with a paid up capital of less than Rs. 200 million for in terms of sub rule (3) of Rule 7 of the Leasing Companies Rules 2000, all such leasing companies were required to raise the paid up capital to rupees two hundred million by June 30, 2001. Since your company had paid up capital of Rs. 110 million only it was imperative to raise the paid up capital to be in compliance with the Leasing Rules. This matter was taken to the Board, which is comprised of nominees of Allied Bank of Pakistan Ltd., Saudi Pak Industrial and Agricultural Investment Company (Pvt) Limited and Republic Securities Ltd. The board formed a committee headed by Chairman to locate/identify potential companies for merger to increase its paid up capital by way of merger. The committee with the help of a consultancy were able to finalize the arrangement of merger of Mercantile Leasing Company Ltd. with & into Universal Leasing Corporation Limited.

Under the scheme of arrangement of merger, it was agreed to issue one fully paid up share of Rs. 10 each of Universal Leasing Corp. Ltd., to the holder of one fully paid up share of Mercantile Leasing Company Ltd., at the date of book closure. The scheme of arrangement was filed in the Lahore High Court alongwith a petition under section 284,285,286 & 287, which was approved. The effective date of the merged entity was set at March 1, 2001. Accordingly the accounts being presented under this report are of merged entity.

By the Grace of God and with the over whelming support of our shareholders and SECP, the management were succeed in concluding the first ever merger of leasing companies in the Leasing Sector. Your company will benefit from this merger in the years to come.

Review of Operations

	<i>Rs. '000'</i>	
	<i>June 30</i>	<i>June 30</i>
	<i>2001</i>	<i>2000</i>
- Revenues	19,483	3,869
- Operating Expenditures	27,856	13,513
- Loss for the year	(8,373)	(9,644)
- Net accumulated losses	(52,087)	(42,707)
- Paid up capital	210,000	110,000

The company was beset with the following problems during the year under review:-

* Administrative and Operating Expenditures increased from Rs. 10.88 million to Rs. 18.073 million i.e. an increase of 66% approximately. There are two main factors; one being the expenditure incurred on merger of Mercantile Leasing Company Ltd., with your company, which included legal and professional charges, consultant's fees, traveling and advertisement expenses relating to merger. The second being the cost of hiring new staff and management at competitive price coupled with the separation benefits and other costs involved in severance of former management and employees amounting of Rs. 2.9 million incurred by previous management charged to accounts for the year thus inflating the over all expenses of the company for the year.

* Your company had to borrow short term funds to support its working capital requirements thus increasing the financial charges from Rs. 2.62 million to Rs. 7.29 million

* The unavoidable provisioning on non-performing assets (past Musharikas doubtful of recovery) were also a significant cause of loss to the company amounting to Rs. 21.628 million.

The gross income of your company increased by four times and stands at Rs. 19.483 million as against last year income of Rs. 3.869 million.

Your company was able to increase the lease portfolio from Rs. 57.20 to Rs. 83.636 million during the period under review. The management is not complacent with this position and is aiming and desiring to see a significant growth in lease portfolio in coming years. The main hurdle remains paucity of long-term funds and credit lines from financial institutions for which efforts are afoot.

In order to avoid mismatch of funds required to employ in leasing and to find avenue to generate funds to meet the objectives, your company under the policy guidelines made by the board has entered into capital and money market operations. This was the area where by Grace of God, under clearly defined investment policies, your company were

able to earn a revenue of Rs. 11.744 million. The timely support and availability of funds proved of great help in meeting some of our objectives. Your company also participated into Pakistan Investment Bonds auction by SBP with a pre-arranged funding commitment from financial institutions, thus earning capital gain and similar opportunities were also explored for earning revenues in the FIB sale purchase, repo and reverse repo transactions with a pre-arranged funding available from various financial institutions and making gains on price differential.

Other significant event

Besides all the difficulties and challenges your management were facing for the revival of company, we faced an unjustified action by State Bank of Pakistan who placed embargo on company's bank accounts in connection with a probe against one of the company's share holders. This action was impugned through a writ petition. Alhamdulillah Justice prevailed and a Division Bench of Sindh High Court held the action against the company without lawful authority. The SECP were kept fully informed in the matter. We are extremely thankful to SECP who took timely decision in our support to raise concern at the relevant quarters. Notwithstanding the subsequent removal of embargo the actions seriously impacted the market credibility and reputation of your company with the result that banks were shy to grant credit lines to the company besides assuming normal banking transactions and negotiations which management had initiated for credit lines. Although the illegal order is no more on the ground, your management is still facing difficulties in reviving normal relationship with banks and other financial institutions.

Future Outlook

Although the company has completed consolidation of accounts, executed the merger and raised the paid up capital, yet we foresee challenging years to come for the company as it has first to bring operations of the company into profits and then to wipe of the accumulated losses. Taking a conservative view we feel that it will take a couple of years before your company's position will improve. The management has set the goals and is set to turn around the company. Your management is also negotiating for credit lines with various financial institutions so as to gear up its efforts to write more quality leases. Further, the company intends to pursue operations in capital and money market to generate revenues.

The economic out look of the country is still unclear, especially after the incident of 11th September 2001 and emerging local and geographical conditions. We are witnessing the fall out effects on our economy as it was already in problem. This year remain one of the best year for leasing companies as most of the pending issues raised through our associations were resolved. This includes, issue of initial depreciation, sales tax, and treatment of security deposit/lease key money. However, at present leasing sector faces a new kind of challenge due to stagnant growth and competition from Banks/DFIs. The size of the market for leasing products are not increasing at desired rate and most of the leasing companies are aiming at small and medium size clients, consumer leasing and micro leasing. Further, banks/DFIs whose role is project financing has also started leasing in a big way with low costs of funds offering an uneven playing field to leasing companies. Although in terms of percentage to their size the investment in lease may not look significant but for our sector the size of their investment portfolio is equal to a medium size leasing company. We feel that it is time to see leasing as product and not as institution and all the NBFIs be seen as financial institutions permitted to deal and to carry out other activities as permissible to other financial institutions leaving the commercial banking. This will not only open up avenue for earning but also bring our financial system in accordance with international market practices. Of course these require the policy changes that will take time to implement.

Auditors

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

Pattern of Shareholding

The pattern of Shareholding as on June 30, 2001 in annexed to these statements.

Acknowledgement

The Board would like to place on record its sincere appreciations and thanks to Securities and Exchange Commission of Pakistan who facilitated the merger process and provided support and guidance to the company. The board also places on record the cooperation extended by the management of Mercantile Leasing Company Limited. Our three outgoing directors also deserve our thanks for their help and guidance. The Board also appreciates the services rendered by the staff.

For & on behalf of the Board

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Chief Executive Officer

Karachi: December 01, 2001

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Universal Leasing Corporation Limited as at June 30, 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 ended June 30, 2001 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) the financial statements of the company for the year ended June 30, 2000 were audited by another firm of chartered accountants whose report dated November 25, 2000 expressed an unqualified opinion on those financial statements;

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

(c) 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;

(d) 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 June 30, 2001 and of the loss, its cash flow and changes in equity for the year then ended; and

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

Karachi: December 01, 2001

Husain Rahman
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2001

<i>Note</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
SHARES CAPITAL & RESERVES		
Authorised Capital		
50,000,000 ordinary shares of Rs. 10 each (2000: 20,000,000 of Rs. 10 each)	500,000,000	200,000,000
	=====	=====
Issued Subscribed and paidup capital		
21,000,000 ordinary shares of Rs. 10 each fully paid in cash (2000: 11,000,000)	210,000,000	110,000,000

Reserves		11,662,512	8,056,600
Accumulated loss		(84,227,813)	(41,928,333)
		-----	-----
		137,434,699	76,128,267
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	3	2,713,315	957,860
DEFERRED LIABILITIES	4	1,501,850	731,030
LONG-TERM DEPOSITS	5	6,959,678	2,105,763
CURRENT LIABILITIES			
Placement borrowings from financial institutions	6	30,000,000	--
Current portion of long-term deposits	5	7,175,255	10,345,871
Running finance utilised under markup arrangements	7	852,561	22,005,559
Current portion of liabilities against assets subject to finance lease	3	757,731	468,823
Accrued and other liabilities	8	34,444,285	1,061,689
Taxation		--	99,291
		-----	-----
		73,229,832	33,981,233
CONTINGENCIES AND COMMITMENTS	9		
		-----	-----
		221,839,374	113,904,153
		=====	=====

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

FIXED ASSETS	10	55,418,016	12,807,254
NET INVESTMENT IN LEASES	11	29,843,811	13,944,750
LONG-TERM DEPOSITS	12	758,200	626,000
CURRENT ASSETS			
Current portion of net investment in leases	13	53,792,324	43,255,631
Short-term investments	14	23,399,045	73,800
Placement lendings	15	30,000,000	--
Short-term musharika investments	16	--	21,628,175
Advances	17	5,000	462,523
Deposit and prepayments	18	10,475,809	10,061,703
Other receivables	19	10,178,385	10,583,715
Taxation		3,978,337	--
Cash and bank balances	20	3,990,447	460,602
		-----	-----
		135,819,347	86,526,149
		-----	-----
		221,839,374	113,904,153
		=====	=====

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Chief Executive

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Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30 2001

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
Income from lease operations	21	4,434,793	3,291,133
Income from investments	22	11,744,305	226,824
Income from placement lending		2,430,335	--
Other income	23	873,322	350,979
		-----	-----

		19,482,755	3,868,936
Administrative and operating expenses	24	18,073,081	10,886,270
Employees separation benefits	25	2,500,583	--
Financial charges	26	7,282,519	2,626,950
		(27,856,183)	(13,513,220)
		(8,373,428)	(9,644,284)
Provisions:			
on musharika investments		21,628,175	21,628,175
reversal of profit on musharika		--	7,784,099
on other receivables		9,968,214	2,592,954
for potential lease losses		10,238,435	973,238
		(41,834,824)	(32,978,466)
Loss before taxation		(50,208,252)	(42,622,750)
Taxation	27	(1,878,500)	(84,825)
Loss after taxation		(52,086,752)	(42,707,575)
Earnings per share-basic	29	(3.63)	(3.88)

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

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Chief Executive

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Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2001

	2001	2000
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Operating loss before taxation	(50,208,252)	(42,622,750)
Adjustment for non cash items		
Amortization of deferred cost	1,515,035	--
Depreciation	3,259,738	1,948,245
Provision for diminution in value of investments	254,866	3,930
Provision for gratuity	401,850	171,494
Provision for potential lease losses	10,238,435	973,238
Provision on musharika investment	21,628,175	21,628,175
Provision for advances	265,000	--
Provision for other receivable	9,968,214	--
Reversal of provision on receivable	--	2,592,954
Reversal of profit on musharika	--	7,784,099
Loss/(gain) on sale of fixed assets	497,310	(257,669)
Dividend income	(1,351,857)	(148,438)
Gain on sale of investment	(3,490,129)	--
Financial charges	7,282,519	2,626,950
Operating profit/(loss) before working capital changes	260,904	(5,299,772)
(Increase)/decrease in net investment in lease	(36,678,889)	5,238,373
Decrease in short term musharika investments	--	8
Decrease in long term deposits	1,683,299	1,425,532
(Increase)/decrease in short term investment	(53,580,111)	2,172,393
Decrease in advances	192,523	--

increase in deposits and prepayments	(414,106)	--
Increase in other receivables	(9,521,311)	(4,985,951)
Increase in accrued liabilities excluding accrued financial charges	26,848,821	32,204
Increase in short term placement borrowings	30,000,000	--
	(41,469,774)	3,882,559
Cash generate from (used in) operations	(41,208,870)	(1,417,213)
Increase in long term deposits	(1,041,218)	(356,000)
income tax paid	(4,856,128)	--
Gratuity paid	(731,030)	--
Net cash generated from (used in) operating activities	(47,837,246)	(1,773,213)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity of MLCL	113,393,184	--
Dividend received	1,351,857	148,438
Purchase of fixed assets	(43,520,571)	(2,348,655)
Sale proceeds of fixed assets	--	649,700
Net cash used in Investing activities	71,224,470	(1,550,517)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	2,044,363	1,397,730
Repayment of short term running finance	(21,152,998)	--
Proceeds from short term loans	--	4,752,810
Financial charges paid	(748,744)	(2,512,949)
Net cash (used in) / generated from financing activities	(19,857,379)	3,637,591
Net increase in cash and cash equivalents	3,529,845	313,861
Cash and cash equivalents at the beging of year	460,602	146,741
Cash and cash equivalents at the end of year	3,990,447	460,602

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Chief Executive

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Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2001

	<i>Share Capital Rupees</i>	<i>Statutory reserve Rupees</i>	<i>R e s e r v e Capital reserve for deferred tax Rupees</i>	<i>Total Rupees</i>	<i>Unappropriated profit/ (accumulated loss) Rupees</i>	<i>Total Rupees</i>
As at July 1, 1999	110,000,000	5,776,600	2,280,000	8,056,600	779,242	118,835,842
Loss for the year	--	--	--	--	(42,707,575)	(42,707,575)
As at July 1, 2000	110,000,000	5,776,600	2,280,000	8,056,600	(41,928,333)	76,128,267
Shares issued as a result of business combination	100,000,000	--	--	--	--	100,000,000
Taken over from MLCL	--	3,605,912	--	3,605,912	9,787,272	13,393,184
Loss for the year	--	--	--	--	(52,086,752)	(52,086,752)
As at June 30, 2001	210,000,000	9,382,512	2,260,000	11,662,512	(84,227,813)	(137,434,699)

Statutory reserve represents the reserve created under the provisions of the Leasing Companies (Establishment and Regulation) Rules, 2000.

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

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Chief Executive

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Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30,2001

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Universal Leasing Corporation Limited was incorporated in Pakistan 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 Non-Banking Financial Institution (NBFI) under the provisions of Leasing Companies (Establishment and Regulation) Rules, 2000.

1.2 In terms of sub rule (3) of Rule 7 of the Leasing Companies (Establishment and Regulation) Rules 2000 requires that leasing companies granted license before the commencement of the Rules, need to raise the paid up capital to Rupees two hundred million by June 30, 2001. In order to comply with the requirement, effective March 01,2001, the company has acquired the whole undertaking of Mercantile Leasing Company Limited (MLCL) under the scheme of arrangement for merger permitted by the Securities and Exchange Commission of Pakistan and sanctioned by the Honorable High Court, Lahore. Accordingly to the scheme, the company has taken over at carrying amount total assets, total liabilities and reserves of MLCL. As a consideration for the said transfers, the company has issued one fully paid up ordinary share of Rs. 10 each to the members of MLCL for every one fully paid ordinary shares of Rs. 10 of MLCL held by them.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1.1 Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.

2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention

2.2 Fixed assets and depreciation

2.2.1 Owned assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged using the straight line method whereby the cost of an asset is written off over its estimated useful life. full year's depreciation is charged on additions while no depreciation is charged on assets disposed off during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

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

2.2.2 Assets subject to finance lease

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability, These amounts are determined at the inception of lease, on the basis of the lower of the fair value and the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability. Depreciation is charged to income applying the same basis as for owned assets.

2.3 Investments

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 are recognised in income currently.

Government securities-repurchase/resale transactions:

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

a) In case of sale under repurchase obligations, the securities are delated from the books at cost and the charges arising from the differential in sale and repurchase values are accrued on a pro-rata basis and recorded under income from Government securities. Upon repurchase, the securities are reinstated at their respective original cost.

b) In case of purchase under resale obligations, the securities are booked at the contracted purchase price and the differential of the contracted purchase and resale prices is amortised over the period of the contract and recorded under income from Government Securities.

2.4 Taxation

Current

Provision for taxation is made at the prevailing rates of taxation after taking into account tax credits available, if any, or the provision of Section 80B of Income Tax Ordinance, 1979 whichever is higher.

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. However, the company does not account for the deferred tax debits.

2.5 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 rental 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 as and when realised.

Income on Government securities

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

Profit on musharika investments

Expected profit on musharika investments ~s recognised on pro-rata accrual basis.

Dividend income

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

2.6 Staff retirement benefits

The company operates an un-funded gratuity scheme for all of its permanent employees. Provision for gratuity is made on one month gross salary for those employees who have completed three years of service.

2.7 Allowance for potential lease losses

The allowance for potential lease losses is made in accordance with prudential guidelines for provisioning for non-performing assets given in the Leasing Companies Rules, 2000.

2.8 Off-setting

A financial asset and a financial liability is set-off and the net amount is reported in the balance sheet if the company has a legal right to set-off the transactions and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

The aggregate future minimum lease payments to which the company is committed under the various lease

agreements and the periods, in which they will become due, are as follow:

	<i>JUNE, 2001</i>			<i>JUNE, 2000</i>		
	<i>Minimum lease payment</i>	<i>Financial charges</i>	<i>Principal</i>	<i>Minimum lease payment</i>	<i>Financial charges</i>	<i>Principal</i>
Due not later than one year	1,241,860	484,129	757,731	710,100	241,277	468,823
Due later than one year but not later than five years	3,318,550	605,235	2,713,315	1,117,227	159,367	957,860
	-----	-----	-----	-----	-----	-----
	4,560,410	1,089,364	3,471,046	1,827,327	400,644	1,426,683
	=====	=====	=====	=====	=====	=====

3.1 The company has acquired vehicles under two lease agreements from Askari Leasing Ltd. The installments are payable monthly commencing on various dates. Financing rates of 15.18 and 16.05 percent per annum have been used to arrive at constant periodic financial charges over the term of leases.

	<i>June 2001</i>	<i>June 2000</i>
	<i>Rupees</i>	<i>Rupees</i>

4. DEFERRED LIABILITIES

Provision for deferred taxation	1,100,000	--
Provision for staff gratuity	401,850	731,030
	-----	-----
	1,501,850	731,030
	=====	=====

5. LONG TERM DEPOSITS

Security deposits	14,134,933	12,451,634
Less: Current maturity shown under current liabilities	(7,175,255)	(10,345,871)
	-----	-----
	6,959,678	2,105,763
	=====	=====

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

6. PLACEMENT BORROWINGS FROM FINANCIAL INSTITUTIONS-Unsecured

As on the balance sheet date, the company has placement borrowings from financial institutions aggregating to Rs. 30 million (200: Rs. Nil). The rates of markup on these borrowings ranges from 16 to 20 percent per annum, payable on maturity.

7. RUNNING FINANCE-Secured

7.1 The company has arranged short term running finance facilities from commercial banks/DFT's under markup arrangements. These facilities are secured by charge on the leased assets and related rentals receivable.

7.2 during the year a commercial bank filed a suit in the Banking Court No.1. The court passed a decree against the company, for a total sum of Rs. 7.1 million to be repaid within 2 months without markup failing that further mark up at the rate of 14 percent from the date of filing of the suit till realization would be paid by the company to the bank.

Subsequent to the order, the bank and the company agreed that the company would repay the decreed amount of Rs. 7.1 million in the total sum of Rs. 7.3 million without future mark-up by an initial payment of Rs. 2.3 million and balance by 10 equal monthly installments of Rs. 5 million each from the end November 2000 to end August 2001. The company had repaid Rs. 6.3 million during the period.

8. ACCRUED AND OTHER LIABILITIES

Accrued expenses	479,557	151,600
------------------	---------	---------

Mark-up on:		
- short term running finance	455,283	553,563
- repo of government securities	6,632,055	--
Premium received in advance on reverse repo of government securities	23,170,000	--
Unclaimed dividend	2,600	2,600
Others	3,704,790	353,926
	-----	-----
	34,444,285	1,061,689
	=====	=====

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The Deputy Commission of Income Tax has made assessments for the assessment year 1998-99 during the year and raised a demand of Rs.10.819 million by disallowing various expenses, making additions in income on account of lease rentals and imposing penalty on set off of undetermined loss against income for prior assessment years. The management has made provision for taxation of Rs. 1.464 million and for balance tax demand disputed the add backs and filed appeals with Appellate Authorities. Pending outcome of the matters, no provision has been made in these financial statements for the demand raised as the management is confident that the outcome of the case will be in favour of the company.

9.2 As on the balance sheet date the company has commitments amounting to Rs. 165 million for the repurchase of government securities.

10. FIXED ASSETS

	COST					DEPRECIATION					Written down value Rupees	Depreciation rate % per annum Rupees	
	As at July 01, 2000 Rupees	Acquired from MLCL Rupees	Additions during the year Rupees	Inter transfers Rupees	Disposals during the year Rupees	As at June 30, 2001 Rupees	As at July 1, 2000 Rupees	On acquisition of MLCL assets Rupees	On disposals/inter transfers Rupees	For the year Rupees			As at June 30, 2001 Rupees
Owned:													
Office premises	9,844,000	42,630,000	--	--	--	52,474,000	2,461,000	177,625	--	1,202,700	3,841,325	48,632,675	5
Furniture and fixture	7,101,647	--	202,521	--	--	7,304,168	3,747,735	--	--	730,416	4,478,151	2,826,016	10
Office equipment	762,540	--	541,850	245,425	--	1,549,815	647,518	--	245,425	309,962	1,202,905	346,910	20
Motor vehicles	1,046,090	--	146,200	--	(575,000)	617,218	529,218	--	(525,000)	213,458	217,676	399,614	20
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	18,754,277	42,630,000	890,571	245,425	(575,000)	61,945,273	7,385,471	177,625	245,425 (525,000)	2,456,536	9,740,057	52,205,216	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Leased:													
Office equipment	245,425	--	--	(245,425)	--	--	245,425	--	(245,425)	--	--	--	30
Motor vehicles	1,798,060	--	4,016,000	--	(1,798,060)	4,016,000	359,612	--	(359,612)	803,200	803,200	3,212,800	20
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	2,043,485	--	4,016,000	(245,425)	(1,798,060)	4,016,000	605,037	--	(605,037)	803,200	803,200	3,212,800	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
June 2001	20,797,762	42,630,000	4,906,571	--	(2,373,060)	65,961,273	7,990,508	177,625	(884,612)	3,259,736	10,543,257	55,418,016	
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	
June 2000	19,524,162	--	2,348,655	--	(1,075,055)	20,797,762	6,725,287	--	(683,024)	1,948,245	7,990,508	12,807,254	
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	

10.1 Disposal of fixed assets

Particulars	Cost	Adjustment against			Lees	Mode	Particulars of buyer
		Accumulated depreciation	obligation under finance lease	Cash			
Owned:							
Motor vehicle	125,000	75,000	--	--	(50,000)	Negotiation	Mr. Riaz Arif Qureshi (Ex-employee)
Motor vehicle	450,000	450,000	--	--	--	Written off	--

Leased:

Motor vehicle	469,530	93,906	303,462	--	(72,162)	Negotiation	Moin Asif Khuaja (Ex-executive director)
Motor vehicle	859,000	171,800	375,149	--	(312,051)	Negotiation	Shabir Shah (Ex-Chief Executive)
Motor vehicle	469,530	93,906	312,527	--	(63,097)	Negotiation	Amir Saeed (Ex-Finance Manager)
	=====	=====	=====	=====	=====		
	2,373,060	884,612	991,138	--	(497,310)		
	=====	=====	=====	=====	=====		

**June
2001
Rupees**

**June
2000
Rupees**

11. NET INVESTMENT IN LEASES

Minimum lease rentals receivable	108,968,293	64,438,618
Add: Residual value of leased assets	11,423,463	14,057,727
	-----	-----
Gross investment in leases	120,391,756	78,496,345
Less: Unearned finance income	13,204,228	7,983,006
	-----	-----
Net investment in leases (note 11.1)	107,187,528	70,513,339
Less: Current portion of net investment in leases	14,207,885	5,796,784
Overdue portion of net investment in leases	63,135,832	50,771,805
	-----	-----
	29,843,811	13,944,750
	=====	=====

11.1 Net Investment in leases

	JUNE, 2001			JUNE, 2000		
	<i>Not later than one year Rupees</i>	<i>Later than one year and less than five years Rupees</i>	<i>Total Rupees</i>	<i>Not later than one year Rupees</i>	<i>Later than one year and less than five years Rupees</i>	<i>Total Rupees</i>
Lease rentals receivable	85,880,748	23,087,545	108,968,293	59,187,435	5,251,183	64,438,618
Add: Residual value of leased ass	7,539,405	3,884,058	11,423,463	11,767,214	2,290,513	14,057,727
	-----	-----	-----	-----	-----	-----
Gross investment in lease	93,420,153	26,071,603	120,391,756	70,954,649	7,541,696	78,496,345
Less: Unearned lease income	8,537,031	4,667,197	13,204,228	2,618,846	5,364,160	7,983,006
	-----	-----	-----	-----	-----	-----
Net investment in lease finance	84,883,122	22,304,406	107,187,528	68,335,803	2,177,536	70,513,339
	=====	=====	=====	=====	=====	=====

11.2 Net investment in leases include an amount of Rs. 39,029 million comprising Rs. 18,398 million as principal and Rs. 20.631 million as finance income recoverable from Pakland Cement Limited (PCL). The company alongwith other financial institution, has finalised an scheme of arrangement whereby PCL will issue Term Finance Certificates (TFC) for the amount due after the scheme has been approved by the Sindh High Court, Karachi. Under the scheme TFC will be issued effective January 1,2001 therefore, the Securities and Exchange Commission of Pakistan through their letter No. SC/IES/ED(SC)/537/2001 dated October 16,2001 has advised that the company may retain the status of the provision made upto June 30,2000 and carry it on to the financial statements for the year ended June 30, 2001. Finance income has been suspended by the management, where as no provision has been made in these financial statements in respect of principal amount due from PCL.

**June
2001
Rupees**

**June
2000
Rupees**

12. LONG TERM DEPOSITS

Deposits against assets subject to finance lease	401,600	346,000
Security deposits	356,600	280,000
	-----	-----
	758,200	626,000
	=====	=====

13. CURRENT PORTION OF NET INVESTMENT IN LEASES

Current portion of net investment in lease (note 11)	14,207,885	5,796,784
Overdue portion of net investment in leases	63,135,832	50,771,805
Less: Allowance for potential lease losses	(23,551,393)	(13,312,958)
	-----	-----
	39,584,439	37,458,847
	-----	-----
	53,792,324	43,255,631
	=====	=====

14. SHORT TERM INVESTMENTS

Government securities (note 14.1)	50,000	--
Shares in listed companies (note 14.2)	23,349,045	73,800
	-----	-----
	23,399,045	73,800
	=====	=====

14.1 Government Securities

Federal Investment Bonds-at cost [aggregate face value Rs.115 million (200: Nil)]	114,993,295	--
Pakistan Investment Bonds-at cost [aggregate face value Rs. 50 million (2000: Nil)]	50,000,000	--
	-----	-----
	164,993,295	--
Sale under repurchase commitments [aggregate face value Rs. 165 million (2000: Nil)]	(164,993,295)	--
	-----	-----
	--	--
Defence Savings Certificates	50,000	--
	-----	-----
	50,000	--
	=====	=====

14.2 Shares in listed companies

<i>Number of shares/ certificates held</i>		<i>June 2001</i>	<i>June 2000</i>
<i>2000</i>	<i>2001</i>	<i>Rupees</i>	<i>Rupees</i>
10,500	10,500 Agri Autos Industries Limited (Ordinary shares of Rupees 5 each)	51,240	51,240
1.00	1,000 21st ICP Mutual Fund	8,230	8,230
2,000	2,000 Ahmed Hassan Textile Mills Limit	18,260	18,260
--	20,000 Pakistan Telecommunication Corporation Limited	364,600	--
--	80,000 Fauji Jordan Fertilizer Company Lt	489,000	--
--	187,800 Askari Commercial Bank Limited	2,676,511	--
--	2000 Paramount Leasing Ltd-TFC	10,000,000	--
--	2000 Atlas Leasing Ltd-TFC	10,000,000	--
		-----	-----
		23,607,841	77,730
	Less: Provision for diminution in the value of investments	(258,796)	(3,930)

23,349,045	73,800
=====	=====

14.3 Unless stated otherwise, investments represent certificates/ordinary shares of Rupees 10 each.

14.4 The aggregate market value of the investments in shares as on June 30,2001 amounted to Rupees 3,349,045 (June 2000 Rupees 73,800).

15. PLACEMENT LENDINGS-Unsecured

As on balance sheet date, the company has placements with various companies aggregating to Rs. 30 million (2000: Rs. Nil). The placement of Rs. 5 million is for a period of 181 days and carrying markup at the rate of 21 percent per annum, and of Rs. 25 million for a period of 104 days carrying markup at the rate of 17.5 percent per annum.

16. SHORT-TERM MUSHARIKA INVESTMENTS-Unsecured

	<i>June 2001 Rupees</i>	<i>June 2000 Rupees</i>
Short-term musharika investments	43,256,350	43,256,350
Less: Provision for doubtful musharika	(43,256,350)	(21,628,175)
	-----	-----
	--	21,628,175
	=====	=====

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.

17. ADVANCES

Considered goods		
Staff (Note 17.1)	5,000	362,523
Against legal charges	--	100,000
	-----	-----
	5,000	462,523
	=====	=====
Considered doubtful		
Staff	165,000	--
Against legal charges	100,000	--
	-----	-----
	265,000	--
	-----	-----
	270,000	462,523
Less: Provision for doubtful	265,000	--
	-----	-----
	5,000	462,523
	=====	=====

17.1 Maximum amount due from executives at the end of any month during the year amounted to Rs. 629,145 (2000: Rs. 496,773).

18. DEPOSIT AND PREPAYMENTS

Deposit with the Privatization commission (note 18.1)	10,000,000	10,000,000
Prepayments	475,809	61,703
	-----	-----
	10,475,809	10,061,703
	=====	=====

18.1 this represents amount deposited with the Privatization Commission, Government of Pakistan, on behalf of a consortium for acquisition of 51% shares of First Women Bank Limited. The company has 9% share in the consortium.

19. OTHER RECEIVABLES

Receivable from Binham Group	5,232,704	5,232,704
------------------------------	-----------	-----------

Mark-up against leased assets	781,074	781,074
Accrued markup receivable	10,108,549	--
Dividend receivable	4,700	--
other (note 19.1)	6,612,526	7,162,891
	-----	-----
	22,739,553	13,176,669
Less: provision for doubtful receivables	(12,561,168)	(2,592,954)
	-----	-----
	10,178,385	10,583,715
	=====	=====

19.1 This includes receivable from an ex-director amounting to Rs. 2,756,900.

20. CASH AND BANK BALANCES

Cash in hand	466,569	54,834
Stamps in hand	13,450	--
Cash at banks:		
on current accounts with:		
- State Bank of Pakistan	30,000	65,000
- Commercial Bank	631,881	333,021
On PLS savings account:		
- on deposit account	2,848,547	7,747
	-----	-----
	3,990,447	460,602
	=====	=====

21. INCOME FROM LEASE OPERATIONS

Income on lease contracts	4,266,012	3,165,137
Front end and documentation fee	168,781	125,996
	-----	-----
	4,434,793	3,291,133
	=====	=====

22. INCOME FROM INVESTMENTS

Income from government securities	3,086,273	--
Dividend Income	1,356,557	148,438
Profit on sale of investments	7,301,475	78,386
	-----	-----
	11,744,305	226,824
	=====	=====

23. OTHER INCOME

Profit on bank deposits	873,322	81
Gain on disposal of fixed assets	--	257,669
Others	--	93,229
	-----	-----
	873,322	350,979
	=====	=====

24. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and staff benefits	6,302,571	3,853,682
Rent, rates and taxes	171,860	181,693
Travelling and conveyance	253,444	587,432
Vehicle running	572,481	417,540
Utilities	371,466	503,691
Communication	503,949	613,337
Insurance	297,160	671,642
Fees, subscriptions and periodicals	471,400	328,136
Printing and stationery	173,519	238,627
Legal and professional charges	372,675	467,327
Auditors' remuneration (note 24.1)	214,256	85,000
Repairs and maintenance	375,696	358,454
Entertainment	111,739	105,866

Depreciation	3,259,736	1,948,245
Advertisement	82,200	52,847
Loss on disposals of fixed assets	497,310	--
Provision for diminution in value of investments	254,866	3,930
Provision for advances	265,000	--
Amortisation of deferred cost	1,515,034	--
Merger related expenses	1,109,018	--
Registrar and corporate services	293,475	--
Miscellaneous	604,226	468,821
	-----	-----
	18,073,081	10,886,270
	=====	=====

24.1 Auditors' Remuneration

Audit fee	75,000	42,500
Special examination and other accounting related services	110,000	30,500
Out of pocket expenses	29,256	12,000
	-----	-----
	214,256	85,000
	=====	=====

25. EMPLOYEES SEPERATION BENEFITS

This amount represents settlement of various dues of senior executives and staff of the company approved and disbursed by the previous management prior to taking over of the company by the new management on October 1, 2000.

26. FINANCIAL CHARGES

Finance charges under lease obligations	418,423	184,400
Mark-up on:		
shod-term running finance	1,296,070	2,426,321
placement borrowings	4,711,337	--
Bank charges	33,013	16,229
Brokerage and commission	823,676	--
	-----	-----
	7,282,519	2,626,950
	=====	=====

27. PROVISION FOR TAXATION

Current		
- For the year	158,680	84,825
- For prior year	1,719,820	--
	-----	-----
	1,878,500	84,825
	=====	=====

27.1 Provision for tax has been made under the requirements of Section 80D of the Income Tax ordinance, 1979, based on the current taxable income after adjustment of unassessed carried forward tax losses of past year.

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND OTHER EXECUTIVES

	<i>June 30, 2001</i>			<i>June 30, 2000</i>		
	<i>Chief Executive Rupees</i>	<i>Director Rupees</i>	<i>Executives Rupees</i>	<i>Chief Executive Rupees</i>	<i>Director Rupees</i>	<i>Executives Rupees</i>
Managerial remunerations	633,382	987,832	1,308,195	520,700	202,960	164,502
Housing and utility	346,368	490,318	392,142	284,300	111,040	90,498
Expenses reimbursed	348,750	221,751	--	80,474	26,885	12,428
	-----	-----	-----	-----	-----	-----
	1,328,500	1,699,901	1,700,337	885,474	340,885	267,428
	=====	=====	=====	=====	=====	=====
No of persons	1	2	9	1	1	1

28.1 The Chief Executive Director and other 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, house rent and use of mobile telephone.

28.2 Five non-full time working Directors (2000: Five) were paid fee for attending board meetings aggregating Rs. 14,000.

	<i>June 2001</i>	<i>June 2000</i>
29. EARNINGS PER SHARE-Basic		
Loss after tax (Rupees)	(52,086,752)	(42,707,575)
Average number of shares outstanding during the year	14,333,333	11,000,000
Earnings per share basic (rupees)	(3.63)	(3.88)

30. 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 control to credit risk by monitoring credit exposures, limiting transaction with specific counter parties and continuously assessing the credit worthiness of counter parties.

The company follows two sets of guidelines, internally, it has its own operating policy duly approved by the Board of Directors whereas externally it adheres to the rules and regulations issued by State Bank of Pakistan and Securities and Exchange Commission of Pakistan.

Concentration of credit risk rises when number of counter parties are engaged in similar business activities, or have similar economic feature that would cause their ability to meet contractual obligation to be similarly affected by changes in economic, political conditions.

Maximum credit risk in respect of net investment in finance leases is to the extent of the amount provided as allowance for potential lease losses.

Detailed industrial sector wise analysis of lease portfolio is given below:

<i>Sector</i>	<i>Exposure</i>	<i>percentage</i>
Cement	20,355,537	19
Food and allied	7,132,839	7
Individuals	7,597,596	7
Textile	2,714,233	3
Consumer goods	3,711,560	3
Services	34,322,602	31
paper and board	8,911,300	8
Energy and fuel	1,105,478	1
Sugar	164,670	--
Others	22,952,478	21
	----- 108,968,293	----- 100
	=====	=====

In addition the company has placed certain funds with various companies, invested certain funds in registered Government Securities listed securities and musharika, s as mentioned in notes 14,15 and 16.

31. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset could be exchanged or liability settled between knowledgeable willing parties in an arms length transaction. The company prepares its financial statements under the historical cost convention, however, the estimated fair value of all financial instruments are not significantly different from their book values on June 30, 2001.

32. INTEREST/MARKUP RATE RISK MANAGEMENT

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

	<i>Mark-up bearing</i>			<i>Mark-up bearing</i>			<i>Total</i>
	<i>Maturity upto one year</i>	<i>Maturity After one year</i>	<i>Sub-total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	
Financial assets							
Net investment in leases	53,792,324	29,843,811	83,636,135	--	--	--	83,636,135
Long-term deposits	--	--	--	--	758,200	758,200	758,200
Short-term investments	20,050,000	--	20,050,000	3,349,045	--	3,349,045	23,399,045
Placement lendings	30,000,000	--	30,000,000	--	--	--	30,000,000
Advances	--	5,000	5,000	--	--	--	5,000
Deposits	--	--	--	10,000,000	--	10,000,000	10,000,000
Other receivables	--	10,108,549	10,108,549	69,836	--	69,836	10,178,385
Cash and bank	2,844,179	--	2,844,179	1,146,268	--	1,146,268	3,990,447
	=====	=====	=====	=====	=====	=====	=====
	106,686,503	39,957,360	146,643,863	14,565,149	758,200	15,323,349	161,967,212
	=====	=====	=====	=====	=====	=====	=====
Financial liabilities							
Obligation under finance leases	757,731	2,713,315	3,471,046	--	--	--	3,471,046
Differed liability	--	--	--	--	1,501,850	1,501,850	1,501,850
Long term deposits	--	--	--	7,175,255	6,959,678	14,134,933	14,134,933
Placement borrowings	30,000,000	--	30,000,000	--	--	--	30,000,000
Running finance	852,561	--	852,561	--	--	--	852,561
Accrued and other liabilities	7,566,895	--	7,566,895	26,877,390	--	26,877,390	34,444,285
	=====	=====	=====	=====	=====	=====	=====
	39,177,187	2,713,315	41,890,502	34,052,645	8,461,528	42,514,173	84,404,675
	=====	=====	=====	=====	=====	=====	=====
On balance sheet gap (a)	67,509,316	37,244,045	104,753,361	(19,487,496)	(7,703,328)	(27,190,824)	77,562,537
	=====	=====	=====	=====	=====	=====	=====
Cumulative interest rate sensitivity gap, 2001 Rupees	=====	=====	=====	=====	=====	=====	=====
	67,509,316	37,244,045	104,753,361				
	=====	=====	=====				

b) The effective interest/mark-up rate for financial assets and liabilities are as follows:

June 2001

%

Financial Assets

Net investment in leases	22.33
Short term investments	13.66
Placement lending	19.25

Financial Liabilities

Obligation under finance leases	18
Placement borrowings	18
Running finance	19.16

33. TRANSACTIONS WITH ASSOCIATED UNDERTAKING

	<i>June 2001</i>	<i>June 2000</i>
	<i>Rupees</i>	<i>Rupees</i>
Brokerage paid	306,400	--

Placement borrowing	127,000,000	--
Repayment of borrowing	127,000,000	--
Placement lending	22,000,000	--
Markup paid 181,205	--	--
Markup received	213,180	--
Lease facilities	5,068,000	--
Lease rent received	666,940	--
Others	3,500,000	--

34. NUMBER OF EMPLOYEES

the average number of employees during the period were 25 (2000: 19).

35. CORRESPONDING FIGURES

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

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2001

<i>NO. OF SHARE HOLDER</i>	<i>SHAREHOLDING</i>		<i>TOTAL SHARES HELD</i>
	<i>FROM</i>	<i>TO</i>	
17	1	100	1,700
34	101	500	16,000
9	501	1000	8,800
13	1001	5000	48,500
19	5001	10000	160,100
20	10001	15000	276,000
6	15001	20000	115,000
6	20001	25000	138,500
3	25001	30000	87,500
1	35001	40000	35,500
2	45001	50000	100,000
1	95001	100000	100,000
1	150001	155000	153,000
1	195001	200000	200,000
1	255001	260000	258,000
1	370001	375000	371,200
1	535001	540000	540,000
1	590001	595000	592,800
1	895001	900000	900,000
1	1245001	1250000	1,250,000
1	1410001	1415000	1,412,800
1	1460001	1465000	1,462,900
1	2770001	2775000	2,771,700
1	9995001	10000000	10,000,000
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143			21,000,000
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CATEGORIES OF SHAREHOLDERS

<i>Categories of Shareholders</i>	<i>Number Share Holders</i>	<i>Shares Held</i>	<i>Percentage</i>
Individuals	127	1,113,300	5.30
Investment Company	1	371,200	1.77
Insurance Company	--	--	--
Joint Stock Company	9	16,396,600	78.08
Financial Institutions	2	2,312,800	11.01
Modaraba Company	3	793,300	3.78
others (to be specified*)	1	12,800	0.06

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143	21,000,000	100.00
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