

Pakistan Industrial Leasing Corporation Limited

Annual Report 2000

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COMPANY INFORMATION

BOARD OF DIRECTORS

(in alphabetical order)

Mr. Anjum M. Salaam
Mr. Javed Omar Vohra
Mr. Khalid Bashir
Mr. Mazhar Karim (Chairman)
Mr. Muhammad Rafi
Mr. Nasir Shafi
Mr. Rashid Ahmed (Chief Executive Officer & Managing Director)
Mr. Saifullah Khan (Nominee of PICIC)
Mr. S. Hashim Ishaque (Nominee of NIT)

AUDITORS

Riaz Ahmad & Company
Chartered Accountants

CORPORATE SECRETARY

Mr. Rashid Sadiq

LEGAL ADVISORS

Hassan & Hassan, Advocates

RATING AGENCY

Pakistan Credit Rating Agency
(Private) Limited

REGISTERED OFFICE

83-Babar Block
New Garden Town, Lahore.
Tel: 92-42-5881974-75, 5839631 Fax: 92-42-5881976
Email: rashidsadiq @ cressoft.com.pk

HEAD OFFICE

4th & 5th Floors, PAAF Building,
7-D, Kashmir/Egerton Road, Lahore.
Tel:92-42- 111 666 333, 6366067-8, 63611178-80
Fax: 92-42-6369272,6311184 Telex: 47154 PILC PK.
Email: info @ pilcorp.com
Web site: www. pilcorp.com

BANKERS

American Express Bank Limited
Crescent Investment Bank Limited
Habib Bank Limited
National Bank of Pakistan
Oman International Bank S.A.O.G
Prime Commercial Bank Limited
Soneri Bank Limited
Standard Chartered Bank
Union Bank Limited

LENDERS

Foreign

Asian Development Bank (ADB), Manila, Philippines
 Commonwealth Development Corporation (CDC), London, UK
 German Investment & Development Company (DEG), Germany
 International Finance Corporation (IFC), Washington, USA
 Netherlands Development Finance Company (FMO), Netherlands

Local

Al Baraka Islamic Bank B.S.C.(E.C)
 First International Investment Bank Limited
 Habib Bank Limited
 Pakistan Kuwait Investment Company (Private) Limited
 Pak Libya Holding Company (Private) Limited
 Saudi Pak Industrial & Agricultural Investment Company (Private) Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 13th Annual General Meeting of the shareholders of Pakistan Industrial Leasing corporation Limited, will be held on Monday the November 06, 2000 at 11:00 a.m. at Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

1. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2000 together with Directors' and Auditors' Reports thereon.
2. To approve, as recommended by the Directors, the payment of Cash Dividend @ 7.50% i.e. Rs. 0.75 per share for the year ended June 30, 2000.
3. To appoint auditors and to fix their remuneration

BY ORDER OF THE BOARD

RASHID SADIQ
CORPORATE SECRETARY

REGISTERED OFFICE:

83-Babar Block, New Garden Town, Lahore
 Phone: (042)5881974-75, 5839631
 Fax No. (042) 5881976
 Email: rashidsadiq @ cressoft.com.pk
 Dated September 22, 2000.

NOTE:

1. The Members Register will remain closed from October 31, 2000 to November 06, 2000 (both days inclusive). Transfer received in order at the Registered Office by the close of business hours on October 30, 2000 will be treated in time for the entitlement of Dividend.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time of holding the meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular No. 1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for attending the meeting:
 - i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original National Identity card (NIC) or original passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their Participants I.D. numbers and account numbers in CDS.
 - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

FINANCIAL HIGHLIGHTS (1996-2000)

	(Rupees in thousand)				
BALANCE SHEET	<i>June - 96</i>	<i>June-97</i>	<i>June-98</i>	<i>June-99</i>	<i>June-00</i>
Paid up Capital	181,578	181,578	181,578	217,893	217,893
Reserves and Retained Earning	302,002	346,129	388,673	358,188	363,325
Net Worth	483,580	527,707	570,251	576,081	581,218
Long Term Loans-Foreign	1,287,688	1,901,954	1,740,982	1,461,931	
Long Term Loans-Local	30,377	13,241	35,029	177,226	1,029,125
Liabilities Against Assets					
Subject to finance leases	--	--	--	6,415	5,400
Long Term Deposits -Against Lease	327,459	371,591	395,810	392,335	485,789

Certificates of Investment	570,650	555,154	856,915	630,891	605,399
Current Liabilities	453,265	563,533	550,077	738,421	739,111
Total Liabilities	2,669,439	3,405,473	3,578,813	3,407,219	3,475,034
Operating Fixed Assets	17,430	20,740	17,368	16,253	23,769
Long Term Investments	61,591	64,457	64,457	59,547	147,061
Net Lease Receivables	2,431,988	3,007,121	3,079,470	2,746,520	2,821,124
Long Term Loan and Deferred Cost	37,161	56,102	41,185	29,618	24,868
Long Term Deposits	12,863	51,278	191,454	226,457	252,044
Non Lease Current Assets	591,986	733,483	755,130	904,995	787,386
Total Assets	3,153,019	3,933,181	4,149,064	3,983,300	4,056,252
INCOME STATEMENT					
Gross Income from Lease Financing	412,735	535,253	581,854	536,967	504,353
Return on Placements and Advances	71,962	75,579	101,932	114,771	81,396
Income From Investments and Others	873	3,004	2,527	1,623	6,592
Total Income	485,570	613,836	686,313	653,361	592,341
Financial Expenses	330,412	446,294	488,697	484,699	425,996
Operating Expenses	36,540	45,313	51,094	46,595	49,601
Total Expenses	366,952	491,607	539,791	531,294	475,597
Profit Before Provisions	118,618	122,229	146,522	122,067	116,744
Provision For Doubtful Receivables/Investments	38,655	37,386	98,978	95,095	88,749
Provision For Taxation	3,662	4,400	5,100	4,800	6,517
Net Income	76,301	80,443	42,544	22,172	21,478

DIRECTORS' REPORT

Dear Shareholders

The Board of Directors is pleased to present the 13th annual report, the first of the new millennium, together with the audited accounts of your company for the year ended June 30, 2000.

FINANCIAL RESULTS:

The financial results of the Company for the period ended June 30, 2000 are summarised as under:

	(Rupees in thousands)
Revenue	592,341
Expenditure	(475,597)
Provision for doubtful receivables	(88,431)
Provision for diminution in value of equity investments	(317)
Profit before taxation	27,996
Provision for taxation	(6,517)
Profit after taxation	21,479
Un-appropriated profit brought forward	400
Transferred from revenue reserves	41,500
Profit available for appropriation	63,379
Appropriations:	
Proposed cash dividend @ 7.50%	(16,342)
Reserve for contingencies	(5,000)
Transferred to reserves for deferred tax liability	(41,749)
Un-appropriated profit carried forward	288

DIVIDEND:

The Board of Directors has recommended a cash dividend @ 7.50% for the year ended June 30, 2000.

OPERATING RESULTS:

Despite difficult business and economic conditions, the Company has performed well and was able to generate quality business. During the year ended June 30, 2000, PILCORP disbursed Rs. 725 million as compared to Rs. 270 million last year and as a consequence, net investment in leases increased by 5.17% from Rs. 3,025 million to Rs. 3,181 million. The growth in lease disbursements in Financial Year 2000 was a result of the strategic decision to aggressively focus on vehicle leasing. Launching of the 'PILCAR Scheme' in early 1999 enabled the Company to successfully achieve the budgeted targets.

Net income before provision for the year ended June 30, 2000 amounted to Rs.116 million as compared to Rs.122 million for the year ended June 30, 1999. The company also recognizes the need for continuing

with the prudent policy towards its portfolio and, as a policy, your company has considered it prudent to create a provision of Rs. 88.43 million against doubtful debts.

Net income after taxes for the year under review has marginally reduced to Rs.21.48 million as compared to Rs. 22.17 million during the last year. Financial expenses decreased to Rs.413.55 million for the year ended June 30, 2000 as compared to Rs.471.71 million for the year ended June 30, 1999.

CREDIT RATING:

Despite an adverse and increasingly competitive operating environment, your company has demonstrated the ability to withstand the pressure of difficult economic situation. Pakistan Credit Rating Agency (Pvt.) Limited (PACRA) has maintained PILCORP's entity rating at BBB+ (Triple B Plus) for long term and A2 (A Two) for short term.

The rating of already issued secured 5-year TFCs of Rs. 287.50 million has been maintained at 'A' (A minus). The same rating has been assigned to the first tranche of Rs. 400.00 (including green shoe option of Rs. 75.00 million) of the proposed TFCs of Rs. 1.00 billion.

EARNING PER SHARE:

The after tax earning per share for the year ending June 30, 2000 works out at Rs. 0.99 per share on the outstanding shares at the end of the year.

FUNDS MOBILIZATION:

The company has adequate commitments to raise matching long-term funds to meet its future business requirements. The successful event for the year was raising of long term funds to the extent of Rs. 287.50 million, through the issuance of listed Term Finance Certificates. Public offering of Rs. ~5.00 million was oversubscribed to the extent of Rs. 176.49 million, which enabled us to exercise "green shoe" option by retaining the oversubscribed amount to the extent of 50% of the public offer, thereby increasing the total issue size to Rs. 287.50 million.

The company plans to raise further long-term funds through the issuance of a series of TFCs, amounting to Rs. 1.00 billion, to be issued in tranches in future. We anticipate placement of first tranche of TFCs in the market for subscription by October 2000.

We have successfully raised local currency deposits under various schemes of Certificates of Investment [COI's]. The aggregate amount in our COI's as on June 30, 2000 figured at Rs. 605.40 million.

No foreign currency loans have been received during the year under review however; our efforts will continue to raise long-term foreign currency loans.

ECONOMY AND FUTURE OUTLOOK:

With the rescheduling of the external debts of the government by the Paris Club and other multilateral donors, the economy appears to have survived through the crises and has been able to secure fiscal pace to move forward under the mid term policy framework. The economic recovery has been, by and large, led by the textile sector, which benefited from the bumper cotton crop experienced this year, and the ensuing rock-bottom cotton prices. Agriculture sector has also contributed substantially to the economic recovery.

The fall in lending rates, government's drive for documentation of the economy and continuous interaction with the business community auger well for the country, which is already on the path of economic revival.

BUSINESS STRATEGY:

Whereas company's thrust and focus remains on industrial financing, with full emphasis on SME's, the company launched the vehicle leasing campaign early 1999. The results have been encouraging. The management plans to organize seminars on lease financing of small and micro enterprises in major SME centers to make the sponsors aware of availability of lease finance and its benefits. One such seminar has already been held at Sialkot.

TRAINING OF COMPANY EMPLOYEES:

The Company puts lot of emphasis on the training of its employees who are nominated regularly to attend various courses so as to keep them updated on the prevailing technical and professional skills.

ACKNOWLEDGMENT:

We wish to place on record gratitude to our valued clients, banks, financial institutions, multi-lateral credit agencies and our shareholders for their continued support to the company. We also like to thank the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan for their on-going guidance and support.

We equally appreciate the efforts put in and dedication shown by officers and staff of the company for managing the company affairs successfully.

AUDITORS:

The auditors, M/s. Riaz Ahmed & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDING:

The pattern of shareholding as on June 30, 2000 is shown on Page 45

On behalf of the Board

RASHID AHMED
Chief Executive Officer &
Managing Director

Lahore:
September 22, 2000

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of PAKISTAN INDUSTRIAL LEASING CORPORATION LIMITED as at 30 June 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year 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,

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note No. 2.10 with which we concur;

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, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2000 and of the profit, cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

LAHORE:- 28 September 2000

RIAZ AHMAD & COMPANY
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE, 2000

	<i>NOTE</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 ordinary shares of Rupees 10 each		500,000,000	500,000,000
		=====	=====
Issued, subscribed and paid up share capital			
21,789,306 ordinary shares of Rupees.10 each	3	217,893,060	217,893,060
Reserves			
Capital reserves		338,736,903	291,987,542
Revenue reserves		24,587,783	66,200,498
		-----	-----
		363,324,686	358,188,040
		-----	-----
		581,217,746	576,081,100
NON-CURRENT LIABILITIES			
Redeemable capital	4	455,271,257	143,039,807
Long term loans	5	666,813,301	1,033,779,979
Certificates of investment	6	224,232,465	221,526,581
Liabilities against assets subject to finance lease	7	2,862,106	4,436,278
Long term deposits	8	359,602,358	324,726,875
		-----	-----
		1,708,781,487	1,727,509,520
CURRENT LIABILITIES			

Current portion of long term liabilities	9	645,975,128	560,652,474
Short term finances	10	612,440,100	525,540,342
Certificates of investment	6	381,166,325	409,364,287
Creditors, accrued and other liabilities	11	98,122,844	162,166,836
Provision for taxation		11,672,310	5,229,955
Dividend payable	12	16,875,751	16,754,875
		-----	-----
		1,766,252,458	1,679,708,769

CONTINGENCIES AND COMMITMENTS	13	-----	-----
		4,056,251,691	3,983,299,389
		=====	=====

ASSETS**NON-CURRENT ASSETS**

Tangible fixed assets	14	23,769,048	16,252,627
Net investment in finance leases	15	1,444,178,569	1,476,282,848
Equity investments	16	147,061,410	59,456,760
Long term loans	17	5,675,572	5,955,456
Long term deposits	18	200,662,292	83,493,031
Deferred cost	19	18,022,272	23,662,463
		-----	-----
		1,839,369,163	1,665,103,185

CURRENT ASSETS

Current portion of net investment in finance leases	15	1,376,945,211	1,270,237,193
Current portion of long term deposits	18	51,381,560	142,963,834
Equity and other investments	20	82,334,095	65,541,267
Advances, deposits, prepayments and other receivables	21	560,139,911	500,496,387
Cash and bank balances	22	146,081,751	338,957,523
		-----	-----
		2,216,882,528	2,318,196,204
		-----	-----
		4,056,251,691	3,983,299,389
		=====	=====

The annexed notes form an integral part of these accounts.

RASHID AHMED

Chief Executive Officer &
Managing Director

MAZHAR KARIM

Chairman

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 2000**

	<i>NOTE</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
REVENUE			
Income from lease financing	23	504,353,253	536,967,060
Return on short term placements and other advances	24	81,396,387	114,770,937
Other income	25	6,591,487	1,623,442
		-----	-----
		592,341,127	653,361,439
EXPENDITURE			
Financial and other charges	26	413,545,776	471,709,271
Administrative and other operating expenses	27	49,600,921	46,595,035
Amortization of deferred cost		12,449,838	12,989,751
		-----	-----
		475,596,535	531,294,057
Profit before provisions		116,744,592	122,067,382
Provision for doubtful receivables		88,430,765	90,000,000
Provision for diminution in value of equity investments		317,846	5,094,869
		-----	-----
		88,748,611	95,094,869
PROFIT BEFORE TAXATION		27,995,981	26,972,513
PROVISION FOR TAXATION	28	6,517,355	4,800,000
		-----	-----
PROFIT AFTER TAXATION		21,478,626	22,172,513
UNAPPROPRIATED PROFIT BROUGHT FORWARD		400,498	569,965
		-----	-----
APPROPRIATIONS		21,879,124	22,742,478

Transfer from general reserve	41,500,000	37,000,000
Transfer to reserve for contingencies	(5,000,000)	(5,000,000)
Transfer to reserve for deferred tax liability	(41,749,361)	(38,000,000)
Proposed dividend @ Rupees 0.75 per share (1999: Rupees 0.75 per share)	(16,341,980)	(16,341,980)
	-----	-----
	(21,591,341)	(22,341,980)
	-----	-----
UNAPPROPRIATED PROFIT	287,783	400,498
	=====	=====
EARNING PER SHARE	29	0.99
	=====	=====

The annexed notes form an integral part of these accounts.

RASHID AHMED
Chief Executive Officer &
Managing Director

MAZHAR KARIM
Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2000

	2000	1999
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,995,981	26,972,513
Adjustments to reconcile profit with net cash provided by operating activities		
Provision for diminution in value of equity investments	317,846	5,094,869
Depreciation	3,354,922	3,621,287
Amortization of deferred cost	12,449,838	12,989,751
Provision for doubtful receivables	88,430,765	90,000,000
Gain on sale of equity investments	(5,013,641)	--
Gain on sale of tangible fixed assets	(197,421)	(159,900)
	-----	-----
Cash flows from operating activities before adjustment of working capital	127,338,290	138,518,520
Increase in advances, deposits, prepayments and other receivables	(59,518,810)	(142,433,705)
Decrease in creditors, accrued and other liabilities	(64,043,992)	80,705,668)
	-----	-----
Cash flows from operating activities before income tax	3,775,488	84,620,853)
Income tax paid	(7,345,664)	(5,384,325)
	-----	-----
Net cash used in operating activities	(3,570,176)	90,005,178)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in finance leases-Net	(156,303,306)	242,949,868
Investments made	(119,715,324)	--
Sale proceeds of investments	20,013,641	10,000,000
Assets purchased for own use	(10,967,601)	(2,508,858)
Loans to employees	694,635	(968,166)
Sale proceeds of fixed assets	1,824,679	8,274,134
Deferred cost	(6,809,646)	--
Long term deposits	(25,586,987)	(35,002,269)
	-----	-----
Net cash (used in) / generated from investing activities	(296,849,909)	222,744,709
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital		
Obtained	466,517,032	186,368,974
Redeemed	(62,261,084)	(15,443,140)
Long term loans	(432,806,907)	(279,051,109)
Payment of lease principal amount	(2,545,557)	(1,696,435)
Certificates of investment	(25,492,078)	(226,023,906)
Deposits from lessees-Net	93,454,253	(3,475,027)
Short term finances	86,899,758	226,120,964
Dividend paid	(16,221,104)	(232,195)
	-----	-----
Net cash generated from/(used in) financing activities	107,544,313	(113,431,874)
Net (decrease)/increase in cash and cash equivalents	(192,875,772)	19,307,657
Cash and cash equivalents at the beginning of the year	338,957,523	319,649,866

**CASH AND CASH EQUIVALENTS AT THE
END OF THE YEAR (Note 22)**

146,081,751	338,957,523
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The annexed notes form an integral part of these accounts.

RASHID AHMED
Chief Executive Officer &
Managing Director

MAZHAR KARIM
Chairman

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2000**

(Amount in Rupees)

	CAPITAL RESERVES					REVENUE RESERVES			TOTAL	
	SHARE CAPITAL (Note 3)	Premium on Issue of Right Share	Reserve for Bonus Share	Reserve for Contingencies (Note 3.3)	Reserve for Deferred Tax Liability (Note 3.2)	Sub-Total	General Reserve	Unappro- priated Profit		Sub- Total
Balance as on 01 July, 1998	181,577,550	86,976,671	36,315,510	162,010,871	--	285,303,052	102,800,000	569,965	103,369,965	570,250,567
Reserve for issue of bonus shares	36,315,510	--	(36,315,510)	--	--	(36,315,510)	--	--	--	--
Net profit for the year	--	--	--	--	--	--	--	22,172,513	22,172,513	22,172,513
Transfer from general reserve	--	--	--	--	--	--	(37,000,000)	37,000,000	--	--
Transfer to reserve for contingencies	--	--	--	5,000,000	--	5,000,000	--	(5,000,000)	(5,000,000)	--
Transfer to reserve for deferred tax liability	--	--	--	--	38,000,000	38,000,000	--	(38,000,000)	(38,000,000)	--
Proposed dividend	--	--	--	--	--	--	--	(16,341,980)	(16,341,980)	(16,341,980)
Balance as on 30 June, 1999	217,893,060	86,976,671	--	167,010,871	38,000,000	291,987,542	65,800,000	400,498	66,200,498	576,081,100
Net profit for the year	--	--	--	--	--	--	--	21,478,626	21,478,626	21,478,626
Transfer from general reserve	--	--	--	--	--	--	(41,500,000)	41,500,000	--	--
Transfer to reserve for contingencies	--	--	--	5,000,000	--	5,000,000	--	(5,000,000)	(5,000,000)	--
Transfer to reserve for deferred tax liability	--	--	--	--	41,749,361	41,749,361	--	(41,749,361)	(41,749,361)	--
Proposed dividend	--	--	--	--	--	--	--	(16,341,980)	(16,341,980)	(16,341,980)
Balance as on 30 June, 2000	217,893,060	86,976,671	--	172,010,871	79,749,361	338,736,903	24,300,000	287,783	24,587,783	581,217,746

Notes form an integral part of these accounts.

RASHID AHMED
Chief Executive Officer &
Managing Director

MAZHAR KARIM
Chairman

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE, 2000****1. THE COMPANY AND ITS ACTIVITIES**

The company was incorporated as a public limited company on 28 January 1987 and its shares are quoted on all the stock exchanges of Pakistan. It is mainly engaged in the business of leasing in accordance with the permission granted by Federal Government. It is classified as a non-banking financial institution (NBFI) by the State Bank of Pakistan and is regulated by the Securities and Exchange Commission of Pakistan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

2.2 Post employment benefits**Defined contribution plan**

The company operates a provident fund scheme covering all its permanent employees. Equal monthly contributions are made to the fund both by the company and the employees at the rate of 10 percent of the basic salary.

Defined benefit plan

The company also operates funded gratuity scheme for its employees under the terms of their appointments. Contributions are made annually to this fund on the basis of actuarial valuation. The benefits are payable to the employees on completion of prescribed qualifying period of service. In measuring its defined benefit liability, the company recognizes a portion of its actuarial gains and losses determined by dividing the below mentioned excess actuarial gains/losses by the expected average remaining lives of employees as income or expense if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10 percent value of the defined benefit obligation and 10 percent of the fair value of any plan assets at that date (Refer to note 27.1).

The above schemes are recognized by the Commissioner of Income Tax and are administered by the respective board of trustees. Pension scheme was withdrawn by the management in September 1999. The benefits accrued upto the date of withdrawal of the scheme have been paid to the respective employees.

2.3 Foreign currency transactions

Transactions in foreign currencies are accounted for in Rupees at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the balance sheet date except where exchange risk cover has been obtained. Foreign currency loans registered under the exchange risk coverage scheme of the The State Bank of Pakistan are translated into Rupees at the rates prevailing on the dates of disbursements. Exchange risk fee, exchange gains and losses are charged to the current year's income.

2.4 Provision for doubtful receivables

Provision for doubtful receivables is made/adjusted after a review of the outstanding portfolio at year end on the basis of Prudential Regulations as applicable to leasing companies and management's own judgement.

2.5 Tangible fixed assets and depreciation

Owned assets

Tangible fixed assets are stated at cost less accumulated depreciation except land which is stated at cost. Cost of these assets consists of historical cost and directly attributable costs of bringing the assets to working conditions. Depreciation is charged to income applying the reducing balance method to write off the cost over the expected remaining useful life of the assets at the rates given in note 14. Full year's depreciation is charged on additions, while no depreciation is charged on assets deleted during the year. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Leased assets

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated over the useful life of the assets on the reducing balance method at the rates given in note 14. Depreciation of leased assets is charged to income.

2.6 Taxation

The charge for current taxation is based on the taxable income at the current tax rates after taking into account the tax credits and tax rebates available, if any. Deferred tax is accounted for by using the liability method on all major timing differences excluding tax effect on those timing differences which are not likely to reverse in the foreseeable future. As a measure of prudence, deferred tax debits are not accounted for (Refer to note No.3.2).

2.7 Investments

Long term investments are stated at cost. Provision for diminution in the value of investments is made if considered permanent. Short term investments are stated at the lower of cost and market value, determined on aggregate portfolio basis. Investments under purchase and resale agreements are stated at purchase price.

2.8 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offsetted and the net amount is reported in the balance sheet, if the company has a legal enforceable right to setoff the recognized amounts and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also offsetted.

2.9 Deferred cost

Exchange differences arising due to conversion of foreign currency loan receipts for acquisition of lease assets, into Rupees at the buying rates and re-conversion at the market rates for placement of foreign currency deposits with financial institutions as hedging to secure the future loan repayments and other loan originating costs such as negotiation and front end fees are treated as deferred cost. These are amortized over the loan period or five years from the year of occurrence, whichever is shorter. Term finance certificate issue expenses have also been deferred and will be amortized over a period of five years from the year of occurrence.

2.10 Revenue recognition

The company follows the "Finance Method" to recognize the income on finance leases. The unearned finance income i.e. the excess of aggregate lease payments and the residual value over the cost of leased assets is amortized to income over the lease term by applying the annuity method to produce a constant rate of return on the net investment in the lease. The company has changed its policy to recognize the income on finance leases from net cash investment to net investment in lease with effect from 01 July 1999 to comply with the requirements of International Accounting Standard (IAS-17-Revised) for leases. The revised standard has not been applied retrospectively as allowed by transitional provisions of the standard. Due to this change in accounting policy, the profit for the year has been decreased by Rupees 7.289 million. Income on bank deposits, loans, advances and other investments is recognized on a time proportion basis taking into account the principal/net investment outstanding and applicable rates of mark-up/profit thereon. The difference between purchase price and resale value of investments under purchase and resale agreements is charged to income on a time proportion basis Fees, commissions and commitment charges etc; are recognized on accrual basis. Dividend on equity investments is recognized as income if declared on or before the balance sheet date. In prior years, these were recognized on receipt basis. This

change has been made for more appropriate presentation of income. The financial impact of this change is immaterial.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

<i>NUMBER OF SHARES</i>		<i>RUPEES</i>	
<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
16,052,585	16,052,585		
	Ordinary shares of Rupees 10 each fully paid in cash	160,525,850	160,525,850
1,004,700	1,004,700		
	Ordinary shares of Rupees 10 each issued to International Finance Corporation against their right of option to convert 10 percent of their outstanding loan into fully paid up shares	10,047,000	10,047,000
4,732,021	4,732,021		
	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	47,320,210	47,320,210
21,789,306	21,789,306	217,893,060	217,893,060

3.1 Included therein is 8,365,455 (1999: 8,476,491) ordinary shares of Rupees 10 each held by the associated undertakings.

3.2 RESERVE FOR DEFERRED TAX LIABILITY

The reserve has been created to comply with the requirements of Securities and Exchange Commission of Pakistan's circular No.16 dated 09 September 1999 (Note 28). This capital reserve shall not be available for utilization for any purpose other than to provide for deferred tax liability.

3.3 RESERVE FOR CONTINGENCIES

This represent the amount set-aside to strengthen the financial soundness of the company. The reserve has been earmarked by the board of directors for meeting unforeseeable future losses against leases, advances and investments. This reserve also fulfills the requirement to create special reserve under the Prudential Regulations as applicable to leasing companies.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
4. REDEEMABLE CAPITAL		
Term Finance Certificates (Note 4.1)	287,442,500	--
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited (Note 4.2)	9,217,549	19,585,500
Habib Bank Limited (Note 4.3)	100,000,000	150,000,000
Pak Libya Holding Company (Private) Limited (Note 4.4)	5,747,017	7,640,150
Pak Kuwait Investment Company (Private) Limited (Note 4.5)	109,074,532	--
Al-Baraka Islamic Bank B.S.C. (E.C.) (Note 4.6)	70,000,000	--
	28,728,824	28,728,824
	610,210,422	205,954,474
Less: Current portion (Note 9)	154,939,165	62,914,667
	455,271,257	143,039,807

4.1 The company has issued non-participatory and registered Term Finance Certificates (TFC) to commercial banks, financial institutions and general public for financing leasing arrangements. It carries profit rate of 18 percent payable semi-annually. It is repayable in 10 semi-annual instalments commenced from June 2000 and is secured against first pari passu charge on leased assets and receivables thereagainst. Aggregate face value of each set of ten TFC's offered to general public and institutional investors is Rupees 5,000 each and Rupees 100,000 each respectively.

4.2 This represents the balance of credit facility of Rupees 30 million obtained under mark-up arrangements for financing lease operations. It carries mark-up rate of 20 percent per annum and is repayable in 12 equal quarterly instalments commenced from 06 May 1998. It is secured by way of first pari passu charge on the company's present and future assets with the charge created in favour of other creditors.

4.3 The credit facility of Rupees 150 million has been obtained under mark-up arrangements for financing lease operations. It carries mark-up rate of 19 percent per annum and is repayable in six bi-annual instalments commenced from 17 September 1999 and is secured by way of first pari passu charge on company's present and future assets with the charge created in favour of other creditors. However, it has been fully repaid in August 2000.

4.4 The credit facility of Rupees 8.353 million obtained under mark-up arrangements for financing lease operations. It carries mark-up rate of 18 percent per annum. It is repayable in 12 equal quarterly instalments commenced from August 1999 and is secured against assets given on lease.

4.5 The credit facility of Rupees 125 million obtained under mark-up arrangements for financing lease operations. It carries mark-up rate of 16.50 percent per annum. It is repayable in eight semi annual

instalments commenced from 15 March 2000 and is secured against second charge on moveable assets of the company.

4.6 The credit facility of Rupees 70 million obtained under mark-up arrangements for financing lease operations. It consists of two tranches of Rupees 35 million each. First tranche carries mark-up rate of 19 percent per annum and is repayable in September 2002. Second tranche carries mark-up rate of 17 percent per annum and is repayable in three equal annual instalments commencing from March 2001. This facility is secured by pari passu charge over the leased assets with other lenders.

4.7 These funds have been obtained under musharika arrangements from individuals carrying profit rate of 17.50 to 19 percent per annum. These are unsecured and maturing from October 2000 to July 2004.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
5. LONG TERM LOANS - SECURED		
In foreign currency		
Asian Development Bank		
U.S.Dollars NIL (1999: 1,333,340)	--	388,925,941
U.S.Dollars 10,500,000 (1999:13,500,000) (Note 5.2)	549,150,000	699,300,000
	-----	-----
	549,150,000	738,192,594
Commonwealth Development Corporation		
U.S.Dollars 1,631,250 (1999: 2,718,750) (Note 5.3)	40,796,747	67,994,578
International Finance Corporation		
U.S.Dollars NIL (1999: 562,500)	--	13,920,525
U.S.Dollars 4,375,000 (1999: 5,625,000) (Note 5.4)	135,462,250	174,165,750
	-----	-----
	135,462,250	188,086,275
German Investment and Development Company		
Deutsche Marks 937,500 (1999: 1,562,500) (Note 5.5)	15,837,469	26,395,781
Deutsche Marks 1,562,500 (1999:2,187,500) (Note 5.6)	25,822,500	36,151,500
Deutsche Marks 2,500,000 (1999: 5,000,000) (Note 5.7)	63,918,250	137,103,500
	-----	-----
	105,578,219	199,650,781
Netherlands Development Finance Company		
Netherland Guilders NIL (1999: 1,000,000)	--	14,427,600
Deutsche Marks 1,332,000 (1999: 2,220,000) (Note 5.8)	34,055,643	60,873,954
Deutsche Marks 1,776,000 (1999: 2,664,000) (Note 5.9)	45,407,525	73,048,745
	-----	-----
	79,463,168	148,350,299
	-----	-----
	910,450,384	1,342,274,527
In local currency		
World Bank (Note 5.10)		
	118,674,160	119,656,924
	-----	-----
	1,029,124,544	1,461,931,451
Current portion (Note 9)	362,311,243	428,151,472
	-----	-----
	666,813,301	1,033,779,979
	=====	=====

5.1 The loans stated in note No.5 above are secured by way of floating and hypothecation charges on all the company's assets (present and future) including assets leased by the company and demand promissory notes ranking pari passu with the charges stated in notes No.4.2, 4.3 and 4.6.

5.2 The interest is charged at six months LIBOR plus 2.125 percent per annum. The loan is repayable in 10 equal semi-annual instalments commenced from 15 March 1999. The loan has been hedged by placing a deposit of U.S.Dollars 10.5 million (1999: US\$ 13.5 million) with Pak Kuwait Investment Company (Private) Limited and a Rupee credit has been obtained thereagainst (Note 18.1).

5.3 The outstanding balance of foreign currency loan has been converted into Rupees at the average rate of exchange ruling on 18 December 1991, 27 December 1991 and 18 April 1992 i.e. the dates on which exchange risk cover was obtained from the State Bank of Pakistan. The interest and exchange risk fee rates are 10.25 percent and 5 percent per annum respectively. The loan is repayable in sixteen semi annual instalments commenced from 15 March 1994.

5.4 The outstanding balance of foreign currency loan has been converted into Pak Rupees at the rate of exchange ruling on 03 July 1994 and 01 June 1995 i.e. the dates on which exchange risk cover was obtained from the State Bank of Pakistan. The interest and exchange risk fee rates are 8.50 percent and 6.66 percent per annum respectively. The loan is repayable in sixteen semi annual equal instalments commenced from 15 June 1996.

5.5 The outstanding balance of the foreign currency loan has been converted into Rupees at the rate of exchange ruling on 21 October 1992 i.e. the date on which the exchange risk cover was obtained from the State Bank of Pakistan. The interest and exchange risk fee rates are 10.95 percent and 5.17 percent per annum respectively. The loan is repayable in sixteen semi annual equal instalments commenced from 30 April 1994.

5.6 The foreign currency loan balance has been converted into Rupees at the rate of exchange ruling on 31 March 1993 i.e. the date on which the exchange risk cover was obtained from the State Bank of Pakistan. The interest and exchange risk fee rates are 10.5 percent and 5.17 percent per annum respectively. The loan is repayable in sixteen semi annual equal instalments commenced from 30 April 1995.

5.7 The interest rate is 10.50 percent per annum. The loan is repayable in eight equal semi annual instalments commenced from 30 October 1997. This loan has been hedged by placing a deposit of Deutsche Marks 2.5 million (1999: Deutsche Marks 5.0 million) with First International Investment Bank Limited and a Rupee facility has been obtained thereagainst (Note 18.1).

5.8 The interest rate is 10.50 percent per annum. The loan is repayable in ten equal semi annual instalments commenced from 01 May 1997. This loan has been hedged by placing equivalent foreign currency in special US Dollars Bonds of 0.754 million registered in the name of Pakistan Industrial Leasing corporation Limited and availed a Rupee facility thereagainst (Note 18.1).

5.9 The interest is charged at the rate of 9.75 percent per annum. The loan is repayable in ten equal semi annual instalments commenced from 01 November 1997. This loan has been hedged by placing equivalent foreign currency in special US Dollar Bonds of 1.006 million registered in the name of Pakistan Industrial Leasing Corporation Limited and availed a Rupee facility thereagainst (Note 18.1)

5.10 This represents the credit line obtained from the World Bank through Bankers Equity Limited for financing small and micro enterprises shared amongst three leasing companies in Pakistan on a first come first served basis. It carries interest at the rate of 14 percent per annum and repayment commenced from February 2000 in semi annual instalments over a period of ten years including a grace period of three years.

	2000	1999
	Rupees	Rupees
6. CERTIFICATES OF INVESTMENT		
Foreign currency US\$ NIL (1999: 2,087,009)	--	107,542,414
Local currency	605,398,790	523,348,454
	-----	-----
Balance at the end of the year (Note 6.1)	605,398,790	630,890,868
Less: Due within one year	381,166,325	409,364,287
	-----	-----
	<u>224,232,465</u>	<u>221,526,581</u>

6.1 The company has a scheme of Registered Certificates of Investment as per permission granted by the Securities and Exchange Commission of Pakistan, Government of Pakistan for raising funds directly from the local/foreign resources. These certificates have been issued for maturity periods of three months to five years. The return on certificates is ranging from 13 to 20 percent on local currency certificates.

	2000	1999
	Rupees	Rupees

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The rate of interest used as the discounting factor, implicit in leases, ranges from 18.00 to 21.25 percent per annum. The amount of future payments and periods during which they fall due are:

Year ended 30 June		
2000	--	3,003,096
2001	3,253,435	3,003,096
2002	2,425,254	2,080,563
2003	692,980	--
	-----	-----
	6,371,669	8,086,755
Less: Unamortized finance charges	971,671	1,672,200
	-----	-----
	5,399,998	6,414,555
Less: Current portion (Note 9)	2,537,892	1,978,277
	-----	-----
	<u>2,862,106</u>	<u>4,436,278</u>

The lease rentals are payable in monthly instalments. The lease agreements carry renewal and purchase option the end of lease period. There are no financial restrictions in lease agreements These are secured by deposits of Rupees 756,374 (1999:694,711) included in long term security deposits (Note 18)

7.1 Minimum lease payments and their present value are regrouped as below:

	2000		1999	
	<i>Minimum lease payment</i>	<i>Present value of minimum lease payment</i>	<i>Minimum lease payment</i>	<i>Present value of minimum lease payments</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Due not later than one year	3,253,435	2,967,941	3,003,096	2,694,042

Due later than one year but not later than five years	3,118,234	2,432,057	5,088,659	3,720,513
	-----	-----	-----	-----
	6,371,669	5,399,998	8,086,755	6,414,555
	=====	=====	=====	=====

	2000	1999
	Rupees	Rupees
8. LONG TERM DEPOSITS		
Balance at the end of the year (Note 8.1)	485,789,186	392,334,933
Less: Current portion (Note 9)	126,186,828	67,608,058
	-----	-----
	359,602,358	324,726,875
	=====	=====

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

9. CURRENT PORTION OF LONG TERM LIABILITIES

Redeemable capital (Note 4)	154,939,165	62,914.67
Long term loans (Note 5)	362,311,243	428,151,472
Liabilities against assets subject to finance lease (Note 7)	2,537,892	1,978,277
Long term deposits (Note 8)	126,186,828	67,608,058
	-----	-----
	645,975,128	560,652,474
	=====	=====

10. SHORT TERM FINANCES

Under musharika/mark-up arrangements		
From financial institutions (Note 10.1)	570,340,100	420,543,824
From others (Note 10.2)	42,100,000	64,996,418
	-----	-----
	612,440,100	485,540,242
Running finance facility	--	40,000,100
	-----	-----
	612,440,100	525,540,342
	=====	=====

10.1 These unsecured facilities carry mark-up at the rates ranging from 31.78 to 55.89 paisas per Rupees per thousand per day.

10.2 These unsecured facilities have been obtained from corporate companies and individuals and carry profit at the rates ranging from 38.10 to 52.05 paisas per Rupees per thousand per day.

11. CREDITORS, ACCRUED AND OTHER LIABILITIES

Interest accrued on secured loans	24,822,506	33,679,854
Profit/mark-up on unsecured short term finances	22,015,475	17,528,010
Profit/mark-up on redeemable capital- secured (Note 11.1)	13,796,758	9,757,030
Lease financial charges payable	27 4,54	5,701
	19,027,075	67,392,607
Less: Interest accrued on foreign currency deposits (Note 18)	14,839,702	33,351,144
	-----	-----
	4,187,373	34,041,463
Profit on certificates of investment	24,045,843	20,286,383
Exchange risk fee payable	621,591	37,382,137
Advance lease rentals	530,390	39,066
Payable to gratuity fund trust	2,941,535	--
Due to provident fund trust	1,098,747	--
Accrued liabilities	3,837,225	3,822,803
Due to lessees	197,947	5,624,389
	-----	-----
	98,122,844	162,166,836
	=====	=====

11.1 PROFIT/MARK-UP ON REDEEMABLE CAPITAL

Representing		
Term finance certificates	1,437,213	--
Funds on mark-up basis	11,084,349	8,975,143
Funds on musharika basis	1,275,196	781,887
	-----	-----
	13,796,758	9,757,030
	=====	=====

12. DIVIDEND PAYABLE

Proposed dividend	16,341,980	16,341,980
Unclaimed	533,771	412,895
	-----	-----
	16,875,751	16,754, 875
	=====	=====

13. CONTINGENCIES AND COMMITMENTS

Lease contracts approved but not disbursed amounting to rupees 15.222 million as on 30 June 2000 (1999: Rupees 19.364 million)

14. TANGIBLE FIXED ASSETS

	COST		ACCUMULATED DEPRECIATION			BOOK VALUE		DEPRECIATION	
	As at 01, July 1999	Additions/ (Deletions)	As at 30 June 2000	As at 01, July 1999	Adjustments	As at 30 June 2000	As at 30 June 2000	Charge for the year	Rate %
OWNED									
Freehold land	--	8,525,000	8,525,000	--	--	--	8,525,000	--	--
Buildings (Note 14.1)			3,213,340	1,018,156	--	1,127,915	2,085,425	109,759	5
Furniture and fixtures	2,853,738	39,300	2,893,038	1,322,519	--	1,479,570	1,413,468	157,051	10
Vehicles	6,310,923	956,500 (731,500)	6,535,923	4,159,977	--	4,635,166	1,900,757	475,189	20
Office and electric equipment	1,850,279	90,365	1,940,644	791,899	--	906,773	1,033,871	114,874	10
Computers	3,267,880	625,250 (89,000)	3,804,130	2,327,058	(67,661)	2,568,343	1,235,787	308,946	20
Air-conditioning plant	996,543	114,824 (62,824)	1,048,543	583,493	(13,003)	618,295	430,248	47,805	10
Electric and other installations	8,461,453	616,362 (220,000)	8,857,815	6,504,376	(167,726)	7,168,634	1,689,181	831,984	33
	26,954,156	10,967,601 (1,103,324)	36,818,433	16,707,478	(248,390)	18,504,696	18,313,737	2,045,608	
LEASED									
Vehicles	4,257,445	1,531,000 (914,375)	4,874,070	851,489	(182,875)	1,509,705	3,364,365	841,091	20
Computers	2,653,837	--	2,653,837	530,767	--	955,381	1,698,456	424,614	20
Air-conditioning plant	529,914	(45,360)	484,554	52,991	(4,536)	92,064	392,490	43,609	10
30 June 2000 Rupees	34,395,352	12,498,601 (2,063,059)	44,830,894	18,142,725	(435,801)	21,061,846	23,769,048	3,354,922	
30 June 1999 Rupees	36,308,276	10,619,848 (12,532,772)	34,395,352	18,939,976	(4,418,538)	18,142,725	16,252,627	3,621,287	

14.1 This represents office building acquired at 5th Floor of SIDCO Avenue Centre, Karachi.

14.2 Detail of fixed assets disposed off during the year is as follows:

DESCRIPTION	COST	ACCUMULATED DEPRECIATION	BOOK VALUE	SALE PROCEEDS	MODE OF DISPOSAL	(AMOUNT IN RUPEES)
						PARTICULARS OF PURCHASER
OWNED						
Vehicles						
Honda Civic	467,655	93,531	374,124	435,000	Negotiation	Malik Mehmood Amjad Nazar Shah Street, 8-Civil Lines, Faisalabad
Honda Civic	446,720	69,344	357,375	475,000	Negotiation	Mr. Muhammad Shahid House No.44,Shah Jamal, Lahore
Other assets						
Air-conditioner	22,000	13,003	8,997	10,100	Negotiation	Petal Engineering Company 60-Iqbal Stadium, Faisalabad
Air-conditioner	45,360	4,536	40,824	25,000	Negotiation	Mr. Muhammad Yousaf 1/54, Ugoki Road, Shahpura, Sialkot
Split unit	100,000	93,181	6,819	40,300	Negotiation	Messrs AXS, 5-D. City Plaza, F-10 Markaz, Islamabad
Air-conditioner	30,000	22,718	7,282	7,282	Final Settlement	Mr. Asmat Anwar, Ex-employee, Lahore
Air-conditioner	20,000	6,600	13,400	13,400	Final Settlement	Mr. Junaid Amin, Ex-employee, Lahore
Air-conditioner	20,000	6,600	13,400	13,400	Final Settlement	Mr., Sharafat Ail, Ex-employee, Faisalabad
Computer	89,000	67,661	21,339	21,500	Insurance Claim	Premier Insurance Company Limited Head Office, State Life Building, Wallace Road, Karachi
Television/Microwave Oven	25,000	19,236	5,764	5,764	Settlement at Maturity	Mr. Muhammad Nawaz Employee, Lahore
Air-conditioned Microwave Oven	25,000	19,391	5,609	5,609	Settlement at Maturity	Mr. Muhammad Shahid Pervaiz Employee, Lahore
LEASED						
Vehicles						
Honda Civic	467,655	93,531	374,124	374,124	Lease Terminated	Al-Zamin Leasing Modaraba, Karachi
Honda Civic	446,720	89,344	357,376	357,376	Lease Terminated	Al-Zamin Leasing Modaraba, Karachi
Air-conditioner	45,360	4,536	40,824	40,824	Lease Terminated	Al-Zamin Leasing Modaraba, Karachi

2000 1999

	<i>Rupees</i>	<i>Rupees</i>
15. NET INVESTMENT IN FINANCE LEASES		
Lease payments receivable	3,519,321,946	3,441,897,145
Guaranteed residual value of leased assets	509,105,627	419,837,281
	-----	-----
Gross investment in leases	4,028,427,573	3,861,734,426
Less: Unearned finance income	847,391,439	837,001,598
	-----	-----
Net investment in finance leases (Note 15.1)	3,181,036,134	3,024,732,828
Less: Current portion (Note 15.2)	1,376,945,211	1,270,237,193
Provision for doubtful receivables	359,912,354	278,212,787
	-----	-----
	1,736,857,565	1,548,449,980
	-----	-----
	1,444,178,569	1,476,282,848
	=====	=====

15.1 Included therein are finance leases to following associated undertakings:

Crescent Greenwood Limited	372,433	--
Crescent Greenwood Energy Limited	393,904	--
	-----	-----
	766.34	--
	=====	=====

Maximum aggregate balance of finance leases to associated undertakings at the end of any month during the year was Rupees 0.998 million

15.2 Lease payments and guaranteed residual value due within next twelve months ending on 30 June 2001 are Rupees 1,770.41 million (30 June 2000: Rupees 1,646.10 million).

15.3 Minimum lease payments and their present value are regrouped as under:

	2000		1999	
	<i>Minimum lease payments</i>	<i>Present value of minimum lease payments</i>	<i>Minimum lease payments</i>	<i>Present value of minimum lease payments</i>
	Rupees	Rupees	Rupees	Rupees
Due not later than one year	1,770,407,428	1,649,751,897	1,646,102,793	1,519,342,962
Due later than one year but not later than five years	2,258,020,145	1,531,284,237	2,215,631,633	1,505,389,866
	-----	-----	-----	-----
	4,028,427,573	3,181,036,134	3,861,734,426	3,024,732,828
	=====	=====	=====	=====

16. EQUITY INVESTMENTS

Quoted

Associated undertakings

Shakarganj Mills Limited

221,444 ordinary shares of Rupees 10 each 4,730,000 4,730,000

Crescent Steel and Allied Products Limited

152,087 ordinary shares of Rupees 10 each 7,675,000 7,675,000

Others

Trust Investment Bank Limited

100,000 ordinary shares of Rupees 10 each 1,000,000 1,000,000

BSJS Balanced Funds Limited

560,406 ordinary certificates of Rupees 10 each 5,604,060 5,604,060

Pakistan Industrial Credit and Investment Corporation Limited

491,457 ordinary shares of Rupees 10 each 19,822,700 19,822,700

Hamid Textile Mills Limited

1,434,960 ordinary shares of Rupees 10 each (Note 16.2) 11,479,650 --

50,311,410 38,831,760

Unquoted

Associated undertakings

Crescent Greenwood Limited

1,000,000 ordinary shares of Rupees 10 each (Chief Executive: Mr. Nasir Shafi) 10,000,000 10,000,000

Crescent Industrial Chemicals Limited

1,000,000 ordinary shares of Rupees 10 each (Chief Executive: Mr. Tariq Shafi) 10,000,000 10,000,000

Others

Crescent Powertec Limited

250,000 ordinary shares of Rupees 10 each (Chief Executive: Mr. Ahsan Bashir) 2,500,000 2,500,000

Crescent Ujala Limited

7,500,000 ordinary shares of Rupees 10 each (Holding of shares 29.8%. Break up value

Rupees 6.66 per share Based on audited accounts of 1998-99		
Chief Executive: Mr. Zaheer A. Sheikh	76,125,000	--
International Housing Finance Limited		
312,500 ordinary certificates of Rupees 10 each (Chief Executive: Mr. Nessar Ahmed)	3,125,000	3,125,000
	-----	-----
	152,061,410	64,456,760
Less: Provision for diminution in value of investment	5,000,000	5,000,000
	-----	-----
	147,061,410	59,456,760
	=====	=====

16.1 Aggregate market value of quoted investment was Rupees 15.665 million as on 30 June 2000 (1999: Rupees 11.338 million).

16.2 1,434,960 ordinary shares of Hamid Textile Mills Limited (HTML) were acquired in partial settlement of outstanding lease amount. Included therein are 309,550 shares covered under the terms of sale and buy back agreement which shall be sold back at the rate of Rupees 8 per share on or before March 2003. HTML has option of repurchase the remaining shares at the rate of Rupees 8 per share on or before March 2003 which is the period of maturity of lease facility availed.

	2000	1999
	Rupees	Rupees
17. LONG TERM LOANS-Considered good		
Vehicles loan-Staff (Note 17.1)	6,846,213	7,540,848
Less: Current portion (Note 21)	1,170,641	1,585,392
	-----	-----
	5,675,572	5,955,456
	=====	=====

17.1 This represents the secured loans given to the company's employees and repayable in 6 to 7 years. Rates of interest range from 5.25 to 6 percent per annum. The loans include sum of Rupees 3.697 million (1999 Rupees 4.253 million) given to the executives of the company. Maximum aggregate amount due from executives at the end of any month during the year was Rupees 3.803 million (1999: Rupees 5.104 million). This includes Rupees NIL (1999: Rupees 0.400 million) outstanding for the period exceeding three years.

18. LONG TERM DEPOSITS

Foreign currency deposits (Note 18.1)	198,843,114	82,085,717
Security deposits	1,819,178	1,407,314
	-----	-----
	200,662,292	83,493,031
	=====	=====

18.1 FOREIGN CURRENCY DEPOSITS

First International Investment Bank Limited

Deutsche Marks 2,500,000 (1999: 5,000,000)	63,255,000	137,103,500
--	------------	-------------

Pak Libya Holding Company (Private) Limited

Deutsche Marks NIL (1999: 6,940,000)	--	190,299,658
--------------------------------------	----	-------------

Pak Kuwait Investment Company (Private) Limited

U.S.Dollars 10,500,000 (1999:13,500,000)	549,141,600	699,300,000
--	-------------	-------------

Special U.S.Dollars Bonds 1,760,000

	92,046,592	--
	-----	-----

Balance at the end of year	704,443,192	1,026,703,158
-----------------------------------	-------------	---------------

Less: Credit facilities availed (Note 18.4)	454,218,518	801,653,607
	-----	-----

	250,224,674	225,049,551
--	-------------	-------------

Less: Current portion

Foreign currency deposits	220,152,600	414,251,408
---------------------------	-------------	-------------

Credit facilities availed	(168,771,040)	(271,287,574)
	-----	-----

	51,381,560	142,963,834
	-----	-----

	198,843,114	82,085,717
	=====	=====

18.2 The deposits stated in note 18.1 above are placed under lien for hedging against foreign currency loans mentioned in note No.5. The rates of returns on above mentioned deposits are ranging from 5.31 to 7.94 percent per annum. The deposits will mature during the period from 24 August 2000 to 15, September 2003. Registered special U.S. Dollar Bonds have been issued by the Government of Pakistan for a period of three years maturing on 23 December 2002.

18.3 The total sanctioned amount by financial institutions and investment banks of Rupee 454.219 million (1999: Rupees 801.65 million) has been availed on a matching facility basis. These facilities carry mark up ranging from paisas 38.36 to paisas 39.78 per Rupees thousand per day and are secured against foreign currency deposits mentioned in note 18.1. The repayment will be made during the period from 24 August 2000 to 15 September 2003.

	2000	1999
	Rupees	Rupees
19. DEFERRED COST		
Exchange differences	58,123,903	58,123,903
Negotiation fee	16,412,908	16,412,908
Front end fee	5,244,390	5,244,390
Expenses on issue of term finance certificates	6,809,646	--
	-----	-----
	86,590,847	79,781,201
Less: Amortization to-date	68,568,575	56,118,738
	-----	-----
	18,022,272	23,662,463
	=====	=====

20. EQUITY AND OTHER INVESTMENTS**Quoted****Shares of joint stock companies****Dhan Fibres Limited**33,800 ordinary shares of Rupees 10 each 294,020 294,020**Sui Northern Gas Pipelines Limited**177,544 (1999: 811) ordinary shares of Rupees 10 each 2,831,441 13,941**Dewan Salman Fibres Limited**619,000 ordinary shares of Rupees 10 each 17,182,500 --**Pakistan State Oil Company Limited**61,500 ordinary shares of Rupees 10 each 9,987,600 --**AI-Faysal Investment Bank Limited**20,000 ordinary shares of Rupees 10 each 288,400 --**Fauji Fertilizers Company Limited**2,000 ordinary shares of Rupees 10 each 107,400 --**Ibrahim Fibres Limited**95,000 ordinary shares of Rupees 10 each 1,727,274 --**Modaraba and other certificates****First Hajveri Modaraba**9,500 ordinary certificates of Rupees 10 each 43,784 43,784**First Elite Capital Modaraba**20,600 ordinary certificates of Rupees 10 each 144,769 144,769**Trust Modaraba**14,000 ordinary certificates of Rupees 10 each 152,500 152,500**22nd ICP Mutual Fund**10,000 ordinary certificates of Rupees 10 each 362,400 362,400**23rd ICP Mutual Fund**56,200 ordinary certificates of Rupees 10 each 562,000 562,000**24th ICP Mutual Fund**124,700 ordinary certificates of Rupees 10 each 1,247,000 1,247,000**Less: Provision for diminution in value of investments****Market value****Other investments (Note 20.1)**Federal Investment Bonds - Unquoted -- 65,000,000National Investment (Unit) Trust- Quoted
4,608,393 Units 50,000,000 --

20.1 These investments have been made under purchase and resale agreement to meet the statutory liquidity requirements of Prudential Regulations for Non-Banking Financial Institutions (NBFIs) as applicable to leasing companies. Market value of NIT units were Rupees 48.8 million.

2000	1999
Rupees	Rupees

21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Short term advances and profit accrued thereon (Notes 21.1 and 21.2)	464,655,843	362,951,864
Less: Provision against doubtful advances (Note 31)	8,231,198	1,500,000
Considered good	456,424,645	361,451,864
Advances against assets to be leased out	9,747,496	1,147,147
Income tax in advance	12,345,751	5,075,087
Current portion of long term loans to employees (Note 17)	1,170,641	1,585,392
Profit accrued on bank deposits and loans (Note 21.2)	4,914,156	2,420,372
Short term prepayments	3,251,890	4,775,561
Exchange rate differences recoverable from State Bank of Pakistan	30,282,946	108,178,881
Deposit for term finance certificates of Paramount Leasing Limited (Note 21.4)	25,000,000	--
Due from lessees	252,481,961	24,107,893
Less: Provision against doubtful receivables (Note 31)	8,245,810	8,245,810
Considered good	17,002,386	15,862,083
	560,139,911	500,496,387

21.1 These represent the funds provided for short periods to corporate companies, financial institutions and individuals under mark up/musharika arrangements. These are secured against demand promissory notes, hypothecation of stocks, pledge of shares and director's personal guarantees. In case of individuals, these are secured against demand promissory notes and lien on certificates of investment with the company. These carry markup form paisas 42.74 to paisas 68.49 per Rupees thousand per day.

21.2 These include advances/placements and mark-up / profit accrued thereon provided to associated undertakings:

Crescent Jute Products Limited (Note 21.5)	191,107,014	114,065,589
Crescent Leasing Limited	25,042,740	--
Crescent Investment Bank Limited	403,425	--
First Crescent Modaraba	65,771,288	67,190,486
Considered good	282,324,467	181,256,075

21.3 The aggregate maximum balance due from associated undertaking at the end of any month during the year was Rupees 282.324 million (1999: Rupees 181.256 million).

21.4 Term finance certificates amounting to Rupees 7.525 million has been allotted to the company and balance amount refunded in July 2000.

21.5 Amount of Rupees 160 million has been repaid by the borrower in September 2000.

22. CASH AND BANK BALANCES

Cash in hand	33,046	46,445
Cash with banks		
On current accounts (Note 22.1)	93,113,763	173,666,828
On foreign currency accounts US\$ 3,463 and Pound Sterlings 4,770 (1999: US\$ 3,463 and Pound Sterlings 4,900)	561,419	575,692
On dividend accounts	121,254	121,704
	93,796,436	174,364,224
On deposit accounts		
Local currency (Note 22.2)	52,252,269	164,546,854
	146,081,751	338,957,523

22.1 This includes interest free deposit of Rupees 5.043 million (1999: Rupees 5.059 million) with the State Bank of Pakistan as required under Prudential Regulation for Non Banking Financial Institutions (NBFIs) as applicable to leasing companies.

22.2 This represents the short term placement of funds with financial institutions at profit rates ranging from 13.75 to 23.50 percent per annum. It also includes Rupees 50 million (1999: Rupees 100 million) placed with Crescent Investment Bank Limited Associated undertaking.

23. INCOME FROM LEASE FINANCING

Income on finance leases	500,023,616	534,839,121
--------------------------	-------------	-------------

Documentation and handling charges	2,049,397	504,579
Income from termination of leases	783,797	556,678
Fee, commission and other charges	1,496,443	1,066,682
	-----	-----
	504,353,253	536,967,060
	=====	=====

23.1 Included therein is income on finance leases to following associated undertakings:

Crescent Greenwood Limited	80,633	--
Crescent Greenwood Energy Limited	67,504	--
	-----	-----
	148,137	--
	=====	=====

24. RETURN ON SHORT TERM PLACEMENTS AND OTHER ADVANCES

Return on bank deposits/placements (Note 24.1)	13,683,404	74,260,670
Profit/mark-up on short term advances (Note 24.1)	61,030,913	31,605,898
Profit on Federal Investment Bonds	6,318,719	8,572,323
Mark-up on loans to employees	363,351	332,046
	-----	-----
	81,396,387	114,770,937
	=====	=====

24.1 Included therein is profit/mark-up on short term advances given to/fund placed with the following associated undertakings:

Crescent Leasing Limited	42,740	--
First Crescent Modaraba	4,495,075	3,719,017
Crescent Jute Products Limited	27,782,892	65,589
Crescent Investment Bank Limited	1,317,124	--
Shakarganj Mills Limited	--	58,616
	-----	-----
	33,637,831	3,843,222
	=====	=====

25. OTHER INCOME

Dividend income

Crescent Steel and Allied Products Limited- Associated undertaking	76,043	380,218
Other companies	1,304,382	1,083,324
	-----	-----
	1,380,425	1,463,542

Gain on sale of equity investments

Gain on disposal of tangible fixed assets	197,421	159,900
	-----	-----
	6,591,487	1,623,442
	=====	=====

26. FINANCIAL AND OTHER CHARGES

Interest on long term loans	119,678,370	171,019,796
Mark-up on credit facilities offsetted	91,258,623	151,343,038
Return including net exchange gain on foreign currency deposits	(69,046,735)	(114,277,620)
	-----	-----
	22,311,888	37,065,418
Profit/mark-up on redeemable capital (Note 26.1)	84,247,302	16,796,902
Lease financial charges	928,812	626,505
Mark-up on short term finances	68,392,996	81,006,479
Exchange risk fee	22,475,039	40,237,619
Return on certificates of investment	87,311,994	113,129,588
Commission, commitment/processing fee and bank charges	1,127,212	861,106
Penalties levied by State Bank of Pakistan on late payment of exchange risk fee	7,072,163	10,965,858
	-----	-----
	413,545,776	471,709,271
	=====	=====

26.1 PROFIT/MARK-UP ON REDEEMABLE CAPITAL

Representing

Term finance certificates	27,312,213	--
Funds on mark-up basis	51,712,175	13,125,376
Funds on musharika basis	5,222,914	3,671,526
	-----	-----
	84,247,302	16,796,902
	=====	=====

27. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Staff salaries and other benefits (Note 27.1)	25,587,387	24,344,403
---	------------	------------

Legal and professional charges	3,343,644	2,439,311
Rent, rates and taxes	2,982,683	3,597,967
Travelling and conveyance	1,337,095	1,410,136
Postage, telephone and telex	2,161,615	2,043,230
Insurance	1,968,791	1,896,577
Electricity and water	1,694,392	1,241,771
Stationery and other supplies	927,352	1,063,166
Advertisement	1,712,948	421,993
Business promotion and entertainment	587,932	601,025
Repair and maintenance	2,325,082	2,289,491
Fees and subscriptions	536,586	480,763
Vehicles' running	661,461	825,200
Auditors' remuneration		
Audit fee	160,000	160,000
Special audit fee	75,000	--
Other certification	49,800	--
Out of pocket expenses	13,710	10,000
	298,510	170,000
Newspapers and periodicals	86,721	79,915
Donations (Note 27.8)	33,800	68,800
Depreciation	3,354,922	3,621,287
	-----	-----
	49,600,921	46,595,035
	=====	=====

27.1 STAFF SALARIES AND OTHER BENEFITS

These include the following amounts contributed towards post employment benefits during the year:

Gratuity fund (Notes 27.2 to 27.5)	3,652,466	580,739
Pension fund (Note 2.2)	261,397	935,487
Provident fund (Note 27.6)	774,558	747,010
	-----	-----
	4,688,421	2,263,236
	=====	=====

27.2 GRATUITY FUND EXPENSE

Current service cost	498,750	--
Interest cost	457,926	--
Expected return on plan assets	(349,160)	--
Past service cost - Non-vested	191,950	--
Increase in past service cost - Vested due to change in benefits	2,460,000	--
	-----	-----
	3,259,466	--
Recognition of transitional liability	393.00	--
	-----	-----
	3,652,466	--
	=====	=====

27.3 GRATUITY FUND LIABILITY

Present value of defined benefit obligations (Funded)	6,560,800	--
Fair value of plan assets	(3,354,374)	--
Unrecognized past service cost-Non-vested	(191,950)	--
Unrecognized actuarial gains	51,698	--
	-----	-----
	3 066 174	--
	=====	=====

27.4 MOVEMENT IN THE NET LIABILITY

Net liability as on 30 June 1999	--	--
Transitional liability recognized as on 01 July 1999	393,000	--
Expense recognized (Note 27.2)	3,259,466	--
Total contributions made during the year	(586,292)	--
	-----	-----
Net liability as on 30 June 2000	3,066,174	--
	=====	=====

27.5 Gratuity expenses for the year have been recorded on the basis of actuarial valuation carried out as on 30 June 2000 by an independent consulting actuary using the Projected Unit Credit Method.

In previous years, entry age normal method was used. The change in method has been made to comply with the requirements of revised International Accounting Standards-19. Due to change in valuation method, gratuity expense for the year has been increased approximately by Rupees 3 million. Actual return on plan assets was Rupees 274,082. The contributions were made at the rate of 7.80 percent per annum of basic salaries.

The principal actuarial assumptions used are as under:

Discount rate	12 percent	--
Expected rate of return on plan assets	14 percent	--
Expected rate of salary increase in future years	10 percent	--

27.6 The assets and liabilities of the provident fund trust as on 30 June 2000 was Rupees 8,000 million (1999: Rupees 5,252 million).

27.7 Number of employees at the end of year were 92 (1999: 77).

27.8 Included therein is Rupees 30,000 paid to Lahore University of Management Sciences (LUMS). Mr. Rashid Ahmad, Chief Executive Officer and Managing Director of the company is also member of Board of Governors of LUMS.

	2000	1999
	Rupees	Rupees
28. PROVISION FOR TAXATION		
Current year	4,800,000	6,000,000
Prior year's	517,355	--
	-----	-----
	4,800,000	6,517,355
	=====	=====

The provision for taxation represents the minimum tax due under the Income Tax Ordinance, 1979. However, after considering the available tax losses, no provision for current taxation except minimum tax is required. The estimated tax losses available for carry forward are Rupees 954 million as on 30 June 2000 (1999: Rupees 1,139 million).

Deferred tax computed under the liability method is estimated at Rupees 186 million (1999: Rupees 185 million). No provision for deferred tax has been made as it is not likely to reverse in the foreseeable future. According to Securities and Exchange Commission of Pakistan's circular No.16 dated 09 September 1999, capital reserve equivalent to deferred tax liability amounting to Rupees 79.749 million including for the year amounting to Rupees 41.749 million has been created.

29. EARNING PER SHARE

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

		2000	1999
	Rupees		
Profit attributable to ordinary shareholders		21,478,626	22,172,513
Weighted average number of ordinary shares outstanding during the year		21,789,306	21,789,306
		=====	=====
Earning per share (Basic)		0.99	1.02
		=====	=====

30. CHIEF EXECUTIVE, DIRECTORS' AND EXECUTIVES REMUNERATION

The aggregate amount charged in the accounts for the year for remuneration, including all benefits to the chief executive and executives of the company is as follows:

	CHIEF EXECUTIVE		EXECUTIVES	
	2000	1999	2000	1999
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	2,370,000	2,160,000	2,727,600	2,967,540
House rent	1,066,500	972,000	1,227,420	1,335,393
Post employment benefits	848,118	711,936	703,871	978,101
Utilities	237,000	216,000	272,760	296,754
Bonus	615,000	525,000	688,800	647,425
	-----	-----	-----	-----
	5,136,618	4,584,936	5,620,451	6,225,213
	=====	=====	=====	=====
Number of persons	1	1	18	20

30.1 In addition, the chief executive has also been provided free use of two company's vehicles and residential telephones. The company has also provided club membership fee to three executives of the company.

30.2 The aggregate amount charged in the accounts for the year for fees to 6 directors for 4 meetings are Rupees 50,000 (1999: Rupees 75,000 to 6 directors for 6 meetings)

	2000	1999
	Rupees	Rupees
31. PARTICULARS OF SPECIFIC PROVISIONS AGAINST NON-PERFORMING ADVANCES/ RECEIVABLES		
Opening balance	287,958,597	197,958,597
Charge for the year	88,430,765	90,000,000
Amount written off during the year	--	--
	-----	-----
Closing balance	376,389,362	287,958,597
	=====	=====
Provision against:		
Advances to banks	--	--
	376,389,362	287,958,597
	-----	-----

	376,389,362	287,958,597
	376,389,362	287,958,597

Provisions have been reflected
in the accounts as follows:

Net investment in finance leases (Note 15)	359,912,354	278,212,787
Short term advances (Note 21)	8,231,198	1,500,000
Due from lessees (Note 21)	8,245,810	8,245,810
	376,389,362	287,958,597
	376,389,362	287,958,597

31.1 The break up of provision between principal and mark-up is as under:

	2000		1999	
	<i>Principal Rupees</i>	<i>Mark-up Rupees</i>	<i>Principal Rupees</i>	<i>Mark-up Rupees</i>
Net investment in finance lease	91,598,363	268,313,991	101,014,408	177,198,379
Short term advances	4,516,613	3,714,585	1,500,000	--
Due from lessees	6,205,155	2,040,655	6,205,155	2,040,655
	102,320,131	274,069,231	108,719,563	179,239,034
	102,320,131	274,069,231	108,719,563	179,239,034

32. INTEREST/MARK-UP RATE RISK

Interest/mark-up rate risk and sensitivity of the company's financial liabilities and financial assets as at 30 June 2000 can be evaluated from the following:

	EXPOSED TO INTEREST/MARK-UP RATE PRICE RISK				EXPOSED TO INTEREST/MARK-UP RATE CASH FLOW RISK			NOT			
	<i>FINANCIAL INSTRUMENTS</i>	<i>Within One Year</i>	<i>More Than One Year and Upto Five Years</i>	<i>Above Five Years</i>	<i>Within One Year</i>	<i>More Than One Year and Upto Five Years</i>	<i>Above Five Years</i>	<i>EXPOSED TO INTEREST/ MARK-UP RATE RISK</i>			
								Rupees	Rupees	Rupees	Rupees
								Rupees	Rupees	Rupees	Rupees
LIABILITIES											
Redeemable capital	610,210,422	154,939,165	455,271,257	--	--	--	--	--			
Long term loans	1,029,124,544	205,411,243	232,541,902	42,021,399	156,900,000	392,250,000	--	--			
Certificates of investments	605,398,790	381,166,325	224,232,465	--	--	--	--	--			
Liabilities against assets subject to finance lease	5,399,998	2,537,892	2,862,108	--	--	--	--	--			
Long term deposits	485,789,196	--	--	--	--	--	--	485,789,186			
Short term finances	612,440,100	612,440,100	--	--	--	--	--	--			
Creditors, accrued and other liabilities	93,552,172	--	--	--	--	--	--	93,552,172			
	3,441,915,212	1,356,494,725	914,907,730	42,021,399	156,900,000	392,250,000	--	579,341,358			
	3,441,915,212	1,356,494,725	914,907,730	42,021,399	156,900,000	392,250,000	--	579,341,358			
ASSETS											
Net investment in finance leases	2,821,123,780	1,376,945,211	1,444,178,569	--	--	--	--	--			
Equity investments	119,656,410	--	--	--	--	--	--	119,656,410			
Long term loans	6,846,213	1,170,641	5,675,572	--	--	--	--	--			
Long term deposits	252,043,852	51,381,560	106,796,522	--	92,046,592	--	--	1,819,178			
Short term equity and other investments	82,334,095	50,000,000	--	--	--	--	--	32,334,095			
Advances and deposits	525,392,935	411,804,009	--	--	--	--	--	113,588,926			
Cash and bank balances	146,081,751	145,366,032	--	--	--	--	--	715,719			
	3,953,479,036	2,036,667,453	1,556,650,663	--	92,046,592	--	--	268,114,328			
	3,953,479,036	2,036,667,453	1,556,650,663	--	92,046,592	--	--	268,114,328			
Total interest/mark-up rate sensitivity gap	511,563,824	680,172,728	641,742,933	(42,021,399)	(156,900,000)	(300,203,408)	--	(311,227,030)			
	511,563,824	680,172,728	641,742,933	(42,021,399)	(156,900,000)	(300,203,408)	--	(311,227,030)			
Unrecognized financial assets (Note 13)	15,222,000	15,222,000	--	--	--	--	--	--			
	15,222,000	15,222,000	--	--	--	--	--	--			

32.1 INTEREST/MARK-UP RATE RISK

Interest/mark-up rate risk and sensitivity of the company's financial liabilities and financial assets as at 30 June 1999 can be evaluated from the following:

	EXPOSED TO INTEREST/MARK-UP RATE PRICE RISK				EXPOSED TO INTEREST/MARK-UP RATE CASH FLOW RISK			NOT			
	<i>FINANCIAL INSTRUMENTS</i>	<i>Within One Year</i>	<i>More Than One Year and Upto Five Years</i>	<i>Above Five Years</i>	<i>Within One Year</i>	<i>More Than One Year and Upto Five Years</i>	<i>Above Five Years</i>	<i>EXPOSED TO INTEREST/ MARK-UP RATE RISK</i>			
								Rupees	Rupees	Rupees	Rupees
								Rupees	Rupees	Rupees	Rupees
LIABILITIES											
Redeemable capital	205,954,474	62,914,667	143,039,807	--	--	--	--	--			
Long term loans	1,461,931,451	272,751,472	430,764,748	59,115,231	155,400,000	543,900,000	--	--			

Certificates of investment	630,890,868	409,364,287	221,526,581	--	--	--	--	--
Liabilities against assets subject to finance lease	6,414,555	1,978,277	4,436,278	--	--	--	--	--
Long term deposits	392,334,933	--	--	--	--	--	--	392,334,933
Shod term finances	525,540,342	525,540,342	--	--	--	--	--	--
Creditors, accrued and other liabilities	162,166,836	--	--	--	--	--	--	162,166,836
Dividend payable	--	--	--	--	--	--	--	--
	<u>3,385,233,459</u>	<u>1,272,549,045</u>	<u>799,767,414</u>	<u>59,115,231</u>	<u>155,400,000</u>	<u>543,900,000</u>		<u>554,501,769</u>
ASSETS								
Net investment in finance leases	2,746,520,041	1,270,237,193	1,476,282,848	--	--	--	--	--
Equity investments	59,456,760	--	--	--	--	--	--	59,456,760
Long term loans	7,540,848	1,585,392	5,955,456	--	--	--	--	--
Long term deposits	226,456,865	142,963,834	82,085,717	--	--	--	--	1,407,314
Short term equity and other investments	65,541,267	65,000,000	--	--	--	--	--	541,267
Advances and deposits	489,060,347	335,664,589	--	--	--	--	--	153,395,758
Cash and bank balances	338,957,523	338,789,374	--	--	--	--	--	168,149
	<u>3,933,533,651</u>	<u>2,154,240,382</u>	<u>1,564,324,021</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>214,969,248</u>
Total interest/mark-up rate sensitivity gap	<u>548,300,192</u>	<u>881,691,337</u>	<u>764,556,607</u>	<u>(59,115,231)</u>	<u>(155,400,000)</u>	<u>(543,900,000)</u>	<u>--</u>	<u>(339,532,521)</u>
Unrecognized financial assets (Note 13)	<u>19,364,000</u>	<u>19,364,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

32.2 Effective interest/mark-up rates by currencies for financial assets and financial liabilities are given below:

	2000			
	LOCAL CURRENCY RUPEES	FOREIGN CURRENCY		
		U.S. DOLLARS	DEUTSCHE MARKS	NETHERLAND GUILDERS
PERCENTAGE (FROM-TO)				

LIABILITIES				
Long term loans	14.00	8.50 - 10.25	9.75 - 10.95	--
Redeemable capital	16.50 - 20.00			
Certificates of investment	13.00 - 20.00			
Liabilities against assets subject to finance lease	18.00 to 21.25			
Loans against foreign currency deposits	14.00 - 14.52			
Short term finances	11.60 - 20.40			
ASSETS				
Net investment in finance leases	18.00 - 28.00			
Long term loans	5.25 - 6.00			
Foreign currency deposits		7.40 - 7.94	5.31	--
Other investments	11.65 to 14.20			
Short term advances	15.60 - 25.00			
Cash with banks				
On current account	11.00 - 12.50			
On deposit account	13.75 - 23.50			

	1999			
	LOCAL CURRENCY RUPEES	FOREIGN CURRENCY		
		U.S. DOLLARS	DEUTSCHE MARKS	NETHERLAND GUILDERS
PERCENTAGE (FROM-TO)				

LIABILITIES				
Long term loans	14.00	7.19-10.56	9.75-10.95	11.00
Redeemable capital	18.00-20.00	--	--	--
Certificates of investment	15.00-21.00	5.5-5.87	--	--
Liabilities against assets subject to finance lease	20.67-21.25	--	--	--
Loans against foreign currency deposits	12.49-17.94	--	--	--
Short term finances	13.51-24.09	--	--	--
ASSETS				
Net investment in finance leases	18.00-28.00	--	--	--
Long term loans	5.25-6.00	--	--	--
Foreign currency deposits	--	7.40	4.69-5.31	--
Federal investment bonds	12.00-15.00	--	--	--
Shod term advances	18.98-21.90	--	--	--
Cash with banks				
On current account	12.5-14.37	--	--	--
On deposit account	21.00-23.50	--	--	--

33. CREDIT RISK

The company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company's exposure to credit risk through monitoring of client's credit exposure, conservative estimates of provisions for doubtful receivables and the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments. Sector-wise break-up of lease portfolio is given below:

	30 June 2000	
	<i>Rupees</i>	<i>Percentage</i>
INDUSTRIAL SECTORS		
Spinning	359,454,077	11.31
Knitwear	34,096,745	1.07
Processing	23,058,509	0.72
Weaving	15,753,642	0.50
Garments	86,887,108	2.73
Cement	334,058,331	10.50
Engineering	288,902,214	9.08
Chemical/Pharmaceuticals	229,066,185	7.20
Polyester	175,194,001	5.51
Fuel and Energy	156,692,954	4.93
Glass and Ceramics	104,095,102	3.27
Sugar	90,476,898	2.84
Paper and Board	82,008,514	2.58
Leather Tanning, Leather Garments and Footwear	57,659,136	1.81
Cables and Wire	46,328,801	1.46
Food and Beverage	36,511,303	1.15
Transport and Communications	29,652,348	0.93
Printing and publishing	14,095,718	0.44
Carpets	2,635,709	0.08
Vehicles to individuals	666,851,494	20.96
Others	347,557,345	10.93
	-----	-----
	3,181,036,134	100.00
	=====	=====

34. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign exchange risk is managed by the company through forward covers available in the local market and hedging arrangements.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of financial assets and liabilities approximates their fair values as reflected in the financial statements except that of long term quoted investments referred to in note 16.

36. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-grouped wherever necessary for the purpose of comparison

RASHID AHMED
Chief Executive Officer &
Managing Director

MAZHAR KARIM
Chairman

FORM '34'

PATTERN OF HOLDING OF SHARES

HELD BY THE SHAREHOLDERS AS AT 30TH JUNE, 2000

<i>No. of Shareholders</i>	<i>Shareholding</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
146	1	100	7729
300	101	500	80407
184	501	1000	138880
368	1001	5000	942971
102	5001	10000	728317
41	10001	15000	504822
24	15001	20000	433085
13	20001	25000	292336
9	25001	30000	248337
5	30001	35000	161209
1	35001	40000	37620
4	40001	45000	178650
4	45001	50000	188871
3	55001	60000	169744
3	60001	65000	185099
1	65001	70000	69500
1	70001	75000	74621
1	85001	90000	90000

1	90001	95000	91800
1	95001	100000	98230
1	105001	110000	106363
1	110001	115000	112860
4	115001	120000	473198
1	125001	130000	128700
1	195001	200000	197900
1	245001	250000	246320
1	325001	330000	326652
1	355001	360000	356520
1	385001	390000	387000
1	430001	435000	431160
1	475001	480000	477700
1	525001	530000	528054
1	595001	600000	600000
1	700001	705000	702384
1	745001	750000	748500
1	795001	800000	796800
1	1110001	1115000	1111900
1	1225001	1230000	1229140
1	1405001	1410000	1408405
1	1985001	1990000	1989306
1	2245001	2250000	2249180
1	2455001	2460000	2459036

-----	-----	-----	-----
1237		21789306	
=====	=====	=====	=====

Categories of Shareholders	Numbers	Shares Held	Percentage
Individuals	1158	5071116	23.27
Investment Companies	4	120291	0.55
Insurance Companies	6	1416308	6.50
Joint stock Companies	34	6336273	29.08
Financial Institutions	25	6442078	29.57
Others	10	2403240	11.03
	-----	-----	-----
TOTAL	1237	21789306	100.00
Others			
Modarabas	5	410974	1.89
Non Residents	2	198,906	9.13
Others	3	2360	0.01
	-----	-----	-----
TOTAL	10	2403240	11.03
	=====	=====	=====

BRANCHES

Karachi

Pakistan Industrial Leasing Corporation Limited
5th, Floor, Sidco Avenue Centre,
264 R. A. Lines, Stratchen Road
Tel: 92-21-111-666-333, 5687770, 5687780, 5687783-4
Fax: 92-21-5687866

Islamabad

Pakistan Industrial Leasing Corporation Limited
14,First Floor, Beverly Centre,
56-G,Jinnah Avenue, Blue Area
Tel: 92-51 - 111-666-333,2826286,2826387,2826392
Fax: 92-51-2826220

Faisalabad

Pakistan Industrial Leasing Corporation Limited.
59-1qbal Stadium
Tel: 92-41-111-666-333,626787,626789, 621230
Fax: 92-41-626789

Sialkot

Pakistan Industrial Leasing Corporation Limited
Suite No.2,Uberoi Co-operative
Sports Building Paris Road
Tel: 92-432-111-666-333,587702,587704
Fax: 92-432-587703

Multan

Pakistan Industrial Leasing Corporation Limited
G-8 Hotel Holiday Inn,
Abdali Road,
Tel: 92-61-111-666-333,586683

Fax: 92-61-586583

PESHAWAR

Pakistan Industrial Leasing Corporation Limited.

2nd Floor, AYS Centre, Arbab Road,

Te1:92-91-111-666-333,285672-74

Fax:92-91-285671