

Crescent Leasing Corporation Limited

Annual Report 2000

Mission Statement

Creslease is committed to pursuing the improvement in shareholders value through development of a dedicated human resource and efficient systems base capable of effectively participating in a competitive business environment. Creslease would endeavor to extend the reach of the credit delivery system to stimulate the economic development.

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BOARD OF DIRECTORS

Mr. Aftab Ahmed Khan	Chairman
Mr. Javed A. Callea	Chief Executive
Mr. David V. Johns	
Mr. Istaqbal Mehdi	
Mr. Mahmood Ahmed	
Mr. Nessar Ahmed	
Mr. Rashid Ahmed	
Mr. Saeed Jamal Tariq	

CORPORATE SECRETARY

Mr. Rashid Sadiq

AUDITORS

Khalid Majid Hussain Rahman & Co. Chartered Accountants

LEGAL ADVISOR

Cornelius Lane & Mufti Advocates & Solicitors

RATING AGENCY

The Pakistan Credit Rating Agency (Private) Limited

BANKS & LENDING INSTITUTIONS

Commonwealth Development Corporation
Allied Bank of Pakistan
Habib Bank Ltd.
Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd.
National Discounting Services Ltd.
Pak-Kuwait Investment Co. (Pvt). Ltd.
United Bank Ltd.

HEAD OFFICE

B-801 & 802, 8th Floor, Lakson Square Bldg. # 3, Sarwar Shaheed Road, Karachi.
Phone: 021-566-1938, 48,58 Fax: 021-566-1988
Email: crescent@super.net.pk
cresleas@cyber.net.pk

BRANCH OFFICE

Suit No. F-7 (B) 1st Floor, Rahman Business Suites, 32-B-III, Gulberg-III, Lahore.
Phone: 042 5717415-6 Fax: 042 5717417

REGISTERED AND SHARE TRANSFER OFFICE

83 Babar Block, New Garden Town, Lahore
Phone: 042 588-1974 & 75 Fax: 042 588-1976
Email: rashid.sadiq@cressoft.com.pk

*For a copy of this report write to our Head Office/Registered Office

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 13th Annual General Meeting of the shareholders of Crescent Leasing Corporation Limited, will be held on Monday, the November 13, 2000 at 3.00 p.m. at Registered Office 83-Babar Block, New Garden Town, 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 issue Bonus Shares. The Directors have recommended the issue of Bonus Shares in the proportion of One share for every Six shares held i.e. 16.67% out of premium on issuance of right shares account.
3. To appoint auditors and fix their remuneration.

By Order of the Board

RASHID SADIQ
Corporate Secretary

REGISTERED OFFICE:

83-Babar Block, New Garden Town, Lahore.
Phone No.: (042) 5881974-75, 5839631
Fax No.: (a42) 5881976
Email: rashid.sadiq@cressoft.com.pk
Dated: September 26, 2000

NOTE:

1. The Members Register will remain closed from November 07, 2000 to November 13, 2000 (both days inclusive). Transfer received in order at the Registered Office by the close of business hours on November 06, 2000 will be treated in time for the entitlement of Bonus Shares.

2. A member eligible to attend and vote at this meeting may appoint another member as 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.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Audited Accounts for the period from July 1, 1999 to June 30, 2000.

The financial results of the company for the period under review are summarized as follows:

Rupees in million

Revenue	173.943
Expenditure	130.421
Operating Profit Before Provisions	43.522
Provisions	9.739
Profit before taxation	33.783
Provision for taxation	3.000
Profit after taxation	30.783
Un-appropriated profit brought forward	0.015

Profit available for appropriation	30.798
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Appropriations	
Transfer to reserves under NBF1 regulations	6.157
Transfer to reserve for deferred taxation	18.382
Un-appropriated profit carried forward	6.259

Net profit for the year after charging all expenses, including allowance for potential lease losses and provision for doubtful finance amounted to Rs 30.783 million.

An amount Rs 18.382 million has been transferred to Reserve for Deferred Taxation. With the transfer of this amount not only the compliance of policy for deferred taxation prescribed by the SECP for the leasing companies has been achieved but also full provision for the deferred taxation has been made.

The performance of your company needs to be reviewed in the light of the economic and policy factors affecting the business environment in general and the long term investment climate in particular, in the review period.

ECONOMIC SCENARIO

Fiscal 2000 not only witnessed a significant change in the political scene in October 1999 but also a halt in the overall deterioration of the economy. A significant drop in inflation rate, good production of major crops and a pick-up in textile sector's output provided the much-needed stability to the economy. The economic managers strove hard to put the economy on a respectable growth path. They successfully implemented a Tax Amnesty Scheme yielding over Rs. 10 billion in revenue and after tough negotiations with the traders imposed GST.

The positive indicators on supply side of the economy however were not reflected in investments. Thus the share of private investment as percent of GDP declined, and credit utilization remained low. Efforts aimed at restoring investors confidence must continue. The money market was awash with liquidity during the review period. This in combination with low investment demand made risk pricing highly competitive.

OPERATING RESULTS

Taking into consideration the uncertain economic environment and increased competition in business your company focused on retaining its market share in the lease market. New leases executed during the period amounted to Rs 333 million (1999, Rs 331 million). The net investment in leases is placed at Rs 768 million (1999, Rs 704 million). Lease income during the review period amounted to Rs 116 million (1999, Rs 119 million). Income from other business activities increased from Rs 53 million in 1999 to Rs 58 million in 2000. The average lease size (excluding consumer leasing) is placed at Rs 1.560 million. The company posted a net profit after taxation and provisions of Rs 30.783 million (1999, Rs 29.545 million). The post-tax earning per share is placed at Rs. 1.53.

The business strategy during the year targetted on market penetration, increased emphasis on vehicle leasing, better client service and expansion of the consumer leasing activity. The lease portfolio of your company is prudently diversified over the major industrial and services sectors in Pakistan. The individual exposure in any single sector (Textile) does not exceed 12.95 percent (1999 in Textile at 13 percent).

To improve the risk profile of the lease portfolio a greater emphasis during the period was placed on vehicle leasing. 43 percent of the new investment during the year went into vehicles. Total investment in vehicles thus stood at 31.7 percent of the lease portfolio. Plant and Machinery, however, remained the major leased asset at 64.3 percent of the portfolio followed by office equipment at 4 percent. Weak business conditions placed pressures on recovery during the year. However, the rentals collected during the period placed the recovery at 92% (1999: 95%). Some cross defaults persist in the industry for which supportive actions are needed by the government.

The long-term entity rating of your company is placed in the band of high credit quality at A minus (A-), For short-term obligations it is placed at A2 indicating a low expectation of credit risk.

Your company raised Rs. 110 million in long term credit from premier financial institutions at competitive rates. In addition short-term credits of Rs. 396 million were also negotiated.

FUTURE OUTLOOK

The economic revival would basically depend upon the outcome of measures for deepening and broadening of the tax base and an overall improvement in governance. A lower fiscal deficit would enable the government to ensure macro economic stability while higher revenue mobilization would make more resources available for public sector development programs, a key element for kick starting the economy. On the external side the uncertainties relating to IMF funding are likely to be removed by the year-end. This would send a positive signal to both local and foreign investors. However, given the time lag in responding to these achievements, the demand outlook for investment financing is expected to remain lacklustre for most part of the year. The competition in regard to pricing business risks would thus continue unabated and

extend to consumer financing as well. Your company intends to meet effectively the competition in quality credit risks and retain its market share.

With the objective of balancing the uncertainty in the economic environment with the interest of shareholders as also to strengthen the equity base the directors have recommended an issue of bonus shares out of capital reserves created for premium on issue of right shares @ 16.67 percent for the year ended June 30, 2000.

YEAR 2000 COMPLIANCE

All the systems and procedures and software and hardware packages have successfully crossed the Y2K baseline.

ACKNOWLEDGEMENT

Consequent to the election of directors the board has been reconstituted as follows Mr. Aftab A. Khan, Mr. Ferouzuddin A. Cassim, Mr. Istaqbal Mehdi, Mr. Mahmood Ahmed, Mr. Nessar Ahmed, Mr. Rashid Ahmed and Mr. Saeed Jamal Tariq. The Board appreciates the valuable contribution made by the outgoing directors during their tenure.

The Board acknowledges the support of the regulatory authorities, banks and lending institutions. The Board wishes to place on record its 'appreciation of the hard work and dedication shown by the company personnel.

AUDITORS

The auditors, Khalid Majid Husain Rahman, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2000, is annexed to this report.

On behalf of the Board

September 26th, 2000
Karachi

Javed A. Callea
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Crescent Leasing Corporation Limited as at June 30, 2000 and the related profit and loss account and the statement of changes in financial position (cash flow statement), together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

b) in our opinion:

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

ii) the expenditure incurred during the 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 the statement of changes in financial position (cash flow statement), together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2000 and of the profit and the changes in financial position for the year then ended; and

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

Khalid Majid Husain Rahman
Chartered Accountants

Karachi: October 09, 2000

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
SHARE CAPITAL AND RESERVES			
Authorised capital 30,000,000 ordinary shares of Rs. 10 each		300,000,000	300,000,000
Issued, subscribed and paid-up capital	3	172,500,000	172,500,000
Reserves	4	165,974,408	135,191,390
		338,474,408	307,691,390
DEFERRED INCOME	5	317,313	475,977
LONG-TERM FINANCES	6	122,673,104	198,756,310
LONG-TERM CERTIFICATES OF INVESTMENT	7	3,175,000	21,100,000
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES			
LONG-TERM DEPOSITS	9	124,847,271	92,033,209
CURRENT LIABILITIES			
Current maturity of long-term liabilities	10	161,717,990	103,122,410
Current maturity of assets subject to finance leases		2,030,474	1,662,743
Short-term certificates of investment	7	51,125,000	80,000,000
Short-term finances	11	105,000,000	80,000,000
Running finances under mark-up arrangement	12	37,228,966	75,972,271
Creditors, accrued and other liabilities	13	26,111,837	26,239,049
Proposed dividend		--	17,250,000
		383,214,267	384,246,473
COMMITMENTS			
	14	975,235,604	1,008,278,066
OPERATING FIXED ASSETS			
	15	14,647,906	17,059,171
NET INVESTMENT IN LEASES			
Minimum lease rental receivables	16	7,560,850,721	739,150,538
Residual value		163,958,775	129,577,427
Lease contract receivables		920,043,847	868,727,965
Less: Unearned finance income		152,053,412	164,853,846
Net investment in leases		767,990,435	703,874,119
Less: Current maturity		313,014,165	270,162,303
Allowance for potential lease losses - General		17,580,742	12,849,656
- Specific		7,385,030	4,592,088
		337,979,937	287,604,047
		430,010,498	416,270,072
LONG-TERM INVESTMENTS			
	17	32,268,136	31,764,507
LONG-TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS			
	18	7,392,319	13,053,360
CURRENT ASSETS			
Current maturity of net investment in leases		313,014,165	270,162,303
Short-term finances	19	5,961,364	4,623,036
Advances, deposits, prepayments and other receivables	20	47,734,980	42,337,421
Short-term investments	21	110,596,675	114,868,191
Cash and bank balances	22	13,609,561	98,140,005
		490,916,745	530,130,956
		975,235,604	1,008,278,066

The annexed notes form an integral part of these financial statements.

JAVED A. CALLEA
Chief Executive

AFTAB AHMED KHAN
Chairman

Profit and Loss Account
For the Year Ended June 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Income from lease operations		115,669,155	118,758,255
Income on investments	23	54,731,894	44,362,447
Other income	24	3,542,156	8,983,451
		-----	-----
		173,943,205	172,104,153
Administrative and operating expenses	25	21,233,720	16,223,124
Financial charges	26	109,132,068	115,303,712
Amortisation of deferred cost		55,125	286,352
		-----	-----
		130,420,913	131,813,188
Operating profit before provisions		43,522,292	40,290,965
Allowance for potential lease losses-General		4,731,086	6,574,264
- Specific		2,792,942	2,445,971
Provision for doubtful finance		2,215,246	--
		-----	-----
		9,739,274	9,020,235
Profit before taxation		33,783,018	31,270,730
Taxation	28	3,000,000	1,726,192
		-----	-----
Profit after taxation		30,783,018	29,544,538
Transfer from general reserve		--	8,161,438
Unappropriated profit brought forward		15,310	117,538
		-----	-----
Profit available for appropriation		30,798,328	37,823,514
Appropriations:			
Transfer to:			
- reserve under NBFI rules		(6,156,604)	(5,908,908)
- reserve for deferred taxation		(18,382,455)	(14,649,296)
- proposed dividend @ Nil (1999: 10%)		--	(17,250,000)
		-----	-----
		(24,539,059)	(37,808,204)
Unappropriated profit carried forward		6,259,269	15,310
		=====	=====
Earnings per share - Basic	29	1.53	1.47
- Diluted		N/A	N/A

The annexed notes form an integral part of these financial statements.

JAVED A. CALLEA
Chief Executive

AFTAB AHMED KHAN
Chairman

Statement of Changes in Financial Position (Cash Flow Statement)
For the Year Ended June 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Cash flows from operating activities			
Profit before taxation		33,783,018	31,270,730
Adjustments for:			
Amortization of deferred income		(158,664)	--

Amortization of deferred costs	55,125	286,352
Depreciation	4,048,891	1,511,452
Financial charges	109,132,068	114,921,094
Allowance for potential lease losses	7,524,028	9,020,235
Provision for doubtful finance	2,215,246	--
Gain on sale of operating fixed assets	--	(78,529)
	-----	-----
Operating profit before working capital changes	156,599,712	156,931,334
Increase/(decrease) in creditors, accrued and other liabilities	3,547,865	(1,914,019)
Decrease in advances, deposits, prepayments and other receivables	3,515,687	(8,703,563)
	-----	-----
Cash generated from operations	163,663,264	146,313,752
Income taxes paid	(11,913,246)	(12,238,559)
Financial charges paid	(107,331,029)	(108,806,552)
	-----	-----
Net cash flow from operating activities	44,418,989	25,268,641
Cash flows from Investing activities		
Increase in net investment in leases	(64,116,316)	(69,947,239)
Purchase of operating fixed assets	(985,626)	(685,870)
Proceeds from sale of operating fixed assets	--	2,496,584
Purchase of long-term investments	(503,629)	(27,639,507)
Decrease/(increase) in long-term deposits, prepayments and deferred costs	129,800	(486,888)
Increase in short-term finances	(3,553,574)	(4,623,036)
Net cash used in investing activities	-----	-----
	(69,029,345)	(100,885,956)
Cash flows from financing activities		
Decrease in long-term finances	(41,353,358)	(33,119,775)
Increase in long-term deposits	36,679,794	37,910,709
(Decrease)/increase in certificates of investment	(26,800,000)	51,100,000
(Decrease)/increase in running finances under mark-up arrangement	(38,743,305)	47,434,638
Increase in short-term finances	25,000,000	45,000,000
Decrease in liabilities against assets subject to finance leases	(1,724,735)	(641,996)
Payment of dividend	(17,250,000)	--
	-----	-----
Net cash used in / flow from financing activities	(64,191,604)	147,683,576
Net (decrease)/increase in cash and cash equivalents	(88,801,960)	72,066,261
Cash and cash equivalents at beginning of the year	213,008,196	140,941,935
	-----	-----
Cash and cash equivalents at the end of the year (Note A)	124,206,236	213,008,196
	=====	=====

Note A. Cash and cash equivalents at the end of the year

Cash and bank balances	13,609,561	98,140,005
Short-term investments	110,596,675	114,868,191
	-----	-----
	124,206,236	213,008,196
	=====	=====

JAVED A. CALLEA
Chief Executive

AFTAB AHMED KHAN
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2000

1. LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as a public limited company on April 7, 1987. The company commenced commercial operations in August 1989, and is listed on all Stock Exchanges in Pakistan. Its prime business is leasing, and it is classified as a Non-Banking Financial Institution (NBFII) by the State Bank of Pakistan and is regulated by the Securities and Exchange Commission of Pakistan.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basic of preparation

These accounts have been prepared in accordance with International Accounting

Standards (IAS) as applicable in Pakistan.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.3 Operating fixed assets and depreciation

(a) Owned assets

Fixed assets are stated at cost less depreciation to date. Depreciation is charged to income by applying reducing balance method. Full year's depreciation is charged on acquisitions during the year while no depreciation is charged on fixed assets disposed off during the year.

However, the assets given to employees as per the company policy are to be charged to income applying the straight-line method whereby the cost of an asset is written off over four years. Depreciation on such additions is charged from the month in which the asset is put to use and on disposals in the month in which disposal is made.

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

Gains and losses on disposal of fixed assets, if any, are included in income currently. However, gains on sale and leaseback transaction that results in a finance lease, is deferred and amortized over the lease term.

(b) Assets subject to finance leases

These are stated at the lower of present value of minimum lease payments and fair value of assets acquired on lease. Assets so acquired are depreciated over the shorter of the lease term or its useful life. Financial charges are allocated to accounting periods in a manner so as to produce a constant periodic rate of charge on the outstanding liability.

2.4 Deferred costs and amortization

Deferred costs are written off during a period not exceeding five years commencing from the year such costs are incurred.

2.5 Investments

(a) Long-term investments

Long-term investments are stated at cost and carrying amount is reduced to recognize any decline other than temporary in the value of investments.

(b) Short-term investments

Investments are valued at the lower of cost and market value determined on an aggregate portfolio basis.

2.6 Taxation

(a) Current

Provision is made on taxable income at the prevailing rates of taxation after taking into account tax credits available, if any.

(b) Deferred

The company accounts for deferred taxation on all major timing differences using the liability method.

2.7 Foreign exchange transactions

Transactions in foreign currencies are accounted for in rupees at the rate of exchange ruling on the date of transaction. Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange at the balance sheet date. Net exchange differences arising due to hedging mechanism are accounted for as deferred revenue/costs as the case may be and are credited/amortized to income over the term of the underlying transactions or five years whichever is shorter.

2.8 Off-setting

A financial asset and a financial liability is off-set and the net amount reported in the balance sheet if the company has a legal enforceable right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.9 Employees' retirement benefits

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

2.10 Revenue recognition

The company follows the financing method in accounting for recognition of lease income. At the time of the execution of a lease, a portion of unearned lease income, which approximates the initial direct costs incurred in writing the leases, is taken to "Income from lease operations". The remainder of the unearned lease income is then allocated over the lease term on a pattern reflecting a constant periodic return on the company's net investment outstanding in respect of the lease.

Front end, commitment and other fees, if any, are taken to income when realized.

2.11 Allowance for potential lease losses

The allowance for potential lease losses is maintained at a level, which in the judgment of the management, is sufficient to provide for any potential lease losses. The recognition of annual charge and income of such amount would be taken through the profit and loss account. The allowance would be increased by the provision charged to income and would be decreased by charge off, net of recoveries.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
15,000,000 (1999: 15,000,000) Ordinary shares of Rs. 10 each fully paid in cash	150,000,000	150,000,000
2,250,000 (1999: 2,250,000) Ordinary shares of Rs. 10 each issued as fully paid bonus shares	22,500,000	22,500,000
	-----	-----
	172,500,000	172,500,000
	=====	=====

4. STATEMENT OF CHANGES IN EQUITY

	<i>RESERVE</i>									
	<i>Capital</i>			<i>Revenue</i>						
	<i>Issued, Subscribed and Paid-up Capital</i>	<i>Premium on issuance of right shares</i>	<i>Reserve for deferred taxation</i>	<i>Reserves under NBFIs rules*</i>	<i>Reserve for issue of proposed bonus shares</i>	<i>General reserve</i>	<i>Reserve for doubtful debts</i>	<i>Un-appropriated profit</i>	<i>Total</i>	<i>Grand Total</i>
	<i>Rupees</i>									
Balance as at June 30, 1998	150,000,000	33,750,000	--	26,831,314	22,500,000	51,961,438	10,236,562	117,538	143,396,852	295,396,852
Net profit for the year	--	--	--	--	--	--	--	29,544,538	29,544,538	29,544,538
Transfer from/(to) profit and loss account	--	--	14,649,296	5,908,908	--	(8,161,438)	--	(12,396,766)	--	--
Issue of bonus shares	22,500,000	--	--	--	(22,500,000)	--	--	--	(22,500,000)	--
Proposed dividend	--	--	--	--	--	--	--	(17,250,000)	(17,250,000)	(17,250,000)
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance as at June 30, 1999	172,500,000	33,750,000	14,649,296	32,740,222	--	43,800,000	10,236,562	15,310	135,191,390	307,691,390
Net profit for the year	--	--	--	--	--	--	--	30,783,018	30,783,018	30,783,018
Transfer from/(to)	--	--	--	--	--	--	--	--	--	--
Profit and loss account	--	--	18,382,455	6,156,604	--	--	--	(24,539,059)	--	--
Premium on issuance of right shares to be utilized for issue of 16.67% proposed bonus shares	--	(28,755,750)	--	--	28,755,750	--	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance as at June 30, 2000	172,500,000	4,994,250	33,031,751	38,896,826	28,735,750	43,800,000	10,235,562	6,259,269	165,974,408	338,474,408
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

* This reserve is created by transferring 20% of after tax profit for the year, which is required under Rule-3 of the Prudential Regulations for Non-Banking Financial Institutions.

2000 *1999*

	<i>Rupees</i>	<i>Rupees</i>
5. DEFERRED INCOME		
Opening balance	475,977	475,977
Less: Amortization to date	158,664	--
	-----	-----
Closing balance	317,313	475,977
	=====	=====

5.1 This represents gain on sale and leaseback transaction that resulted in a finance lease.

6. LONG -TERM FINANCES - Secured

Foreign currency

From Commonwealth Development Corporation UK- an associated undertaking (Note 6.1)

166,041,640	239,166,667
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Local currency

From commercial banks (Note 6.2 & 6.3)
From an investment company

53,255,028	23,632,545
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- Finance I (Note 6.4)

12,167,949	20,018,763
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- Finance II (Note 6.5)

10,000,000	--
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22,167,949	20,018,763
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241,464,617	282,817,975
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Less: Current maturity (Note 10)

118,791,513	84,061,665
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122,673,104	198,756,310
-------------	-------------

6.1 This represents Pounds Sterling 5 million loan obtained from Commonwealth Development Corporation, UK, an associated undertaking. The loan is repayable in twelve equal semi-annual installments commenced from May 1997 and is secured by floating pari-passu charge, through hypothecation, over certain present assets and joint floating charge over certain present and all future assets of the company. The rate of interest is 11.5% per annum.

6.2 This includes Rs. 23.63 million loan obtained under mark-up arrangement and carries mark-up at the rate of Rs. 0.42 per Rs. 1,000 per day, payable in quarterly installments. The principal is repayable in six equal semi annual installments commenced from October 1999. The loan is secured by lien of three years registered special US dollar bonds included in note 17.

6.3 This includes Rs. 50 million loan obtained under mark-up arrangement and carries mark-up at the rate of Rs 0.45 per Rs. 1000 per day. The principal is repayable in eight equal quarterly installments along with mark up thereon, commenced from February 2000. The loan is secured by first joint pari-passu charge over all present and future assets of the company.

6.4 This represents Rs. 25 million loan obtained under mark-up arrangement. The loan is repayable in twelve equal quarterly installments commenced from October 1998. The loan carries mark-up at the rate of Rs. 0.53 per Rs. 1,000 per day and is secured by joint pari-passu charge over all present and future assets of the company.

6.5 This represents Rs. 20 million loan obtained under mark-up arrangement. The principal is repayable in six equal quarterly installments along with mark up thereon, commenced from November 1999. The loan carries mark-up at the rate of Rs. 0.49 per Rs. 1,000 per day and is secured by first joint pari-passu charge over all present and future assets of the company.

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
7. CERTIFICATES OF INVESTMENT		
Certificates of investment issued:		
- for one year and more	23,175,000	21,100,000
Less: Current maturity (Note 10)	20,000,000	--
	-----	-----
	3,175,000	21,100,000
- for less than one year	51,125,000	80,000,000

The company has a scheme of registered Certificates of Investment (COIs) for resource mobilization as per permission from the Securities and Exchange Commission of Pakistan. The term of these COIs ranges from three months to five years and expected return, is paid on a profit and loss sharing basis.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Minimum lease payments (Note 8.1)	5,537,235	7,297,496
Less: Finance charges not yet due	972,520	1,660,046
	-----	-----
	4,564,715	5,637,450
Less: Current maturity	2,030,474	1,662,743
	-----	-----
	2,534,241	3,974,707
	=====	=====

8.1 The company has entered into lease agreements with leasing companies for financing to acquire motor vehicles, furniture and fixture and office equipment. Payments under these agreements include finance charges ranging from 17.25% to 20.07 % per annum, which are used as discounting factors. The lessee can exercise the purchase option by adjusting the security deposit at the expiry of the lease period. The future payments due are as follows:

<i>Year ending</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Not later than one year	--	2,537,976
Later than one year and not later than five years	5,537,235	4,759,520
	-----	-----
	5,537,235	7,297,496
	=====	=====

9. LONG-TERM DEPOSITS

Security deposits on leases (Note 9.1)	147,773,748	111,093,954
Less: Current maturity (Note 10)	22,926,477	19,060,745
	-----	-----
	124,847,271	92,033,209
	=====	=====

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

10. CURRENT MATURITY OF LONG-TERM LIABILITIES

Long-term finances (Note 6)	118,791,513	84,061,665
Certificates of investment issued for one year and more (Note 7)	20,000,000	--
Long-term deposits (Note 9)	22,926,477	19,060,745
	-----	-----
	161,717,990	103,122,410
	=====	=====

11. SHORT-TERM FINANCES

Secured

Pro-note discounting facility from a financial institution	--	20,000,000
--	----	------------

Unsecured

From commercial banks (Note 11.1)	80,000,000	--
From investment banks	--	35,000,000
Others (Note 11.2)	25,000,000	25,000,000
	-----	-----
	105,000,000	60,000,000
	-----	-----
	105,000,000	80,000,000
	=====	=====

11.1 This represents finance facilities carrying mark-up at the rate ranging from Rs.0.34 to Rs. 0.42 per Rs. 1,000 per day.

11.2 This represents a finance facility obtained from a leasing company carrying mark-up at the rate of Rs.0.43 per Rs. 1,000 per day.

12. RUNNING FINANCES UNDER MARK-UP ARRANGEMENT - Secured

Running finance facilities available to the company aggregating to Rs. 80 million (1999: Rs. 114.40 million) on yearly renewal basis at mark-up ranging between Rs. 0.44 and Rs. 0.46 (1999: Rs. 0.49 and 0.50) per Rs. 1,000 per day. These finances are secured by way of joint pari-passu charge on all present and future assets of the company.

13. CREDITORS, ACCRUED AND OTHER LIABILITIES

Advance lease rentals	4,520,839	2,583,729
Accrued liabilities	2,610,647	1,990,069
Mark-up payable on secured finances	11,791,846	15,961,724
Mark-up payable on unsecured finances	4,263,022	3,768,221
Unclaimed dividend	75,026	64,205
With-holding tax payable	188,068	--
Other liabilities	2,662,389	1,871,101
	-----	-----
	26,111,837	26,239,049
	=====	=====

14. COMMITMENTS

14.1 Lease proposals approved Rs. 60 million (1999: Rs. 12 million).

14.2 Sale and repurchase agreements Rs. 90 million (1999: Rs. 28 million) of Bonds, TFCs and Government Securities.

14.3 Underwriting commitments of Rs. 8.27 million (1999: Rs. Nil)

15. OPERATING FIXED ASSETS

	<i>COST</i>			<i>DEPRECIATION</i>		<i>Written down value as at June 30, 2000</i>	<i>Depreciation Rate % per annum</i>
	<i>As on July 1, 1999</i>	<i>Additions/ (deletions)</i>	<i>As at June 30, 2000</i>	<i>For the year</i>	<i>As at June 30, 2000</i>		
TANGIBLE FIXED ASSETS							
Owned							
Office premises	12,021,361	121,808	12,143,169	488,229	2,866,814	9,276,355	5
Furniture and fixtures	953,893	116,280	1,070,173	280,270	747,719	322,454	15.25 & 33.33
Motor vehicles	2,223,125	46,632	2,269,757	258,719	1,875,468	394,289	20 & 25
Office equipment	1,795,680	700,906	2,496,586	949,713	1,741,905	754,681	33.33 & 100
	-----	-----	-----	-----	-----	-----	
	16,994,059	985,626	17,979,685	1,976,931	7,231,906	10,747,779	
	=====	=====	=====	=====	=====	=====	
Leased							
Furniture and fixtures	373,387	--	373,387	126,837	126,537	246,850	33.33
Motor vehicles	3,091,000	652,000	3,743,000	839,044	1,502,626	2,240,374	25 & 33.33
Office equipment	2,842,608	--	2,842,608	1,106,379	1,429,705	1,412,903	33.33 & 50
	-----	-----	-----	-----	-----	-----	
2000	23,301,054	1,637,626	24,938,680	4,048,891	10,290,774	14,647,906	
	=====	=====	=====	=====	=====	=====	
1999	21,422,278	5,847,865 (3,969,089)	23,301,054	1,511,452	6,241,883	17,059,171	
	=====	=====	=====	=====	=====	=====	

16. NET INVESTMENT IN LEASES

This includes Rs. Nil (1999: Rs. Nil) as lease rentals receivable from Crescent Textile Mills Ltd., an associated undertaking. The maximum amount due from associated undertaking at the end of any month during the year was Rs. 226,610 (1999: Rs. Nil).

17. LONG-TERM INVESTMENTS

In associated undertakings (Note 17.1)	4,125,000	4,125,000
In special US dollar bonds (Note 17.2)	28,143,136	27,639,507
	-----	-----
	32,268,136	31,764,507
	=====	=====

17.1 In associated undertakings

2000 1999 Listed

**No. of ordinary
shares of Rs. 10 each**

100,000	Trust Investment Bank Ltd. (Holding 1 percent (1999: 1 percent) of the paid-up capital of the bank)	1,000,000	1,000,000
---------	--	-----------	-----------

Unlisted

312,500	312,500 International Housing Finance Ltd. (Holding 2.5 percent (1999:2.5 percent) of the paid-up capital of the company)	3,125,000	3,125,000
		4,125,000	4,125,000

17.1.1 Market value as at June 30, 2000 for investment in listed associated undertaking was Rs. 1,100,000 (1999: Rs. 500,000).

17.1.2 The above investments are carried at cost. Had the investments been accounted for using the equity method, the value of investment on the basis of latest available audited accounts for the year ended June 30, 1999 of the investees and their effects on the profit and loss account would have been as follows:

	2000 Value of investments under equity method Rupees	1999 Rupees Effect on profit Rupees
Trust Investment Bank Ltd.	1,346,559	346,559
International Housing Finance Ltd.	3,190,395	65,395
	4,536,954	411,954

17.2 It represents investment amounting to US \$538100 in the special US dollar bonds issued by the Government of Pakistan. These bonds are redeemable on April 01, 2002 and carry interest at the rate of six months London Interbank offered. rate (LIBOR) plus two percent.

**18. LONG-TERM DEPOSITS, PREPAYMENTS
AND DEFERRED COSTS**

	2000 Rupees	1999 Rupees
Long-term deposits	906,505	811,305
Prepayments	233,169	458,169
Deferred costs (Note 18.1)	6,252,645	11,783,886
	7,392,319	13,053,360

18.1 Deferred costs

	As on July 01, 1999	Addition/ (deletion/ (transfer)	As at June 30, 2000	Amortization For the year	As at June	Unamortized balance as at June 30, 2000
Fund utilization (Note 18.2)	27,380,582	--	27,380,582	5,476,116	21,127,935	6,252,645
Others (18.3)	1,752,393	(304,318)	1,448,078	55,125	1,448,078	--
2000	29,132,975	(304,315)	28,828,660	5,531,241	22,576,013	6,252,645
1999	31,530,944	695,830 (3,093,801)	29,132,973	6,066,783	17,349,087	11,783,886

18.2 Fund utilization represents expenses incidental to foreign currency finances, which

were adjusted against possible recoveries or charged off as part of borrowing cost.

18.3 The balance as on June 30, includes.

Right issue expenses	--	55,125
	-----	-----
	--	55,125
	=====	=====

19. SHORT TERM FINANCES

Secured

Considered Good

Finance against COIs (note 19.1)	1,012,787	--
Pro-note discounting facility (note 19.2)	2,733,332	--
	-----	-----
	3,746,119	--

Considered Doubtful

Short term loan (note 19.3)	44,304,911	4,623,036
Provision for doubtful finance	(2,215,246)	--
	-----	-----
	2,215,245	4,623,036
	-----	-----
	5,961,364	4,623,036
	=====	=====

19.1 This represents short-term loan facilities given to individuals secured by way of lien on COIs and carries mark-up at the rate of Rs. 0.44 and Rs. 0.51 per Rs. 1,000 per day respectively.

19.2 This represents short-term facilities given to firms against mortgage on properties and carries a mark-up at the rate of Rs. 0.63 and Rs. 0.66 per Rs. 1,000 per day respectively.

19.3 This represents a short-term loan facility given to a company against first charge by way of hypothecation of stocks and carries mark-up at the rate of Rs. 0.61 per Rs. 1,000 per day.

20. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances, Considered good

- to staff (Note 20.1)	192,725	245,156
- against expenses	269,273	63,932
- against leases	6,792,501	11,040,653
- others	3,250	3,250
Deposits	500,000	--
Taxation-net of provision	20,958,863	12,045,617
Prepayments	652,325	717,531
Mark-up due on certificates/securities	16,623,465	14,253,811
Central Excise Duty receivables	887,011	1,837,789
Other receivables	855,567	2,129,682
	-----	-----
	47,734,980	42,337,421
	=====	=====

20.1 Aggregate amount due by the executives Rs. 0.193 million (1999: Rs. 0.182 million).

Maximum amount due from executives at the end of any month during the year aggregated Rs. 0.345 million (1999: Rs. 0.285 million).

21. SHORT-TERM INVESTMENTS

Federal Investment Bonds	--	925,000
Term finance certificates (Note 21.1)	37,067,075	7,287,999
Placements and deposits (Note 21.2)	73,529,600	96,382,192
Special US dollar bonds	--	10,273,000
	-----	-----
	110,596,675	114,868,191
	=====	=====

21.1 Term Finance Certificates (TFCs)

Listed

Packages Limited

Nil (1999: 10) Certificates of face value

Rs. 5,000 each and

Nil (1999: 12) Certificates of face value

Rs. 100,000 each

-- 416,334

NDLC 200 (1999: Nil) Certificates of face value Rs. 100,000 each	19,996,000	--
ICI Pakistan Limited 105 (1999: 100) Certificates of face value Rs. 100,000 each	6,053,691	487,855
Sui Southern Gas Company Limited 3,000 (1999: 5800) Certificates of face value Rs. 5,000 each and 50 (1999: 50) Certificates of face value Rs. 100,000 each	5,152,384	6,383,810
	-----	-----
	31,202,075	7,287,999
Unlisted		
Sigma Leasing 33 (1999: Nil) Certificates of face value Rs. 5,000 each and 7 (1999: Nil) Certificates of face value Rs. 100,000 each	865,000	--
Paramount Leasing 50 (1999: Nil) Certificates of face value Rs. 100,000 each	5,000,000	--
	-----	-----
	5,865,000	--
	-----	-----
	37,067,075	7,287,999
	=====	=====

The aggregate market value of listed TFCs amounted to Rs. 40.369 million (1999: Rs. 15 million) and carries expected profit ranging from Rs. 0.45 to Rs. 0.69 per Rs. 1,000 per day and is redeemable in semi annual installments.

21.2 These represent short-term placements and deposits with different NBFIs and carry mark-up ranging from Rs. 0.27 to Rs. 0.49 per Rs. 1,000 per day.

22. CASH AND BANK BALANCES

Cash in hand	40,902	9,927
Cash with banks on		
- current accounts (Note 22.1)	3,038,919	29,072,914
- fixed deposit receipts (Note 22.2)	10,529,202	69,056,626
- collection accounts	538	538
	-----	-----
	13,609,561	98,140,005
	=====	=====

22.1 This includes Rs. 0.10 million (1999: Rs. 0.05 million) in current account maintained with the State Bank of Pakistan under NBFIs rules.

22.2 Fixed Deposit Receipts

Foreign currency fixed deposit receipts	170,430,417	249,207,581
Less: Credit facility availed (Note .22.3)	159,922,921	180,648,077
	-----	-----
	10,507,496	68,559,504
Other foreign currency fixed deposit receipts	21,706	247,122
Local currency fixed deposit receipts	--	250,000
	-----	-----
	10,529,202	69,056,626
	=====	=====

22.3 The total sanctioned amount from a commercial bank and an investment company under mark-up arrangements amounted to Rs. 345 million (1999: Rs. 305 million). These loans carry mark-up ranging from Rs. 0.37 to Rs. 0.45 (1999: Rs. 0.37 to Rs. 0.39) per Rs. 1,000 per day. The commercial bank borrowing is repayable in ten semi-annual equal installments upto November 2002, whereas investment company borrowings are repayable in twelve equal semi-annual installments upto November 2002 and six semi-annual installments upto November 2002. The commercial bank and investment company borrowing is secured against foreign currency deposits mentioned above.

23. INCOME ON INVESTMENTS

Return on foreign currency deposits	21,473,857	22,371,498
-------------------------------------	------------	------------

Return on short term placements and deposits	18,697,667	12,576,894
Return on Government securities and term finance certificates	9,050,891	8,798,440
Gain/(loss) on sale of listed securities	5,489,479	526,615
Dividend income	20,000	89,000
	-----	-----
	54,731,894	44,362,447
	=====	=====

24. OTHER INCOME

Exchange gain	3,180,440	8,544,193
Fee, commission and others	203,052	360,729
Gain on sale of operating fixed assets	--	78,529
Amortization of deferred income	158,664	--
	-----	-----
	3,542,156	8,983,451
	=====	=====

25. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and allowances including Directors' remuneration (Note 25.1 & 27)	10,275,355	9,194,582
Staff training	45,500	78,450
Rent, rates and taxes	331,405	122,457
Travelling, conveyance and entertainment	552,354	374,492
Vehicle running	843,570	679,512
Utilities	451,380	309,526
Telephone and fax	532,219	371,169
Insurance	690,671	786,103
Fees, subscriptions and periodicals	627,965	596,865
Printing and stationery	441,621	432,287
Postage, stamps and telegrams	240,174	136,565
Legal and professional charges (Note 25.2)	1,040,857	694,333
Auditors' remuneration (Note 25.3)	301,300	151,000
Repairs and maintenance	695,913	621,897
Depreciation	4,048,891	1,511,452
Advertisement	114,545	115,038
Miscellaneous	--	47,396
	-----	-----
	21,233,720	16,223,124
	=====	=====

25.1 Salaries and allowances include Rs. 656,153 (1999: Rs. 675,674) in respect of staff retirement benefits.

25.2 Legal and professional charges

Corporate services	442,422	473,082
Taxation services	85,000	--
Legal charges	288,495	166,600
Rating updating fee	200,000	--
Others	24,940	54,651
	-----	-----
	1,040,857	694,333
	=====	=====

25.3 Auditors' remuneration

Statutory audit fee	65,000	55,000
Special audit fee	20,000	20,000
Taxation charges	213,300	75,000
Out-of-pocket expenses	3,000	1,000
	-----	-----
	301,300	151,000
	=====	=====

26. FINANCIAL CHARGES

Mark-up on:		
long-term finances	72,340,964	75,198,568
- short-term finances	21,493,680	20,436,810
- discounting facility	1,342,105	4,894,604
- running finances under mark-up arrangement	549,263	4,580,113
- long-term COIs	4,206,115	1,364,682
- short-term COIs	7,811,717	8,014,614

Finance charges on liabilities against assets subject to finance leases		934,999	560,572
Bank and other charges		453,225	253,749
		=====	=====
		109,132,068	115,303,712
		=====	=====

27. REMUNERATION OF CHIEF EXECUTIVE AND OTHER EXECUTIVES

	2000			1999		
	<i>Chief Executive</i>	<i>Executives</i>	<i>Total</i>	<i>Chief Executive</i>	<i>Executives</i>	<i>Total</i>
	<i>Rupees</i>			<i>Rupees</i>		
Managerial Remuneration	1,555,000	2,527,824	4,082,824	1,393,333	2,059,514	3,452,847
Housing and utility	805,000	1,307,894	2,112,894	696,667	1,029,763	1,726,430
Bonus	250,000	345,013	595,013	197,451	330,316	527,767
Medical & other expenses	103,372	204,288	307,660	129,394	171,695	301,089
Company's contribution to provident fund	150,000	245,100	395,100	132,000	198,056	330,056
Company's Contribution to pension scheme of an associated undertaking	216,000	--	216,000	3,181,300	--	318,000
Leave fare assistance	422,560	173,592	596,152	283,805	189,575	473,380
	=====	=====	=====	=====	=====	=====
Total	3,501,932	4,803,711	8,305,643	3,150,650	3,978,919	7,129,569
	=====	=====	=====	=====	=====	=====
Number of persons	1	11	12	1	11	12
	=====	=====	=====	=====	=====	=====

The Chief Executive, Chairman and executives have been provided with free use of company cars. Directors were paid Rs. 6,000 (1999: Rs. 9,000) for attending board meetings during the year.

28. TAXATION**Current**

For the year (Note 28.1)	3,000,000	1,726,192
	=====	=====

28.1 This represents the provision for taxation based on taxable income.

28.2 Deferred taxation arising due to timing differences between accounting and income tax revenue computed under liability method is estimated at Rs. 33.03 million (1999: Rs. 39.94 million) which is fully appropriated and has been transferred to Capital Reserve under "Reserve for deferred taxation".

29. EARNINGS PER SHARE - Basic and Diluted

Profit after taxation	30,783,018	29,544,538
	=====	=====

No. of Shares

Weighted average number of shares outstanding (Note 29.1)	20,125,575	20,125,575
---	------------	------------

	<i>Rupees</i>	<i>Rupees</i>
Earnings per share - Basic	1.53	1.47
Earnings per share - Diluted	N/A	N/A

29.1 Number of share3 at the beginning of the year	17,250,000	15,000,000
Bonus shares issued	--	2,250,000
Proposed issue of bonus shares @ 16.67%	2,875,575	2,875,575
	=====	=====

Weighted average number of shares outstanding	20,125,575	20,125,575
	=====	=====

30. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause to other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties and continually assessing the credit worthiness of counter-parties.

A sector wise breakdown of lease portfolio is as follows:

	<i>2000</i>	<i>1999</i>
	%	%
Textiles	12.95	13.00
Synthetic, Garments and others	11.14	9.00
Food, Tobacco and Beverages	10.45	10.33
Transport and Communication	8.24	3.16
Chemical, Pharmaceuticals and Fertilizers	6.93	7.94
Steel Engineering and Automobiles	5.86	4.65
Cement	5.52	9.29
Financial	5.17	7.01
Energy, Oil and Gas	4.79	7.99
Sugar and Allied	4.43	5.02
Paper and Board	4.01	4.28
Healthcare	3.51	2.24
Glass and Ceramics	1.76	2.66
*Miscellaneous	15.24	13.43
	-----	-----
	100	100
	=====	=====

*Sectors below 2 percent clubbed under "Miscellaneous."

In addition, the company has placed certain funds with other NBFIs and has invested certain funds in special US dollar bonds, federal investment bonds and term finance certificates.

31. FAIR VALUE OF FINANCIAL ASSETS

The estimated fair value of long-term investments and book value as at June 30, 2000 is as follows:

	<i>Rupees</i>
Book value	3,125,000
Fair value	3,020,336

Book value over fair value	104,664
	=====

No provision for decline in book value has been made, as in the opinion of management the decline is temporary.

The fair value of all other financial assets and financial liabilities is estimated to approximate their carrying value.

32. INTEREST RATE RISK EXPOSURE

The information about the company's exposure to interest rate risk as at June 30, 2000 based on contractual refinancing or maturity dates whichever is earlier is as follows:

	<i>Interest bearing</i>			<i>Non-Interest bearing</i>	
	<i>Less than one month</i>	<i>One month to one year</i>	<i>Over one year</i>	<i>Total</i>	
Financial Assets					
Net investment in leases	35,162,024	277,830,996	307,223,667	147,773,748	767,990,435
Long-term investments	--	--	28,143,136	4,125,000	32,268,136
Long-term deposits	--	--	--	906,505	906,505
Short-term finances	5,505,492	2,671,118	--	--	8,176,610
Advances and other receivables	6,792,501	--	--	24,643,284	31,435,785
Short-term investments	43,250	110,311,743	--	241,682	110,596,675
Cash and bank balances	21,706	--	10,507,496	3,080,359	13,609,561
	-----	-----	-----	-----	-----
2000	47,524,973	390,813,857	345,874,299	180,770,578	964,983,707
	-----	-----	-----	-----	-----
1999	115,310,967	281,417,339	421,994,187	164,869,011	983,591,504
	-----	-----	-----	-----	-----
Financial Liabilities					
Long-term finances	2,207,598	116,583,915	122,673,104	--	241,464,617
Certificates of investment	--	71,125,000	3,175,000	--	74,300,000
Liabilities against assets subject to finance leases	162,375	1,793,994	2,056,896	551,450	4,564,715

Long-term deposits	--	--	--	147,773,748	147,773,748
Short-term finances	25,000,000	80,000,000	--	--	105,000,000
Running finances under mark-up arrangement	--	37,228,966	--	--	37,228,966
Creditors, accrued and other liabilities	--	--	--	26,111,837	26,111,837
	2000	27,369,973	306,731,875	127,905,000	174,437,035
	1999	36,951,901	284,744,778	223,344,767	137,819,253
On balance sheet gap	2000	20,155,000	84,081,982	217,969,299	6,333,543
	1999	78,359,066	(3,327,439)	198,649,420	27,049,758
Cumulative interest rate sensitivity gap (a)	2000	20,155,000	104,236,982	322,206,281	
	1999	78,359,066	75,031,627	273,681,047	

(a) The effective interest rate for financial assets and financial liabilities are as follows.

	2000	1999
	%	%
Financial Assets		
Net investment in finance leases	16.00 to 26.46	19.25 to 28.25
Long-term investments	six months LIBOR plus 2	six months LIBOR plus 2
Short-term finances	16.00 to 24.00	22.25
Short-term investment		
- Term finance certificates	16.25 to 25.04	18.50 to 22.50
- Placements and deposits	10.00 to 18.05	15.25 to 19.00
Cash and bank balances	6.50 to 8.50	6.50 to 9.50
Financial Liabilities		
Long-term finances	11.50 to 19.00	11.50 to 19.35
Certificates of investment	12.65 to 19.00	13.25 to 18.88
Liabilities against assets subject to finance leases	17.25 to 20.07	19.17 to 21.03
Short-term finances	12.40 to 15.60	13.75 to 18.25
Running finances under mark-up arrangement	16.00 to 16.80	16.00 to 18.25

	2000	1999
	Rupees	Rupees
33. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS		
Placements and deposits	20,000,000	20,000,000
Short-term finance obtained	25,000,000	55,000,000
Lease finance obtained	--	1,400,000
Finance obtained under repurchase (Repo) arrangements	275,242,445	--
Asset given on finance lease	626,000	--
Mark-up on short term finances obtained	1,453,878	491,000
Mark-up on short-term finances given	--	369,384
Interest paid	24,939,857	38,608,990
Lease rentals received	8,123,428	7,925,360
Lease rentals paid	594,684	110,078

34. MAN POWER

The total number of employees as at June 30, 2000 were 19 (1999: 20).

35. CORRESPONDING FIGURES

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

JAVED A. CALLEA
Chief Executive

AFTAB AHMED KHAN
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>	
24	1	100	1210
67	101	500	21362
54	501	1000	43199
123	1001	5000	268921
23	5001	10000	169860
19	10001	15000	231760
5	15001	20000	83890
2	20001	25000	44740
9	25001	30000	251620
4	30001	35000	130205
4	35001	40000	147679
2	40001	45000	87975
2	55001	60000	116150
1	60001	65000	65000
3	65001	70000	199570
1	70001	75000	73542
1	80001	85000	83025
1	90001	95000	93500
1	100001	105000	102620
1	110001	115000	112000
1	145001	150000	145330
1	265001	270000	268972
1	330001	335000	333500
1	510001	515000	512550
1	640001	645000	640705
1	735001	740000	738700
1	740001	745000	741520
1	1430001	1435000	1433015
1	1895001	1900000	1895950
1	2020001	2025000	2021930
1	2735001	2740000	2740000
1	3445001	3450000	3450000
-----			-----
359			17250000
=====			=====

Categories of Shareholders

<i>Categories of Shareholders</i>	<i>Number</i>	<i>Shares Held</i>	<i>Percentage</i>
Individuals	308	1596728	9.26
Investment Companies	1	4786	0.03
Insurance Companies	4	415380	2.40
Joint Stock Companies	18	1555145	9.02
Financial Institutions	13	6062390	35.14
Modaraba Companies	2	741895	4.30
Others	13	6873676	39.85
-----			-----
Total	359	17250000	100.00
=====			=====

Others

Modarabas	12	3423676	19.85
Non-resident	1	3450000	20.00
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Total	13	6873676	39.85
=====			=====