

## **Saudi Pak Leasing Company Limited**

### **Annual Report 1998**

#### **Contents**

Corporate Mission  
Corporate Objective  
Corporate Information  
Financial Highlights  
Notice of Meeting  
Chairman's Review  
Directors' Report  
Auditors' Report  
Balance Sheet  
Profit and Loss Account  
Cash Flow Statement  
Notes to the Accounts  
Pattern of Shareholdings

#### **Corporate Mission**

*Saudi Pak Leasing shall maximize the net wealth of shareholders by operating in the Financial Services sector. The Company would seek market leadership in its core business of leasing by providing superior quality service, developing innovative customer oriented solutions, and valuing people as the greatest resource.*

#### **Corporate Objective**

*\* Extend lease finance to businesses which are expected to contribute positively to economic development;*

*\* Support enterprises that create value; and*

*\* Provide lease finance in areas that offer compatible risk and returns.*

#### **Corporate Information**

##### **Board of Directors**

|                             |                 |
|-----------------------------|-----------------|
| Mr. Muhammad Rashid Zahir   | Chairman        |
| Senator Ihsanul Haq Piracha | Vice Chairman   |
| Mr. Parvez Abbasi           | Director        |
| Mr. Abdul Jabbar Kasim      | Chief Executive |
| Mr. Faridullah Khan         | Director        |
| Mr. Nauman Ahmed Qureshi    | Director        |
| Mr. Haroon Ihsan            | Director        |

##### **Company Secretary**

Mr. Shakil Akhtar Qureshi, FCA

##### **Auditors**

A. F. Ferguson & Co.

##### **Legal Advisors**

Mohsin Tayebaly & Co.

##### **Bankers**

Standard Chartered Bank  
ANZ Grindlays Bank  
Bank of America NT & SA  
Mashreq Bank psc  
Muslim Commercial Bank Ltd.

Faysal Bank Limited  
 The Bank of Tokyo-Mitsubishi Ltd  
 The Bank of Khyber  
 Credit Agricole Indosuez  
 Askari Commercial Bank Ltd  
 Oman International Bank S.A.O.G

**Registrars and Share Transfer Office**

THK Associates (Pvt) Limited  
 Ground Floor, Sheikh Sultan Trust  
 Building # 2, Beaumont Road, Karachi.  
 Tel : 5689021,5686658

**Registered Office**

19-B, Sindhi Muslim Co-operative  
 Housing Society, Karachi.  
 Tel : 4535611-20  
 Fax : 4522561,4556352

**Branches**

**Lahore**

131-A-E/1, Main Boulevard,  
 Gulberg-III, Lahore.  
 Tel : 5762644-7, 5762634  
 Fax: 5762633

**Islamabad**

1st Floor, Commercial Building  
 6-A, Agha Khan Road,  
 F-6, Islamabad  
 Tel : 272658-60, 272652  
 Fax: 272657

**Faisalabad**

Standard Chartered Building  
 Railway Road, Faisalabad.  
 Tel : 619056, 618056, 642013  
 Fax : 642012

*Universal Access Number : 111-888-999  
 Karachi, Lahore and Islamabad*

**Financial Highlights**

(Rupees in million)

|                          | 1998  | 1997      | 1996        | 1995  | 1994 |
|--------------------------|-------|-----------|-------------|-------|------|
| Authorised Capital       | 400   | 400       | 200         | 200   | 200  |
| Paid up Capital          | 220   | 200       | 180         | 150   | 120  |
| Total Reserves           | 117   | 129       | 125         | 116   | 105  |
| Net Investment in Leases | 1,702 | 1,516     | 1,497       | 1,110 | 922  |
| Income from Leasing      |       |           |             |       |      |
| Operations               | 280   | 292       | 251         | 199   | 151  |
| Profit before Taxation   | 49    | 74        | 84          | 69    | 60   |
| Taxation                 | 8     | 19        | 14          | 28    | 1    |
| Profit after Taxation    | 41    | 55        | 70          | 41    | 59   |
| Dividends                | 15%   | 15%, 10%* | 15%, 11.11% | 20%*  | 25%* |

|   |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|
| Total Assets                              | 2,076  | 1,816  | 1,793  | 1,570  | 1,306  |
| Current Ratio                             | 0.96   | 1.21   | 1.08   | 1.30   | 1.13   |
| Return on Average Equity                  | 12.17% | 17.35% | 24.65% | 16.60% | 30.03% |
| Book Value of Share<br>(Rupees per share) | 15.31  | 16.46  | 16.92  | 17.75  | 18.78  |

\*Stock Dividend

### Notice of Annual General Meeting

Notice is hereby given that the Eighth Annual General Meeting of the members of Saudi Pak Leasing Company Limited will be held at FTC Auditorium, Finance and Trade Centre, Shara-e-Faisal, Karachi, on November 03, 1998 at 9:30 a.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To confirm the minutes of the Seventh Annual General Meeting of the Company held on December 15, 1997.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 1998, together, with the Directors' and Auditors' Report thereon.
3. To approve the payment of cash dividend. The Board of Directors has recommended payment of cash dividend @ 15% .e. Rs.1.50 per share of Rs. 10/- each for the year ended June 30, 1998.
4. To appoint Auditors for the year 1998-99 and to fix their remuneration. The present Auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, offer themselves for reappointment.
5. To consider any other business with the permission of the Chair.

#### NOTES:

1. The Register of members of the Company will remain closed from October 22, 1998 to November 03, 1998 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to

attend and vote for him/her. A proxy must be a member of the Company.

3. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power of attorney, in order to be valid must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.

4. Members are advised to lodge shares for transfer at the office of our Registrar, THK Associates (Pvt) Ltd., Ground floor, Sheikh Sultan Trust Building #2, Beaumont Road, Karachi.

### **Chairman's Review**

*The landmark event of 1997-98 was the arrangement of single largest Lease Syndication of Rs. 750 million in the country.*

It gives me great pleasure to present before you the eighth Annual Report together with the audited accounts of Saudi Pak Leasing Company Limited for the year ended June 30, 1998.

In 1997-98, Saudi Pak Leasing performed well in a challenging environment. Total revenues including income from leases and other sources amounted to Rs.330 million, as compared to Rs.338 million in 1996-97. Net profit after provisions and tax amounted to Rs.40.53 million as against Rs.54.69 million in the previous year. Net profit is lower in 1997-98 owing to a squeeze in net spread because of the tough market conditions. However, with a renewed strategy the company attained higher level of Net Investment in Leases, improved its market share and in the process built an efficient tax profile.

Leasing companies play an important role in credit delivery and need a continuous stream of funds for growth. It is important that the funds are acquired at a cost that permits the company to stay in business on the one hand, and stay in competition on the other. Your company was able to raise the required amount of funds on competitive terms. As a result, the disbursements for lease financing were

made at a pace which excelled the previous year's level. Minimum lease payment receivable rose by Rs.266 million to Rs.2,011 million in 1997-98. Total disbursements during the year amounted to Rs.744 million compared to the previous year figure of Rs. 524 million. The balance sheet size increased by 14.3 percent from Rs.1,816 million as on June 30, 1997 to Rs.2,076 million as on June 30, 1998.

The landmark event of 1997-98 was the arrangement of single largest Lease Syndication of Rs. 750 million in the country. Your company delivered the mandate despite difficult circumstances by successfully leading a syndicate of leasing companies to arrange lease financing for Sui Southern Gas Company Limited. This financing will greatly help Sui Southern Gas Company Limited to step up its development programme and extend the gas distribution network.

As stated in the half yearly report, the company finalised arrangement for issued of Term Finance Certificates (TFCs) amounting to Rs. 250 million in the first quarter of 1998. However, the issued of TFCs, rated as AA-(Double A minus) by PACRA, had to be deferred owing to the withdrawal of fiscal incentives by the government. Under the new arrangements, TI-Cs amounting to Rs.250 million will Inshallah be issued in December 1998.

The year 1997-98 witnessed a change in general outlook of the leasing business. The rate of growth in the leasing business which had been quite high in the past years and stood at 20 percent in 1996-97 gave way to decline. In spite of slackness in business and tough competition, your company maintained its clientele profile by offering quality service. We hope that the lease financing will regain momentum as soon as the crisis in the balance of payments faced by the country is overcome and the business and industrial activities resume their normal pace. Your company plans to acquire new office space on ownership basis. The present office accommodation on lease is uneconomical and insufficient for the

future expansion plan.

In 1997-98, the operational strategy of the company was redesigned to offer lease products that were competitive and also attractive. It envisaged to avoid unchartered territories, further tighten selective criteria and build a diversified lease portfolio through proper risk management. It has focused on the following areas:

- \* Extend clientele base cautiously and maintain asset quality.
- \* Develop facilities to cater to the growing demand for consumer leasing.
- \* Upgrade automation and become year 2000 compliant well ahead of time.
- \* Strengthen the personnel training and development function, with the objective to develop a team that is able to meet the challenges in the wake of rapid changes.

Notwithstanding the present situation, we look at the medium to long term scenario in the leasing sector in Pakistan with optimism. There will be challenges and opportunities. We will Inshallah meet the challenges effectively and seize the opportunities for the benefit of our shareholders. In line with the tradition, the Board has recommended a cash dividend of fifteen percent (Rs.1.50) per share, for the year ended June 30, 1998.

The company has planned to broaden and diversify its resource base. As a result it will introduce products to suit the need of market place and in the process attain business levels that are prudent and sustainable.

We benefited from our excellent relationship with Corporate Law Authority and gratefully acknowledge their guidance and cooperation. Our thanks are due to the banks and financial institutions for financial support and the clients who provided us the opportunity to serve them. I also avail the opportunity to thank our officers and staff for their hard work and dedication.

## **Directors Report**

The Directors have pleasure in presenting the Audited Accounts for the year ended June 30, 1998.

|  | <b>Rupees</b> |
|--|---------------|
| <b>Financial Results</b>   |               |
| Net profit for the year after charging all expenses and provisions for potential lease losses, diminution in value of investments and doubtful loan. | 48,535,340    |
| Provision for taxation   | (8,000,000)   |
|  | -----         |
| Profit after tax   | 40,535,340    |
| Unappropriated profit brought forward  | 600,107       |
|  | -----         |
| Profit available for appropriation   | 41,135,447    |
| <br>Appropriations:  |               |
| Transfer to  |               |
| - Statutory reserve  | 8,110,000     |
| - Proposed cash dividend   | 33,000,000    |
|  | -----         |
|  | 41,110,000    |
|  | -----         |
| Unappropriated profit carried forward  | 25,447        |
|  | =====         |

### **Dividend**

The Directors are pleased to recommend a cash dividend @ 15% i.e. Rs. 1.50 per share of Rs. 10/- each.

### **Pattern of shareholding**

The pattern of shareholding as on June 30, 1998 is annexed to this report.

### **Auditors**

The present auditors, M/S A. F. Ferguson & Co. Chartered Accountants, retire and being eligible offer themselves for reappointment.

### **Auditors' Report to the Members**

We have audited the annexed Balance Sheet of Saudi Pak Leasing Company Limited as at June 30, 1998 and the related Profit and Loss Account and Cash Flow Statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and after due verification thereof we report that:

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

(b) in our opinion:

(i) the Balance Sheet and Profit and Loss

Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, 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, 1998 and of the profit and cash flows for the year 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.

Karachi: Dated: October 9, 1998

**A. F. Ferguson & Co.**  
Chartered Accountants

## BALANCE SHEET AS AT JUNE 30, 1998

|  | Note | 1998<br>Rupees | 1997<br>Rupees |
|--|------|----------------|----------------|
| <b>SHARE CAPITAL &amp; RESERVES</b>  |      |                |                |
| Authorised capital<br>40,000,000 (1997: 40,000,000) ordinary<br>shares of Rs 10 each |      | 400,000,000    | 400,000,000    |
| Issued, subscribed and paid-up capital   | 3    | 220,000,000    | 200,000,000    |
| Reserves   | 4    | 116,710,000    | 128,600,000    |
| Unappropriated profit  |      | 25,447         | 600,107        |
|  |      | 336,735,447    | 329,200,107    |
| <b>REDEEMABLE CAPITAL</b>  | 5    | 56,942,215     | 43,333,335     |
| <b>LONG-TERM DEPOSITS</b>  | 6    | 122,529,836    | 106,150,940    |
| <b>LONG-TERM CERTIFICATES<br/>OF INVESTMENT</b>                                      | 7    | 602,450,000    | 691,198,000    |
| <b>CURRENT LIABILITIES</b>   |      |                |                |
| Current maturity of redeemable capital   | 5    | 73,608,967     | 60,833,331     |
| Current maturity of long term deposits   | 6    | 26,055,888     | 33,796,741     |
| Short-term certificates of investment  | 7    | 511,608,500    | 365,932,500    |
| Finances under mark-up arrangements  | 8    | 246,987,674    | 112,779,131    |



|  |    |               |               |
|--|----|---------------|---------------|
| Creditors, accrued and other liabilities                 | 9  | 65,575,762    | 34,026,868    |
| Taxation   |    | --            | 8,427,056     |
| Dividend   | 10 | 33,381,196    | 30,228,968    |
|  |    | -----         | -----         |
|  |    | 957,217,987   | 646,024,595   |
| <b>COMMITMENTS</b>                                       | 11 | -----         | -----         |
|  |    | 2,075,875,485 | 1,815,906,977 |
|  |    | =====         | =====         |
| <b>FIXED ASSETS</b>                                      | 12 | 10,566,198    | 10,117,857    |
| <b>NET INVESTMENT IN LEASES</b>                          | 13 |               |               |
| Minimum lease payments receivables                       |    | 2,011,166,162 | 1,745,301,114 |
| Add: Residual value of leased assets                     |    | 250,905,768   | 214,071,140   |
|  |    | -----         | -----         |
| Lease contracts receivable                               |    | 2,262,071,930 | 1,959,372,254 |
|  |    | -----         | -----         |
| Less: Unearned lease income                              |    | 5,344,889,571 | 420,412,404   |
| Provision for potential lease losses                     |    | 25,914,000    | 23,100,000    |
|  |    | -----         | -----         |
|  |    | 560,402,957   | 443,512,404   |
|  |    | -----         | -----         |
| Net investment in leases                                 |    | 1,701,668,973 | 1,515,859,850 |
| Less: Current portion of net investment in leases        |    | 561,277,328   | 491,293,515   |
|  |    | -----         | -----         |
|  |    | 1,140,391,645 | 1,024,566,335 |
| <b>LONG-TERM LOANS</b>                                   | 14 | 5,598,988     | 638,409       |
| <b>LONG-TERM PREPAYMENTS</b>                             |    | 922,750       | 812,808       |
| <b>CURRENT ASSETS</b>                                    |    |               |               |
| Current portion of net investment in leases              |    | 561,277,328   | 491,293,515   |
| Current portion of long term loans                       | 14 | 1,118,624     | 1,123,951     |
| Short-term loans   | 15 | 48,109,473    | 25,922,686    |
| Advances, deposits, prepayments<br>and other receivables | 16 | 32,174,326    | 71,716,988    |
| Short-term investments                                   | 17 | 239,104,411   | 180,094,411   |
| Taxation   |    | 25,260,817    | --            |
| Cash and bank balances                                   | 18 | 11,350,925    | 9,620,017     |
|  |    | -----         | -----         |
|  |    | 918,395,904   | 779,771,568   |
|  |    | -----         | -----         |
|  |    | 2,075,875,485 | 1,815,906,977 |
|  |    | =====         | =====         |

The annexed notes form an integral part of these accounts.

#### **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1998**

|                                | <b>Note</b> | <b>1998<br/>Rupees</b> | <b>1997<br/>Rupees</b> |
|--------------------------------|-------------|------------------------|------------------------|
| <b>REVENUES</b>                |             |                        |                        |
| Income from leasing operations | 19          | 280,297,674            | 291,742,489            |
| Income on investments          | 20          | 48,924,141             | 44,597,526             |
| Other income                   | 21          | 1,006,212              | 1,754,808              |
|                                |             | -----                  | -----                  |

|  |    |             |             |
|--|----|-------------|-------------|
|  |    | 330,228,027 | 338,094,823 |
| <b>EXPENSES</b>                                  |    |             |             |
| Financial and other charges                      | 22 | 233,735,238 | 210,426,301 |
| Administrative and operating expenses            | 23 | 36,459,949  | 31,244,528  |
|  |    | -----       | -----       |
|  |    | 270,195,187 | 241,670,829 |
|  |    | -----       | -----       |
| Operating profit before provisions               |    | 60,032,840  | 96,423,994  |
|  |    |             |             |
| Provision for potential lease losses             |    | 2,814,000   | 7,981,000   |
| Provision for doubtful loan                      |    | 7,693,500   | 8,737,500   |
| Provision for diminution in value of investments |    | 990,000     | 6,008,099   |
|  |    | -----       | -----       |
|  |    | 11,497,500  | 22,726,599  |
|  |    | -----       | -----       |
| <b>PROFIT BEFORE TAXATION</b>                    |    | 48,535,340  | 73,697,395  |
| <b>CURRENT TAXATION - for the year</b>           |    | 8,000,000   | 19,000,000  |
|  |    | -----       | -----       |
| <b>PROFIT AFTER TAXATION</b>                     |    | 40,535,340  | 54,697,395  |
| Unappropriated profit brought forward            |    | 600,107     | 1,902,712   |
| Transferred from general reserves                |    | --          | 5,000,000   |
|  |    | -----       | -----       |
| <b>PROFIT AVAILABLE FOR APPROPRIATION</b>        |    | 41,135,447  | 61,600,107  |
|  |    |             |             |
| <b>APPROPRIATIONS</b>                            |    |             |             |
| Transfer to -statutory reserve                   |    | 8,110,000   | 11,000,000  |
| -reserve for issue of bonus shares               |    | --          | 20,000,000  |
|  |    |             |             |
| Proposed dividend 15% (1997: 15%)                |    | 33,000,000  | 30,000,000  |
|  |    | -----       | -----       |
|  |    | 41,110,000  | 61,000,000  |
|  |    | -----       | -----       |
| <b>UNAPPROPRIATED PROFIT CARRIED FORWARD</b>     |    | 25,447      | 600,107     |
|  |    | =====       | =====       |

The annexed notes form an integral part of these accounts.

#### CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1998

|  | Note | 1998<br>Rupees | 1997<br>Rupees |
|--|------|----------------|----------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>   |      |                |                |
| Cash generated from operations               | 26   | 79,636,325     | 106,856,340    |
|  |      | -----          | -----          |
| Mark-up paid                                 |      | (35,021,208)   | (34,986,510)   |
| Deposits received                            |      | 8,638,043      | 202,860        |
| Taxes paid                                   |      | (41,687,873)   | (47,236,004)   |
| Net investment in leases                     |      | (188,623,123)  | (27,082,901)   |
| (Increase)/decrease in loans to employees    |      | (4,955,252)    | 337,620        |
| (Increase)/decrease in long term prepayments |      | (109,942)      | 1,046,985      |
|  |      | -----          | -----          |
|  |      | (261,759,355)  | (107,717,950)  |
|  |      | -----          | -----          |
| Net cash used in operating activities        |      | (182,123,030)  | (861,610)      |
|  |      |                |                |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>   |      |                |                |
| Capital expenditure                          |      | (5,212,633)    | (4,415,787)    |

|  |                  |               |
|--|------------------|---------------|
| Proceeds from sale of fixed assets                     | 739,503          | 1,583,064     |
| Dividend received                                      | 653,781          | 499,277       |
|  | -----            | -----         |
| Net cash used in investing activities                  | (3,819,349)      | (2,333,446)   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>             |                  |               |
| Proceeds/(Repayment) of redeemable capital             | 26,384,516       | (87,083,334)  |
| Repayment of lease participation                       | --               | (4,786,000)   |
| Increase in certificates of investment                 | 56,928,000       | 20,427,076    |
| Dividend paid  | (29,847,772)     | (26,771,032)  |
|  | -----            | -----         |
| Net cash generated from/(used in) financing activities | 53,464,744       | (98,213,290)  |
|  | -----            | -----         |
| Net decrease in cash and cash equivalents              | (132,477,635)    | (101,408,346) |
| Cash and cash equivalents at July 1                    | (103,159,114)    | (1,750,768)   |
|  | -----            | -----         |
| Cash and cash equivalents at June 30                   | 27 (235,636,749) | (103,159,114) |
|  | =====            | =====         |

The annexed notes form an integral part of these accounts.

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1998

### 1. THE COMPANY AND ITS OPERATIONS

The company is incorporated in Pakistan and is listed on the Stock Exchanges in Pakistan. The main business activity of the company is leasing of assets,

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

#### 2.2 Staff retirement benefits

The company operates:

(i) approved funded gratuity scheme for all employees. Contributions are made annually to the scheme on the basis of actuarial recommendations at the rate of 6 percent per annum of basic salaries. The latest actuarial valuation was carried out as at June 30, 1995. The fair value of the scheme's liability for past services at the valuation date was Rs 197,000.

Attained Age actuarial cost method, using the following significant assumptions is used for valuation of the scheme:

- Expected rate of increase in salary level - 8 percent per annum.
- Expected rate of income on investments - 10 percent per annum.

Gratuity is payable upon completion of prescribed qualifying period of service.

(ii) recognised provident fund scheme for all employees.

#### 2.3 Revenue recognition

The company follows the finance method in accounting for recognition of lease income. Under this method the unearned income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of leased assets is taken to income over the term of the lease, so as to produce a systematic return on the net investment in the lease.

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

Dividends are taken to income when received.

#### 2.4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and deletions of assets during the year, depreciation is charged proportionately from the quarter of acquisition and up to deletion respectively.

Maintenance and normal repairs are charged to income as and when incurred. Major extensions, renewals and improvements are capitalised.

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

#### 2.5 Provision for potential lease losses

The company, as a prudent policy, makes a general provision which in the judgement of management is adequate for potential losses on lease portfolio.

#### 2.6 Short-term investments

These are stated at lower of cost and market value.

#### 2.7 Taxation

##### - Current

Income for the purpose of computing current taxation is determined under the provisions of the tax law whereby lease rentals received or receivable are deemed to be income. Provision for taxation is thus based on income determined in accordance with the requirements of the law or at 0.5 percent of turnover, whichever is higher.

##### - Deferred

The company accounts for deferred taxation using the liability method on timing difference arising from using the different method in the recognition of lease income for tax purposes and accounting purposes, as well as for all other significant timing differences. However, deferred tax is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future.

#### 2.8 Foreign currencies

Transactions in foreign currencies are accounted for in rupees at the rate prevailing on the date of the transaction. Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date except for liabilities covered under risk exchange coverage scheme, in which case the rates contracted for are used.

### 3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs 10 each

| 1998                         | 1997   | 1998<br>Rupees                | 1997<br>Rupees                |
|------------------------------|--|-------------------------------|-------------------------------|
| 10,000,000                   | 10,000,000 Shares fully paid<br>in cash                | 100,000,000                   | 100,000,000                   |
| 12,000,000                   | 10,000,000 Shares issued as fully<br>paid bonus shares | 120,000,000                   | 100,000,000                   |
| -----<br>22,000,000<br>===== | -----<br>20,000,000<br>=====                           | -----<br>220,000,000<br>===== | -----<br>200,000,000<br>===== |

### 4. RESERVES

|  | Contingency<br>reserve | CAPITAL<br>Reserve for<br>issue of<br>bonus shares | Statutory<br>reserve | REVENUE<br>General | TOTAL<br>1998 | 1997         |
|--|------------------------|--|----------------------|--------------------|---------------|--------------|
| --Rupees--                                 |                        |  |                      |                    |               |              |
| At the beginning of the year               | 2,600,000              | 20,000,000   | 33,300,000           | 72,700,000         | 128,600,000   | 122,600,000  |
| Movement during the year                   |                        |  |                      |                    |               |              |
| - Issue of bonus shares                    | --                     | (20,000,000)                                       | --                   | --                 | (20,000,000)  | (20,000,000) |
| - Transfer from profit<br>and loss account | --                     | --   | 8,110,000            | --                 | 8,110,000     | 26,000,000   |
|  | 2,600,000              | --   | 41,410,000           | 72,700,000         | 118,710,000   | 128,600,000  |

4.1 The contingency reserve has been created in respect of the demand raised by the Wealth Tax Officer for Corporate Asset Tax of Rs 2,000,000 along with the additional tax of Rs 557,589. The company's appeal against this tax is currently pending with the Appellate Tribunal. The company has also filed a writ petition in the High Court of Sindh.

4.2 Statutory reserve represents profits set aside to comply with the State Bank of Pakistan's Regulations for Non-Banking Financial Institutions.

##### 5. REDEEMABLE CAPITAL- SECURED (NON-PARTICIPATORY)

|  | Repayment<br>period               | Sale<br>price | Purchase<br>Price | Prompt<br>payment<br>rebate | Principal Outstanding<br>1998<br>Rupees | 1997<br>Rupees |
|--|-----------------------------------|---------------|-------------------|-----------------------------|---|----------------|
| --(Rupees in million)--                          |                                   |               |                   |                             |   |                |
| Commercial Bank                                  | August 1995 -<br>August 1998      | 100.000       | 144.950           | 16.003                      | 16,666,666                              | 50,000,000     |
| Commercial Bank                                  | June 1997 -<br>June 1999          | 5.00          | 6.069             | --                          | 2,500,000                               | 5,000,000      |
| Commercial Bank                                  | July 1997 -<br>June 1999          | 20.000        | 24.281            | --                          | 12,500,000                              | --             |
| Commercial Bank                                  | December 1997 -<br>December 2000  | 50.000        | 79.497            | 4.747                       | 41,666,666                              | --             |
| Commercial Bank                                  | June 1998 -<br>June 2000          | 9.718         | 12.246            | --                          | 9,717,850                               | --             |
| Financial Institution<br>- note 5.2              | December 1996 -<br>December 1999  | 30.000        | 39.257            | --                          | 17,500,000                              | 27,500,000     |
| Investment Bank                                  | June 1998 -<br>June 2000          | 30.000        | 39.879            | --                          | 30,000,000                              | --             |
| Commercial Bank                                  | April 1994 -<br>July 1997         | --            | --                | --                          | --                                      | 8,333,333      |
| Commercial Bank                                  | February 1996 -<br>September 1997 | --            | --                | --                          | --                                      | 13,333,333     |
|  |                                   |               |                   |                             | 130,551,182                             | 104,166,666    |
| Current maturity shown under current liabilities |                                   |               |                   |                             | 73,608,967                              | 60,833,331     |

5.1 The facilities are secured by hypothecation of specific leased assets and related lease rentals.

The facilities were utilised for disbursement against leasing contracts executed by the company.

5.2 This represents balance outstanding from an associated undertaking. Under the agreement the associated company has the option to swap the long term finance with Term Finance Certificates (TFC) mode of finance.

## 6. LONG-TERM DEPOSITS

|  | <b>1998</b>        | <b>1997</b>        |
|--|--------------------|--------------------|
|  | <b>Rupees</b>      | <b>Rupees</b>      |
| Security deposits on leases                            | 148,585,724        | 139,947,681        |
| Less: Current maturity shown under current liabilities | 26,055,888         | 33,796,741         |
|  | -----              | -----              |
|  | <u>122,529,836</u> | <u>106,150,940</u> |

These represent security deposits received from lessees under lease contracts and are repayable on expiry of the respective lease periods.

## 7. CERTIFICATES OF INVESTMENT

The company has issued certificates of investment under the permission granted by the Federal Government. These certificates of investment are for periods ranging from 3 months to 5 years. Current maturity of long-term certificates of investment amounting to Rs 95,556,000 (1997: Rs 38,642,000) is included under current liabilities in short-term certificates of investment.

## 8. FINANCES UNDER MARK-UP ARRANGEMENTS

|                               | <b>1998</b>        | <b>1997</b>        |
|-------------------------------|--------------------|--------------------|
|                               | <b>Rupees</b>      | <b>Rupees</b>      |
| Running finance - note 8.1    | 58,441,244         | 71,132,832         |
| Short-term finance - note 8.2 | 188,546,430        | 41,646,299         |
|                               | -----              | -----              |
|                               | <u>246,987,674</u> | <u>112,779,131</u> |

8.1 The facilities for running finance available from commercial banks amounted to Rs 115 million (1997: Rs 110 million). The rates of mark-up range from Re 0.44 to Re 0.48 per Rs 1,000 per day. The purchase prices are payable on various dates by February 1999 and are renewable.

These facilities are secured by hypothecation of specific leased assets, related lease rentals and lien on company's investment in Federal Investment Bonds.

8.2 The facilities available for short-term finance amounted to Rs 200 million (1997: Rs 290 million). The rates of mark-up range from Re 0.43 to Re 0.51 per Rs 1,000 per day. The balance is payable by April 1999. The facilities are secured against hypothecation of leased assets, related lease rentals and lien on company's investment in Federal Investment Bonds.

## 9. CREDITORS, ACCRUED AND OTHER LIABILITIES

|           | <b>1998</b>   | <b>1997</b>   |
|-----------|---------------|---------------|
|           | <b>Rupees</b> | <b>Rupees</b> |
| Creditors | 14,483,219    | 211,388       |

|                                      |            |            |
|--------------------------------------|------------|------------|
| Accrued liabilities                  | 2,118,029  | 1,828,451  |
| Mark-up on redeemable capital        | 1,568,746  | 7,818,937  |
| Return on certificates of investment | 23,001,623 | 17,844,260 |
| Mark-up on running finance           | 2,826,665  | 2,031,781  |
| Mark-up on short-term finances       | 3,733,403  | 11,486     |
| Rentals received in advance          | 3,334,285  | 303,540    |
| Tax deducted at source               | 8,245,794  | 298,343    |
| Contractors' retention money         | 10,553     | 64,102     |
| Central excise duty                  | 190,849    | 784,495    |
| Others                               | 6,062,596  | 2,830,085  |
|                                      | -----      | -----      |
|                                      | 65,575,762 | 34,026,868 |
|                                      | =====      | =====      |

**10. DIVIDEND**

|                    |            |            |
|--------------------|------------|------------|
| Proposed dividend  | 33,000,000 | 30,000,000 |
| Unclaimed dividend | 381,196    | 228,968    |
|                    | -----      | -----      |
|                    | 33,381,196 | 30,228,968 |
|                    | =====      | =====      |

**11. COMMITMENTS**

|   |             |             |
|---|-------------|-------------|
| Commitments for lease disbursements                 | 135,000,000 | 123,000,000 |
| Commitments for repurchase of Government securities | 80,000,000  | 60,000,000  |

**12. FIXED ASSETS**

12.1 The following is a statement of operating assets:

|                                  | Cost<br>at July<br>1, 1997 | Additions/<br>(deletions)<br>during the year | Cost at<br>June 30,<br>1998 | Accumulated<br>depreciation<br>at July 1,<br>1997 | Depreciation<br>charge for<br>the year/<br>(on deletions) | Accumulated<br>depreciation<br>at June<br>30, 1998 | Written down<br>value at<br>June 30, 1998 | Rate<br>% |
|----------------------------------|----------------------------|--|-----------------------------|---|---|--|---|-----------|
| <b>Rupees</b>                    |                            |  |                             |   |   |  |   |           |
| Building improvements            | 4,130,574                  | --   | 4,130,574                   | 2,021,970   | 712,329   | 2,734,299  | 1,396,275                                 | 20        |
| Furniture, fixtures & fittings   | 1,459,949                  | 15,960                                       | 1,475,909                   | 633,068   | 234,800   | 867,868  | 608,041                                   | 20        |
| Vehicles                         | 6,075,462                  | 4,303,248<br>(998,814)                       | 9,379,896                   | 2,848,064   | 1,583,120<br>(299,497)                                    | 4,131,687  | 5,248,209                                 | 20        |
| Office equipment &<br>appliances | 8,099,543                  | 893,425<br>(158,000)                         | 8,834,968                   | 4,144,569   | 1,534,724<br>(157,998)                                    | 5,521,295  | 3,313,673                                 | 20        |
|                                  | 19,765,528                 | 5,212,633<br>(1,156,814)                     | 23,821,347                  | 9,647,671   | 4,064,973<br>(457,495)                                    | 13,255,149   | 10,566,198                                |           |
| 1997                             | 16,941,956                 | 5,220,277<br>(2,396,705)                     | 19,765,528                  | 7,692,520   | 3,512,804<br>(1,557,653)                                  | 9,647,671  | 10,117,857                                |           |

12.2 The following assets were disposed of during the year:

| Description | Cost | Accumulated<br>depreciation | Written<br>down<br>value | Sale<br>proceed | Mode of<br>Disposal | Particulars of purchaser |
|-------------|------|-----------------------------|--------------------------|-----------------|---------------------|--------------------------|
| -----       |      |                             |                          |                 |                     |                          |
| Rupees      |      |                             |                          |                 |                     |                          |
| -----       |      |                             |                          |                 |                     |                          |

|   |           |         |         |         |                    |   |
|---|-----------|---------|---------|---------|--------------------|---|
| Vehicles  | 599,000   | 299,497 | 299,503 | 299,503 | Negotiation        | Mr Teizoon Kisat<br>(Ex-executive)        |
|   | 399,814   | --      | 399,814 | 400,000 | Insurance<br>Claim | New Jubilee Insurance Co. Ltd.<br>Karachi |
| Office equipment & appliances                                       | 998,814   | 299,497 | 699,317 | 699,503 |                    |   |
| Items having written down value less than or equal to Rs 5,000 each | 158,000   | 157,998 | 2       | 40,000  |                    |   |
|   | 1,156,814 | 457,495 | 699,319 | 739,503 |                    |   |

### 13. NET INVESTMENT IN LEASES

This includes leasing facility of Rs 220 million provided to Sui Southern Gas Company Limited during the year.

The rentals due from associated undertakings as at June 30, 1998 amounted to Rs 1,223,040 (1997: Rs 1,995,165) including unearned lease income of Rs 292,275 (1997: Rs 123,218).

The maximum aggregate amount of rentals due from associated undertakings at the end of any month during the year was Rs 1,375,920 (1997: Rs 4,853,030) including unearned lease income of Rs 363,420 (1997: Rs 739,887).

### 14. LONG-TERM LOANS- considered good

|   | 1998<br>Rupees | 1997<br>Rupees |
|---|----------------|----------------|
| Due from - chief executive  | 3,744,000      | --             |
| - executives  | 2,217,300      | 1,281,537      |
| - employees   | 756,312        | 480,823        |
|   | -----          | -----          |
|   | 6,717,612      | 1,762,360      |
| Less: Recoverable within one year shown as current portion of long-term loans | 1,118,624      | 1,123,951      |
|   | -----          | -----          |
|   | 5,598,988      | 638,409        |
|   | =====          | =====          |

The loans have been provided to employees for purchase of motor vehicles and construction / purchase of house and are repayable between five to twenty five years.

Maximum amount due from chief executive and executives at the end of any month during the year was Rs 3,993,333 (1997: Rs Nil) and Rs 2,326,556 (1997: Rs 1,403,248) respectively.

### 15. SHORT-TERM LOANS

|                                   | 1998<br>Rupees | 1997<br>Rupees |
|-----------------------------------|----------------|----------------|
| Loans to customers                | 64,540,473     | 34,660,186     |
| Less: Provision for doubtful loan | 16,431,000     | 8,737,500      |
|                                   | -----          | -----          |
|                                   | 48,109,473     | 25,922,686     |
|                                   | =====          | =====          |

These represent loans to customers for a period up to one year on mark-up basis under sale and repurchase agreements.

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



|  | <b>1998</b>       | <b>1997</b>       |
|--|-------------------|-------------------|
|  | <b>Rupees</b>     | <b>Rupees</b>     |
| Advances   |                   |                   |
| - against assets to be leased out  | 7,955,349         | 52,140,435        |
| - to executives - note 16.1  | 228,711           | 182,110           |
| - to employees   | 114,161           | 78,957            |
| - to suppliers   | 300,000           | --                |
| Trade deposits   | 708,225           | 138,350           |
| Prepayments  | 8,297,546         | 4,538,277         |
| Accrued return on investments  | 7,115,456         | 5,577,904         |
| Accrued mark-up on short-term loans and advances against assets to be leased out | 3,560,448         | 6,794,579         |
| Corporate asset tax recoverable  | 2,057,589         | 2,057,589         |
| Others   | 1,836,841         | 208,787           |
|  | -----             | -----             |
|  | <u>32,174,326</u> | <u>71,716,988</u> |

The maximum amount due from executives at the end of any month during the year was Rs 426,870 (1997: Rs 255,724).

#### 17. SHORT-TERM INVESTMENTS

|  | <b>1998</b>        | <b>1997</b>        |
|--|--------------------|--------------------|
|  | <b>Rupees</b>      | <b>Rupees</b>      |
| 40,000 units of National Investment Trust (NIT)                                | 568,000            | 568,000            |
| Federal Investment Bonds   | 153,379,000        | 173,379,000        |
| Shares and certificates of listed companies and modarabas - note 17.1          | 19,377,411         | 19,377,411         |
| Placement under certificates of investment/ deposits and musharika arrangement | 80,000,000         | --                 |
| Provision for diminution in the value of investments                           | (14,220,000)       | (13,230,000)       |
|  | -----              | -----              |
|  | <u>239,104,411</u> | <u>180,094,411</u> |

Aggregate market value of above investments as at June 30, 1998 was Rs 239,104,411 (1997: Rs 180,094,411).

#### 17.1 Details of investment in listed companies/modarabas:

|                                | <b>1998</b>  |                    | <b>1997</b>  |                    |
|--------------------------------|--|--------------------|--|--------------------|
|                                | <b>Number of modaraba certificates/ ordinary shares of Rs. 10 each</b> | <b>Cost Rupees</b> | <b>Number of modaraba certificates/ ordinary shares of Rs. 10 each</b> | <b>Cost Rupees</b> |
| First Grindlays Modaraba       | 128,482  | 4,303,875          | 118,965  | 4,303,875          |
| Modaraba Al-Mali               | 159,207  | 3,128,640          | 159,207  | 3,128,640          |
| Modaraba Al-Tijarah            | 149,806  | 2,111,930          | 149,806  | 2,111,930          |
| First Hajveri Modaraba         | 160  | 365                | 160  | 365                |
| Al-Ata Leasing Modaraba        | 55,671   | 414,014            | 55,671   | 414,014            |
| Al-Zamin Leasing Modaraba      | 25,300   | 144,275            | 25,300   | 144,275            |
| Sajjad Textile Mills Limited.  | 30,700   | 654,555            | 30,700   | 654,555            |
| Bankers Equity Limited         | 66,432   | 1,041,357          | 66,432   | 1,041,357          |
| Gulistan Textile Mills Limited | 75,784   | 7,578,400          | 75,784   | 7,578,400          |
|                                |  | -----              |  | -----              |
|                                |  | <u>19,377,411</u>  |  | <u>19,377,411</u>  |

**18. CASH AND BANK BALANCES**

|  | <b>1998</b>   | <b>1997</b>   |
|--|---------------|---------------|
|  | <b>Rupees</b> | <b>Rupees</b> |
| With State Bank of Pakistan on current account | 10,349,491    | 9,463,766     |
| With banks                                     |               |               |
| - on current accounts - local currency         | 464,005       | 42,048        |
| - foreign currency                             | 49,962        | 54,275        |
| - on saving accounts                           | 432,970       | 35,585        |
| Cash in hand                                   | 54,497        | 24,343        |
|  | -----         | -----         |
|  | 11,350,925    | 9,620,017     |
|  | =====         | =====         |

**19. INCOME FROM LEASING OPERATIONS**

|   |             |             |
|---|-------------|-------------|
| Income on lease contracts                           | 273,162,700 | 282,616,940 |
| Gain on cancellation of lease contracts             | 1,099,184   | 1,096,515   |
| Commitment fee                                      | 225,000     | 525,000     |
| Mark-up on advances against assets to be leased out | 5,810,790   | 7,504,034   |
|   | -----       | -----       |
|   | 280,297,674 | 291,742,489 |
|   | =====       | =====       |

**20. INCOME ON INVESTMENTS**

|   |            |            |
|---|------------|------------|
| Mark-up on  |            |            |
| - Federal Investment Bonds  | 24,527,107 | 31,661,403 |
| - Short-term loans  | 8,785,848  | 6,686,729  |
| Return on certificates of investment/deposits<br>and musharika placements | 14,151,160 | 3,586,219  |
| Income from saving accounts   | 806,245    | 1,117,356  |
| Income from banks under Portfolio<br>Management Scheme                    | --         | 1,046,542  |
| Dividend income   | 653,781    | 499,277    |
|   | -----      | -----      |
|   | 48,924,141 | 44,597,526 |
|   | =====      | =====      |

**21. OTHER INCOME**

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Mark-up, commission and fee income | 965,645   | 1,007,314 |
| Gain on disposal of fixed assets   | 40,184    | 744,012   |
| Exchange gain                      | 383       | 3,482     |
|                                    | -----     | -----     |
|                                    | 1,006,212 | 1,754,808 |
|                                    | =====     | =====     |

**22. FINANCIAL AND OTHER CHARGES**

|   | <b>1998</b>   | <b>1997</b>   |
|---|---------------|---------------|
|   | <b>Rupees</b> | <b>Rupees</b> |
| Mark-up on redeemable capital                               | 16,942,824    | 28,985,155    |
| Mark-up on lease participation with a financial institution | --            | 210,365       |

|                                      |             |             |
|--------------------------------------|-------------|-------------|
| Return on certificates of investment | 192,061,760 | 168,884,217 |
| Mark-up on running finance           | 6,112,301   | 5,322,054   |
| Mark-up on short-term finance        | 10,232,693  | 1,272,445   |
| Arrangement fee                      | 4,909,523   | 1,141,668   |
| Bill discounting expenses            | 3,096,321   | 3,842,695   |
| Loss on sale of securities           | --          | 215,000     |
| Others                               | 379,816     | 552,702     |
|                                      | -----       | -----       |
|                                      | 233,735,238 | 210,426,301 |
|                                      | =====       | =====       |

### 23. ADMINISTRATIVE AND OPERATING EXPENSES

|   |            |            |
|---|------------|------------|
| Salaries, allowances and benefits- note 23.1  | 17,041,734 | 13,205,645 |
| Rent  | 1,941,229  | 1,680,124  |
| Repairs and maintenance   | 1,230,596  | 960,464    |
| Electricity, gas and water  | 962,142    | 337,921    |
| Depreciation  | 4,064,973  | 3,512,804  |
| Insurance   | 1,006,952  | 861,695    |
| Vehicle running expenses  | 1,103,723  | 881,967    |
| Printing and stationery   | 1,244,333  | 846,672    |
| Telephone and postage expenses  | 1,783,801  | 1,974,085  |
| Travelling, conveyance and entertainment  | 1,488,039  | 998,255    |
| Fees and subscriptions  | 347,315    | 675,043    |
| Charges from associated undertaking   | 555,652    | 1,666,956  |
| Legal and professional charges  | 1,369,162  | 1,386,330  |
| Training and development  | 171,795    | 131,963    |
| Advertising expenses  | 590,757    | 267,596    |
|   | -----      | -----      |
| Auditors' remuneration:   |            |            |
| Audit fee   | 150,000    | 120,000    |
| Special audit   | --         | 90,000     |
| Certification of dividend remittance, export o,<br>bonus shares, free reserves and others | 46,000     | 15,000     |
| Out of pocket expenses  | 15,226     | 26,611     |
| Excise duty   | --         | 31,673     |
|   | -----      | -----      |
|   | 211,226    | 283,284    |
| Zakat   | 10,000     | 10,000     |
| Sundry expenses   | 1,336,520  | 1,563,724  |
|   | -----      | -----      |
|   | 36,459,949 | 31,244,528 |
|   | =====      | =====      |

23.1 Salaries, allowances and benefits include Rs 1,224,871 (1997: Rs 889,421 ) in respect of staff retirement benefits.

### 24. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

|                                | 1998        | 1997   |
|--------------------------------|-------------|--------|
|                                | Rupees      | Rupees |
| Redeemable Capital             |             |        |
| - repaid during the year       | 10,000,000  | --     |
| - mark-up charged for the year | 4,025,136   | --     |
| Certificates of investments    |             |        |
| - issued during the year       | 4,000,000   | --     |
| - encashed during the year     | 104,000,000 | --     |

- mark-up charged for the year 14,102,917 --

## 25. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

|                         | Chief Executive |      | Executives |           | Total      |           |
|-------------------------|-----------------|------|------------|-----------|------------|-----------|
|                         | 1998            | 1997 | 1998       | 1997      | 1998       | 1997      |
|                         | Rupees          |      |            |           |            |           |
| Managerial remuneration | 1,200,000       | 12   | 5,343,177  | 3,799,950 | 6,543,177  | 3,799,962 |
| House rent              | 480,000         | --   | 1,948,536  | 1,517,160 | 2,428,536  | 1,517,160 |
| Utilities               | 120,000         | --   | 487,134    | 337,140   | 607,134    | 337,140   |
| Medical expenses        | 16,369          | --   | 301,334    | 230,000   | 317,703    | 230,000   |
| Retirement benefits     | 108,000         | --   | 454,340    | 337,200   | 562,340    | 337,200   |
| Leave passage           | 380,000         | --   | 166,000    | 148,000   | 546,000    | 148,000   |
|                         | 2,304,369       | 12   | 8,700,521  | 6,369,450 | 11,004,890 | 6,369,462 |
| Number of persons       | 1               | 1    | 24         | 16        | 25         | 17        |

The Chief Executive and certain executives are provided with free use of company maintained cars.

## 26. CASH GENERATED FROM OPERATIONS

|   | 1998<br>Rupees | 1997<br>Rupees |
|---|----------------|----------------|
| Profit for the year before taxation                         | 48,535,340     | 73,697,395     |
| Add/(less): Adjustment for non cash charges and other items |                |                |
| Depreciation  | 4,064,973      | 3,512,804      |
| Provision for potential lease losses                        | 2,814,000      | 7,981,000      |
| Provision for doubtful loan                                 | 7,693,500      | 8,737,500      |
| Provision for diminution in value of Investments            | 990,000        | 6,008,099      |
| Mark-up expenses  | 33,287,818     | 35,956,688     |
| Dividend income   | {653,781 }     | (499,277)      |
| Gain on disposal of fixed assets                            | (40,184)       | (744,012)      |
|   | 48,156,326     | 60,952,802     |
| Operating profit before working capital changes             | 96,691,666     | 134,650,197    |

## MOVEMENT IN WORKING CAPITAL

|   |               |              |
|---|---------------|--------------|
| (Increase)/decrease in current assets                           |               |              |
| Advances, deposits, prepayments and other receivables           | 39,542,662    | (40,851,387) |
| Short-term investments  | (60,000,000)  | (11,000,000) |
|   | (29,880,287)  | 29,797,009   |
| Short-term loans  | (50,337,625)  | (22,054,378) |
| Increase/(decrease) in creditors, accrued and other liabilities | 33,282,284    | (5,739,479)  |
|   | (17,055,341 ) | (27,793,857) |
|   | 79,636,325    | 106,856,340  |

**27. CASH AND CASH EQUIVALENTS**

|                                    |               |               |
|------------------------------------|---------------|---------------|
| Cash and bank balances             | 11,350,925    | 9,620,017     |
| Finance under mark-up arrangements | (246,987,674) | (112,779,131) |
|                                    | -----         | -----         |
|                                    | (235,636,749) | (103,159,114) |
|                                    | =====         | =====         |

**28. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

**PATTERN OF SHAREHOLDING AS AT JUNE 30, 1998**

| Number of<br>Share Holders | Shareholding |    |         | Total<br>Shares Held |
|----------------------------|--------------|----|---------|----------------------|
| 304                        | 1            | -- | 100     | 7,890                |
| 310                        | 101          | -- | 500     | 72,084               |
| 178                        | 501          | -- | 1000    | 130,081              |
| 587                        | 1001         | -- | 5000    | 1,203,410            |
| 83                         | 5001         | -- | 10000   | 590,045              |
| 33                         | 10001        | -- | 15000   | 376,966              |
| 7                          | 15001        | -- | 20000   | 124,458              |
| 9                          | 20001        | -- | 25000   | 204,050              |
| 3                          | 25001        | -- | 30000   | 82,316               |
| 2                          | 30001        | -- | 35000   | 63,250               |
| 1                          | 35001        | -- | 40000   | 36,300               |
| 2                          | 40001        | -- | 45000   | 82,732               |
| 3                          | 45001        | -- | 50000   | 141,056              |
| 1                          | 55001        | -- | 60000   | 56,282               |
| 1                          | 60001        | -- | 65000   | 60,720               |
| 1                          | 70001        | -- | 75000   | 74,580               |
| 1                          | 75001        | -- | 80000   | 75,300               |
| 2                          | 95001        | -- | 100000  | 196,800              |
| 2                          | 100001       | -- | 105000  | 207,532              |
| 2                          | 120001       | -- | 125000  | 242,000              |
| 2                          | 125001       | -- | 130000  | 253,732              |
| 1                          | 145001       | -- | 150000  | 146,630              |
| 1                          | 205001       | -- | 210000  | 208,486              |
| 2                          | 215001       | -- | 220000  | 440,000              |
| 1                          | 230001       | -- | 235000  | 230,852              |
| 1                          | 300001       | -- | 305000  | 300,300              |
| 1                          | 315001       | -- | 320000  | 316,872              |
| 2                          | 985001       | -- | 990000  | 1,980,000            |
| 1                          | 1040001      | -- | 1045000 | 1,041,700            |
| 1                          | 1500001      | -- | 1505000 | 1,504,102            |
| 1                          | 2195001      | -- | 2200000 | 2,200,000            |
| 1                          | 2745001      | -- | 2750000 | 2,749,474            |
| 1                          | 6595001      | -- | 6600000 | 6,600,000            |
|                            | -----        |    | -----   |                      |
|                            | 1,548        |    |         | 22,000,000           |
|                            | =====        |    |         | =====                |

| Categories of<br>Share Holders | Number of<br>Share Holders | Shares<br>Held | Percentage |
|--------------------------------|----------------------------|----------------|------------|
| 1. Individuals                 | 1,512                      | 7,139,421      | 32.45      |
| 2. Investment Companies        | 3                          | 87,132         | 0.40       |

|                           |       |            |        |
|---------------------------|-------|------------|--------|
| 3. Insurance Companies    | 3     | 1,829,224  | 8.31   |
| 4. Joint stock Companies  | 19    | 9,455,618  | 42.98  |
| 5. Financial Institutions | 5     | 3,130,545  | 14.22  |
| 6. Modaraba Companies     | 4     | 52,260     | 0.24   |
| 7. Leasing Companies      | 1     | 5,500      | 0.03   |
| 8. Others                 | 1     | 300,300    | 1.37   |
|                           | ----- | -----      | -----  |
|                           | 1,548 | 22,000,000 | 100.00 |
|                           | ===== | =====      | =====  |