

Crescent Investment Bank Limited

(Annual Report 1996)

Contents

Company Information	2
Board of Directors	3
Director Report and Chief Executive's Review	4
Form '34'	9
Auditor's Report to the Members	11
Balance Sheet	12
Profit and Loss Account	14
Statement of Sources and Application of Funds	15
Notes to the Accounts	17
Investor Information	46
Notice of Annual General Meeting	47
Form of Proxy	49

Company Information

Company Secretaries

Zaheer A. Shaikh
Rashid Sadiq

Auditors

Riaz Ahmad & Company
Chartered Accountants

Legal Advisors

Hassan & Hassan Advocates

Bankers

Bank of America NT & SA
CitiBank N. A.
Faysal Bank Limited
Habib American Bank
Habib Bank A. G. Zurich
Habib Credit and Exchange Bank Limited
Industrial Development Bank of Pakistan
Metropolitan Bank Limited
Muslim Commercial Bank Limited
National Development Finance Corporation
Societe Generale - The French and International Bank
Soneri Bank Limited
Standard Chartered Bank PLC
The Bank of Punjab

Registered Office

83-Babar Block, New Garden Town, Lahore.

Board of Directors

Muhammad Rafi
Chairman

Nessar Ahmed
Chief Executive

Altaf M. Saleem

Humayun Mazhar
M. Z. Hasan

Muhammad Asif
Tariq Shafi
Zahid Bashir

***Director's Report and
Chief Executive's review***

It is our pleasure to present to you the seventh Annual Report of Crescent Investment Bank Limited (CresBank). The report covers the eighteen months period ended June 30, 1996. The accounting year was changed in view of the change in the income year-end brought about by an amendment in the Income Tax Ordinance 1979. A brief review of the national economy during 1995-96 and of our operations is given below.

The economic indicators for 1995-96 reveal an improved performance by the Pakistan economy. The GDP growth rate increased from 4.4 percent in 1994-95 to 6.1 percent in 1995-96. This GDP growth was a result of the growth in the commodity producing sector of 6.4 percent (1994-95 4.7 percent) and the services sector of 5.8 percent (1994-95 4.2 percent). The agricultural sector grew by 6.7 percent (1994-95 5.9 percent) primarily due to a significant improvement in the cotton crop and record production figures for rice and wheat. The manufacturing sector recorded a growth of 4.8 percent (1994-95 2.91 percent) mainly due to improved productivity in the large scale industry. This was due to increased industrial investment, provision of credit, reduction in import tariffs and liberalization of imports of raw materials and capital goods.

Monetary policy measures during 1995-96 met with relative success when compared with last year. The annualized inflation rate depicted by the Consumer Price Index (CPI) was estimated to be 10.5 percent as compared to 13 percent in 1994-95. Monetary expansion for 1995-96 was projected at around 12 percent as against 16.6 percent last year. Due to excessive government borrowings domestic credit expanded by 19.6 percent compared with an expansion of 5.9 percent in the same period last year. However, a sharp decline in the net foreign assets of the banking system neutralized this expansionary impact. As a result of fiscal reforms, the budget deficit for 1995-96 was curtailed to a level of around 5 percent of the GDP from 5.5 percent in 1994-95.

The trade gap as at 1996 June end, amounted to over US Dollars 3 billion as a result of increase in imports and fall in exports despite devaluation of the Rupee and offering of incentive packages for exports.

The Capital Market witnessed bearish sentiments during the eighteen months period, ended June 30, 1996. The KSE 100 index declined from 2049 points as on December 29, 1994 to 1703 points as on June 30, 1996. Due to the depressed market conditions floatation of mutual funds aggregating approximately Rs. 1.7 billion, which would have provided a fillip to the market, have been put on the hold. Aggregate market capitalization as at June 30, 1996 was Rs. 371.32 billion as against Rs. 340.87 billion as on December 29, 1994. The increase is due to capitalization added as a result of new issues during the period.

During 1995-96, the State Bank of Pakistan (SBP) introduced certain regulatory measures aimed at curtailing the activities of NBFIs (including Investment Banks). The significant ones aim at restricting the minimum maturity period of foreign currency deposits to one year from three months earlier; prohibition of government securities Repo transactions with commercial banks, enhancement of the liquidity ratio and a new cash reserve requirement. SBP has however allowed a phased implementation of the new rules related to maturity of foreign currency deposits and Repo transactions.

OBJECTIVES SET FOR THE PERIOD

Membership of the Islamabad Stock Exchange (ISE) has been obtained. Office space for the brokerage division has been acquired in the ISE premises and hiring of personnel is now in process;

An Advisory Services division is fully operational. The division is handling corporate advisory, ~ and long-term local and foreign currency project financing;

The Custodial and Trusteeship services department is now a significant contributor to revenues;

Floation of the Mutual Fund planned for 1995 has been deferred till improvement of the market conditions;

A foreign currency credit line of US Dollars 20 million is now available to International Finance Corporation (IFC) for financing projects in the private CresBank is also an eligible PFI (Participating Financial Institution) in the Asian (US Dollars 100 million) and World Bank (US Dollars 200 million) lines for financial sector and intermediation.

In view of the adverse industry situation, the financing activities during the period was mostly done against readily realizable/marketable securities.

The issue of allowing provisions against loans and advances as a tax deductible expense is still pending with the concerned authorities.

OPERATING PERFORMANCE

Operating performance comparisons are made for the eighteen months of 1995-96 (period ended June 30) and twelve months of 1994 (period ended December 31).

As at June 30, 1996, CresBank had achieved a net worth base of Rs. 1,022 million, despite the fact that there was an erosion in equity as a result of stating equity investments at their realizable value.

FINANCING ACTIVITIES

Our efforts during the year have again been directed towards maintaining a high quality-low risk portfolio. Outstanding position of financial assistance as on June 30, 1996 is given below:-

	1995-96 Rs. in million	1994 Rs. in million	Growth Over 1994 %
Funds Based:	6,293	4,609	36.5
Commercial Paper	6,042	4,460	35.5
Margin Finance/Others	251	149	68.5
Non-Funds Based:	1,492	1,361	9.6
Guarantees/Acceptances, etc	1,297	1,257	3.2
Underwriting Commitments	195	104	87.5

STOCK MARKET OPERATIONS/INVESTMENTS

Keeping in view the conditions in the capital market, performance of CresBank's investment portfolio has been satisfactory with earnings through dividends/capital gains of Rs. 181.23 million as against Rs. 157.13 million in 1994. As at June 30, 1996 there was a Rs. 165.25 million deficit between the aggregate cost and market value of listed equities/certificates. This diminution is considered to be temporary and expected to reverse in the near future. As a measure of prudence, the carrying value of the investments have been reduced to their market value by making provisions. However, the quality of our portfolio can be judged from the fact that the break-up value of most of our quoted shares/certificates is greater than their current market value, and there is likely to be a significant rebound once the economic outlook improves.

RESOURCE MOBILIZATION

Deposits: Under its foreign currency deposits scheme, CresBank has outstanding deposits of around US Dollars 200 million (1994 - US Dollars 181 million) as at June 30, 1996.

Total deposits as at June 30, 1996 were Rs. 7,488 million as against Rs. 5,893 million as at year-end 1994 which is an increase of 27.1 percent. Composition of CresBank's deposits portfolio as at June 30, 1996, is shown in figure.

Borrowings: In addition to the existing ADB line (unutilized US Dollars 5.6 million), a foreign

currency credit line of US Dollars 20 million is now also available to CresBank from the International Finance Corporation (IFC). CresBank is also an eligible PFI (Participating Financial Institution) in the Asian Development Bank (US Dollars 100 million) and World Bank (US Dollars 200 million) lines. In addition, CresBank also has at its disposal standby local currency credit lines of Rs.170 million.

BALANCE SHEET & OPERATING RESULTS

Total assets of the Bank increased by Rs. 1,646 million (23 percent) during 1995-96 to Rs. 8,852 million. 10 percent of this growth was utilized in shares investment and 89 percent in financing and other activities (Commercial Paper etc).

The Bank earned an after tax profit of Rs. 78.32 million during the period (eighteen months) as against an after tax profit of Rs. 221.47 million last year. The reduction in the after-tax profit is mainly due to a Rs. 165.25 million provision for diminution in value of investments (1994 - Nil). Composition of the profit (after tax) and appropriation thereof is as follows:

	(Rupees in million)	
	1995-96	1994
	(Eighteen months)	(Twelve months)
Profit/discount income	1,527.72	840.84
Dividends/Capital Gains	181.23	157.13
Fee, commission etc.	37.97	28.54
TOTAL INCOME	1,746.92	1,026.51
Profit paid / other charges	(1,379.98)	(712.35)
GROSS PROFIT	366.94	314.16
Administrative & Other Operating expenses	(93.82)	(53.49)
PROFIT BEFORE PROVISIONS FOR DIMINUTION IN VALUE OF INVESTMENTS AND TAXATION	273.12	260.67
Provision for diminution in value of investments	(165.25)	-
PROFIT BEFORE TAXATION	107.87	260.67
Provision for taxation	(29.55)	(39.20)
PROFIT AFTER TAXATION	78.32	221.47
Unappropriated profit brought forward	26.40	3.11
PROFIT AVAILABLE FOR APPROPRIATION	104.72	224.58
APPROPRIATIONS		
Proposed dividends	-	(58.31)
Reserve for issue of bonus shares	-	(38.87)
Special Reserve	(11.40)	(11.70)
General Reserve	-	(45.00)
Reserve for Contingencies	(15.70)	(44.30)
UNAPPROPRIATED PROFIT CARRIED FORWARD	77.62	26.40

OBJECTIVES FOR 1996-97

The following would be our objectives for the year 1996-97:

Brokerage Division: A brokerage office has already been established in the Islamabad Stock Exchange. Business activity would be started with improvement in the market conditions.

Floataion of Mutual Fund: CresBank intends to float a close-ended mutual fund, depending on the market situation, as a prelude to floataion of an open-ended mutual fund in future.

Foreign Currency Line of Credit: Efforts will be directed towards early utilization of the foreign currency credit lines made available to CresBank by the International lending agencies.

State Bank of Pakistan financing for Locally Manufactured Machinery: CresBank fulfils the eligibility criteria for obtaining refinance against LMM financing provided to its borrowers. It is expected that the State Bank would make available a credit line for the purpose.

Provisions as tax deductible expense: The issue of allowing provisions against loans and advances as a tax deductible expense would continue to be persued with the concerned authorities through the forum of the Association of Investment Banks.

AUDITORS

The Auditors Messrs. Riaz Ahmad & Company, Chartered Accountants, retire and offer themselves for re-election.

In the end, the Directors appreciate the dedication and hard work put in by the officers and staff of the Bank.

For and on behalf of the Board of Directors.

Nessar Ahmed
Chief Executive

Dated: August 27, 1996

Form '34'

Pattern of Holding of Shares as at 30 June 1996

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
275	1	100	14092
443	101	500	112299
319	501	1000	222097
731	1001	5000	1519882
122	5001	10000	826861
41	10001	15000	506158
26	15001	20000	436576
24	20001	25000	528962
9	25001	30000	241703
15	30001	35000	477591
8	35001	40000	300195
3	40001	45000	125844
5	45001	50000	241290
3	50001	55000	159840
3	60001	65000	189369
4	70001	75000	287473
1	75001	80000	75135
1	80001	85000	81724
2	85001	90000	171028
2	95001	100000	199407
5	105001	110000	539279
3	115001	120000	352727
4	125001	130000	513022
2	135001	140000	274745

2	145001	150000	295537
2	155001	160000	316180
1	160001	165000	161962
1	175001	180000	177908
1	190001	195000	193327
1	200001	205000	202502
1	230001	235000	234597
2	235001	240000	471738
1	265001	270000	267850
1	295001	300000	299677
1	320001	325000	323268
1	440001	445000	441446
1	485001	490000	488416
1	655001	660000	656500
1	710001	715000	715000
1	750001	755000	753600
1	755001	760000	755855
3	820001	825000	2466750
1	890001	895000	894038
1	955001	960000	956864
1	1115001	1120000	1116745
1	1255001	1260000	1259500
1	1890001	1895000	1890350
1	2395001	2400000	2397306
1	2745001	2750000	2746915
1	2820001	2825000	2824658
1	4570001	4575000	4574999
1	6475001	6480000	6476213
-----			-----
2084			42757000
=====			=====

Pattern of Holding of Shares as at 30 June 1996

Category of Shareholders	Number	Shares held	Percentage
Individuals	1968	7617242	17.82
Investment Companies	5	1140421	2.67
Insurance Companies	8	1156346	2.70
Joint Stock Companies	40	17895642	41.85
Financial Institutions	25	10559578	24.70
Others	38	4387771	10.26
Total	2084	42757000	100.00

Others

Modarabas	21	672308	1.57
Non Residents	16	3707730	8.67
Trust	1	7733	0.02
Total	38	4387771	10.26

Auditors' Report to the Members

We have audited the annexed balance sheet of CRESCENT INVESTMENT BANK LIMITED as at 30 June 1996 and the related profit and loss account and statement of sources and application of funds, together with the notes forming part thereof, for the period 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 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 sources and application of funds, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June, 1996 and of the profit and the changes in sources and application of funds for the period 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.

Balance Sheet

	NOTE	(Rupees in thousand)	
		30 June 1996	31 December 1994
SHARE CAPITAL AND RESERVES			
Authorised capital			
50,000,000 ordinary shares of Rupees 10 each		500 000	500 000
		=====	=====
Issued, subscribed and paid up capital			
42 757 000 (1994:29 900 000) ordinary shares of Rupees 10 each	3	427570	299 000
Deposit for shares		-	5 415
Reserves and surplus	4	331 700	265 170
Capital reserves	5	184 800	173 400
Revenue reserves		77 622	26 404
Unappropriated profit		----- 594 122	----- 464 974
		-----	-----
		1 021 692	769 389
DEPOSITS OF FIXED MATURITIES			
	6	7 488 319	5 893 401
BORROWINGS			
	7	35 298	179 075
OTHER LIABILITIES AND PROVISIONS			
Liabilities against assets subject to finance lease	8	5 711	6 327

Profit accrued on deposits/ borrowings		196 628	131 184
Accrued and other liabilities	9	104 304	168 665
Dividend payable		-	58 305
		-----	-----
		306 643	364 481

COMMITMENTS AND CONTINGENT

LIABILITIES	10	-----	-----
		8 851 952	7 206 346
		=====	=====

The annexed notes form an integral part of these accounts.

as at June 30 1996

	NOTE	(Rupees in thousand)	
		30 June	31 December
		1996	1994
BALANCES WITH BANKS AND IN HAND	11	519 954	285 155
INVESTMENTS	12		
Shares/certificates			
Quoted-Market value Rupees			
840 million (1994:1 011 million)	12.1	840 107	722 573
Unquoted	12.4	108 512	54 852
Other investments			
Quoted-Market value Rupees			
106 mln(1994: Rupees 51 million)	12.50	99 180	49 453
Unquoted	12.6	445 740	1 129 751
		-----	-----
		1 493 539	1 956 629
COMMERCIAL PAPERS	13	6 042 172	4 459 600
LOANS AND ADVANCES	14	250 760	149 306
DEFERRED COSTS	15	419	945
OTHER ASSETS			
Tangible fixed assets			
Operating fixed assets	16	39 462	39 200
Assets subject to finance lease	17	5 498	6 531
		-----	-----
		44 960	45 731
Advances, deposits, prepayments and sundry receivables	18	500 148	308 980
		-----	-----
		545 108	354 711
		-----	-----
		8 851 952	7 206 346
		=====	=====

Profit and Loss Account

for the year ended 30 June 1996

NOTE	(Rupees in thousand)	
	30 June	31 December
	1996	1994

INCOME

Discount/return/profit on commercial papers, loans and advances	1 015 363	531 956
Income from investments		
Dividends	30 612	10 667
Profit/return on other investments and bank deposits	512 360	308 889
Gain on sale of investments	150 614	146 461
	-----	-----
	693 586	466 017
Fee, commission, etc.	19 37 969	28 538
	-----	-----
	1 746 918	1 026 511

EXPENDITURE

Profit/return on deposits/ borrowings and other charges	1 379 976	712 344
Administrative and operating expenses	20 93 819	53 493
	-----	-----
	1 473 795	765 837

**PROFIT BEFORE PROVISIONS
FOR DIMINUTION IN VALUE OF
INVESTMENTS AND TAXATION**

273 123 260 674

**PROVISION FOR DIMINUTION IN
VALUE OF INVESTMENTS**

12.1 165 250 -

PROFIT BEFORE TAXATION

107 873 260 674

PROVISION FOR TAXATION

21 29 555 39 200

PROFIT AFTER TAXATION

78 318 221 474

UNAPPROPRIATED PROFIT BROUGHT FORWARD

26 404 3 105

PROFIT AVAILABLE FOR APPROPRIATION

104 722 224 579

APPROPRIATIONS

Proposed dividend		58 305
Reserve for issue of bonus shares		38 870
Special reserve	11 400	11 700
General reserve		45 000
Reserve for contingencies	15 700	44 300
	-----	-----
	27 100	198 175
	-----	-----

UNAPPROPRIATED PROFIT77 622 26 404
=====

The annexed notes form an integral part of these accounts.

Statement of Sources and Application of Funds

for the year ended 30 June 1996

(Rupees in thousand)

30 June 31 December**1996 1994****CASH FLOWS FROM OPERATING****ACTIVITIES**

Profit before taxation	107 873	260 674
------------------------	---------	---------

Add/(less): Adjustments to reconcile
profit to net cash provided by operating activities:

Dividend income	(30 612)	(10 667)
Profit/return/gain on investments/bank deposits	(662 974)	(455 350)
Provision for diminution in value of investments	165 250	-
Depreciation / amortization	14 379	8 303
Deferred cost amortized	639	1 008
Gain on disposal of assets	(555)	(276)
	-----	-----
	(513 873)	(456 982)
	-----	-----
Cash flows from operating activities before adjustment of working capital	(406 000)	(196 308)
Decrease/(increase) in commercial papers, loans and advances	(1 684 026)	81 867
(Increase) in advances, deposits and other receivables	(131 421)	(116 322)
Increase/(decrease) in other liabilities	(1 312)	88 769
Increase in deposit of fixed maturities	1 594 918	395 966
	-----	-----
Net cash from operating activities before income tax	(627 841)	253 972
Dividend paid	(55 910)	-
Income tax paid	(78 953)	(46 784)
	-----	-----
	(762 704)	207 188
Net cash flows from operating activities		

**CASH FLOWS FROM INVESTING
ACTIVITIES**

Net decrease/(increase) in investments	297 840	(546 975)
Profit/return/gain on investments/bank deposits	649 499	427 271
Dividend received	33 737	10 603
	-----	-----
	981 076	(109 101)
Tangible fixed assets:		
Acquired	(13 606)	(9 259)
Sold	4 891	2 925
	-----	-----
	(8 715)	(6 334)
Deferred cost incurred	(112)	-
Net cash flows from investing activities	972 249	(115 435)

**CASH FLOWS FROM FINANCING
ACTIVITIES**

Right shares subscribed	173 985	5 415
Increase in borrowings	57 563	131 630
Repayment of borrowings	(201 339)	(222 996)
Lease rentals paid	(4 955)	(3 312)
Net cash flows from financing activities	25 254	(89 263)
	-----	-----
Net increase in cash and cash equivalent	234 799	2 490
Cash and cash equivalent at beginning of the period	285 155	282 665
	-----	-----

**CASH AND CASH EQUIVALENT AT THE
END OF THE PERIOD**

519 954 285 155
===== =====

Notes to the Accounts

for the Period ended 30 June 1996

1. STATUS AND NATURE OF BUSINESS

Crescent Investment Bank Limited is a public limited company quoted on the stock exchanges of Pakistan. The principal object of the company is to conduct investment finance business in accordance with the permission granted by the Federal Government vide S.R.O. No. 585(1)/87 dated 13 July 1987.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Employees retirement benefits

The company operates a contributory provident fund scheme covering all its regular employees. Equal monthly contributions are made by the company and the employees to the Fund.

The company has also introduced pension and gratuity schemes for its employees. Provisions are made annually in the accounts to cover the obligations under the respective schemes.

2.3 Provision for contingencies

Specific provisions for contingencies, if any, are made annually after review of outstanding portfolio at the year end on the basis of State Bank of Pakistan prudential regulations as applicable to investment finance companies.

2.4 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax rebates and credits available, if any.

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

2.5 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates prevailing on the balance sheet date, except deposits of fixed maturities and borrowings, for which company has forward exchange cover, are translated at rates applicable on the transaction dates. Gains and losses on translation are taken to income currently.

2.6 Investments

These are stated at cost less provision for diminution in value. Provision for diminution in value of quoted investments is determined on an aggregate portfolio basis.

2.7 Tangible fixed assets and depreciation

These assets are stated at cost less accumulated depreciation except freehold land and capital work-in-progress, which are stated at cost. Depreciation on fixed assets is charged to income on a straight line basis over their expected useful life.

Full year's depreciation is charged on additions while no depreciation is charged on assets deleted during the year.

Minor renewals, replacements, maintenance, repairs and gain or loss on disposal of fixed assets are included in income currently. Major renewals and improvements are capitalized.

2.8 Assets subject to finance lease

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 obligation relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are amortized over the useful life of the assets or lease term, whichever is shorter. Amortization of leased assets is charged to current year's income.

2.9 Revenue recognition

Income on advances is recognized on a time proportion basis taking into account the principal/net investment outstanding and applicable rates of profit thereon. Income on commercial papers is recognized on a time proportion basis over the life of the instruments. Where recovery is considered doubtful or expectations of ultimate collection are unreasonable, income is recognized on actual receipt basis.

Dividend on equity investments is recognized as income if declared on or before the balance sheet date. Gain and losses on sale of investments during the year are included in income currently.

Fee, commission, liquidated damages etc. are recorded on actual receipt basis except guarantee commission received in advance which is deferred over the guarantee period.

(Rupees in thousand)

30 June	31 December
1996	1994

3. ISSUED, SUBSCRIBED AND PAID

UP CAPITAL

34 970 000 (1994:26 000 000)		
ordinary shares of Rupees		
10 each fully paid in cash	349 700	260 000
7 787 000 (1994:3 900 000)		
ordinary shares of Rupees		
10 each issued as fully		
paid bonus shares	77 870	39 000
	-----	-----
	427 570	299 000
	=====	=====

4. CAPITAL RESERVES

Reserve for contingencies (Note 4.1)	152 000	136 300
Share premium account	179 700	90 000
Reserve for issue of bonus shares	-	38 870
	-----	-----
	331 700	265 170
	=====	=====

4.1 This reserve has been created to strengthen the financial soundness of the company and is earmarked by the Board of Directors for meeting unforeseeable future losses. As such, it is not considered as free reserve for distribution of dividends, etc.

5. REVENUE RESERVES

General	142 000	142 000
Special (Note 5.1)	42 800	31 400
	-----	-----
	184 800	173 400
	=====	=====

5.1 SPECIAL RESERVE

This reserve has been created to avail the benefit under the provisions of Income Tax

Ordinance 1979 subject to approval of the Central Board of Revenue.

6. DEPOSITS OF FIXED MATURITIES

Due within one year	6 625 978	5 643 370
Due after one year	862 341	250 031
	-----	-----
	7 488 319	5 893 401
	=====	=====

The company has introduced deposit mobilization schemes with maturities ranging from one month to five years. The schemes offer varying features and profit/returns depending upon the period of deposit.

7. BORROWINGS

Foreign currency (Note 7.1)	34 909	52 587
Local currency (Note 7.2)	389	126 488
	-----	-----
	35 298	179 075
	=====	=====

7.1 The Asian Development Bank has agreed to lend to the company from its ordinary capital resources, an amount of US Dollars 10 million. As at 30 June 1996 the company had utilized an amount of US Dollars 4.378 million (As at 31 December 1994 US Dollars 2.624 million). Under the terms of the agreement, the loan is repayable in twelve equal semi-annual instalments commencing from 15 July 1994 and ending on 15 January 2000. To cover against exchange fluctuation losses, the company is also required to obtain foreign exchange risk cover from the State Bank of Pakistan effective from the date of opening of letter of credit. Besides exchange risk fee, interest at the rate of 9.4 percent per annum is payable on the principal amount outstanding from time to time in the loan account. The loan is secured by hypothecation of specific book debts arising out of loan disbursements and a pledge of equities. The amount due within one year as on 30 June 1996 was Rupees 34.91 million (1994: Rupees 48.95 million).

International Finance Corporation (IFC)

In terms of loan agreement dated 20 May 1996, IFC has agreed to provide a loan of US Dollars 20 million for financing of eligible sub-projects in the private sector. The loan is made up of (a) the A loan (US Dollars 15 million) and (b) the B loan (upto US Dollars 5 million). As at 30 June 1996, the company had not utilized any amount from the loan.

7.2 The following short term finance facilities were available to the company as at 30 June 1996.

BANK NAME	PAYABLE BY	MARK UP/ DISCOUNT	L I M I T	A M O U N T UTILIZED	SECURITY
-----	-----	-----	-----	-----	-----
		Percentage	(Rupees in Thousand)	(Rupees in Thousand)	
Muslim Commercial Bank Limited	30 June 1997	19.71	55 000	389	(I)
Bank of America NT and SA	30 June 1997	16.00	115 000	-	(II)

(I) Secured by pledge of listed equities.

(II) Secured by pledge of WAPDA Bearer Bonds/Federal Investment Bonds.

(Rupees in thousand)
30 June 31 December

1996

1994

8. LIABILITIES AGAINST ASSETS**SUBJECT TO FINANCE LEASE**

Present value of minimum lease payments

Due within one year	3 364	2 624
Due after one year	2 347	3 703
	-----	-----
	5 711	6 327
	=====	=====

8.1 The present value of minimum lease payments has been discounted using the sum of digits method. Rentals are paid in equal monthly instalments and in case of default of any payment, additional lease charges are payable. Taxes, repairs and insurance costs are to be borne by the company. The company shall have no right to terminate the lease agreements, and if the lease agreements are terminated, it shall pay the entire amount of rentals for the unexpired period of the lease agreements. The lease agreements are renewable at the option of the lessor on such terms as may be agreed upon.

Terms and conditions of the leases and balance rentals payable under each lease agreement are as under:

LESSOR	APPROXIMATE FINANCIAL COST PER ANNUM %	NUMBER OF INSTALMENTS OUTSTANDING	BALANCE RENTALS AS AT 30-Jun-96 (RUPEES IN THOUSAND)
National Asset Leasing Corporation Limited	21.13	12 Monthly	175
National Asset Leasing Corporation Limited	21.13	12 Monthly	183
National Asset Leasing Corporation Limited	21.16	12 Monthly	169
National Asset Leasing Corporation Limited	22.77	17 Monthly	472
National Asset Leasing Corporation Limited	22.77	17 Monthly	472
National Asset Leasing Corporation Limited	22.00	03 Monthly	54
National Asset Leasing Corporation Limited	22.00	03 Monthly	54
National Asset Leasing Corporation Limited	22.00	03 Monthly	53
National Asset Leasing Corporation Limited	22.00	02 Monthly	25
National Asset Leasing Corporation Limited	22.00	03 Monthly	39
National Asset Leasing Corporation Limited	22.00	05 Monthly	119
National Asset Leasing Corporation Limited	21.14	10 Monthly	228
National Asset Leasing Corporation Limited	22.77	17 Monthly	472
National Asset Leasing Corporation Limited	21.17	28 Monthly	300
National Asset Leasing Corporation Limited	22.00	32 Monthly	546
International Multi Leasing Corporation Ltd	21.17	19 Monthly	425
International Multi Leasing Corporation Ltd	21.13	19 Monthly	244
Askari Leasing Limited	21.40	22 Monthly	605
First Crescent Modaraba	18.74	31 Monthly	443
First Crescent Modaraba	22.00	31 Monthly	336
Orix Leasing Corporation Limited	21.82	35 Monthly	1 002

(Rupees in thousand)

30 June	31 December
1996	1994

9. ACCRUED AND OTHER LIABILITIES

Pension/gratuity and sundry payables	51 937	29 110
Sundry accounts	40 164	80 655
Guarantee and underwriting commission in advance	5 436	5 383

Accrued expenses and other payables	4 372	53 517
Unclaimed dividend	2 395	-
	-----	-----
	104 304	168 665
	=====	=====

10. COMMITMENTS AND CONTINGENT**LIABILITIES**

Outstanding for

Advances/commercial papers	111 384	154 731
Guarantees issued	1 219 628	1 239 525
Underwriting commitments	195 000	104 000
Acceptances/undertakings against documentary credits	77 109	17 935
Sale/repurchase transactions (Note 10.1)	1 284 246	646 121

10.1 The company has entered into sale/repurchase transactions with various banks/financial institutions for Government Treasury Bills and Federal Investment Bonds. Under the terms of the arrangements, the bills/bonds are sold to the banks/financial institutions with the stipulation that these would be bought back by the company at agreed rates on future dates.

11. BALANCES WITH BANKS AND IN HAND**Cash with banks**

On current accounts	280 411	16 059
On deposit accounts	238 809	268 752
	-----	-----
	519 220	284 811

Cash in hand

	734	344
	-----	-----
	519 954	285 155
	=====	=====

12. INVESTMENTS - AT COST**12.1 SHARES/CERTIFICATES-QUOTED**

Shares of joint stock companies (Note 12.2)	831 898	554 273
Modaraba and other certificates (Note 12.3)	173 459	168 300
	-----	-----
	1 005 357	722 573
Less: Provision for diminution in value	165 250	-
	-----	-----
	840 107	722 573
	=====	=====

(Rupees in thousand)

30 June	31 December
1996	1994

12.2 SHARES OF JOINT STOCK COMPANIES**Associated undertakings****Pakistan Industrial Leasing Corporation Limited**

46 780 ordinary shares of Rupees 10 each (1994:36 520)	1 038	516
---	-------	-----

Crescent Sugar Mills and Distillery Limited

186 497 ordinary shares of Rupees 10 each (1994:154 130)	4 231	4 231
---	-------	-------

Jubilee Spinning and Weaving Mills Limited

295 596 ordinary shares of
Rupees 10 each (1994:183 600) 8 294 8 294

Crescent Leasing Corporation Limited

1 564 000 ordinary shares of
Rupees 10 each (1994:915 000)
Equity held 10.43% 19 889 9 150

Crescent Steel and Allied Products Limited

921 875 ordinary shares of
Rupees 10 each (1994:562 500) 51 000 31 200

Pakistan PVC Limited

1 153 725 ordinary shares of Rupees 10 each
Equity held 23.14% 12 871 12 871

Nazir Cotton Mills Limited

4 239 999 ordinary shares of
Rupees 10 each (1994:2 355 555)
Equity held 23.56%(1994: 13.09%) 30 011 22 342

Others**Crescent Boards Limited**

507 400 ordinary shares of Rupees 10 each 3 435 3 435

The Crescent Textile Mills Limited

1 051 180 ordinary shares of
Rupees 10 each (1994:205 430) 23 649 10 903

Shakarganj Mills Limited

891 305 ordinary shares of
Rupees 10 each (1994:669 652) 28 142 27 037

Crescent Knitwear Limited

350 000 ordinary shares of Rupees 10 each 5 425 5 425

Crescent Jute Products Limited

367 100 ordinary shares of Rupees 10 each 5 236 5 236

Sally Textile Mills Limited

1 387 400 ordinary shares of Rupees 10 each
Equity held 15.81% 13 319 13 319

Ravi Textile Mills Limited

166 100 ordinary shares of Rupees 10 each 2 480 2 480

Brother Textile Mills Limited

118 137 ordinary shares of Rupees 10 each 1 511 1 511

Gulshan Spinning Mills Limited

239 937 ordinary shares of Rupees 10 each 5 091 5 091

Hajra Textile Mills Limited

143 100 ordinary shares of Rupees 10 each 2 157 2 157

Kohinoor Gujar Khan Mills Limited

7 000 ordinary shares of Rupees 10 each 20 20

Kohinoor Textile Mills Limited

167 830 ordinary shares of Rupees 10 each	3 214	3 214
Sapphire Fibres Limited		
70 500 ordinary shares of Rupees 10 each (1994:435 500)	1 671	10 465
Shezan International Limited		
12 300 ordinary shares of Rupees 10 each	425	425
Pakistan Oilfields Limited		
55 000 ordinary shares of Rupees 10 each	-	2 537
Latif Jute Mills Limited		
293 760 ordinary shares of Rupees 10 each	1 361	1 361
Atlas BOT Lease Company Limited		
99 825 ordinary shares of Rupees 10 each (1994:66 550)	1 451	1 118
First International Investment Bank Limited		
114 820 ordinary shares of Rupees 10 each (1994:44 850)	2 647	1 056
Islamic Investment Bank Limited		
5 500 ordinary shares of Rupees 10 each	61	-
Ghandhara Nissan Limited		
3 593 ordinary shares of Rupees 10 each	24	24
Pakland Cement Limited		
1 199 850 ordinary shares of Rupees 10 each (1994:3 500)	22 423	27
Pakistan Synthetics Limited		
1 250 ordinary shares of Rupees 10 each (1994:96 000)	10	1 005
Pakistan International Airlines Corporation Limited		
16 808 ordinary shares of Rupees 10 each	123	123
Pakistan Services Limited		
16 800 ordinary shares of Rupees 10 each (1994:8 400)	404	194
Al-Noor Sugar Mills Limited		
86 098 ordinary shares of Rupees 10 each (1994:71 156)	1 515	1 515
Cherat Cement Limited		
803 613 ordinary shares of Rupees 10 each (1994:31 308)	31 488	394
Dadex Eternit Limited		
33 300 ordinary shares of Rupees 10 each	1 231	1 231
Engro Chemicals Limited		
515 740 ordinary shares of Rupees 10 each (1994:755 000)	37 467	42 860
Gharibwal Cement Limited		
60 328 ordinary shares of		

Rupees 10 each (1994:53 625)	880	880
Gulistan Textile Mills Limited		
144 000 ordinary shares of Rupees 10 each	2 960	2 960
Husein Sugar Mills Limited		
64 822 ordinary shares of Rupees 10 each (1994:57 620)	1 321	1 321
ICI Pakistan Limited		
5 052 ordinary shares of Rupees 10 each (1994:80 600)	454	4 975
Kohinoor Sugar Mills Limited		
100 000 ordinary shares of Rupees 10 each	2 814	2 814
Mohammed Farooq Textiles Limited		
56 306 ordinary shares of Rupees 10 each (1994:45 045)	750	615
Mediglass Limited		
23 950 ordinary shares of Rupees 10 each	115	115
Nishat Mills Limited		
101 881 ordinary shares of Rupees 10 each (1994:77 038)	2 277	2 011
National Refinery Limited		
44 885 ordinary shares of Rupees 10 each	1 454	1 454
Packages Limited		
19 665 ordinary shares of Rupees 10 each (1994:49 665)	684	1 728
Pakistan State Oil Company Limited		
11 235 ordinary shares of Rupees 10 each (1994:66 404)	191	1 465
Shell Pakistan Limited		
75 835 ordinary shares of Rupees 10 each (!994:27 720)	5 433	1 790
Pakistan Cables Limited		
44 343 ordinary shares of Rupees 10 each	2 006	2 006
Security Papers Limited		
3 397 ordinary shares of Rupees 10 each (1994:2 831)	50	50
Service Industries (Textiles) Limited		
50 000 ordinary shares of Rupees 10 each	1 125	1 125
Sanghar Sugar Mills Limited		
38 500 ordinary shares of Rupees 10 each (1994:35 000)	817	817
Treet Corporation Limited		
34 050 ordinary shares of Rupees 10 each (1994:22 700)	682	512
Ferozsons Laboratories Limited		
202 987 ordinary shares of Rupees 10 each	3 311	3 311

Mohib Textile Mills Limited		
23 337 ordinary shares of Rupees 10 each	573	573
National Development Leasing Corporation Limited		
108 315 ordinary shares of Rupees 10 each (1994:80 227)	782	702
Sakrand Sugar Mills Limited		
2 310 ordinary shares of Rupees 10 each (1994:2 100)	18	18
Zulfiqar Industries Limited		
16 700 ordinary shares of Rupees 10 each	170	170
Bank Al Habib Limited		
16 500 ordinary shares of Rupees 10 each (1994:26 500)	365	586
Indus Bank Limited		
134 100 ordinary shares of Rupees 10 each	1 102	1 102
Muslim Commercial Bank Limited		
31 477 ordinary shares of Rupees 10 each (1994:230 692)	658	6 465
Prime Commercial Bank Limited		
12 650 ordinary shares of Rupees 10 each (1994:11 000)	178	178
Prudential Discount and Guarantee House Limited		
876 500 ordinary shares of Rupees 10 each (1994:761 900)	8 704	7 890
Union Bank Limited		
83 678 ordinary shares of Rupees 10 each (1994:79 450)	1 579	1 897
Pakistan Industrial Credit and Investment Corporation Limited		
882 684 ordinary shares of Rupees 10 each (1994:767 552)	35 311	35 311
Accord Textile Mills Limited		
51 100 ordinary shares of Rupees 10 each	173	173
Saif Textile Mills Limited		
66 561 ordinary shares of Rupees 10 each (1994:37 500)	908	601
Dandot Cement Limited		
57 687 ordinary shares of Rupees 10 each (1994:23 350)	1 541	505
D.G.Khan Cement Company Limited		
793 921 ordinary shares of Rupees 10 each (1994:297 200)	19 327	11 194
Pioneer Cement Limited		
143 ordinary shares of Rupees 10 each (1994:316 243)	2	5 379

The Karachi Electric Supply Corporation Limited		
119 753 ordinary shares of Rupees 10 each (1994:16 326)	4 014	625
Sui Northern Gas Pipelines Limited		
1 161 364 ordinary shares of Rupees 10 each (1994: 1 281 720)	33 623	44 013
Bolan Castings Limited		
450 000 ordinary shares of Rupees 10 each	6 930	6 930
Auvitronics Limited		
85 000 ordinary shares of Rupees 10 each (1994:84 500)	709	706
Fauji Fertilizer Company Limited		
16 000 ordinary shares of Rupees 10 each (1994:67 000)	1 128	4 725
Sind Alkalies Limited		
167 062 ordinary shares of Rupees 10 each	4 400	4 400
Ismail Industries Limited		
4 900 ordinary shares of Rupees 10 each	49	49
Fidelity Investment Bank Limited		
14 250 ordinary shares of Rupees 10 each (1994:15 000)	142	149
Gatron (Industries) Limited		
20 000 ordinary shares of Rupees 10 each		1 001
Mehran Bank Limited		
22 000 ordinary shares of Rupees 10 each	403	403
Agriautos Industries Limited		
400 535 ordinary shares of Rupees 10 each (1994: 535)	3 545	4
Al-Ghazi Tractors Limited		
20 475 ordinary shares of Rupees 10 each (1992:13 750)	637	508
Al-Towfeek Investment Bank Limited		
50 000 ordinary Shares of Rupees 10 each (1994:40 000)	678	498
Bankers Equity Limited		
6 468 ordinary shares of Rupees 10 each	230	230
Essa Cement Limited		
12 650 ordinary shares of Rupees 10 each (1994:6 325)	402	339
InterAsia Leasing Company Limited		
490 000 ordinary shares of Rupees 10 each	4 900	4 900
Trust Leasing Limited		
16 800 ordinary shares of Rupees 10 each (1994:15 000)	375	375

Dawood Leasing Company Limited		
1 139 100 ordinary shares of Rupees 10 each (1994:1 209 100)	11 387	12 087
Network Leasing Company Limited		
i 103 850 ordinary shares of Rupees 10 each (1994:949 850) Equity held 11.04%	10 175	8 952
Haji Mohammad Ismail Mills Limited		
1 135 000 ordinary shares of Rupees 10 each Equity held (1994-14.66%)	-	13743
Emco Industries Limited		
341 375 ordinary shares of Rupees 10 each	-	8 876
Fecto Cement Limited		
163 300 ordinary shares of Rupees 10 each (1994:65 100)	7 643	3 961
Sui Southern Gas Pipelines Limited		
110 275 ordinary shares of Rupees 10 each (1994:24 000)	3 926	1 420
Maple Leaf Cement Factory Limited		
1 396 066 ordinary shares of Rupees 10 each (1994:1 055 048)	50 091	44782
Javed Omer Vohra and Company Limited		
47 000 ordinary shares of Rupees 10 each	2 468	2 468
American Life Insurance Company Limited		
I 532 000 ordinary shares of Rupees 10 each Equity held 11.78%	35 073	-
Askari Commercial Bank Limited		
52 587 ordinary shares of Rupees 10 each	1 552	-
The Bank of Punjab		
214 500 ordinary shares of Rupees 10 each	4 274	-
Dadabhoj Cement Industries Limited		
1 660 250 ordinary shares of Rupees 10 each	22 213	-
Dhan Fibres Limited		
210 000 ordinary shares of Rupees 10 each	2 267	-
Faysal Bank Limited		
1 005 070 ordinary shares of Rupees 10 each	26 579	-
Genertech Pakistan Limited		
188 000 ordinary shares of Rupees 10 each	4 142	-
Ibrahim Fibres Limited		
1 532 000 ordinary shares of Rupees 10 each	13 429	-
Lucky Cement Limited		
1 270 500 ordinary shares of Rupees 10 each	24 624	-
Adam Sugar Mills Limited		
11 643 ordinary shares of Rupees 10 each	90	-

Adamjee Insurance Company Limited		
78 498 ordinary shares of Rupees 10 each	6 343	-
Al-Qadir Textile Mills Limited		
500 ordinary shares of Rupees 10 each	5	5
Pak Suzuki Motor Company Limited		
320 500 ordinary shares of Rupees 10 each	11 502	-
Paramount Leasing Company Limited		
382 000 ordinary shares of Rupees 10 each	3 820	-
BOC (Pakistan) Limited		
9 000 ordinary shares of Rupees 10 each	782	-
Security Leasing Company Limited		
449 000 ordinary shares of Rupees 10 each	4 490	-
Century Paper and Board Mills Limited		
65 000 ordinary shares of Rupees 10 each	2 613	-
Cherat Paper Sack Limited		
4 000 ordinary shares of Rupees 10 each	164	-
Dawood Hercules Limited		
50 900 ordinary shares of Rupees 10 each	6 322	-
Dewan Salman Fibres Limited		
185 500 ordinary shares of Rupees 10 each	7 804	-
D.G.Khan Electric Company Limited		
200 000 ordinary shares of Rupees 10 each	6 070	6 070
EFU Life Assurance Company Limited		
256 000 ordinary shares of Rupees 10 each	4 828	-
Ellahi Electric Company Limited		
684 500 ordinary shares of Rupees 10 each (1994:785 300)	6 845	16 124
Fauji Jordan Fertilizer Company Limited		
45 000 ordinary shares of Rupees 10 each	697	-
First Capital Securities Corporation Limited		
65 700 ordinary shares of Rupees 10 each	1 159	-
Friends Textile Mills Limited		
40 000 ordinary shares of Rupees 10 each	341	-
Gauhar Engineering Limited		
221 700 ordinary shares of Rupees 10 each	2 217	-
General Tyre and Rubber Company of Pakistan Limited		
76 366 ordinary shares of Rupees 10 each	3 197	-
Honda Atlas Cars Limited		
208 500 ordinary shares of Rupees 10 each	5 118	-
Kohinoor Energy Limited		
212 000 ordinary shares of Rupees 10 each	3 401	-

Maple Leaf Electric Company Limited		
112 400 ordinary shares of Rupees 10 each	2 531	2 531
Mari Gas Company Limited		
7 000 ordinary shares of Rupees 10 each	261	-
Metropolitan Life Assurance Company Limited		
5 000 ordinary shares of Rupees 10 each	73	-
Murree Brewery Company Limited		
9 900 ordinary shares of Rupees 10 each	447	-
Nishat Tek Limited		
5 000 ordinary shares of Rupees 10 each	128	-
Noon Sugar Mills Limited		
3 725 ordinary shares of Rupees 10 each	73	-
Orix Investment Bank Limited		
302 500 ordinary shares of Rupees 10 each	3 912	-
Pakistan Industrial and Commercial Leasing Limited		
181 053 ordinary shares of Rupees 10 each	2 963	-
Pak Apex Leasing Limited		
385 900 ordinary shares of Rupees 10 each	3 672	-
Universal Leasing Company Limited		
250 000 ordinary shares of Rupees 10 each	2 500	2 500
Pakistan Tobacco Company Limited		
50 000 ordinary shares of Rupees 10 each	1 860	-
Searl (Pakistan) Limited		
50 000 ordinary shares of Rupees 10 each	2 133	-
Siemens (Pakistan) Engineering Company Limited		
4 300 ordinary shares of Rupees 10 each	642	-
Shaheen Cotton Mills Limited		
1 990 500 ordinary shares of Rupees 10 each Equity held 16.89%	25 439	25 439
Sunflo Cit-Russ Limited		
10 000 ordinary shares of Rupees 10 each	86	-
S.G.Power Limited		
100 000 ordinary shares of Rupees 10 each	1 810	-
Tri-Pak Films Limited		
55 000 ordinary shares of Rupees 10 each	1 240	-
Tri-Star Shipping Lines Limited		
15 000 ordinary shares of Rupees 10 each	159	-
United Distributors Limited		
2 900 ordinary shares of Rupees 10 each	67	-
Colony Textile Mills Limited		
14 100 ordinary shares of Rupees 10 each	57	-

-----	-----
831 898	554 273
=====	=====

12.3 MODARABA AND OTHER CERTIFICATES

Associated undertakings

First UDL Modaraba

1 993 039 certificates of
Rupees 10 each (1994:1 990 332) 14 170 14 185

First Equity Modaraba

2 084 860 certificates of Rupees 10 each 15 802 15 802

Al-Ata Leasing Modaraba

1 758 757 certificates of
Rupees 10 each (1994:1 736 657)
Equity held 30.45% 15 147 14 997

Others

First Crescent Modaraba

1 050 336 certificates of
Rupees 10 each (1994:1 090 336) 7 263 7 589

First Elite Capital Modaraba

928 830 certificates of Rupees 10 each 5 173 5 173

BRR Capital Modaraba

1 421 830 certificates of
Rupees 10 each (1994:684 650) 13 380 13 380

BRR 2nd Modaraba

151 000 certificates of
Rupees 10 each (1994:150 000) 1 822 1 815

First Prudential Modaraba

91 891 certificates of Rupees 10 each 733 733

Second Prudential Modaraba

116 970 certificates of Rupees 10 each 932 932

Third Prudential Modaraba

83 225 certificates of Rupees 10 each 402 402

First Grindlays Modaraba

55 440 certificates of Rupees 10 each 1 146 1 146

First Mehran Modaraba

178 466 certificates of
Rupees 10 each (1994:178 477) 1 394 1 394

First Hajveri Modaraba

465 392 certificates of Rupees 10 each 3 328 3 328

First Providence Modaraba

358 012 certificates of Rupees 10 each 2 732 2 732

First Tawakkal Modaraba

34 500 certificates of Rupees 10 each 203 203

Long Term Venture Capital Modaraba		
58 250 certificates of Rupees 5 each (1994:195 250)	266	836
Modaraba Al-Tijarah		
307 800 certificates of Rupees 10 each	2 548	2 548
Al Zamin Leasing Modaraba		
34 822 certificates of Rupees 10 each (1994:33 522)	212	207
First Habib Bank Modaraba		
48 029 certificates of Rupees 10 each	514	514
First Interfund Modaraba		
20 670 certificates of Rupees 10 each	239	239
Pak Modaraba		
31 350 certificates of Rupees 10 each	185	185
Unicap Modaraba		
1 504 certificates of Rupees 10 each	9	9
Custodian Modaraba		
500 certificates of Rupees 10 each	5	5
First lbrahim Modaraba		
58 000 certificates of Rupees 10 each	364	364
11th ICP Mutual Fund		
8 600 certificates of Rupees 10 each	216	216
12th ICP Mutual Fund		
10 000 certificates of Rupees 10 each	209	209
19th ICP Mutual Fund		
80 200 certificates of Rupees 10 each (1994:101 000)	884	1 013
20th ICP Mutual Fund		
25 000 certificates of Rupees 10 each	351	351
22nd ICP Mutual Fund		
283 000 certificates of Rupees 10 each	2 829	2 829
23rd ICP Mutual Fund		
18 600 certificates of Rupees 10 each	186	186
24th ICP Mutual Fund		
249 300 certificates of Rupees 10 each	2 493	-
25th ICP Mutual Fund		
432 800 certificates of Rupees 10 each	4 328	-
National Investment Trust Limited		
438 400 Bearer units of Rupees 10 each	-	6 212
State Enterprise Mutual Fund		
323 000 certificates of Rupees 10 each (1994:72 000)	19 157	1 476
Asian Stocks Fund Limited		

250 000 certificates of Rupees 10 each	2 500	2 500
PTC Vouchers		
1 356 100 vouchers of Rupees 10 each (1994:1 416 100)	46 448	64 590
First Capital Mutual Fund		
350 000 certificates of Rupees 10 each	3 500	-
KASB Premier Fund Limited		
220 000 certificates of Rupees 10 each	2 389	-
	-----	-----
	173 459	168 300
	=====	=====

12.4 SHARES-UNQUOTED**Associated undertakings****UDL Modaraba Management (Private) Limited**

500 000 ordinary shares of Rupees 10 each Equity held 25% Break-up value Rupees 9.25 as per audited accounts of 30 June 1995	5 000	5 000
---	-------	-------

Al-Ata Management Services (Private) Limited

125 000 ordinary shares of Rupees 10 each. Equity held 25% Break-up value Rupees 9.90 as per audited accounts of 31 December 1995	1 250	1 250
---	-------	-------

International Housing Finance Limited

3 750 000 ordinary shares of Rupees 10 each Equity held 30% Break-up value Rupees 3.91 as per audited accounts of 30 June 1995	37 500	12 500
---	--------	--------

Crescent Powertec Limited

1 000 000 ordinary shares of Rupees 10 each Equity held 20% Break up value Rupees 9.31 as per audited accounts of 30 June 1995	10 000	10 000
---	--------	--------

Others**International Asset Management
Company Limited**

17 600 ordinary shares of Rupees 10 each	176	176
--	-----	-----

Pak Asian Fund Limited

2 000 000 ordinary shares of Rupees 10 each (1994:48 000)	20 000	480
--	--------	-----

Crescent Greenwood Limited .

2 184 600 ordinary shares of Rupees 10 each	21 846	21 846
---	--------	--------

Sapphire Power Generation Limited

100 000 ordinary shares of Rupees 10 each	3 600	3 600
---	-------	-------

Television Business Production (Private) Limited

180 000 ordinary shares of Rupees 10 each		
---	--	--

Equity held 11.11%	4 140	-
Confidence Financial Services Limited		
500 000 ordinary shares of Rupees 10 each	5 000	-
	-----	-----
	108 512	54 852
	=====	=====

Investment in Modaraba Management Companies represents shares acquired as one of the sponsors.

Investment in International Housing Finance Limited has been made as one of the sponsors of the company. Public issue of the company is expected in future.

International Asset Management Company Limited is an advisory Company of the Pakistan Investment Fund which was floated in December 1993. Investment in this Company has been made to develop expertise in advisory services for the capital markets in Pakistan. Chief Executive of the company is Ms. Marianne L. Hay.

PakAsian Fund Limited is being floated to provide supplementary resources for funding the purchase of institutions being privatized. The company is one of the sponsors of the fund alongwith Asian Development Bank, Pakistan Industrial Credit and Investment Corporation and Muslim Commercial Bank Limited. Chief Executive of the company is Mr. Ashfaq A. Berdi.

Investment in Crescent Powertec Limited and Crescent Greenwood Limited have been made as one of the sponsors of the companies. Public issue of the companies is expected in future. Mr. Nasir Shafi is the Chief Executive of Crescent Greenwood Limited.

Television Business Production (Private) Limited is involved in providing independent television productions for domestic and foreign networks, corporate communication and organisation videos and services to Advertisers. Mr. Zafar Siddiqui is the Chief Executive of the company.

Investment in the following undertakings has been made pending their public issues future:

COMPANY	NAME OF CHIEF EXECUTIVE
Sapphire Power Generation Limited	Mr. Shahid Abdullah
Confidence Financial Services Limited	Mr. Muhammad Saleem Adam

12.5 OTHER QUOTED INVESTMENTS

	(Rupees in thousand)	
	30 June	31 December
	1996	1994
Foreign Exchange Bearer Certificates	-	5 052
Pakistan Eurobonds	31 789	31 789
WAPDA Bearer Bonds - 2nd Issue	-	259
WAPDA Bearer Bonds - 3rd Issue	12 353	12 353
Redeemable Capital Certificates	55 038	-
	-----	-----
	99 180	49 453
	=====	=====

Pakistan Eurobonds

These are U.S. Dollar notes issued by the Islamic Republic of Pakistan. The notes carry interest at the rate of 11.5 percent per annum payable semi annually.

WAPDA Bearer Bonds

The bonds have been issued by WAPDA, the Water and Power Development Authority. The third issue carries a profit rate of 12.5 percent per annum. Profit is payable semi-annually and these bonds are for a term of ten years.

These bonds (Principal and profit accrued thereon) can also be encashed on an interim date from the First Credit and Discount Corporation, on paying commission thereon.

	(Rupees in thousand)	
	30 June 1996	31 December 1994
Redeemable Capital Certificates		
Packages Limited		
2 000 certificates of Rupees		
5 000 each. Expected profit @ 18.50%	9 996	-
Sui Southern Gas Company Limited		
205 certificates of Rupees		
100 000 each. Expected profit @ 18.25%	19 070	-
Nishat Tek Limited		
100 certificates of Rupees		
100 000 each. Expected profit @ 18%	10000	-
Long Term Venture Capital		
179231 certificates of Rupees		
100 each. Expected profit @ 18.50%	15 972	-
	-----	-----
	55 038	-
	=====	=====

12.6 OTHER UNQUOTED INVESTMENTS

Federal Investment Bonds	287 142	1 046 751
Treasury bills	40 769	-
Emerging Markets (Private) Limited	1 329	-
Other investments	116 500	83 000
	-----	-----
	445 740	1 129 751
	=====	=====

Federal Investment Bonds have been issued by the Government of Pakistan and carry profit at rates dependent on the maturity of the Bonds.

Treasury bills have also been issued by the Government of Pakistan. These bills are purchased at a discount through bids or through the stock exchange. Yield on the bills would vary depending on the cost of purchase.

Emerging Markets (Private) Limited is an off-shore joint venture company registered in the Isle of Man. Crescent Investment Bank Limited holds a 33% equity stake in the company. The company will primarily market the products of renowned international asset management companies and will enable Crescent Investment Bank Limited to develop expertise in foreign securities.

Other investments are with non-bank financial institutions on profit rates depending upon the term of investments. Amount and date of maturity of these investments are as follows:

PRINCIPAL	MATURITY
(Rupees in '000')	D A T E

10 000	11 July 1996
50 000	14 July 1996
6 000	17 July 1996
50 000	29 August 1996
500	16 September 1996

(Rupees in thousand)
30 June 31-Dec
1996 1994

13. COMMERCIAL PAPERS

Promissory notes discounted and purchased (Note 13.1):

Due within one year	5 874 744	4 322 802
Due after one year	167 428	136 798
	-----	-----
	6 042 172	4 459 600
	=====	=====

13.1 These are instruments of varying maturities stipulating instalment/lumpsum repayments and are secured by a charge on assets, bank guarantees, pledge of stocks, shares and other valuable paper of the customers. Included herein is financial assistance to associated undertakings amounting to Rupees 15.45 million (1994: Rupees 42.29 million). The maximum aggregate balance due from associated undertakings at the end of any month during the period was Rupees 17.19 million (1994: Rupees 101.36 million).

14. LOANS AND ADVANCES

Project finance (Note 14.1)	111 092	66 271
Margin finance (Note 14.2)	139 668	83 035
	-----	-----
	250 760	149 306
	=====	=====

These are regrouped as under:

Due within one year	175504	102713
Due after one year	75 256	46 593
	-----	-----
	250 760	149 306
	=====	=====

14.1 These include finance provided to projects for import of plant and machinery out of our Asian Development Bank line of credit of U.S.Dollar 10 million equivalent. These are secured by a charge on the assets of the project financed and pledge of shares.

14.2 Margin finance is provided for leveraged purchases of acceptable listed securities. Shares/investments purchased against the margin finance are taken as the collateral.

15. DEFERRED COSTS

These represent the unamortized portion of leasehold buildings renovation expenses. Deferred cost is being amortized over a period of five years.

16. OPERATING FIXED ASSETS

DESCRIPTION	(RUPEES IN THOUSANDS)						
	COST		As at 30 June 1996	ACCUMULATED DEPRECIATION AS AT 30 JUNE 1996	BOOK VALUE AS AT 30 JUNE 1996	DEPRECIATION Charge for the period	Rate %
	As at 01 January 1995	Additions/ (Deletions)					
Freehold land	14 596	-	14 596	-	14 596	-	-

Premises	21 678	7 845 (3 989)	25 534	9 831	15 703	3 831	10
Furniture and fixtures	4 548	703 (50)	5 201	2 056	3 145	854	10-15
Computer and other equipments	9 688	2 420 (691)	11 417	7 586	3 831	3 194	20
Vehicles	1 846	2 638 (497)	3 987	1 800	2 187	1 128	20
30 June 1996 Rupees	52 356	13 606 (5 227)	60 735	21 273	39 462	9 007	
31 December 1994 Rs	44 526	10 790 (2 960)	52 356	13 156	39 200	4 941	

16.1 DISPOSAL OF FIXED ASSETS

(Rupees in thousand)

DESCRIPTION	COST	BOOK VALUE	SALE PROCEEDS
Computer and other equipments			
Mobile telephones By negotiation to Pakistan Mobile Communication (Private) Limited, Karachi		193	74
			60
Air-conditioners Insurance claim from Premier Insurance Company of Pakistan, Lahore		23	14
			18
Gas cylinders By negotiation to employee - Mr. Kazim Raza, Lahore		2	-
			1
Digital diary - Written off		10	9
			-
Computer system main By negotiation to Messrs Compuline, Karachi		452	146
			@ 114
Refrigerator By negotiation to employee - Mr. Kazim Raza, Lahore		11	-
			5
Vehicles			
Suzuki Swift By bid from company employees/executives. Sold to Mr. Masood P. Saeed, Lahore		191	-
			153
Suzuki Alto By bid from company employees/executives. Sold to Mr. Nadeem Javaid, Lahore		159	-
			130
Suzuki Mehran By negotiation to Mr. Moeen, Karachi.		17	13
			112
Suzuki Mehran		130	52
			173

By bid from company employees/executives.
Sold to Mr. Amjad Islam, Lahore

Premises

Lakson Square Building	3 989	3 989	4 097
By negotiation to an associated company- Messrs Premier Financial Services (Private) Limited, Karachi			

Furniture and fixtures

Household furnishing	50	40	28
Under company policy to executive Mr. Salimi			

17. ASSETS SUBJECT TO FINANCE LEASE

(RUPEES IN THOUSAND)

DESCRIPTION	C O S T		As at 30 June 1996	ACCUMULATED AMORTIZATION AS AT 30 JUNE 1996	BOOK VALUE AS AT 30 JUNE 1996	AMORTIZATION CHARGE FOR THE PERIOD
	As at 01 January 1995	Additions/ (Deletions)				
Vehicles	12 155	4 339 (4 709)	11 785	6 287	5 498	5 372
30 June 1996	12 155	4 339 (4 709)	11 785	6 287	5 498	5 372
31 December 1994	9 540	4 354 (1 739)	12 155	5 624	6 531	3 362

17.1 Deletions represent the leases expired during the period under reference.

(Rupees in thousand)
30 June 31 December
 1996 1994

18. ADVANCES, DEPOSITS, PREPAYMENTS AND SUNDRY RECEIVABLES

Advances-Considered good

To company's employees (Note 18.1 and 18.2)	4 837	2 590
To company's executives (Note 18.1 and 18.2)	18 399	14 089
To contractors and suppliers	77 049	68 984
For Exchange Risk cover fee on foreign currency deposits	104 417	67 829
To income tax department	60 874	11 477
	-----	-----
	265 576	164 969
Prepayments and deposits	13 756	9 240
Profit accrued on investments/ other receivables	220 808	134 605
Due from associated undertakings (Note 18.3)	8	166
	-----	-----

500 148 308 980
=====

18.1 Advances to company's employees; executives and Chief Executive outstanding for a period not exceeding three years and exceeding three years are regrouped as under:

(RUPEES IN THOUSAND)

	Chief Executive	Executives	Employees
Outstanding for less than 3 years			
Receivable within one year	252	834	305
Receivable after one year	1 286	12 094	4 520
	-----	-----	-----
30 June 1996	1 538	12 928	4 825
	-----	-----	-----
31 December 1994	3 451	10 380	2 590
	=====	=====	=====
Outstanding for over 3 years			
Receivable within one year	251	187	10
Receivable after one year	1 286	2 209	2
	-----	-----	-----
30 June 1996	1 537	2 396	12
	-----	-----	-----
31 December 1994	-	258	-
	=====	=====	=====

18.2 These represent secured House Building and Car/Motor Cycle advances as per terms of their appointments and are recoverable in equal monthly instalments. The maximum outstanding balance at the end of any month during the period was Rupees 24.24 million (1994: Rupees 16.33 million).

18.3 The maximum outstanding balance at the end of any month during the period was Rupees 3.49 million (1994: Rupees 11.885 million).

(Rupees in thousand)
30 June 31 December
1996 1994

19. FEE, COMMISSION, ETC.

Commission		
On underwriting of shares	2 773	3 450
On guarantees issued	19 601	18 854
Fees and charges etc.		
Gain on sale of fixed assets	15 040	5 958
	555	276
	-----	-----
	37 969	28 538
	=====	=====

**20. ADMINISTRATIVE AND OTHER
OPERATING EXPENSES**

Salaries, wages and other benefits	41 730	22 886
Rent rates and taxes	4 549	2 648
Stationery and supplies	2 106	2 042
Telephone, telex, telegrams and postage	6 968	4 776
Electricity and water	1 841	1 028

Advertisement	4 614	2 909
Travelling and conveyance	3 813	1 703
Insurance	1 727	1 005
Repair and maintenance	2 546	1 097
Legal and professional	4 155	2 090
Newspapers and periodicals	187	109
Deferred costs amortized	639	1 008
Auditors remuneration	112	112
Special audit/other services	125	110
Annual audit	10	8
Out of pocket expenses	247	230
Zakat	678	85
Miscellaneous (Note 20.1)	3 640	1 574
Depreciation/amortization	14 379	8 303
	-----	-----
	93 819	53 493
	=====	=====

20.1 This includes donations amounting to Rupees 90,000. There was no interest of any director or his spouse in the donees (1994: Rupees 160,000).

(Rupees in thousand)

30 June	31 December
1996	1994

21. PROVISION FOR TAXATION

Current	31 500	39 200
Prior years	(1 945)	-
	-----	-----
	29 555	39 200
	=====	=====

22. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION

(Rupees in thousand)

Chief Executive		Executives	
30 June	31 December	30 June	31 December
1996	1994	1996	1994

Managerial remuneration	2 080	1 150	7 517	3 677
Provident fund	208	115	750	368
House rent allowance	832	460	3 634	1 710
Utilities	208	115	752	368
Personal staff subsidy	162	109	150	188
Others	230	380	1 366	1 159
	-----	-----	-----	-----
	3 720	2 329	14 169	7 470
	=====	=====	=====	=====
Number of persons	1	1	29	20

In addition, the Chief Executive has been allowed free use of two company cars and reimbursement of telephone and medical expenses. Other executives are allowed free use of a company car and reimbursement of club membership and telephone expenses within prescribed limits.

The aggregate amount charged in the accounts for fee to six directors for four meetings was Rupees 8,000 (1994: Fee to five directors for four meetings was Rupees 9,000).

23. PORTFOLIO MANAGEMENT SCHEME

The company provides portfolio management services to its customers under this scheme. The funds so received are invested, upon the customer's authority, in various investment alternatives depending upon the opportunities available. The related assets and liabilities of these management funds are not included in these accounts. The outstanding funds under this scheme as on 30 June 1996 were Rupees 2 700.23 million (1994: Rupees 2 243.05 million).

24. General

24.1 In order to comply with the requirements of Finance Act, 1995, the company's financial year has been changed from calendar year to financial year. To effect this change, current period's accounts have been prepared for eighteen months from 01 January 1995 to 30 June 1996 whereas comparative accounts are for twelve months period from 01 January 1994 to 31 December 1994.

24.2 Previous year's figures have been re-arranged wherever necessary for the purpose of comparison.

Investor Information

Head office & Lahore Branch

45, Shahrah-e-Quaid-e-Azam Lahore-54000, Pakistan.
Telephones: 92-42-7230505-8 (4 Lines)
Telefax: 92-42-7230504

Karachi Branch

6th Floor, Sidco Avenue Centre
Maulana Din Muhammad Wafai Road
Karachi-74200
Telephones :92-21-5688008,5686468,5685317
Telefax: 92-21-5689625, 5685442
Telex: 20335 CRESB PK.

Islamabad Branch

42, Masjid Road, Sector F. 6/4
Islamabad
Telephone: 92-51-279900
Telefax: 92-51-270765

Faisalabad Branch

4, Liaquat Road, Faisalabad
Telephones: 92-411-600185, 632979,
617187
Telefax: 92-411-621495

Peshawar Branch

1-A, Saddar Road, Peshawar Cantt
Peshawar
Telephones: 92-521-270134,
270951-2

Stock Exchange Listing:

CresBank is listed on the Karachi, Lahore and Islamabad Stock Exchanges. Daily quotes on the company's stock can be obtained from the leading news papers.

Public Information:

Financial analysts, stock brokers, interested investors/ depositors and financial institutions requiring information about 'CresBank' should contact the following individuals in Corporate investor Relations.

Karachi

Mr. Farooq A. Bhatti

Telephones: 92-21-5688008, 5686468

Lahore

Mr. Saqib Ahmed

Telephones: 92-42-7230505-8 (4 Lines)

Corporate Department:

Inquiries concerning lost stock certificates, dividend payments, change of address, verification of transfer deeds and share transfers should be directed to:

Mr. Rashid Sadiq

Deputy General Manager

Crescent Group Services (Pvt) Ltd.

83-Babar Block, New Garden Town, Lahore.

Telephones: 92-42- 5839631, 5881974-5

Telefax: 92-42-5881976

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 7th Annual General Meeting of the shareholders of CRESCENT INVESTMENT BANK LIMITED will be held on Wednesday the October 30, 1996 at 11:30 A.M. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the Extra-Ordinary General Meeting held on July 25, 1996.
2. To receive and adopt the Directors' and Auditors' Reports and Audited Accounts for the eighteen months period ended June 30, 1996.
3. To appoint Auditors for the year 1996-97 and fix their remuneration. The present Auditors M/S Riaz Ahmad & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and approve increase in authorised capital of the company from Rs. 500 million to Rs. 1,000 million.

Statement under section 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the special business to be transacted at the 7th Annual General Meeting of the Company to be held on October 30, 1996.

INCREASE IN AUTHORISED CAPITAL:

The present paid up capital of the company is Rs. 427,570,000 as against authorised capital of Rs. 500 million. To cater for the future growth in the company's capital, it is necessary to increase the authorised capital of the company from the present level of Rs. 500 million to Rs. 1,000 million. Accordingly the Memorandum of Association is sought to be amended to reflect the increase in the amount of authorised capital appearing therein. The Directors of the company are not interested in this business. The following resolution is proposed to be passed as Special Resolution:

Resolved:

That the authorised capital of the company be increased from Rs. 500,000,000 (Rupees five hundred million) to Rs. 1,000,000,000 (Rupees One Billion) by creation of 50000000 (Fifty Million) additional

ordinary shares of Rs. 10/- each ranking in dividend and in all other respects pari passu with the existing 50,000,000 (Fifty Million) ordinary shares of Rs. 10/- each in the Capital of the Company and the Capital Clause V of the Memorandum of Association be and is hereby altered accordingly to read as under:

Clause V of Memorandum of Association:

The share capital of the company is Rs. 1,000,000,000 (Rupees One Billion) divided into 100,000,000 (One Hundred Million) ordinary shares of Rs. 10/- (Ten) each with the rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase or reduce the capital and to divide the share in the capital for the time being into several classes and to attach thereto respectively such special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company, and to vary, modify or abrogate any such rights, privileges or conditions in such manners as may for the time being be provided by the regulations of the company in accordance with law provided, however, that rights as between various classes of ordinary shares, if any, as to profits, votes and other benefits shall be strictly proportionate to the paid up value of shares.

Resolved further that Corporate Secretary of the Company be and is hereby authorised to do all necessary arrangements including signing of all documents in this regard to alter the Capital Clause of the Memorandum of Association.

BOOK CLOSURE:

The Share Transfer Books of the Bank will remain closed from October 24, 1996 to October 31, 1996 (both days inclusive).

REGISTERED OFFICE:

83-Babar Block, New Garden Town
LAHORE.

Telephone No: (042) 5881974-75, 5839631
Fax No: (042) 5881976

BY ORDER OF THE BOARD

ZAHEER A. SHAIKH

CORPORATE SECRETARY

Dated: September 28, 1996.

NOTE:

1. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the Meeting.

2. Shareholders are requested to immediately notify the change in address, if any