

SIGMA LEASING CORPORATION LIMITED

Annual Report 1997

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BOARD OF DIRECTORS:

CHAIRMAN

Mr. Asif Ali Rashid

CHIEF EXECUTIVE & MANAGING DIRECTOR

Mr. Muhammad Nasim Khan

VICE CHAIRMAN

Mr. Ariff All Rashid

DIRECTORS

Mr. Ebrahim Qassim

Mr. Arfan Ali Rashid

Mr. Mohammad Saleem Adam

Mr. Iskander Sultan Khwaja

Mr. Ruhail Mohammed

Mr. Shahzad Ali Rashid

Mr. Haider Ali

COMPANY SECRETARY

Mr. Ruhail Mohammed

AUDITORS

Taseer Hadi Khalid & Co.

Chartered Accountants

Mansha Mohsin Dossani Khan & Co.

Chartered Accountants

LEGAL ADVISORS

Mohsin Tayebaly & Co.

BANKERS

Askari Commercial Bank Ltd.
Hongkong & Shanghai Banking Corporation Limited

REGISTERED OFFICE

Shaheen View, 18-A, Block-6, P.E.C.H.S.
Shahrah-e-Faisal, Karachi.
Tel · (021) 4543060-65
Fax: (021) 4546555, 4540558

HEAD OFFICE

8-C, Block-6, P.E.C.H.S.
off: Shahrah-e-Faisal, Karachi.

SHARE DEPARTMENT

Shaheen View, 18-A, Block-6, P.E.C.H.S.
Shahrah-e-Faisal, Karachi.

NOTICE OF 1st ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Sigma Leasing Corporation Limited will be held on Thursday 9 October 1997 at 10:00 a.m. at its registered office situated at Shaheen View, 18-A, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of Statutory Meeting of the company held on 16 June 1997.
2. To receive, consider and adopt the Audited Accounts together with the Directors, and Auditors' Report for the period ended 30 June 1997.
3. To appoint Auditors and fix their remuneration. The present Auditors Messrs. Taseer Hadi Khalid & Co., Chartered Accountants and Messrs. Mansha Mohsin Dossani Khan & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment.

Special Business

4. To elect ten directors as fixed by the Board in accordance with the provisions of Section 178(1) of the Companies Ordinance, 1984, for a period of three years commencing from 9 October 1997. The following retiring directors, shall be eligible to offer themselves for re-election:-

- | | |
|---------------------------------|------------------------------|
| i) Mr. Asif Ali Rashid | ii) Mr. Muhammad Nasim Khan |
| iii) Mr. Ariff Ali Rashid | iv) Mr. Ebrahim Qassim |
| v) Mr. Arfan Ali Rashid | vi) Mr. Muhammad Saleem Adam |
| vii) Mr. Iskander Sultan Khwaja | viii) Mr. Ruhail Mohammed |
| ix) Mr. Shahzad Ali Rashid | x) Mr. Haider Ali |

Any person who seeks to contest election to the office of Director of the Company should file with the Company at its Registered Office, a notice of his intention to offer himself for election not later than 14 days before the date of the Annual General Meeting.

5. To approve the remuneration of the Chief Executive of the company.
6. Any other business with the permission of the chair.

Notes:

1. The share transfer books of the company will remain closed from 2 October 1997 to 9 October 1997 (both days inclusive).
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint another member as proxy to attend, speak and vote for him/her.

3. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed or a notary certified copy of such power of authority, in order to be valid, must be deposited at the registered office of the company not less than 48 hours before the time of the meeting.
4. Members are requested to notify any change in their address immediately.

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

1. Approval is being sought to fix the remuneration of the Chief Executive of the Company.

This statement under Section 160 of the Companies Ordinance, 1984 is annexed to the Notice of the Annual General Meeting of Sigma Leasing Corporation Limited to be held on 9 October 1997 and sets out material facts concerning the special business to be transacted at the meeting.

The shareholders' approval will be sought for the payment of remuneration and the provision of certain facilities to the Chief Executive as recommended by the Board of Directors of the Company. For this purpose, it is proposed that the following resolution be passed as ordinary resolution, namely:

"RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to draw as remuneration gross aggregate monthly sum not exceeding Rs.94,000/- (Rupees Ninty Four Thousand only) as determined by the Board of Directors. The Chief Executive will also be provided perquisites as per company rules and regulations in force from time to time during his term of office that commences from the date of his appointment."

DIRECTORS' REPORT

On behalf of the Board of Directors, I take pleasure in presenting the First Annual Report together with the audited financial statements for the period ended June 30, 1997.

REVIEW OF OPERATIONS

Your company has commenced business on January 28, 1997 after obtaining the leasing licence and commencement of business certificate from the Corporate Law Authority. Therefore the current report relates to the operations of the company from the commencement date till June 30, 1997.

During the period under review, lease disbursements of Rs. 29 million were made and net investment in leases as on 30/6/97 amounted to Rs. 27.1 million. The management has adopted a conservative yet prudent approach in evaluating lease proposals. The sector wise net investment in leases is as follows:

Pharmaceutical & Healthcare	10.80%
Textile	25.50%
Insurance	3.00%
Food	10.40%
Sugar	1.20%
Information Technology	7.00%
Other (including service sector)	42.10%

	100.00%
	=====

Your company also invested a small portion of its funds in the equity markets and has realised adequate returns on its investments. Most of the idle funds were placed with NBFIs under musharika and fund management schemes which also yielded good return.

Your company has already arranged credit lines of over Rs. 40 million and initial contacts have been made with other institutions for further lines to be utilised later in the year.

FUTURE PROSPECTS

Leasing is slowly becoming the acceptable mode for medium term financing and its share in total fixed investment is likely to grow. Unfortunately the slowdown in economic growth has resulted in decline in fixed investment and hence decline in the demand for lease financing. We are however hopeful that due to the current investment friendly policies, fixed investment will be forthcoming which will result in demand for leasing in the coming months. The abolition of CED will no doubt also help in boosting demand for lease financing.

Your company will continue its efforts to grow and establish itself in the leasing industry. Efficient utilization of resources, spreading risk over a broad spectrum of clients and sectors and following a conservative and prudent approach in evaluating lease proposals shall continue to remain the policy of your company.

FINANCIAL RESULTS

The profit and appropriations for the period ended June 30, 1997 were as follows:

Profit before tax	Rs.	3,657,212
less provision for tax	Rs.	74,738

Profit after tax	Rs.	3,582,474
Appropriation:		
Transfer to statutory reserve	Rs.	716,495

Unappropriated profit carried forward	Rs.	2,865,979
		=====

AUDITORS

The auditors M/s. Taseer Hadi Khalid & Co., Chartered Accountants, and M/s. Mansha Mohsin Dossani Khan & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment. The directors would like to thank the Corporate Law Authority, State Bank of Pakistan, the company's personnel and auditors for the cooperation extended by them.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Sigma Leasing Corporation Limited as at 30 June 1997 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the period 11 April 1996 to 30 June 1997 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 stated therein;

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

iii) the business conducted, investments made and the expenditure incurred during the period 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 statement of changes in financial position, together with the notes forming part thereof,

give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 1997 and of the profit and changes in financial position for the period then ended; and

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

Taseer Hadi Khalid & Co.
Chartered Accountants

Mansha Mohsin Dossani Khan & Co.
Chartered Accountants

Karachi: 1st September 1997

BALANCE SHEET AS AT 30 JUNE 1997

	<i>Note</i>	<i>1997</i>
CAPITAL AND RESERVES		
Authorised Capital		
30,000,000 ordinary shares of Rs. 10 each		300,000,000
		=====
Issued, subscribed and paid up capital	3	100,000,000
Statutory reserve	4	716,495
Unappropriated profit		2,865,979

		103,582,474
LONG TERM-LOAN - Secured	5	20,060,000
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	6	1,460,526
LONG TERM DEPOSITS	7	4,994,282
CURRENT LIABILITIES		
Short- term running finance under markup arrangement - secured	8	19,453,081
Current portion of liabilities subject to finance lease		540,162
Accrued expenses and other liabilities	9	1,899,878
Provision for taxation	22	74,738

		21,967,859
COMMITMENTS	10	-----
	Rupees	152,065,141
		=====
TANGIBLE FIXED ASSETS	11	9,400,412
CAPITAL WORK IN PROGRESS	12	2,062,886
NET INVESTMENT IN LEASE FINANCE		
Installments contract receivables		31,152,805
Add: Residual value		4,934,282

Lease contract receivables		36,087,087
Less: Unearned lease income		8,981,563
Net investment in lease finance		27,105,524
Less: Current portion of net investment in lease finance		6,245,346

		20,860,178

LONG TERM INVESTMENTS 13 6,221,635

LONG TERM DEPOSITS & DEFERRED COST 14 2,079,003

CURRENT ASSETS

Current portion of net investment in lease finance		6,245,346
Advances, prepayments and other receivables	15	2,424,073
Investments	16	13,091,250
Cash and bank balances	17	89,680,358

		111,441,027

Rupees 152,065,141

=====

These accounts should be read in conjunction with the annexed notes.

PROFIT AND LOSS ACCOUNT

For the period from 27 January 1997 to 30 June 1997

	<i>Note</i>	<i>1997</i>
INCOME		
Lease income		872,223
Mark up on deposits/placements/musharika arrangements etc.	18	7,696,159
Gain on sale of investments		2,730,045
Others	19	531,624
		1,830,051
EXPENSES		
Administrative	20	7,534,691
Financial charges	21	506,473
Provision for diminution in the value of securities		131,675

		8,172,839

PROFIT BEFORE TAXATION		3,657,212
Provision for taxation		
- Current	22	74,738

NET PROFIT AFTER TAXATION		3,582,474
APPROPRIATION		
Transfer to statutory reserve		716,495

**UNAPPROPRIATED PROFIT CARRIED
FORWARD**

Rupees 2,865,979

=====

These accounts should be read in conjunction with the annexed notes.

**STATEMENT OF CHANGES IN FINANCIAL POSITION
For the period from 11 April 1996 to 30 June 1997**

1997

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation 365,721

Adjustments for:

Depreciation 1,031,720

Provision for diminution in the value of securities 131,675

Financial Charges 506,473

Amortization of deferred cost 838,648

Gain on sale of securities (2,730,045)

3,435,683

Net investment in lease finance (20,860,178)

Changes in operating assets / liabilities

(Increase) in operating assets

Advances, prepayments and other receivables (2,362,720)

Current portion of net investment in lease finance (6,245,346)

(8,608,066)

Increase in operating liabilities

Running finance under mark up arrangement 19,453,081

Accrued expenses and other liabilities 18,711,151

21,324,196

Cash generated from (used) in operations (4,708,365)

Financial charges paid (477,710)

Taxes paid (61,353)

(539,063)

Net Cash from/(used in)operating activities (5,247,428)

CASH FLOW FROM INVESTING ACTIVITIES

Additions to fixed assets (8,168,788)

Purchase of marketable securities including Federal Investments Bonds (91,135,760)

Sale proceeds of investments 84,421,245

Capital work in progress (2,062,886)

Other long term deposits 60,000

Long term deposits and deferred costs	(2,917,651)
Lease key money deposits	4,934,282

Net cash (used in)/from investing activities	(14,869.558)

CASH FLOW FROM FINANCING ACTIVITIES

Long term loans	20,060,000
Issue of share capital	100,000,000
Payments made against lease finance	(262,656)
Net cash from financing activities	119,797,344

Cash and cash equivalent at end of the period including investment made under musharika arrangements	Rupees 99,680,358
	=====

NOTES TO THE ACCOUNTS

For the period from 11 April 1996 to 30 June 1997

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated on 11 April 1996 and received Certificate of Business Commencement on 27 January 1997. The company is principally engaged in the business of leasing and was listed on the Karachi Stock Exchange on 07 January 1997.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared on the basis of the historical cost convention.

2.2 Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation on fixed assets is charged on written down values at the rates given in note 11 to the accounts.

A full year's depreciation is charged on all fixed assets capitalized during the year while no depreciation is charged in the year fixed assets are disposed off or scrapped.

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

Gains and losses on disposal of assets, if any, are taken to profit and loss account.

2.3 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. The related obligations under the lease are accounted for as liabilities.

Depreciation is charged on written down values at the rates given in note 11 to the accounts.

2.4 Investments

Long term

These are stated at cost net off provision made for decline other than temporary in value of investment, if any.

Short term

These are stated at lower of average cost and market value on an aggregate portfolio basis.

2.5 Deferred Cost

Deferred cost represents preliminary expenses and expenses related to public offering of the company, however, operating income and expenses have been recognized currently. Deferred cost is being amortized over a period of three years.

2.6 Revenue Recognition

Lease income

The financing method is used in accounting for income on direct financing leases. Under this method the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over the net investment (cost of leased assets) is amortized to income over the term of the lease, so as to produce a constant periodic rate of return on net investment outstanding in the leases.

Fee and commissions are recognised as income when realised.

Investment income

Return on investment is recognized at the rates specified in the respective investment schemes on time proportionate basis. The income is recognised on the assumption that such investments will be held till maturity.

Dividend income

Dividend Income is recorded at the time of closure of share transfer books of the company declaring the dividend.

Gain on sale of marketable securities

Gain and loss on sale of marketable securities is taken to income in the period in which it arises.

2.7 Foreign Currencies

Transactions in foreign currencies are converted at the rates of exchange prevailing at the date of transaction. At the balance sheet date, foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at that date. Resulting exchange differences are recognized in income currently.

2.8 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates. Income for the purposes of computing current taxation is determined under the provisions of the tax laws whereby lease rentals received or receivable are deemed to be income.

Deferred

The Company accounts for deferred taxation using the liability method on all significant timing differences. Deferred tax is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future. However, deferred tax debits are not accounted for.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

1997

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

fully paid in cash

Rupees

100,000,000

=====

4. STATUTORY RESERVE

In accordance with the State Bank of Pakistan regulations for Non Banking Financial Institutions, the company is required to transfer 20% of its after tax profits to statutory reserve until the reserve equals its paid up capital. Thereafter 5% of after tax profits are required to be transferred to reserve.

5. LONG TERM LOAN - Secured

From an investment bank	5.1 Rupees	20,060,000
		=====

5.1 This represents a term finance facility obtained from an investment bank and carries mark-up at the rate of Rs. 0.4219 per Rs. 1,000 per day payable in quarterly installments. The principal amount is repayable in April 1999. This facility is secured by foreign currency certificate of investment of a director and a pari passu charge over book debts/leased assets of the company.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Assets acquired during the period		2,263,344
Less: Payments made during the period		262,656

		2,000,688
Less: Current maturity		540,162

	Rupees	1,460,526
		=====

6.1 This represents vehicles, computers and accessories acquired under three different finance lease arrangements from a leasing company. Rentals are payable in equal monthly installments. Repairs and insurance costs are to be borne by lessee. Financing rates ranging from 21.38% to 21.65% have been used as discounting factor. Purchase option can be exercised by the lessee by adjusting security deposit at the expiry of lease period.

Future lease payments under three different lease agreements for motor vehicles, computers and accessories are as detailed below:

Year ending 30 June 1998		834,000
Year ending 30 June 1999		834,000
Year ending 30 June 2000		816,706

		2,484,706
Less: Finance charges allocated to future periods		484,018

	Rupees	2,000,688
		=====

7. LONG TERM DEPOSITS

		1997
From customers - Lease key money deposits	7.1	4,934,282
From employees		60,000

Rupees 4,994,282

=====

7.1 This represent sums received from lessees under lease contracts and repayable/adjustable at the expiry of lease period.

8. SHORT TERM RUNNING FINANCE UNDER MARKUP ARRANGEMENT - Secured

This represents running finance facility obtained from a commercial bank amounting to Rs. 20 million, which carries mark-up at the rate of Rs. 0.4110 per Rs. 1,000 per day. This facility is secured by foreign currency deposit of a director and pari passu charge over book debts/leased assets of the company.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued mark-up on finance lease	28,763
Accrued mark-up on term and running finance facilities	1,017,677
Accrued expenses	79,718
Other accrued liabilities (including central excise duty of Rs. 22,589)	773,720

Rupees	1,899,878
	=====

10. COMMITMENTS

Office building improvement payable under various contracts as at 30 June 1997	Rupees	3,197,114
		=====

11. TANGIBLE FIXED ASSETS - At cost less accumulated depreciation

	COST			DEPRECIATION		
	Additions during the year	As at 30 June 1997	Rate Percent	For the year	As at 30 June 1997	Written Down Value as at 30 June 1997
Owned assets						
Leasehold land	1,800,000	1,800,000	--	--	--	1,800,000
Office equipments	210,917	210,917	10	21,092	21,092	189,825
Furniture and fixtures	103,505	103,505	10	10,351	10,351	93,154
Office building	4,086,366	4,086,366	5	204,318	204,318	3,882,048
Vehicles	1,968,000	1,968,000	20	393,600	393,600	1,574,400
	8,168,788	8,168,788		629,361	629,361	7,539,427
Leased assets						
Vehicles	1,760,244	1,760,244	20	352,049	352,049	1,408,195

Computers and accessories	503,100	503,100	10	50,310	50,310	452,790
	2,263,344	2,263,344		402,359	402,359	1,860,985
	-----	-----		-----	-----	-----
Rupees	10,432,132	10,432,132		1,031,720	1,031,720	9,400,412
	=====	=====		=====	=====	=====

1997

12. CAPITAL WORK IN PROGRESS

Office building improve	Rupees		2,062,886
			=====

13. LONG TERM INVESTMENTS-AT COST

Name of company/modaraba	No. of shares/ certificates	1997
BRR Capital Modaraba	5,000	24,500
Lucky Cement Limited	75,000	741,000
Ibrahim Fibre Limited	50,000	475,025
Southern Electric Power Co. Limited	53,000	701,855
First Allied Bank Modaraba	44,000	298,470
Habib Arkady Limited	35,000	337,500
AI-Ghazi Tractors Limited (face value Rs. 5 per share)	26,000	783,400
Nishat Mills Limited	25,000	628,170
Sunflocitruss Limited	48,000	432,590
Bank AI-Habib Limited	25,000	812,750
Gadoon Textile Mills Limited	25,000	887,875

		6,123,135
Federal Investment Bonds	13.2	98,500

	Rupees	6,221,635
		=====

13.1 Unless otherwise stated holdings are in ordinary shares/certificates of Rs. 10 each. Aggregate market value of the above investments is Rs. 5,548,850 however, diminution in value has not been accounted for as in the opinion of the management this decline is temporary.

Investments with a carrying value of Rs. 5,315,235 are not held in the name of the company but are covered by blank transfer deeds, however these are in the process of being transferred.

13.2 It represents investments made in Federal Investments Bonds required under the relevant provision of the SBP's rules for the NBFIs to maintain liquidity against certain liabilities. These bonds are redeemable within a period of five years from the date of purchase and carry markup @ 15% per annum receivable half yearly from the date of issue.

14. LONG TERM DEPOSITS AND DEFERRED COST**Long term deposits**

Lease deposits	399,706
Other	2,000

	401,706

Deferred Cost 4.1

Preliminary expenses	554,120
Consultancy charges	602,178
Underwriting fee	500,000
Listing Fee	172,857
Other floatation expenses	686,790

	2,515,945
Less: Amortized upto 30 June 1997	(838,648)

	1,677,297

Rupees	2,079,003
	=====

14.1 Deferred cost is being amortized from the date of incorporation.

~ .~:

15. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Advance Tax	61,353
Prepayments	
Prepaid insurance	169,178
Prepaid rent	15,720

	184,898
Other Receivables	
Return on deposits/placements/musharika arrangements	1,800,946
Accrued income on leases	76,876
Dividend	300,000
	2,177,822

Rupees	2,424,073

16. INVESTMENTS

Marketable securities - Shares of listed companies

Name of company	No. of shares	
Hub Power Co. Limited	25,000	942,250
FFC Jordan Fertilizer Co. Limited	75,000	1,282,750
ICI Pakistan Limited	25,000	616,750
D.G. Khan Cement Co. Limited	25,000	381,175

		3,222,925
Less: provision for diminution in the market value of securities		131,675
Unless otherwise stated holdings are in ordinary shares/certificates of Rs. 10 each. Aggregate market value of the above investments is Rs. 3,091,250.		-----
		3,091,250

All these investments are not held in the name of the company but are covered by blank transfer deeds.

Other investments

Musharika arrangements	16.1	10,000,000

	Rupees	13,091,250
		=====

16.1 It represents placements with non banking financial institutions for a period ranging from 1 to 3 months at expected rate of returns ranging from 19.5% to 20% per annum.

1997

17. CASH AND BANK BALANCES

Cash in hand		6
Cash with banks and other financial institutions		
- on current account		1,000
- on deposit accounts		594,784
- foreign currency certificates of investment with NBFIs		21,084,568
- placements with NBFIs		68,000,000
		89,680,352

	Rupees	89,680,358

18. MARK-UP ON DEPOSITS/PLACEMENTS/ MUSHARIKA ARRANGEMENTS etc.

Income on local currency deposits/placements/musharika arrangements etc.		6,984,631
Income on foreign currency deposits		590,886
Net Income on money market operations	18.1	120,642

	Rupees	7,696,159
		=====

18.1 Net income represents the difference of income and related costs of financing money market operations.

19. OTHERS

Dividend income		513,125
Mark-up on Federal Investment Bonds		6,139
Fees, commission and other charges		12,360

	Rupees	531,624
		=====

20. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and other benefits	20.1	2,122,340
Director fees		4,000
Rent, rates and taxes		123,280
Utilities		109,948

Postage & periodicals		18 840
Fees & documentation charges		211 152
Printing and stationary		201 473
Vehicle running & maintenance		237 109
Insurance		98.48
Travelling & conveyance		461 783
Auditors remuneration	20.20	89.78
Legal & professional charges		1,573 370
Depreciation		1,031 720
Entertainment		14 327
Advertisement		58 690
Repairs and maintenance		188.218
Zakat		5 247
Amortization of deferred cost		838 648
Others		146 288

	<i>Rupees</i>	7,534,691

20.1 Remuneration of Chief Executive and Executives

	CHIEF EXECUTIVE	EXECUTIVES
	1997	1997
Managerial remuneration	780,000	570,000
Housing and utilities	384,000	279,000
	-----	-----
<i>Rupees</i>	1,164,000	849,000
	=====	=====
Number of persons	1	4

The chief executive and certain executives are also entitled to free use of company maintained vehicles.

20.2 Auditors Remuneration

	Taseer Hadi Khalid & Co.	Mansha Mohsin Dossani	TOTAL
		Khan & Co.	
Audit fee for the period ended 30 June 1997	25,000	5,000	30,000
Audit under section 53	15,000	5,000	20,000
Audit of statutory report	15,000	--	15,000
Tax and other certifications	22,500	--	22,500
Out of pocket expenses	2,275	--	2,275
	-----	-----	-----
<i>Rupees</i>	79,775	10,000	89,775
	=====	=====	=====

21. FINANCIAL CHARGES

	1997
Financial charges on lease financing	183,107
Bank charges	12,455

Exchange loss	287,286
Central excise duty on financing	23,625

Rupees	506,473
	=====

22. PROVISION FOR TAXATION

In view of the tax loss for the year, minimum tax liability based on turnover has been provided in these accounts.

22.1 Deferred tax computed under the liability method is estimated at Rs. 261,667 which is not likely to reverse in the foreseeable future and therefore, no provision for deferred tax has been made in these accounts.

23. TRANSACTIONS WITH AN ASSOCIATED COMPANY

Machinery purchased for onward leasing to client with their firm commitment	1,401,000
Rent and allied services	240,000

<i>Rupees</i>	1,641,000
	=====

24. GENERAL

Figures have been rounded off to the nearest rupee.

PATTERN OF SHAREHOLDING AS AT 30TH JUNE 1997

Share holding		Number of	Total	Percentage	
		Shareholders	Shares Held		
From	To				
1	--	100	0	0	
101	--	500	698	3.490	
501	--	1000	0	0	
1,001	--	5,000	4	19,500	0.195
5,001	--	10,000	1	10,000	0.100
15,001	--	20,000	1	20,000	0.200
95,001	--	100,000	6	579,000	5.790
145,001	--	150,000	2	298,000	2.980
495,001	--	500,000	2	997,000	9.970
545,001	--	550,000	2	1,093,000	10.930
790,001	--	795,000	2	1,590,000	15.900
795,001	--	800,000	3	2,400,000	24.000
845,001	--	850,000	2	1,700,000	17.000
940,001	--	945,000	1	944,500	9.445
		-----	-----	-----	
		724	10,000,000	100.000	
		=====	=====	=====	

CATEGORIES OF SHAREHOLDERS

Particulars	Shareholders	Shareholding Percentage
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Individuals	717	4,465,500	44.655
Joint Stock Companies	7	5,534,500	55.345
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	724	10,000,000	100.000
	=====	=====	=====