

Asian Leasing Corporation Limited

Annual Report 1999

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COMPANY INFORMATION

Board of Directors:

Mr. Humayun Raza	Chairman
Mr. Muhammad Aslam Khan	Director
Mr. Muhammad Zafarullah Khan	Director
Dr. Iftikhar Ali Khan	Director
Mr. Zafar Iqbal	Director
Mr. Humayun Sadiq	Nominee Director- NDFC
Mr. Taslim Haider Zaidi	Nominee Director - NDFC
Mr. Usfandiar Sukhia	Nominee Director- NIT
Ms. Aaliya K. Dossa	Nominee Director- NIT
Mrs. Rodhi R. Khan	Chief Executive Officer

Company Secretary:

Mr. Imran-ur-Rehman

Bankers to the Company:

National Development Finance Corporation
Bank of Punjab
Crescent Investment Bank Limited
Faysal Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan

Auditors:

Ford, Rhodes, Robson, Morrow
Chartered Accountants

Legal Advisor:

Mr. Tariq Kamal Qazi
Advocate High Court/Supreme Court

Registrars and Share Transfer Office:

Noble Computer Services (Private) Ltd.
6th Floor, Hirani Centre
I.I. Chundrigar Road, Karachi

Registered Office & Head Office:

10-Happy Homes,
38-A, Main Gulberg, Lahore
Tel: 5717367-9
Fax: (042) 5717504

Email: alc@brain.net.pk

Branch Office:

204-Clifton Centre
Khayaban-e-Roomi, Clifton
Karachi.
Tel: 5835936, 5866095
Fax: (021)5873573

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the THIRTEENTH ANNUAL GENERAL MEETING of ASIAN LEASING CORPORATION LIMITED will be held on Friday, 31st December, 1999 at the registered office of the Company at 10-Happy Homes, 38-A Main Gulberg, Lahore at 11.30 a.m. to transact the following business :-

1. To confirm the minutes of Extra-Ordinary General Meeting of the Company held on 30th June, 1999.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 1999 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors and fix their remuneration. The present Auditors Messrs. Ford, Rhodes. Robson. Morrow, Chartered Accountants. retire and being eligible, offer themselves for re-appointment.

BY ORDER OF THE BOARD

Lahore;
30th November, 1999

IMRAN-UR-REHMAN
COMPANY SECRETARY

NOTES:

1. The Register of Members of the Company will remain closed from 22nd December, 1999 to 29th December, 1999 (both days inclusive) and no transfer of shares will be made during the period the register is closed.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his proxy to attend and vote on his behalf.
3. Instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power or authority must be deposited at the registered office of the Company atleast 48 hours before the time of the meeting.
4. Shareholders are requested to notify any change in address immediately.

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors presents to its members the 13th Annual Report together with Audited Accounts and the Auditors Report thereon for the year ended June 30, 1999.

The period 1998-99 was marked with a bold step taken by ALC Board to enter into a merger, as the leasing as well as banking sector needs to consolidate. This step was also in line with the SECP requirement that all leasing companies should raise their paid up capital to Rs.200 million by November, 1999. Unfortunately, this being the first merger, the merging companies developed certain difference of opinion on various aspects. The merger process which took almost a year did not materialize despite the fact that ALC had completed all the required formalities by March, 1999. Meanwhile due to the fact that ALC was being viewed as a merging entity, fresh credit lines could not be contracted and the lease portfolio could not be built up. The year 1999-2000, therefore, requires the company to gear itself to arrange fresh funding in the form of credit lines and look for equity partners for fresh equity injection to strengthen the financial standing of the company. The company has started making efforts in both the areas. ALC plans to accommodate the existing clients with good track record with ALC as well as with other financial institutions. ALC would also target new clients.

Since ALC is presently carrying the portfolio built up over the last ten years, 1998-99 was marked with clearing the portfolio through rejuvenating the efforts for recovery/settlements/rescheduling. We are pleased to report that marked movement in stuck up financing has been made.

FINANCIAL RESULTS

	1997-98	1998-99
	Rupees	Rupees
Revenue	57,507,647	29,751,198
Expenditure		
Financial Charges	30,269,079	16,628,935
Provision/Bad Debts	21,153,298	18,872,183
Others	14,673,206	14,986,145
Profit/(Loss) before tax	(8,587,936)	(20,736,065)
Taxation	(44,510,667)	14,414,506
Profit/(Loss) after tax	(53,098,603)	(6,321,559)

The profitability/operational results remained under strain due to non-availability of sufficient credit lines in the past few years. The overall deficit of the company reduced in 1998-99 compared to last year as expenses were substantially brought down as well as lease portfolio was corrected. The earning per share, remain negative, improved in the period 1998-1999. The benefit in the area of taxation was realized as deferred tax, fully provided, was partly reversed this year.

FUTURE OUTLOOK

The year 1999-2000 could be termed as a year in which all efforts would be made to turn around the company. The Board has decided to strengthen the financial position of the company by building its lease portfolio through prudent and selective lending. 1999-2000 would also witness further efforts in the reduction of the stuck up financing. Equity injection from sound financial groups/individuals would be pursued in the overall interest of the company.

CHANGE IN THE BOARD

The election of the Directors was held on June 30th 1999 on expiry of the term of the serving Directors. The new directors who have joined the Board as a result of the election are as follows:

Mr. Muhammad Aslam Khan	Private Sector
Dr. Iftikhar Ali Khan	Private Sector
Mr. Humayun Raza	Nominee NDFC
Mr. Taslim Haider Zaidi	Nominee NDFC
Mr. Usfandiar Sukhia	Nominee NIT

Mr. Humayun Raza was elected as the Chairman of the Board.

COMPLIANCE WITH SECP REQUIREMENT ON YEAR :2000

ALC fully meets the computerised system requirement of the SECP for the millennium problem.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company is annexed.

AUDITORS

The present Auditors Messrs. Ford, Rhodes, Robson, Morrow, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

ACKNOWLEDGMENT

The company is thankful to the authorities of the State Bank of Pakistan and Securities and Exchange Commission of Pakistan for their continued guidance. We would also like to thank our valuable clients, financial institutions and shareholders for their continued support and co-operation. Appreciation is also placed on record for the dedicated hard work put in by the staff of the Corporation.

ON BEHALF OF THE BOARD

Lahore:
30th November, 1999.

ROOHI R. KHAN
CHIEF EXECUTIVE

PATTERN OF SHAREHOLDINGS AS AT JUNE 30, 1999

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
314	1	100	14,924
363	101	500	89,867
155	501	1,000	114,222
323	1,001	5,000	620,320
48	5,001	10,000	334,220
5	10,001	15,000	56,103
2	15,001	20,000	35,738
3	20,001	25,000	64,852
1	25,001	30,000	26,136
1	40,001	45,000	41,817
1	45,001	50,000	47,844
1	50,001	55,000	50,772
1	55,001	60,000	55,806
2	65,001	70,000	134,489
1	70,001	75,000	72,600
1	75,001	80,000	79,500
1	100,001	105,000	104,544
1	120,001	125,000	121,000
1	155,001	160,000	155,300
3	260,001	265,000	783,004
2	520,001	525,000	1,045,440
1	525,001	530,000	527,720
1	565,001	570,000	569,329
1	2,610,001	2,615,000	2,612,600
1	2,695,001	2,700,000	2,696,253
-----	-----	-----	-----
1,234			10,454,400
=====	=====	=====	=====

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 1999

Categories of Shareholders	Number of shareholders	Shares Held	Percentage
INDIVIDUALS	1,209	3,609,038	34.52
INVESTMENT COMPANIES	4	263,073	2.52
INSURANCE COMPANIES	2	611,146	5.85
JOINT STOCK COMPANIES	9	378,199	3.62
FINANCIAL INSTITUTIONS	3	5,381,453	51.48
MODARABA	4	95,622	0.92
FOREIGN INVESTORS	0	0	0
CO-OPERATIVE SOCIETIES	2	112,733	1.08
CHARITABLE TRUSTS	1	3,136	0.03
OTHERS	0	0	0
-----	-----	-----	-----
TOTAL	1,234	10,454,400	100.00
=====	=====	=====	=====

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Asian Leasing Corporation Limited as at June 30, 1999 and the related profit and loss account and statement of sources and application of funds, 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 except for the change in the accounting policy for deferred tax as explained in Note: 2.4 to the accounts with which we concur;

ii) the expenditure, incurred during the year were 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;

© 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 sources and application of funds, 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, 1999 and of the profit and the changes in sources and application of funds for the year then ended; and

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

Lahore'
30th November, 1999

FORD, RHODES, ROBSON, MORROW
CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT JUNE 30, 1999

	<i>Notes</i>	<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
CAPITAL AND RESERVES			
Authorised capital			
25,000,000 (1998:25,000,000) ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid-up capital	3	104,544,000	104,544,000
Special Reserve	4	7,104,821	7,104,821
General Reserve		31,336,477	31,336,477
Accumulated loss		(67,188,988)	(60,867,429)
		(28,747,690)	(22,426,131)
		75,796,310	82,117,869
LONG TERM AND DEFERRED LIABILITIES			
Long term loans- secured	5	16,666,669	52,639,036
Obligation under finance lease	6	--	193,381
Marginal deposits on lease arrangements	7	27,037,618	33,258,916
Customers' deposits- COIs	8	400,000	575,000
Provision for gratuity		25,277	25,277
Provision for deferred taxation		3,240,000	22,900,000
		47,369,564	109,591,610
CURRENT LIABILITIES			
Current portion of long term loans		32,851,598	69,627,277
Current portion of obligation under finance lease		--	112,109

Current portion of marginal deposits	7	11,128,505	19,984,764
Current portion of Customers' deposits- COIs	8	150,000	--
Accrued liabilities		325,004	557,431
Mark-up accrued on secured loans		370,716	1,200,511
Mark-up accrued on Certificates of Investment		16,742	17,654
Provision for taxation		47,592,294	45,399,129
Central Excise duty payable		--	145,596
Others		310,650	797,800
Dividends		240,306	240,306
		-----	-----
		92,985,815	138,082,577
CONTINGENCIES AND COMMITMENTS	9	--	--
		-----	-----
		216,151,689	329,792,056
		=====	=====
TANGIBLE FIXED ASSETS	10	4,471,708	5,974,703
NET INVESTMENT IN LEASE FINANCE			
Lease payments receivable		173,099,000	268,374,847
Residual value		37,731,162	53,346,258
		-----	-----
Gross lease payments receivable		210,830,162	321,721,105
Less: Unearned mark-up		(38,785,206)	(55,898,189)
		-----	-----
		172,044,956	265,822,916
Bad debts written off		(2,159,964)	--
		-----	-----
Net investment in lease finance		169,884,992	265,822,916
Less: Current portion		(46,577,043)	(105,638,175)
Provision for doubtful receivables		(29,921,616)	(17,681,126)
		-----	-----
		93,386,333	142,503,615
LONG TERM INVESTMENTS	11	8,617,000	8,617,000
DEFERRED COST	12	1,036,538	2,069,538
CURRENT ASSETS			
Current portion of net investment in lease finance		46,577,043	105,638,175
Short term finances	13	--	2,266,573
Other investments	14	--	10,000,000
Advances, deposits, prepayments and other receivables 15		33,389,527	18,218,602
Cash and bank balances	16	28,673,540	34,503,850
		-----	-----
		108,640,110	170,627,200
		-----	-----
		216,151,689	329,792,056

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1999

	<i>Notes</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
REVENUE			
Income from lease operations	17	20,287,495	48,284,177
Mark-up income	18	9,375,106	7,468,206
Other income	19	88,597	1,755,264
		-----	-----

		29,751,198	57,507,647
EXPENDITURE			
Direct cost of leases		7,850	27,431
Financial charges	20	16,628,935	30,269,079
Administrative and operating expenses	21	9,601,591	11,805,615
Depreciation	10	1,225,317	1,377,993
Amortisation of deferred cost	12	1,033,000	1,187,167
Provision for doubtful receivables		18,872,183	21,153,298
Bad debts written off directly		3,118,387	--
Provision for diminution in value of investment		--	275,000
		-----	-----
		50,487,263	66,095,583
		-----	-----
Loss before tax		(20,736,065)	(8,587,936)
Taxation	22	(14,414,506)	44,510,667
		-----	-----
Loss after tax		(6,321,559)	(52,098,603)
Accumulated loss brought forward		(60,867,429)	(7,768,826)
		-----	-----
Accumulated loss carried forward		(67,188,988)	(60,867,429)
		=====	=====
Earning per Share	24	-0.60	-5.08
		=====	=====

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF SOURCES AND APPLICATION OF FUNDS (CASH FLOW) FOR THE YEAR JUNE 30, 1999

	1999	1998
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss after taxation	(6,321,559)	(53,098,603)
Adjustment for:		
Depreciation	1,225,317	1,377,993
Amortisation of deferred cost	1,033,000	1,187,167
(Profit) on sale of fixed assets	--	(1,398,077)
Provision for doubtful receivables	18,872,183	21,153,298
Provision for deferred tax	(19,660,000)	22,900,000
Provision for diminution in value of investments	--	275,000
Bad debts written off directly	3,118,387	--
	-----	-----
	4,588,887	45,495,381
	-----	-----
Operating profit before working capital changes	(1,732,672)	(7,603,222)
(Increase)/decrease in:		
Short term finances	523,150	569,249
Other investments	10,000,000	(10,000,000)
Advances, deposits, prepayments and other receivables	(21,802,618)	(14,649,255)
	-----	-----
	(11,279,468)	(24,080,006)
Increase/(Decrease) in:		
Current liabilities (other than current portion of long term loan, COI's and dividends)	497,285	(5,407,554)
	-----	-----
Cash generated from operation	12,514,855	(37,090,782)
Gratuity paid. -	--	(29,808)
	-----	-----

		(743,442)				
1998	11,151,953	2,271,230	10,466,124	7,319,962	5,974,703	1,377,993
		(2,957,059)				

* This include vehicle costing Rs.406,268 having accumulated depreciation of Rs.81,254 transferred from assets subject to finance lease to own assets during the year.

Detail of fixed assets sold during the year.

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Profit/ (Loss)	Mode of sale	Particulars of Purchaser
Motor Vehicle							
Toyota Corolla	743,442	446,064	297,378	297,378		--Negotiation Ex	Chief Executive Mr. M. Aslam 52-B/8 Gulshan Iqbal Karachi

1999 **1998**
Rupees **Rupees**

11. LONG TERM INVESTMENTS

Government securities

Federal Investment Bonds (Note: 11.1) 7,800,000 7,800,000

Listed companies

Muslim Commercial Bank Ltd. 588,000 588,000

14,160 (1998: 14,160) ordinary shares of Rs. 10/- each
Market value Rs. 20.05 (1998: Rs. 18.60) per share (Note: 11.2)

Lease Pak Limited 500,000 500,000

50,000 (1998: 50,000) ordinary shares of Rs. 10/- each
Market value Rs.3.00 (1998: Rs. 4.50) per share

Less: Provision for diminution in market value (275,000) (275,000)

225,000 225,000

Prudential Discount and Guarantee House Ltd. 4,000 4,000

2,000 ordinary shares of Rs. 10/- each
Market value Rs. 2.25 (1998: Rs. 2.0) per share

8,617,000 8,617,000

11.1 These investments have been made to comply with SBP's Rules of Business (Prudential Regulations) for Non-Banking Financial Institutions. FIBs have face value of Rs. 7,800,000 (1998: Rs. 7,800,000) and maturity period range from three to ten years. The mark-up receivable is 15% per annum.

11.2 No provision has been made for the diminution in value amounting to Rs. 378,592 (1998: Rs.324,624) as it is considered temporary in the context of the company's intention to hold this investment on a long term basis.

12. DEFERRED COSTS

	<i>Loan negotiation expenses Rupees</i>	<i>Share issue expenses Rupees</i>	<i>Total 1999 Rupees</i>	<i>Total 1998 Rupees</i>
Opening balance	1,992,946	76,592	2,069,538	1,733,788
Add: Incurred during the year	--	--	--	1,522,917
Less: Amortised during the year	985,126	47,874	1,033,000	1,187,167
	-----	-----	-----	-----
	1,007,820	28,717	1,036,538	2,069,538

	1999 Rupees	1998 Rupees
13. SHORT TERM FINANCE- SECURED		
Short term morabaha finances	207,335	207,335
Current portion of long term morabaha finances -overdue	958,423	2,266,573
Bad Debt Written off	(958,423)	--
	-----	-----
	--	2,266,573
	-----	-----
	207,335	2,473,908
Less: Provision for doubtful finance	207,335	207,335
	-----	-----
	--	2,266,573

These have been provided under morabaha agreements with aggregate resale price of Rs.230,145'(1998: Rs. 230,145) repayable within one year. These are secured by demand promissory notes and personal guarantees of the directors of the respective Loanee companies.

14. OTHER INVESTMENTS

These represent short term placements under resale (Reverse Repo) arrangements with other NBFIs secured against Government securities. This was matured during the year.

	1999 Rupees	1998 Rupees
15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances to employees	192,146	194,079
Exchange rate difference recoverable from State Bank of Pakistan	15,764,188	273,909
Deposits	161,700	199,900
Prepayments	138,772	539,580
Accrued income (Note: 15.1)	899,432	2,802,966
Advance tax paid	15,598,248	14,190,152
Other receivables	635,041	18,016
	-----	-----
	33,389,527	18,218,602

15.1 Accrued income

Long term investment	539,959	434,959
Bank deposits	--	425,382
On lease operation	27,836,365	22,787,824
On morabaha finances and advances	--	35,828
	-----	-----
	28,376,324	23,683,993
Less: Provision against doubtful income		
Lease operations	27,476,892	20,845,199
Morabaha finance	--	35,828

	27,476,892	20,881,027
	899,432	2,802,966
<hr/>		
16. CASH AND BANK BALANCES		
On deposit accounts	27,590,463	33,417,295
On current accounts (Note: 16.1)	1,016,037	1,000,405
Cash in hand	67,040	86,150
	28,673,540	34,503,850
<hr/>		

16.1 It includes an interest free deposit of Rs. 509,913 (1998 Rs. 509,913) maintained with State Bank of Pakistan under Rule 6 of SBP's Rules of Business (Prudential Regulations) for Non-Banking Financial Institutions.

17. INCOME FROM LEASE OPERATIONS

Mark-up on lease operations	20,269,680	48,107,997
Front end fee	17,815	162,073
Commitment fee	--	14,107
	20,287,495	48,284,177
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18. MARK-UP INCOME

Federal Investment Bonds	1,170,000	1,170,582
Bank deposits	8,183,866	3,812,814
Morabaha finance	--	2,371,894
Advance against leases	--	62,916
Dividend income	21,240	50,000
	9,375,106	7,468,206
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19. OTHER INCOME

Miscellaneous and Documentation charges recovered	88,597	357,187
Profit on sale of fixed assets	--	1,398,077
	88,597	1,755,264
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20. FINANCIAL CHARGES

Mark-up on long term secured loans	13,731,567	21,690,345
Mark-up on short term secured loans	--	2,841,233
Mark-up on certificates of investment	101,118	288,368
Foreign exchange risk coverage fee	2,556,275	4,995,573
Exchange loss	212,567	306,165
Others	27,409	147,395
	16,628,935	30,269,079
<hr/>		

21. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and benefits	5,658,054	5,881,336
Rent	578,159	528,621
Utilities	228,501	329,821
Stationery and supplies	281,147	353,558
Repairs and maintenance	618,332	895,471
Insurance	190,838	295,856
Telephone, telex and postage	561,796	610,862

Travelling	106,211	377,251
Boarding and lodging	36,068	124,147
Legal and professional charges	451,251	691,223
Advertisement	115,250	328,163
Auditors' remuneration (Note 21.1)	65,000	217,270
Donations (Note 21.2)	--	500
Corporate expenses	159,880	168,992
Zakat	501	6,093
Other expenses	550,603	996,451
	-----	-----
	9,601,591	11,805,615
	=====	=====

21.1 Auditors' Remuneration-

Audit fee	65,000	65,000
Tax and other consultancy	--	137,500
Expenses reimbursed	--	14,770
	-----	-----
	65,000	217,270
	=====	=====

21.2 None of the directors or their spouses had any interest in any of the donees.

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
22. TAXATION		
Current		
For the year	11,500,000	19,000,000
Corporate Assets Tax (Note; 22.1)	--	2,610,667
	-----	-----
	11,500,000	21,610,667
Deferred	(19,660,000)	22,900,000
Prior years' adjustment	(6,254,506)	--
	-----	-----
	(14,414,506)	44,510,667
	=====	=====

22.1 Provision for Corporate Assets Tax includes Additional Tax and Penalty aggregating Rs.1,610,667 levied for alleged late payment of the tax and filing of return. The company does not accept that it is subject to this tax and is contesting the levies in appeals.

22.2 The company has reversed the deferred tax amounted to Rs.22.9 million as provided against all timing differences in the financial statements for the year ended June 30, 1998 and opted to make the provision for deferred tax in accordance with the requirements as stated in the circular No.16 dated September 09, 1999 of Securities and Exchange Commission of Pakistan under which Rs.3.24 million being equivalent to one fifth of deferred tax liability has been provided as on June 30, 1999. The deferred tax of Rs.11.62 million, for the timing differences, therefore, remain unprovided.

23. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	<i>Chief Executive</i>		<i>Executives</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Managerial remuneration	334,677	760,000	349,200	298,764
Bonus	--	120,000	28,000	--
Accommodation	126,000	342,000	157,140	193,889
Utilities	80,000	90,000	34,920	25,726
Medical expenses	15,537	60,022	61,111	120,650
Club subscription	--	13,493	--	--
Residential telephone				
Bills reimbursed	40,522	34,942	6,060	6,000
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	596,736	1,420,457	636,431	645,029
Number of persons	1	1	2	3

The Chief Executive and 2 Executives are provided with company owned and maintained cars.

Fees paid to 5 non-executive Directors for attending meetings during the year Rs. 13,500 (1998 : 5 Directors fee paid Rs. 40,500)

Compensation package of Rs. 1,479,476/- was paid to Mr. Aslam (Ex. Chief Executive as approved by the Board on leaving the job due to merger process).

24. EARNING PER SHARE

There is no diluted effect on the basic earning per share which is based on:

	1999		1998	
	<i>Numerator</i>	<i>Denominator</i>	<i>Numerator</i>	<i>Denominator</i>
	<i>Rupees</i>	<i>Shares</i>	<i>Rupees</i>	<i>Shares</i>
	A	B	A	B
Loss attributed to ordinary share holders	6,321,559	--	53,098,603	--
Weighted average number of ordinary shares outstanding during the year	--	10,454,400	--	10,454,400
	6,321,559	10,454,400	53,098,603	10,454,400
Earning per share (A/B) Rs.	-0.60		-5.08	

25. FINANCIAL INSTRUMENTS & RELATED DISCLOSURES

25.1 Exposure to Markup Rate Risk

The company exposure to Risks associated with mark up rates on its financial assets and liabilities are summarized as follow:

Note	<i>Mark up Bearing</i>		<i>Non Mark up Bearing</i>		<i>Total</i>
	<i>Within One year (Rupees)</i>	<i>One year to Five years (Rupees)</i>	<i>Within One year (Rupees)</i>	<i>One year to Five years (Rupees)</i>	
Financial assets					
Long term investments	11	7,800,000	--	817,000	8,617,000
Net investment in lease finance		46,577,043	123,307,949	--	169,884,992
Advances, deposits & prepayments	15	--	--	45,129,399	45,129,399
Cash & Bank Balances	16	27,590,463		1,083,075	28,673,538
		74,167,506	131,107,949	46,212,474	252,304,929
Financial Liabilities					
Long term loan	5	32,851,598	16,666,669	--	49,518,267
Certificate of investment	8	150,000	400,000	--	550,000
Lease key money	7	--	--	11,128,505	27,037,618
Accrual & other liabilities		--	--	1,023,112	1,023,112
Unclaimed dividend		--	--	240,306	240,306
		33,001,598	17,066,669	12,391,923	27,037,618
Net financial assets/ (Liabilities)		41,165,908	114,041,280	33,820,551 (26,220,618)	162,807,121

25.2 Effective Mark up Rate

The Effective Mark up rate of company's financial assets and liabilities are as follows:

Financial Assets

Investment in lease finance	21 - 27%
Long Term Investment	12 - 15%
Bank Balances	8- 15%

Financial liabilities

Long Term Loans	9.4 - 18.5%
Customers' Certificate of Investment	17 - 18%

25.3 Credit Risk

The company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the company's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivable, if any, and through prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organisations of sound financial standing covering various industrial sectors and segments.

25.4 Fair value of financial instruments,

The estimated fair value of financial instruments are not significantly different from their book value as shown in these financial statements except for long term investment as disclosed in Note 11.

26. LEASES AND ADVANCES IN EXCESS OF 20% OF PAID-UP CAPITAL AND FREE RESERVES

Following are the parties to whom net investment in lease finance exceeded 20% (i.e. Rs. 8,262,501) of the paid up capital and free reserves of the company.

Group name	<i>Rupees</i>
Chakwal group	25,798,156
Pakland Cement	18,388,588
Chaudri Group	13,819,270
Naseern Saigal Group	9,576,460

27. GENERAL

- Previous period figures have been re-arranged wherever necessary for the purposes of comparison.
- Figures have been rounded off to the nearest rupee.

CHIEF EXECUDIRECTOR