

NatLease

NATIONAL ASSET LEASING CORPORATION LIMITED

Annual Report 1996

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COMPANY INFORMATION

Chairman

Dr. Khalid Iqbal

Chief Executive/Managing Director

Mohammad Ashiq Rehmani

Directors

Azhar Tariq Khan

Syed Naveed Zaidi

Rana M. Abu Obaida

Shamira I. Junejo

Sohail Ali

Company Secretary

Ayyaz Ahmad

Bankers of the Company

Crescent Investment Bank Limited

Habib Bank Limited

National Development Finance Corporation

Muslim Commercial Bank Limited

Auditors

Ford, Rhodes, Robson, Morrow

Chartered Accountants,

Finlay House, I. I. Chundrigar Road, Karachi.

Share Registrars

Noble Computer Services (Private) Limited

2nd Floor, AI-Manzoor Building

Dr. Ziauddin Ahmed Road, Karachi.

Registered Office

1-B, First Floor, All Plaza,

Khayaban-e-Quaid-e-Azam,

Blue Area, Islamabad

Phones: 270626 & 822513

Fax: (92-51) 272506

Head Office

9th Floor, Lakson Square, Building No 1,
265 R. A. Lines, Karachi.
Phones: 5687412, 5687419, 5689580 & 5682027
Fax: (92-21) 5684259
Telex: 20538 ASSET PK.

NOTICE OF MEETING

Notice is hereby given that the Sixth Annual General Meeting of National Asset Leasing Corporation Limited will be held at 1-B, First Floor, All Plaza, Khayabon e Quaid-e-Azam, Blue Area, Islamabad on Tuesday, December 31, 1996 at 11.00 a.m. to transact the following business.

Ordinary Business:

1. To confirm the Minutes of the Fifth Annual General Meeting held on July 20, 1995.
2. To receive, consider and adopt the Audited Accounts of the Company together with Directors' and Auditors' report thereon for the eighteen months ended June 30, 1996.
3. To appoint Auditors and to fix their remuneration for the year 1996 97. M/s. Ford, Rhodes, Robson, Morrow, Chartered Accountants, the present Auditors, retire and being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the Chair.

By Order Of the Board

AYYAZ AHMAD
Company Secretary

Islamabad: December 3, 1996

NOTES:

1. The Share Transfer Books of the Company will remain closed from December 24, 1996 to December 31, 1996 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Company's Registered Office at Islamabad at least 48 hours before the time of holding the meeting.
3. The members are requested to please notify to the Company any change in their addresses.

DIRECTORS' REPORT

On behalf of the Board of Directors of National Asset Leasing Corporation Limited, I am pleased to present the Fifth Annual Report together with the audited accounts for the period ended June 30, 1996.

Financial Results

Faced with trying circumstances of economic environment and scarcity of funds we are grateful as ever for Allah's boundless mercy to enable NatLease to meet the challenge and maintain reasonable financial results for the period ended June 30, 1996, as appended below:

	Rupees
Gross Income	57,315,287
Expenditure	48,679,217

Profit before provisions	8,636,070
Provisions	910,021

Net profit after provisions	7,726,049
Unappropriated profit brought forward	1,555,301

Profit available for appropriations	9,281,350
	=====
Appropriations:	
Transfer to reserve fund	1,545,210
Unappropriated profit carried forward	7,736,140

	9,281,350
	=====

Operations:

During the eighteen months ended June 30, 1996 the major sources of revenue include;

Income from leasing operations	89.80%
Income from bank deposits	2.98%
Income from investment	3.15%
Capital gain	3.90%
Others	0.17%

The operations of the period under review reflect our untiring efforts to achieve a desirable performance despite continued recession in the economy hampering broad business base and constrains of resource mobilization.

Despite all above, NatLease had posted Rs. 7.726 million profit for the .period ended 30th June 1996.

We do acknowledge that due to our assessment of the present times, we have been very conservative on comparative basis. We have laid more stress on recovery efforts and paying off liabilities rather than enchanting our operations.

Our management made extra efforts to minimise expensive borrowing and work with selectivity and caution and minimise sensitive exposure to maintain profitability,

Future Prospects

NatLease continues to concentrate on its core business of lease finance and enhance its facility to operating leases and consumers durables as part of future plans, we have enhanced and geared up professionals ability to meet the requirement of newly evolved marketing strategy for better profitability in future.

We have to restrict sensitive exposure, evolve innovative modes and professional techniques and gear-up funding requirement at reasonable cost to meet this challenge and give the expected results.

Management is confident that it will come up with the expectations of its share holders and achieve the self-assigned challenge in shape of better results.

Acknowledgment

We wish to place on record our gratitude to our valuable clients, financial institutions, Corporate Law Authority, State Bank of Pakistan and our share holders for their continued valued support, guidance and cooperation.

The contribution of all staff members is note-worthy and we take pride in their devotion, hard-work and dedication. We earnestly feel that nothing was possible without Allah's blessings and infinite mercy.

We pray for Allah's blessing, mercy and guidance for achieving better results in years to come (Ameen).

M. A. Rehmani
Managing Director

Islamabad: December 3, 1996

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of NATIONAL ASSET LEASING CORPORATION LIMITED as at June 30, 1996 and the related profit and loss account and statement of changes in financial position (cash flow statement), together with the statement of accounting policies and notes forming part thereof, for the eighteen months then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the eighteen months was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the eighteen months 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 and profit and loss account and the statement of changes in financial position (cash flow statement), together with the statement of accounting policies and notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1996 and of the profit and the changes in financial position for the eighteen months then ended; and
- (d) in our opinion Zakat deductible at source, under the Zakat and ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance,

Sd/-
FORD, RHODES, ROBSON, MORROW
Chartered Accountants

Karachi: December 3, 1996

**BALANCE SHEET
AS AT JUNE 30, 1996**

	June 30, 1996	December 31, 1994
Note	Rupees	Rupees

Share Capital And Reserves

Authorised

10,000,000 ordinary shares of
Rs. 10 each

100,000,000 100,000,000
=====

Issued, subscribed and paid-up
9,536,800 (1994: 9,536,800) ordinary
shares of Rs. 10 each fully paid in cash

95,368,000 95,368,000

Reserves

Reserve fund (capital reserve) 3 8,848,215 7,303,005
Unappropriated profit 7,736,140 1,555,301

16,584,355 8,858,306

111,952,355 104,226,306

REDEEMABLE CAPITAL-SECURED 4 27,987,978 7,026,664
LONG TERM FINANCE-SECURED 5 20,000,000 1,866,374
OBLIGATION UNDER FINANCE LEASE 6 612,828 413,318
LEASE KEY MONEY 7 19,457,073 22,888,931
CERTIFICATES OF INVESTMENT 8 7,800,000 9,300,000

CURRENT LIABILITIES

Current portion of redeemable capital 5,976,029 5,596,580
Current portion of long term finance 17,994,685 4,907,229
Current portion of obligation under
finance leases 422,542 342,498
Current portion of lease key money 5,624,744 3,939,146
Certificates of investment 8 33,500,000 20,000,000
Short term finance 9 19,506,562 43,732,177
Book overdraft with banks/DFI 29,082,779 16,038,889
Accrued and other liabilities 10 15,387,727 5,727,172
Proposed dividend -- 14,305,200

127,495,068 114,588,891

COMMITMENTS AND CONTINGENCIES

11

315,305,302 260,310,484
=====

June 30, December 31,
1996 1994

Note Rupees Rupees

TANGIBLE FIXED ASSETS 12 6,317,481 4,701,690
NET INVESTMENT FINANCE 13 154,698,238 103,511,421
LONG TERM INVESTMENTS 14 43,581,048 27,667,281
**LONG TERM DEPOSITS, PREPAYMENTS
AND DEFERRED COSTS** 15 1,750,596 628,416

CURRENT ASSETS

Current portion of net investment
in lease finance 13 89,079,020 73,927,020

Advances, deposits, prepayments and other receivables	16	18,290,647	37,635,028
Cash and bank balances	17	1,588,272	12,239,628

		108,957,939	123,801,676

		315,305,302	260,310,484
		=====	

The annexed notes form an integral part of these accounts,
The auditors' report is annexed hereto,

**PROFIT AND LOSS ACCOUNT
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 1996**

	Note	Eighteen months ended June 30, 1996 Rupees	Year ended Dec. 31, 1994 Rupees
REVENUE			
Income from leasing operations	18	51,471,095	23,274,677
Profit on sale of investments		2,235,117	10,348,163
Other income from investments/ Government securities		1,804,238	729,288
Income from bank deposits		1,709,118	2,005,778
Profit/(Loss) on disposal of fixed assets		95,719	25,324
Other income		--	65,486

		57,315,287	36,448,716
EXPENDITURE			
Return and financial charges	19	33,030,822	13,748,464
Administrative and operating expenses	20	15,185,775	7,350,775
Amortisation of deferred costs		462,620	408,945

		48,679,217	21,508,184

PROFIT FOR THE YEAR BEFORE PROVISIONS		8,636,070	14,940,532
PROVISIONS			
For doubtful debts		410,021	353,285
For diminution in value of investments		--	(348,185)

		410,021	5,100

PROFIT FOR THE YEAR BEFORE TAXATION		8,226,049	14,935,432
PROVISION FOR TAXATION			
Current		500,000	715,496
Prior		--	551,951

		500,000	1,267,447

NET PROFIT FOR THE YEAR AFTER TAXATION	7,726,049	13,667,985
UNAPPROPRIATED PROFIT BROUGHT FORWARD	1,555,301	4,926,113
	9,281,350	18,594,098
APPROPRIATIONS		
Transfer to reserve fund	1,545,210	2,733,597
Proposed dividend		14,305,200
	1,545,210	17,038,797
UNAPPROPRIATED PROFIT CARRIED FORWARD	7,736,140	1,555,301

The annexed notes form an integral part of these accounts.

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

	Year ended Dec, 31, 1994 Rupees	Eighteen months ended June 30, 1996 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit for the period/year before tax	8,226,049	14,935,432
Adjustments for:		
Depreciation on fixed assets	1,651,459	863,402
Amortisation of deferred costs	462,620	408,945
Income from long term investments	(1,402,917)	(685,098)
(Gain)/Loss on sale of fixed assets	(95,719)	(25,324)
Provision for diminution in value of investments	--	(348,185)
Provision for doubtful debts	410,021	353,285
Return and financial charges on borrowings	24,604,141	10,130,320
	25,629,605	10,697,345
	33,855,654	25,632,777
(Increase)/decrease in advances, prepayments and other receivables	17,344,380	(30,603,363)
Increase/(decrease) in accrued and other liabilities	9,660,555	(9,291,255)
(Increase)/decrease in long term deposits	(84,800)	100,376
Increase/(decrease) in Certificates of Investment	12,000,000	10,000,000
Increase/(decrease) in lease key money	(1,746,260)	10,946,718
Decrease in short term investments	--	2,308,380
(Increase)/decrease in Government securities	--	(1,000,000)
	37,173,875	(17,539,144)

Net cash generated/(used)in operating activities	71,029,529	8,093,633
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,438,530)	(2,205,822)
Sale of fixed assets	1,267,000	422,700
Investment in lease finance (net of recoveries)	(66,748,838)	(36,402,075)
(Increase)/decrease in long term investments	(15,913,767)	(9,966,562)
Income from investments	1,402,917	685,098
	-----	-----
Net cash generated/(used)in investing activities	(84,431,218)	(7,533,537)
	-----	-----
Total carried forward	(13,401,689)	560,096
	Eighteen	Year
	months ended	ended
	June 30,	Dec 31,
	1996	1994
	Rupees	Rupees
Total brought forward	(13,401,689)	560,096
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in redeemable capital	21,340,763	(4,991,433)
Increase/(decrease) in long term finance	31,221,082	(4,017,782)
Increase/(decrease) in obligation under finance leases	279,554	(709,070)
Dividend paid	(14,305,200)	--
Increase/(decrease) in short term finance	(24,225,615)	2,688,641
Return and financial charges on borrowings	(24,604,141)	(10,130,320)
	-----	-----
Net cash generated/(used) in financing activities	(10,293,557)	(17,159,964)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(23,695,246)	(16,599,868)
Cash and cash equivalents at January 1, 1995/1994	(3,799,261)	12,800,607
Cash and cash equivalents	-----	-----
at June 30 1996/December 31, 1994	(27,494,507)	(3,799,261)
	=====	=====

**NOTES TO THE ACCOUNTS FOR THE EIGHTEEN MONTHS
ENDED JUNE 30, 1996**

1. LEGAL STATUS AND NATURE OF BUSINESS

The Company is incorporated in Pakistan as a public limited company and is listed on the Karachi, Lahore and Islamabad Stock Exchanges, It essentially carries on the business of leasing. It is classified as a Non-Banking Financial Institution by the State Bank of Pakistan under the Banking Companies Ordinance, 1962,

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

The Financial Statements have been prepared under the historical cost convention.

2.2 Tangible fixed assets and depreciation thereon

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of the asset less estimated residual value is written off over its estimated useful life. Depreciation on fixed assets is charged proportionately from the month of acquisition (full months depreciation being charged in the month of acquisition) upto the month prior to deletion.

Assets obtained under finance leases are included as tangible fixed assets and depreciation thereon is charged at the same rates as on the Company's own assets except when the lease term is shorter than the life of the asset.

Profit or loss on disposal of fixed assets is included in income currently.

2.3 Employees' retirement benefits

The Company operates a contributory provident fund for all its permanent employees and contributions are made by the Company and the employees in accordance with the fund rules.

2.4 Deferred costs

Since the benefit of these costs covers an extended period, these are being amortised over five financial years from the year of incurrence.

2.5 Investments

Long Term Investments: These are stated at moving average cost of the respective entities shares/certificates.

Short Term Investments: These are stated at moving average cost of the respective entities shares/certificates less provision for diminution in market value. The adjustment in respect of diminution in market value is determined on a portfolio basis and is charged or credited to income currently.

Profit or loss on sale of investments is accounted for currently.

2.6 Government securities repurchase/resale transactions.

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

(a) in the case of sale under repurchase obligations the securities are deleted from the books at cost (whist the coupon income continues to be accrued) 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 the case of purchases 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.

2.7 Revenue recognition

The Company follows the "financing method" in recognising income on lease contracts. Under this method the unearned income - i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased asset is deferred and then amortised over the term of the lease, so as to produce a constant rate of return on net investment in the lease.

Dividend income from quoted entities is recognised at the time of closure of share transfer books of the company declaring the dividend,

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

Project examination, consultancy, commitment and other charges are taken to income when realised.

2.8 Taxation

Current -

The charge for current taxation, is based on taxable income, which is computed as if all leases are accounted for as operating leases.

Deferred -

The Company accounts for deferred taxation expense using the liability method on all significant timing differences which are expected to reverse within the next three years.

3. RESERVE FUND (CAPITAL RESERVE)	June 30, 1996 Rupees	Dec. 31, 1994 Rupees
At January 1, 1995/1994	7,303,005	4,569.41
Transfer from profit and loss account	1,545,210	2,733,597
	-----	-----
At June 30, 1996/Dec. 31, 1994	8,848,215	7,303,005
	=====	=====

The reserve fund is created by transferring 20% of the profit for the year. This reserve is required to be maintained under the provisions of the regulations issued by the State Bank of Pakistan for Non-Banking Financial Institutions.

	Note	June 30, 1996 Rupees	Dec. 31, 1994 Rupees
4. REDEEMABLE CAPITAL-SECURED			
Musharika fund	4.1	726,835	3,726,840
Finance against TFC's	4.2	33,237,172	8,896,404
		-----	-----
		33,964,007	12,623,244
Less: Current portion		5,976,029	5,596,580
		-----	-----
		27,987,978	7,026,664
		=====	=====

4.1 This represents the balance of musharika fund of Rs. 10 million obtained from a commercial bank. The profit and loss is to be shared between the bank and the Company in an agreed ratio after adjusting operating expenses. The principal and share of profit is payable in quarterly instalments commencing from the date the funds are drawn by the Company. The share of profit of the bank for the period ended June 30, 1996 is Rs. 1,296,829 (1994: Rs. 863,867). The fund is secured by way of hypothecation of book debts, present and future assets of the Company.

4.2 This includes

Rs. 3,237,172 being balance of two (1994: three) lines of credit of Rs. 5.0 million each obtained against term finance agreements. The facilities are repayable alongwith mark-up in 16 and 20 equal quarterly instalments of Rs. 365,064 and Rs. 450, 782 (1994: Rs. 445,077, Rs. 365,064, Rs. 450,782) respectively. The facilities carry mark-up at the rate of 18.71% and 20% (1994: 18%, 18.71% and 20%) per annum respectively. The instalments of existing facilities commenced from December 30, 1992 and June 12, 1993 respectively. The facilities are secured by way of hypothecation of leased assets of the Company and assignment of lease rentals.

Rs. 30,000,000 credit line obtained from a DFI. The finance is repayable in eight equal half yearly installments after a grace period of one year. The mark-up of grace period is payable on half yearly basis. The facility carries a mark-up at the rate of 20.5% per annum. The installments commenced from April 12, 1996. The facility is Secured by way of assignment of lease rentals and personal guarantees of the four main Sponsoring Directors of the Company.

5. LONG TERM FINANCE - SECURED

From -		
Investment bank	--	6,773,603
Commercial bank	5.10	17,994,685 --
Modaraba	5.20	20,000,000 --

		37,994,685 6,773,603
Less: Current portion		17,994,685 4,907,229

		20,000,000 1,866,374
		=====

5.1 This represents balance of term finance facility of Rs, 20 million obtained from a commercial bank, The facility carries a mark-up rate of Rs: 0.48 per Rs. 1,000 per day, The finance is repayable in three equal annual installments alongwith mark-up. The installments commenced from June 14, 1996. The facility is secured by registered. deed of assignment of lease rentals of specific leases,

5.2 This represents morahaba finance facility. of Rs, 20 million obtained from a modaraba, The facility carries a mark-up rate of Rs. 0.50 per Rs. 1,000 per day. The finance is repayable in three equal annual installments alongwith mark-up. The installments commenced from August 17, 1996. The facility is secured by deed of assignment of the lease rentals of specific leases and personal guarantees of Directors of the Company.

6. OBLIGATION UNDER FINANCE LEASES

This represents the outstanding balance against obligation under finance leases. The rate of return used as discounting factor is 18,82% & 19,80% per annum, The lease rentals are payable in equal monthly installments,

	June 30,	Dec. 31,
	1996	1994
	Rupees	Rupees
Obligation under finance leases	1,035,370	755,816
Current liability	422,542	342,498
	-----	-----
	612,828	413,318
	=====	=====

The future minimum lease payments to which the Company is committed under the lease

agreements are due as follows:

During the period 1995-96	--	684,270
During the year 1996-97	576,318	226,218
During the year 1997098	350,100	--
During the year 1998-99	405,725	--
	-----	-----
	1,332,143	910,488
	=====	=====

7. LEASE KEY MONEY

This represents the security deposits received against lease contracts. The amounts are refundable at the expiry of the respective lease periods,

8. CERTIFICATES OF INVESTMENT

The Company has launched a Certificates of Investment scheme for mobilisation of resources under the permission of Corporate Law Authority.

Under the permission, the Certificates of Investment are to be issued for maturity periods of three months to five years. The return on certificates is payable on uniform basis,

	June 30,	Dec. 31,
	1996	1994
Note	Rupees	Rupees

9. SHORT TERM FINANCE

Short term finance-secured			
from investment bank	91	4,500,000	30,000,000
from commercial bank	9.2	15,006,562	13,732,177
		-----	-----
		19,506,562	43,732,177
		=====	=====

9.1 This represents short term finance under pro-note discounting facility from an investment bank at a mark-up rate of 19,0% (1994: 18.0%) per annum, The facility is repayable alongwith mark-up in 12 equal monthly instalments, The facility is secured by way of pledge of shares,

9.2 This represents running finance availed out of total sanctioned facility of Rs, 15 million from a commercial bank, The facility is secured by way of registered hypothecation of leased assets, The rate of mark-up charged by the bank is Rs,0,52 per Rs. 1,000 per day (1994:Rs,0,52 per Rs, 1,000 per day),

10. ACCRUED AND OTHER LIABILITIES

Accrued return/mark-up on secured loans and finance	12,096,018	2,752,816
Accrued return on Certificates of Investment	1,280,149	1,091,046
Accrued operating expenses	316,558	369,806
Unclaimed dividend	28,708	--
Other liabilities	1,666,294	1,513,504
	-----	-----
	15,387,727	5,727,172
	=====	=====

11. COMMITMENTS AND CONTINGENCIES

Guarantees	21,773,300	21,773,300
------------	------------	------------

12. TANGIBLE FIXED ASSETS

Owned-	Cost at the beginning of the period/year Rupees	Additions/ (disposals)/ adjustments Rupees	Cost at the end of the period/year Rupees	Accumulated depreciation at the end of the period/year Rupees
Office premises and car parking	369,000	-	369,000	95,325
Office equipment	939,514	312,300	1,251,814	696,998
Furniture and fixtures	603,755	281,500	885,255	260,470
Office renovation	867,425	814,234	1,681,659	888,901
Vehicles	3,413,922	2,182,496 (1,271,795)	4,324,623	1,749,194
Sub-total	6,193,616	3,590,530 (1,271,795)	8,512,351	3,690,888
Under Finance Lease- Vehicles	1,121,025	848,000	1,969,025	473,007
Sub-total	1,121,025	848,000	1,969,025	473,007
Total June 30,1996	7,314,641	4,438,530 (1,271,795)	10,481,376	4,163,895
Total Dec, 31,1994	5,849,519	4,298,244 (2,833,122)	7,314,641	2,612,951
	Book value at the end of the period/year Rupees	Depreciation for the period/year Rupees	Depreciation rates %	
Owned-				
Office premises and car parking	273,675	27,675	5	
Office equipment	554,816	243,846	20	
Furniture and fixtures	624,785	107,955	10	
Office renovation	792,758	42,936	33.33	

Vehicles	2,575,429	966,206	20
	-----	-----	
Sub-total	4,821,463	1,388,618	
	-----	-----	
Under Finance Lease- Vehicles	1,496,018	262,841	20
	-----	-----	
Sub-total	1,496,018	262,841	
	-----	-----	
Total June 30,1996	6,317,481	1,651,459	
	=====	=====	
Total Dec, 31,1994	4,701,960	863,402	
	=====	=====	

12.1 Particulars of disposals of fixed assets

	Original cost Rupees	Accumulated depreciation Rupees	Written down value Rupees	Sale proceeds Rupees	Mode of disposal	Particulars of purchaser
Vehicle	779,487	38,974	740,513	780,000	Insurance Claim	E.F.U. Insurance Company Limited, Karachi.
Vehicle	492,308	61,540	430,768	487,000	Insurance Claim	E.F.U. Insurance Company Limited, Karachi.
	-----	-----	-----	-----		
Total June 30,1996	1,271,795	100,514	1,171,281	1,267,000		
	=====	=====	=====	=====		
Total Dec, 31,1994	740,700	343,324	397,376	422,700		
	=====	=====	=====	=====		

		June 30,	Dec. 31,
		1996	1994
	Note	Rupees	Rupees

13. NET INVESTMENT IN LEASE FINANCE

Minimum lease payments receivable		317,891,007	202,538,081
Add: Residual value		29,541,239	21,909,890
		-----	-----
		347,432,246	224,447,971
Less: Unearned finance income		102,795,682	46,560,245
		-----	-----
Net investment in lease finance		244,636,564	177,887,726
Less: Current portion of net investment in lease finance	13.1	89,938,326	74,376,305
		-----	-----
		154,698,238	103,511.42
		=====	=====

13.1 Current portion of net investment in lease finance		89,938,326	74,376,305
Less: Provision for doubtful debts		859,306	449,285
		-----	-----
		89,079,020	73,927,020
		=====	=====

14. LONG TERM INVESTMENTS

15.0% 10 years registered Wapda Bonds (maturity 2002)		4,500,000	4,500,000
--	--	-----------	-----------

15.0% 10 years Federal Investment Bonds (maturity 2003)		1,000,000	1,000,000
--	--	-----------	-----------

The above investments are made to meet the liquidity requirement as per NBFis regulations		5,500,000	5,500,000
---	--	-----------	-----------

Investment in-

Associated unlisted undertaking	14.1	2,500,000	10,000,000
---------------------------------	------	-----------	------------

Listed companies/modarabas

(Aggregate market

value Rs 13,964,676/-

(1994: Rs. 5,499,892/0

14.2	25,581,048	8,667,281
------	------------	-----------

Other-unlisted companies

14.3	10,000,000	3,500,000
------	------------	-----------

-----	-----
38,081,048	22,167,281

-----	-----
43,581,048	27,667,281
=====	=====

	June 30,	Dec. 31,
	1996	1994
Note	Rupees	Rupees

**14.1 Investment in associated
unlisted undertakings**

National Industrial Management Limited 250,000 ordinary shares	14.1.1	2,500,000	2,500,000
--	--------	-----------	-----------

Nayab Spinning & Weaving Mills

Limited Nil (1994: 750,000) ordinary

shares		--	7,500,000
--------	--	----	-----------

-----	-----
2,500,000	10,000,000
=====	=====

14.1.1 Percentage of equity held in the investee company is 25% of its capital. As per last available audited accounts for the year ended June 30, 1996 of the investee company the break-up value per share is Rs. 10.87.

14.2 Investment in listed companies/modarabas

Associated undertakings

Industrial Capital Modaraba 522,315 (1994: 522,315) modaraba. certificates		5,742,575	5,742,575
Asset Investment Bank Limited 990,000 (1994: Nil) ordinary shares		9,949,500	-
		-----	-----
		15,692,075	5,742,575
Others			
First Hajveri Modaraba 190,114 (1994: 190,144) Modaraba Certificates		1,424,615	1,424,615
Sui Northern Gas Pipeline Limited 20,024 (1994: 17,250) ordinary shares		697,503	581,080
First International Investment Bank Limited 100 (1994: 23,000) Ordinary		3,328	919,011
		-----	-----
Total carried forward		2,125,446	2,924,706
		June 30,	Dec. 31,
		1996	1994
		Rupees	Rupees
Total brought forward		2,125,446	2,924,706
Pakistan Industrial Leasing Corp., Ltd., 5,000 (1994: Nil) ordinary shares		186,000	--
Nayyab Spinning & Weaving Mills Ltd, 750,000 (1994 Nil) ordinary shares of Rs. 10 each		7,500,000	--
Pakistan Telecommunication Corp. Ltd. (P.T.C.) 2,000 (1994: Nil) vouchers		77,527	--
		-----	-----
		9,888,973	2,924,706
		-----	-----
		25,581,048	8,667,281
		=====	=====

14.3 Investment in other unlisted companies

Sara Rice Mills Limited 350,000 (1994: 350,.000) ordinary shares	14.3.1	3,500,000	3,500,000
Caravan East Fabrics Limited 650,000 (1994: Nil) ordinary shares	14.3.2	6,500,000	--
		-----	-----
		10,000.00	3,500,000

=====

14.3.1 Percentage of equity held in the investee company/ is 14.58% of its capital.

The name of the Chief Executive of the investee company is Mr. Javed Islam

Agha. As per last available audited accounts of the company for the year ended August 31,1994, the break-up value per share is Rs. 10.73.

14.3.2 The name of the Chief Executive of the investee company is Mr. Ayaz Imam,

14.4 Unless otherwise stated all shares / certificates / vouchers are of Rs. 10 each.

**15. LONG TERM DEPOSITS, PREPAYMENTS
AND DEFERRED COSTS**

Deposits on lease contracts		196,903	112,103
Prepaid office rent (to an associated company)		2,100,000	--
Deferred costs	15.1	53,693	516,313
		-----	-----
		2,350,596	628,416
Less: Current portion		600,000	--
		-----	-----
		1,750,596	628,416

=====

	June 30,	Dec, 31,
	1996	1994
Note	Rupees	Rupees

15.1 Deferred costs

Preliminary expenses		190,380	190,380
Share floatation expenses		1,292,505	1,292,505
Computer software cost		15,000	15,000
Development cost *		10,000	10,000
Right shares issue expenses		536,840	536,840
		-----	-----
		2,044,725	2,044,725
Amortised to-date		1,991,032	1,528,412
		-----	-----
		53,693	516,313

=====

* Development cost represents expenses incurred for preparation of legal documents to be used by the Company in current and future years.

**16. ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES**

Current portion of prepaid office rent		600,000	--
Share subscription money		--	5,500,000
Prepayments		441,189	396,258
Accrued income		142,972	2,523,878
Receivable against sale of investments		14,489,400	29,331,225
Advance income tax paid net of provision for taxation		731,102	(634,038)
Other advances and receivables	16.1	1,885,984	517,705
		-----	-----
		18,290,647	37,635,028

=====

16.1 Includes expenses incurred

Rs. 916.176/- (1994: Rs. Nil)

receivable from a prospective lessee.

17. CASH AND BANK BALANCES

Cash' in hand	9,124	20,940
Balance with State Bank of Pakistan	200,000	--
Balance with banks/DFIs		
-on current accounts	44,149	135,249
-on deposit accounts	1,334,999	12,083,439
	-----	-----
	1,588,272	12,239,628
	=====	=====
	June 30,	Dec, 31,
	1996	1994
Note	Rupees	Rupees

18. INCOME FROM LEASING OPERATIONS

Return on lease contracts	46,682,197	21,858,342
Commitment and other fees	1,754,659	1,117,009
Markup on pre4easing advances	3,034,239	299,326
	-----	-----
	51,471,095	23,274,677
	=====	=====

19. RETURN AND FINANCIAL CHARGES

Mark-up on long term finance	13,769,803	3,837,486
Mark-up on short term finance	9,323,427	5,023,563
Musharika profit on long term fund	1,296,829	863,764
Charges on obligation under finance leases	144,999	194,251
Return on Certificates of Investment	8,426,681	3,618,144
Excise duty and other financial charges	69,083	211,256
	-----	-----
	33,030,822	13,748,464
	=====	=====

20. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and benefits	7,442,642	3,058,271
Rent	900,000	529,200
Telephone, electricity and utilities	1,549,126	852,310
Printing and stationery	497,003	296,451
Insurance	521,985	228,029
Travelling and conveyance	711,874	668,073
Vehicle running expenses	633,237	265,584
Office maintenance	191,912	115,863
Legal and professional charges	20.1	618,586
Depreciation on fixed assets	1,651,459	863,402
Donation/Zakat	20.2	17,228
Other operating expenses	450,723	150,108
	-----	-----
	15,185,775	7,350,775
	=====	=====

20.1 Legal and professional charges includes auditors' remuneration and expenses as follows :

Audit fee	50,000	40,000
Special audit fee (SBP NBFBI)	50,000	40,000
Tax service	159,335	7,500
Out-of-pocket expenses	5,000	7,500
	-----	-----
	264,335	95,000
	=====	=====

20.2 None of the Directors or their spouses had any interest in the donees to whom the donation was made.

21. TAXATION

The deferred tax liability on major timing differences at June 30, 1996 annuals to million (1994: Rs. 6 million). However, since these timing differences are not expected to reverse within three years, no provision for deferred taxation is required.

22. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The remuneration of Chief Executive and whole time working Directors and Executives charged in these accounts is as follows:

	1996			1994		
	January 1995 to June 1996			January 1994 to December 1994		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	870,968	1,741,935	598,452	387,144	774,288	289,536
Housing and utilities	391,935	783,871	329,149	212,928	425,856	159,264
Reimbursement of medical expenses	32,340	78,485	73,090	18,068	29,063	22,171
	-----	-----	-----	-----	-----	-----
	1,295,243	2,604,291	1,000,691	618,140	1,229,207	470,971
	=====	=====	=====	=====	=====	=====
No. of persons	1	2	2	1	2	3
	=====	=====	=====	=====	=====	=====

	June 30	Dec. 31
	1996	1994
	Rupees	Rupees

23. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

OTHER THAN THOSE STATED HEREIN ABOVE

Rent for office premises charged	900,000	529,200
Placement of deposit	600,000	2,000,000
Profit received on deposit	7,693	42,685
	-----	-----
	1,507,693	2,571,885
	=====	=====

24. GENERAL

All figures have been rounded off to the nearest rupee.

Previous years figures have been re-arranged wherever necessary for the purpose of comparison.

PATTERN OF SHARE HOLDINGS AS AT JUNE 30, 1996

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
48	1	--	100	4,800
194	101	--	500	77,900
185	501	--	1000	174,900
156	1001	--	5000	444,400
38	5001	--	10000	296,200
10	10001	--	15000	124,800
9	15001	--	20000	178,500
2	25001	--	30000	58,400
4	30001	--	35000	126,500
1	35001	--	40000	39,900
2	40001	--	45000	84,700
2	45001	--	50000	96,000
1	50001	--	55000	50,400
2	55001	--	60000	118,700
1	65001	--	70000	70,000
1	85001	--	90000	89,600
1	95001	--	100000	100,000
1	105001	--	110000	108,000
1	135001	--	140000	139,800
1	155001	--	160000	160,000
1	190001	--	195000	191,600
1	195001	--	200000	200,000
2	200001	--	205000	405,500
1	215001	--	220000	220,000
1	230001	--	235000	234,400
2	255001	--	260000	520,000
3	345001	--	350000	1,045,300
1	360001	--	365000	361,500
1	395001	--	400000	400,000
1	795001	--	800000	800,000
1	805001	--	810000	810,000
1	850001	--	855000	855,000
1	945001	--	950000	950,000
-----				-----
677				9,536,800
=====				=====

CATEGORIES OF SHARE HOLDERS	MEMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
INDIVIDUALS	656	4,872,800	51.10
INVESTMENT COMPANIES	3	317,800	3.33
JOINT STOCK COMPANIES	8	1,660,100	17.41
FINANCIAL INSTITUTIONS	3	1,811,400	18.99
MODARABAS	6	874,100	9.17
OTHERS	1	600	0.01

	677	9,536,800	100.00
=====			