

# **Crescent Investment Bank Limited**

Annual Report 1999

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## **COMPANY INFORMATION**

### **Corporate Secretary**

Rashid Sadiq

### **Auditors**

Riaz Ahmad & Company  
Chartered Accountants

### **Legal Advisors**

Hassan & Hassan Advocates

### **Bankers**

Bank of America NT & SA  
Bank Al Habib Limited  
Deutsche Bank A. G.  
Faysal Bank Limited  
Habib American Bank  
Habib Bank A. G. Zurich  
Industrial Development Bank of Pakistan  
Metropolitan Bank Limited  
Muslim Commercial Bank Limited  
National Bank of Pakistan  
National Development Finance Corporation  
Societe Generale -The French and International Bank  
Standard Chartered Bank  
The Bank of Punjab  
The Bank of Khyber

### **Registered Office**

83 - Babar Block, New Garden Town, Lahore.

## **BOARD OF DIRECTORS**

Muhammad Rafi                      Chairman  
Nessar Ahmed                      President & Chief Executive  
Ahsan M. Saleem  
Dr. Amjad Waheed (N.I.T., Nominee)  
Humayun Mazhar  
Tariq Shall  
Zahid Bashir

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 10th Annual General Meeting of the shareholders of Crescent Investment Bank Limited, will be held on Wednesday, June 14, 2000 at 11.30 a.m. at Pearl Continental Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

1. To receive, consider and adopt the audited accounts of the company for the year ended December 31, 1999 together with Directors' and Auditors' Reports thereon.
2. To approve as recommended by Directors, the payment of Cash Dividend @ 11.50% i.e. Rupees 1.15 per share for the year ended December 31, 1999.
3. To appoint auditors and to fix their remuneration.

### **By Order of the Board**

**Rashid Sadiq**  
**Corporate Secretary**

### **Registered Office:**

03-Babar Block, New Garden Town,  
Lahore.  
Phone: No. (042) 5601974-75, 5039631  
Fax No. (042) 5881976  
E-mail: rashid.sadiq@cressoft.com.pk

Dated: May 16, 2000

### **NOTE:**

1. The Members Register will remain closed from June 00, 2000 to June 14, 2000 (both days inclusive). Transfer received in order at the Registered Office by the close of business hours on June 07, 2000 will be treated in time for the entitlement of dividend payment.
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 date 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 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. members 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 & CHIEF EXECUTIVE'S REVIEW**

**Dear Shareholders,**

We are pleased to present herewith the 10th Annual Report of Crescent Investment Bank Limited (CresBank). The report covers the twelve months period ended December 31, 1999. During the year CresBank earned after tax profit of Rupees 138.52 million as against the after tax loss of Rupees 141.91 million last year. Political changes towards the end of the year and subsequent macro-economic initiatives have resulted in significant lowering of interest rates, easing of liquidity and improvements on the stock markets.

### **Current Economic Scenario:**

The economic indicators for the period 1998-99 incorporated the full impact of the May 1995 events. GDP growth declined to 3.1% from 4.3% (revised) achieved during 1997-95. Large-scale manufacturing and agriculture sectors recorded reduced growth of 2.7% and 0.4% respectively as compared to 7.6% and 3.8% during 1997-98. Budget deficit was reduced to 3.4% of GDP from 5.6% last year. Inflation ((3PI) remained well under control at 5.7% as against 7.8% last year.

A socio-economic reform agenda was announced by the present government. One of the pillars of the agenda is revival of the economy and restoration of investors confidence. The first initiative towards economic revival has been to reduce the cost of capital i.e. State Bank's discount rate has been lowered by 2% to 11%, a downward trend in T-Bill rates has been maintained and the rates on savings schemes have also been cut by around 2%. For long term strategy, the government has identified four critical areas of growth i.e. agriculture, small and medium-sized industries, oil and gas, and information technology. The government is also directing its efforts towards higher revenue collection. To document undeclared assets, a tax amnesty scheme has also been announced. Tax on agriculture is also to be introduced.

Debt at 96.7% of GDP remains the country's most pressing problem. During financial year 1999, debt servicing took up 65.5% of the total revenue. A high level of debt payments has left the balance of payment position vulnerable to external shocks in December 2000 and with increased oil prices and without a major turn around in exports, the government is most likely to seek another round of rescheduling.

The KSE 100 index improved from 945 points as on December 31, 1998 to 1,409 points as on December 31, 1999, an improvement of 49%. The major chunk of this increase (i.e. 152 points) occurred after the October 1999 change. Market capitalization as at December 31, 1999 was Rs.366.67 billion as against Rs.268.47 billion as on December 31, 1998, an increase of 36.6%. Due to discontinuation of prize schemes by Commercial Banks, unattractiveness of investing in US Dollar deposits by resident Pakistanis and continuing depression in the real estate business, there is substantial liquidity in the system. With a fall in interest rates, the stock market is attracting a lot of attention. We maintain our optimistic outlook subject to success of the government's intended reforms and restoration of the investors confidence.

#### Financing Activities:

CresBank continued to maintain a "high quality low risk" portfolio. Outstanding position of financial assistance as on December 31, 1999 is given below:

	<b>Rupees in Million</b>		
	<i>December 31, 1999</i>	<i>December 31, 1998</i>	<i>Change Over 1998 (Percentage)</i>
<b>Fund Based:</b>	1,572	4,053	(61.21)
Commercial Papers	1,279	3,675	
Loans and Advances	293	378	
<b>Non-Fund Based:</b>	997	978	1.94
Guarantees / Acceptances	997	978	

Due to encashment of foreign currency deposits and unattractive yields thereon, volumes have registered a significant decline.

#### Balance Sheet & Operating Results

Total assets of CresBank as at December, 31, 1999 were Rupees 7,092 million as against Rupees 8,332 million last year. This depicted a decrease of Rupees 1,240 million (14.89 percent) over the December 31, 1998 position.

CresBank earned an after tax profit of Rupees 138.52 million during the year as against a loss of Rupees 141.91 million last year. The Operating Income before provisions, provisions made during the year and appropriations thereof are as follows:

	<i>(Rupees in million)</i>	
	<i>1999</i>	<i>1998</i>
OPERATING INCOME BEFORE PROVISIONS	166.54	54.33
Provision for Doubtful Commercial Papers, Loans & Advances, other Receivables & Guarantees	56.70	52.41
Provision for Diminution in value of investments	(34.68)	137.93
	-----	-----
<b>Total Provisions</b>	22.02	190.34
	-----	-----
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	144.52	(136.01)

Provision for Taxation	6.00	5.90
	-----	-----
<b>PROFIT/(LOSS) AFTER TAXATION</b>	138.52	(141.91)
Un-appropriated profit brought forward	0.01	141.92
	-----	-----
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	138.53	0.01
<b>APPROPRIATIONS</b>		
Transfer to Reserve for Contingencies	27.80	--
Proposed Cash Dividend @ 11.5%	57.53	--
	-----	-----
	85.33	--
	-----	-----
<b>UN-APPROPRIATED PROFIT CARRIED FORWARD</b>	53.20	0.01
	=====	=====

### Earning per Share

The after tax earning per share for the year 1999 works out to Rupees 2.77' per share on the outstanding shares at the end of year.

### Dividend

Considering improved results for the year, the Board of Directors have recommended to pay cash dividend at the rate of 11.50 percent i.e. Rupees 1.15 per share.

### Y2K Compliance

We had reported in the 9th Annual Report that we had restructured all our hardware and software packages well before time in order to move into the 21st century. It is a matter of great satisfaction to report that there have been no glitches in the moreover to the new millennium.

### Future Outlook

Due to availability of substantial liquidity in the system, revival of the textiles and cement sectors and hopes of success of the new macro economic initiatives, the stock market has staged a substantial recovery. Accordingly, CresBank has initiated steps for restructuring its assets profile to enable it to meet payments of Rupee counterpart funds to SBP and also improve the spreads. The Company for running brokerage activities has already been incorporated. Other formalities are being completed and it is expected that this will commence operations by the end of the year 2000.

### Auditors

The Auditors M/S. Riaz Ahmed & 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 employees of the Bank.

For and on behalf of the Board of Directors

Nessar Ahmed  
President & Chief Executive

Dated: 16th May, 2000

**FORM '34'****Pattern of Holding of Shares as at 31 December 1999**

<i>No. of Shareholders</i>	<i>Shareholding</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
358	1	100	15737
572	101	500	142404
364	501	1000	268304
684	1001	5000	1508976
151	5001	10000	1006946
63	10001	15000	764746
36	15001	20000	625542
16	20001	25000	357653
27	25001	30000	720525
8	30001	35000	252866
17	35001	40000	624878
13	40001	45000	559422
6	45001	50000	290620
1	50001	55000	54972
4	55001	60000	230972
3	60001	65000	186667
2	70001	75000	142732
2	75001	80000	150074
4	80001	85000	330183
1	85001	90000	87907
1	90001	95000	90720
3	95001	100000	296443
2	100001	105000	201272
2	105001	110000	214986
5	110001	115000	564285
1	115001	120000	116400
2	125001	130000	250126
1	135001	140000	138645
1	145001	150000	149616
3	150001	155000	452230
1	170001	175000	170688
1	180001	185000	101020
1	185001	190000	105070
1	190001	195000	192034
1	205001	210000	200035
1	235001	240000	236927
1	245001	250000	245700
1	270001	275000	273970
1	295001	300000	295583
2	310001	315000	624901
1	340001	345000	344858
2	345001	350000	694388
1	395001	400000	395899

1	525001	530000	525239
1	605001	10000	807300
1	865001	890000	885222
3	960001	965000	2886096
1	970001	975000	974845
1	1130001	1135000	1131230
1	1445001	1450000	1449994
1	1915001	1920000	1919209
1	2310001	2315000	2310262
1	2425001	2430000	2427671
1	2680001	2685000	2682704
1	3125001	3130000	3127464
1	3700001	3705000	3700959
1	4995001	5000000	4998825
1	5350001	5355000	5352748
-----			
2385			50025690
=====			

**Categories of Shareholders as at 31 December 1999**

Categories	Numbers	Shares Held	Percentage
Individuals	2205	9787703	19.566
Investment Companies	11	1380649	2.760
Insurance Companies	9	1351641	2.702
Joint Stock Companies	71	20906445	41.791
Financial Institutions	40	13420423	26.827
Modaraba Companies	3	5340	0.010
Others *	46	3173489	6.344
<b>TOTAL</b>	<b>2385</b>	<b>50025690</b>	<b>100.000</b>
=====			
Others			
Modarabas	27	2670413	5.338
Non-Residents	14	475322	0.950
Trust	1	16067	0.032
Others(CDC)	4	11687	0.024
<b>TOTAL</b>	<b>46</b>	<b>3173489</b>	<b>6.34</b>
=====			

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of CRESCENT INVESTMENT BANK LIMITED as at 31 December 1999 and the related profit and loss account and statement of sources and application of funds, 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 except for the changes as stated in notes 2.7 and 2.10 with which we concur;

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

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with 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 31 December 1999 and of the profit and the changes in sources and application of funds 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.

Lahore: 17 May 2000

Riaz Ahmad & Company  
Chartered Accountants

## BALANCE SHEET AS AT 31 DECEMBER 1999

	<i>NOTE</i>	<i>RUPEES IN THOUSAND</i>	
		<i>1999</i>	<i>1998</i>
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
100,000,000 ordinary shares of Rupees 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	3	500,257	427,570
<b>Reserves and, surplus</b>			



Capital reserves	3	309,013	353,900
Revenue reserves	3	239,470	239,470
Unappropriated profit		53,203	12
		601,686	593,382
		1,101,943	1,020,952
<b>DEPOSITS OF FIXED MATURITIES</b>	4	4,893,466	6,070,914
<b>BORROWINGS</b>	5	515,161	512,218
<b>OTHER LIABILITIES AND PROVISIONS</b>			
Liabilities against assets subject to finance lease	6	9,521	9,717
Profit accrued on deposits / borrowings	7	190,033	263,783
Accrued and other liabilities	8	288,736	454,840
Provision against guarantees	9.2	35,567	--
Proposed dividend		57,530	--
		581,387	728,340
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>	9		
		-----	-----
		7,091,957	8,332,424
		=====	=====
<b>BALANCES WITH BANKS AND IN HAND INVESTMENTS</b>	10	281,337	134,878
<b>Share I certificates</b>			
Quoted	11	2,479,677	1,928,478
Unquoted	12	89,687	125,328
<b>Other investments</b>			
Quoted	13	1,132,963	632,956
Unquoted	14	634,718	368,473
		-----	-----
		4,337,045	3,055,235
<b>COMMERCIAL PAPERS</b>	15	1,279,068	3,674,883
<b>LOANS AND ADVANCES</b>	16	293,048	377,610
<b>ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>	17	634,497	878,605
<b>TANGIBLE FIXED ASSETS</b>	18	173,038	172,624
<b>INTANGIBLE ASSET</b>	19	17,100	2,500
<b>DEFERRED COSTS</b>	20	76,824	36,089
		-----	-----
		7,091,957	8,332,424
		=====	=====

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

CHAIRMAN

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December, 1999**

INCOME	NOTE	RUPEES IN THOUSAND	
		1999	1998
Discount/return/profit on commercial papers, loans and advances	21	348,551	691,590
Income from investments	22	800,832	377,841
Fee, commission and other income	23	21,359	46,685
		-----	-----
		1,170,742	1,116,116
<b>EXPENDITURE</b>			
Profit/return on deposits/borrowings and other charges	24	927,040	991,225
Administrative and operating expenses	25	77,157	70,562
		-----	-----
		1,004,197	1,061,787
<b>OPERATING INCOME BEFORE PROVISIONS</b>			
Provision for doubtful commercial papers, loans, advances and other receivables		21,133	52,409
Provision against guarantees		35,567	--
Provision for diminution in value of investments		(34,676)	137,928
		-----	-----
		22,024	190,337
<b>PROFIT/(LOSS) BEFORE TAXATION</b>			
Provision for taxation	26	6,000	5,900
<b>PROFIT/(LOSS) AFTER TAXATION</b>			
<b>UNAPPROPRIATED PROFIT BROUGHT FORWARD</b>			
		12	141.92
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			
		138,533	12
<b>APPROPRIATIONS</b>			
Transfer to reserve for contingencies	3	27,800	--
Proposed dividend @ 11.50% (Rupees 1.15 per share)		57,530	--
		-----	-----
		85,330	--
<b>UNAPPROPRIATED PROFIT</b>			
		53,203	12
<b>EARNING/(LOSS) PER SHARE - BASIC</b>			
The annexed notes form an integral part of these accounts.	27	2.77	(2.84)
		=====	=====

CHIEF EXECUTIVE

CHAIRMAN

**STATEMENT OF SOURCES AND APPLICATION OF FUNDS**  
**For the year ended on 31 December 1999**

**RUPEES IN THOUSAND****1999****1998****CASH FLOWS FROM OPERATING ACTIVITIES**

Profit/(Loss) before taxation	144,521	(136,008)
Adjustments for non-cash charges and other items		
Dividend income	(114,677)	(62,478)
Profit/return/gain on investments/bank deposits	(686,155)	(315,363)
Provision for doubtful commercial papers, loans & advances and other receivables	21,133	52,409
Provision against guarantees	35,567	--
Provision for diminution in value of investments (Reversal)	(34,676)	137,928
Depreciation	15,965	16,114
Deferred cost amortized	33,417	59
Gain on disposal of fixed .assets	(510)	(742)
	-----	-----
	(729,936)	(172,073)
	-----	-----
Cash flows from operating activities before adjustments of working capital	(585,415)	(308,081)
Decrease in commercial papers, loans and advances	2,468,461	1,384,172
(Increase)/decrease in advances, deposits, prepayments and other receivables	278,035	(251,279)
Increase/(decrease) in other liabilities and provisions	(239,849)	359,190
Decrease in .deposits of fixed maturities	(1,177,448)	(770,457)
	-----	-----
Cash generated from operating activities before income tax and dividend	743,784	413,545
Dividend paid	(5)	(7)
Income tax paid	(9,842)	(25,877)
	-----	-----
Net cash from operating activities	733,937	387,661

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net increase in investments	(1,247,131)	(338,298)
Profit/return/gain on investments and bank deposits	700,246	313,136
Dividend received	61,281	66,343
Fixed capital expenditure	(35,194)	(19,623)
Sale proceeds of fixed assets	7,202	1,062
Deferred cost incurred	(74,151)	--
	-----	-----
Net cash inflows/(outflows) from investing activities	(587,747)	.22,620

**CASH FLOWS FROM FINANCING ACTIVITIES**

Increase in borrowings	25,066	6,302
------------------------	--------	-------

Repayment of borrowings	(22,123)	(377,375)
Repayment of lease liabilities	(2,674)	(4,380)
	-----	-----
Net cash inflows/(outflows) from financing activities	269	(375,453)
	-----	-----
Net increase in cash and cash equivalent	146,459	34,828
Cash and cash equivalent at the beginning of the year	134,878	100,050
	-----	-----
<b>CASH AND, CASH EQUIVALENT AT THE END OF THE YEAR (NOTE 10)</b>	281,337	134,878
	=====	=====

CHIEF EXECUTIVE

CHAIRMAN

## NOTES TO THE ACCOUNTS

### For the year ended 31 'December 1999

#### 1. STATUS AND NATURE OF BUSINESS

Crescent Investment Bank Limited is a public limited Company and its shares are quoted on the Stock Exchanges of Pakistan. The company has been classified as a Non-Banking Financial Institution (NBFI) by the State Bank of Pakistan which has also formulated the regulations and rules of business for NBFIs. 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 as amended from time to time.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

##### 2.2 Post employees benefits

###### Defined contribution plan

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

###### Defined benefit plans

The company also operates pension and gratuity fund schemes covering all its regular employees. Contributions are made annually to these funds on the basis of actuarial valuations carried out as on 31 December 1999. The benefits are payable to the employees on completion of prescribed qualifying period of service. In measuring its defined benefit liability, the Company recognizes a portion of its actuarial gains and losses as determined by dividing the actuarial gains/losses by the expected average remaining working lives of employees as income or expense if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10 percent value of the defined benefit obligation and 10 percent of the fair value of any plan assets at the date (Refer to note 25.1).

The above schemes are recognized by the Commissioner of Income Tax and are administered by the respective Board of Trustees.

### **2.3 Provision for doubtful commercial papers, loans and advances**

Specific provisions for doubtful debts, if any, are made annually after review of outstanding portfolio at the year end on the basis of State Bank of Pakistan's Prudential Regulations as applicable to Non-Banking Financial Institutions (NBFIs)..

### **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 on all major timing differences using the liability method.

### **2.5 Foreign currency transactions**

Foreign currency transactions are accounted for in Pak Rupees at the rates of exchange ruling on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date, except for liabilities for which the company has taken forward exchange cover from State Bank of Pakistan are converted at contracted rates. Outstanding forward foreign exchange contracts are translated at the respective contractual rates. Premium paid on purchases of foreign currency from the secondary market is deferred and amortized over the term of the forward foreign exchange contract. Exchange gains and losses are taken to income currently

### **2.6 Investments**

Long term investments are stated at cost. Provision for diminution in the value of investments is made if considered permanent. Short term investments are stated at lower of cost and market value determined on an aggregate portfolio basis. Sale of Investments under repurchase obligations are deleted at cost. Upon repurchase these are restated at original cost. Purchase and resale obligations under reverse repurchase agreements are stated at purchase price.

### **2.7 Tangible fixed assets and depreciation**

#### **Owned assets**

These 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 gains or losses on disposal of fixed assets are included in income currently. Major renewals and improvements are capitalized.

#### **Leased assets**

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligations

relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated on the basis and rates similar to that of owned assets. Depreciation of leased assets is charged to income. Earlier these were depreciated over the useful life of the assets or lease term whichever is shorter. This change has been made for more appropriate presentation of leased assets. The financial impact of this change is immaterial.

## 2.8 Intangible assets

These are stated at acquisition cost. Provision is made for permanent, diminution in value of these assets if any.

## 2.9 Off-Setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also reported on net basis.

## 2.10 Revenue recognition.

Income on loans advances and other investments 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 instrument. Where recovery is considered doubtful or expectations of ultimate collection are uncertain, income is recognized on actual receipt basis.

Dividend on equity investments is recognized as income if declared on or before the balance sheet date. Gains and Losses on sale of investments during the period are included in income currently. The difference between initial and maturity values of investments under repurchase and resale arrangements is charged to income on a time proportion basis.

Fee., commission, and other income .are recognized as income on accrual basis. In prior years, it was recognized on actual receipt basis. This change has been made for more appropriate presentation of income. The financial impact of this change is immaterial.

## 3. STATEMENT OF CHANGES IN EQUITY

	RUPEES IN THOUSAND									
	<i>Share Capital</i> <i>(Note 3.1)</i>	<i>Reserve for contingencies</i> <i>(Note 3.3)</i>	<i>Reserve for issue of Bonus shares</i>	<i>Share Premium</i>	<i>Sub-Total</i>	<i>General Reserve</i>	<i>Special Reserve</i> <i>(Note 3.4)</i>	<i>Sub Total</i>	<i>Unappropriated Profit</i>	<i>TOTAL</i>
Balance as on 01 January 1998	427,570	174,200	--	179,700	353,900	192,200	47,270	239,470	141,920	1,162,860
Net loss for the year	--	--	--	--	--	--	--	--	(141,908)	(141,908)
Transfer to reserve for issue of bonus shares	--	--	72,687	(72,687)	--	--	--	--	--	--
Balance as on 31December1998	427,570	174,200	72,687	107,013	353,900	192,200	47,270	239,470	12	1,020,952
Issue of bonus shares	72,687	--	(72,687)	--	(72,687)	--	--	--	--	--
Net profit for the year	--	--	--	--	--	--	--	--	138,521	138,521

Transfer to reserves - for contingencies	--	27,800	--	--	27,800	--	--	--	(27,800)	--
Proposed dividend	--	--	--	--	--	--	--	--	(57,530)	(57,530)
Balance as on 31December1999	500,257	202,000		107,013	309,013	192,200	47,270	239,470	53,203	1,101,943

Annual Re, port 1999

### 3.1. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

NUMBER OF SHARES		RUPEES IN THOUSAND	
1999	1998	1999	1998
34,970,000	34,970,000		
	Ordinary shares of Rs. 10 each	349,700	349,700
	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		
17,787,000	77,870,001	778,701	778,701
7,268,690	--issued during the year	72,687	--
-----	-----	-----	-----
15,055,690	7,787,000	150,557	77,870
-----	-----	-----	-----
50,025,690	42,757,000 (Note 3.2)	500,257	427,570
=====	=====	=====	=====

3.2 includes 11,400,436 (1998: 9,703,178) ordinary shares of Rupees 10 each held by the associated undertakings

### 3.3 RESERVE FOR CONTINGENCIES

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. This also meets the requirements of State Bank of Pakistan's Rules for Non-Banking Financial Institutions (NBFIs).

### 3.4 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.

4. DEPOSITS OF FIXED MATURITIES	RUPEES IN THOUSAND	
	1999	1998
Foreign currency deposits (Note 4.1 & 4.2)	1,662,094	4,720,932
Local Currency deposits (Note 4.2)	3,231,372	1,349,982
	-----	-----
	4,893,466	6,070,914
<b>These are regrouped as under:</b>		
Due within one year	3,459,910	4,618,030

Due after one year	1,433,556	1,452,884
	-----	-----
	4,893,466	6,070,914
	=====	=====

4.1 Breakup of foreign currency deposits in their relevant currencies is as follows:-

**FIGURES IN THOUSANDS**

Year ending	<i>US Dollars</i>	<i>Pound Sterling</i>	<i>Deutsche Mark</i>
31 December 1999	36,192	7	--
32 December 1998	103,845	458	2,121

4.2 The company has mobilized deposits in local and foreign currency under various schemes with maturities ranging from one month to ten years. These schemes offer varying features and profits/returns depending upon the period of deposits. Deposits includes Rupees 6.44 million (1998:21.92 million) from associated undertakings.

**RUPEES IN THOUSAND**

**1999**                      **1998**

**5. BORROWINGS**

**Foreign currency**

Asian Development Bank US Dollar 176,033 (Note 5.1)	9,136	24,957
International Finance Corporation 'US Dollar 9,750,000(Note 5.2)	506,025	480,959
	515,161	505,916

**Local currency**

Bank of America NT & SA (Note 5.3)	--	6,302
	-----	-----
	515,161	512,218

These are regrouped as under:

**Amount due within one year**

**Foreign currency borrowings**

Asian Development Bank	9,136	18,718
International Finance Corporation	77,850	90,180
	-----	-----
	86,986	108,898

**Local currency borrowings**

Bank of America NT & SA	--	6,302
	-----	-----
	86,986	115,200

**Amount due after one year**

**Foreign currency borrowings**

Asian Development Bank	--	6,239
International Finance Corporation	428,175	390,779



-----	-----
428,175	397,018
-----	-----
515,161	512,218
=====	=====

### 5.1 ASIAN DEVELOPMENT BANK

The company utilized U.S. Dollars 6.056 million out of credit line of US Dollars 10 million which is repayable in twelve equal semi-annual installments commenced from 15 July, 1994 and ending on 15 January, 2000. The loan is secured by hypothecation of specific book debts arising out of loan disbursements as stated in note 16.1 and a pledge of equities and carries an interest rate of 9.4 percent per annum.

### 5.2 INTERNATIONAL FINANCE CORPORATION (IFC)

The company utilized an amount of U.S. Dollars 12 million of credit line of U.S. Dollars 15 million for financing eligible sub-projects in the private sector. The loan carries an interest rate of 9.56 percent per annum and is repayable in sixteen semi-annual installments commenced from 15 December 1998 and ending on 15 June 2006. The cut off date for the last disbursement was 31 December 1997. The loan is secured against a first pari passu charge on the assets of the company. IFC retains the option to convert into fully paid shares of the company, upto 10 percent of the loan amount, within the option period of three years, commencing from the date of full disbursement of the loan or on 31 December 2000 whichever is earlier (such conversion to be considered as partial repayment of the loan). The price at which the loan may be converted into shares will be the break-up value per share of the company on the conversion date. The loan has been hedged by placing a foreign currency deposit with Pakistan Kuwait Investment Company (Private) Limited and a Rupee credit has been obtained thereagainst (Note 14.3)

### 5.3 BANK OF AMERICA - NT & SA

Short term running overdraft facility of Rupees 36.5 million is available from the bank at mark-up rate of 16.5 percent per annum. The overdraft facility is secured by pledge of Federal Investment Bonds as stated in note 14.7

### 6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The rate of interest used as the discounting factor, implicit in leases, ranges from 21.90 to 24.01 percent per annum. The amount of future payments and years during which they fall due are as under:

**RUPEES IN THOUSAND**  
**1999**                      **1998**  
 (Amounts of future payments)

**YEAR:**

1999	--	4,565
2000	4,460	3,542
2001	4,129	2,621

2002		2,119	470
2003		562	--
2004		205	--
2005		205	--
2006		199	--
		-----	-----
	<b>(Note 6.1)</b>	11,879	11,198
<b>Less: Unamortized finance charges</b>		2,358	1,481
		-----	-----
	<b>(Note 6.1)</b>	9,521	9,717
		=====	=====

The lease rentals-are payable in monthly installments. The lease agreements carry renewal and purchase option at the end of lease period and the company has intention to exercise such option. There are no financial restrictions in lease agreements. 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 agreement. These are partly secured by deposits of Rupees 2.520 million (1998: Rupees 2.262 million) included in deposits (Note 17).

6.1 Minimum lease payments and their present value is regrouped as under

	<b>RUPEES IN THOUSAND</b>			
	<b>Minimum Lease Payments</b>		<b>Present value of Minimum Lease payments</b>	
Due not later than one year	4,460	4,565	3,179	3,678
Due later than one year and not later than five years	7,015	6,633	5,964	6,039
Due later than five years	404	--	378	--
	-----	-----	-----	-----
	11,879	11,198	9,521	9,717
	=====	=====	=====	=====

## 7. PROFIT ACCRUED ON DEPOSITS/BORROWINGS

### Profit accrued on:

#### Deposits

Foreign currency		83,798	193,228
Local currency		91,525	26,080
		-----	-----
		175,323	219,308

#### Borrowings

Foreign currency		2,556	33,206
Local currency			
Sale-repurchase transaction		7,678	4,646

Current account overdraft	35	--
Credit facilities availed	15,819	18,374
Foreign currency deposits - Off-settled (Note 14.1)	(11,378)	(11,751)
	-----	-----
	4,441	6,623
	-----	-----
	14,710	44,475
	-----	-----
	190,033	263,783
	=====	=====

**RUPEES IN THOUSAND****1999****1998****8. ACCRUED AND OTHER LIABILITIES**

Customers credit balances	237,525	131,207
Payable to stock brokers	36,823	312,719
Fee and commission received in advance	7,939	3,426
Accrued liabilities	5,951	7,114
Gratuity fund (Note 25.3)	180	--
Income tax withheld	25	76
Unclaimed dividend	293	298
	-----	-----
	288,736	454,840
	=====	=====

**9. COMMITMENTS AND CONTINGENT LIABILITIES**

## Commitments

Undisbursed advances/Commercial papers	1,865	288,832
Commitments in respect of forward exchange purchase contracts with State Bank of Pakistan		

Foreign currency deposits	16,617,901	4,911,387
Forward forex contracts	2,892,400	802,400
	-----	-----
	4,554,190	5,713,787

Purchase/resale transactions (Note 9.3)	149,000	200,000
Sale/repurchase transactions (Note 9.3)	541,447	448,878

## Contingent liabilities

Guarantees issued (Notes 9.1 & 9.2)	996,675	977,607
Acceptance/undertakings against documentary credits	--	6,630

9.1 This includes guarantees issued on behalf of following associated undertakings:

Crescent Sugar Mills and Distillery Limited	16,956	16,956
Crescent Steel and Allied Products Limited	4,030	5,930

Muhammad Amin Muhammad Bashir Limited	14,130	14,130
	-----	-----
	35,116	37,016
	=====	=====

9.2 Amount of Rupees 35.567 million has been provided against guarantees called for encashment.

9.3 The Company has entered into sale/repurchase and purchase/resale transactions with various financial institutions for Treasury Bills, Federal Investment Bonds and quoted securities. Under the terms of the arrangements, the financial instruments are sold to / purchased from the financial institutions with the stipulation that these would be bought back by the Company at agreed rates on future dates.

<b>10. BALANCES WITH BANKS AND IN HAND</b>	<b>RUPEES IN THOUSAND</b>	
	<b>1999</b>	<b>1998</b>
<b>Balances held on:</b>		
Current account-State Bank of Pakistan (Note 10.1)	63,840	74,200
Current accounts-Other banks		
Foreign currency (Note 10.2)	145,210	8,778
Local currency	55,544	29,805
	-----	-----
Deposit accounts	14,531	19,555
	-----	-----
	279,125	132,338
<b>Cash in hand</b>	2,212	2,540
	-----	-----
	281,337	134,878
	=====	=====

10.1 This represents the interest free deposit with the bank as required under Prudential Regulations- for Non-Banking Financial Institutions (NBFIs).

10.2 This includes balances denominated in following foreign currencies:

Year ending	(FIGURES IN THOUSANDS)			
	<i>US Dollars</i>	<i>Pond Sterling</i>	<i>Deutsche Ma</i>	<i>Japanese</i>
31 December 1999	2,776	2	--	1,915
31 December 1998	174	2	1	1,915

## 11. SHARES/CERTIFICATES-QUOTED

Long term investments (Note 11.1 )	194,445	881,641
Short term investments (Note 11.4)	2,285,232	1,046,837
	-----	-----
	2,479,677	1,928,478
	=====	=====

These are stated net of financing under sale and repurchase agreements amounting to Rupees 39 million (1998: Rupees 50 million). Purchase and resale transactions are amounting to Rupees 9 Million (1998: Rupees 15 million).

Face value of a ordinary share/certificate of each investee company/modaraba/fund is Rupees 10 except or otherwise specifically stated.

### 11.1 LONG TERM INVESTMENTS

Shares of joint stock companies (Note 11.2)	154,576	809,449
Modaraba and other certificates (Note 11.3)	39,869	72,192
	-----	-----
	194,445	881,641
	=====	=====

Aggregate market value of these shares/certificates was Rupees 202 million (1998: Rupees 435 million). In view of recovery in the stock market of the country, certain long term equity investments have been reclassified into short term as the management intends to trade such investments activity. Therefore, these investments have been shown as short term at lower of cost and market value.

Name	<i>No. of Shares/Certificates</i>		<i>Rupees in thousand</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>

### 11.2 SHARES OF JOINT STOCK COMPANIES

Associated Undertakings:

The Crescent Textile Mills Limited	1,620,892	1,543,707	26,792	26,792
Crescent Sugar Mills and Distillery Limited	235,918	--	4,231	--
Jubilee Spinning and Weaving Mills Limited	357,671	--	8,294	--
Crescent Leasing Corporation Limited Equity held 16.08%	--	2,773,010	--	27,398
Pakistan Industrial Leasing Corporation Limited Others	--	191,736	--	2,705
Trust Investment Bank Limited Equity held 27.44%	2,744,000	2,744,000	26,651	26,651
AI-Noor Sugar Mills Limited	--	94,707	--	1,515
Atlas Investment Bank Limited	--	187,100	--	2,152
Brothers. Textile Mills Limited	--	129,951	--	1,511
Dadabhoy Cement Industries Limited	--	3,358,250	--	39,450
Dawood Leasing Company Limited	--	1,072,486	--	9,436
D.G. Khan Cement Company Limited	--	3,270,421	--	43,904
Ellahi Electric Company Limited	--	1,992,000	--	14,207
Emco Industries Limited	--	654,302	--	9,903
Escorts Investment Bank Limited	--	836,312	--	7,844
First Capital Securities Corporation Limited	--	190,100	--	2,135
Gadoon Textile Mills Limited	--	112,000	--	3,240

Genertech Pakistan Limited	--	264,500	--	3,399
Gulistan Textile Mills Limited	--	294,000	--	8,975
Gulf Commercial Bank Limited	--	785,100	--	5,512
Gulshan Spinning Mills Limited	--	239,937	--	5,091
Haji Mohammad Ismail Mills Limited (Equity held 13.14%)	1,191,750	1,191,750	11,066	11,066
Husein Sugar Mills Limited	--	81,948	--	1,321
Ibrahim Fibres Limited	5,079,600	6,192,500	40,995	50,218
InterAsia Leasing Company Limited	--	89,800	--	898
Kohinoor Energy Limited	--	3,912,000	--	56,331
Kohinoor Sugar Mills Limited	--	200,000	--	3,814
Kohinoor Textile Mills Limited	--	167,830	--	3,214
Maple Leaf Cement Factory Limited	--	4,288,259	--	83,173
Maple Leaf Electric Company Limited	--	1,139,820	--	8,141
National Development Leasing Corporation Limited	--	686,854	--	3,953
Face Value Rupees 5 per sham				
Network Leasing Corporation Limited	-	673,494	--	.6,194
Nishat Mills Limited	21,490	783,881	279	10,774
Pakistan International Airlines Corporation	--	10,535,608	--	108,524
Pakistan Synthetics Limited	--	134,250	--	1,833
Pakland Cement Limited	--	5,489,850	--	67,335
Paramount Leasing Limited	--	382,000	--	3,820
Platinum Commercial Bank Limited Equity held 11.39%	--	5,693,900	--	52,599
Prime Commercial Bank Limited	--	.512,225	--	5,871
Prudential Discount and Guarantee House Limited	--	876,500	--	8,704
Saadi Cement Limited	--	5,635,500	--	48,753
Saif Textile Mills Limited	--	1,219	--	16
Security Leasing Company Limited	--	49,000	--	490
The Karachi Electric Supply Corporation Limited	--	3,176,503	--	30,587
Shakarganj Mills Limited	1,440,662	--	31,488	--
Suraj Cotton Mills Limited	235,000	--	1,493	--
Zahoor Textile Mills Limited	7,414,500	--	3,287	--
			-----	-----
			154,576	809,449
			=====	=====

### 11.3 MODARABA AND OTHER CERTIFICATES

#### Associated Undertakings:

First Equity Modaraba	2,441,560	1,855,956	17,474	13,373
<b>Others</b>				
First Crescent Modaraba	1,227,836	1,227,836	8,075	8,075
22nd ICP Mutual Fund	--	219,500	--	2,194
First UDL Modaraba	2,047,039	1,475,432	14.32	10,319
AI-Ata Leasing Modaraba-Equity held 31.68%	--	1,829,257	--	15,370
24th ICP Mutual Fund	--	210,800	--	2,108
BRR International Modaraba	--	786,717	--	6,279

Al-Zamin Leasing Modaraba	--	707,722	--	3,000
First Elite Capital Modaraba	--	928,830	--	5,173
First Hajveri Modaraba	--	522,392	--	3,569
First Providence Modaraba	--	358,012	--	2,732
			-----	-----
			39,869	72,192
			=====	=====

**11.4 SHORT TERM INVESTMENTS**

Shares of joint stock companies (Note 11.5)		2,458,204		1,361,536
Modaraba and other certificates (Note 11 .6)		126,312		52,716
			-----	-----
			2,584,516	1,414,252
Less: Provision for diminution in value		(299,284)		(367,415)
			-----	-----
Aggregate market value		2,285,232		1,046,837
			=====	=====

**11.5 SHARES OF JOINT STOCK COMPANIES****Associated Undertakings:**

Crescent Steel and Allied Products Limited Equity held 11.24%	2,257,611	2,258,191	74,265	74,284
Pakistan Industrial Credit and Investment Corporation Limited	2,335,931	1,894,484	50,008	45,407
Crescent Knitwear Limited	350,000	350,000	5,425	5,425
Crescent Sugar Mills and Distillery Limited	--	235,918	--	4,231
Jubilee Spinning and Weaving Mills Limited	--	357,671	--	8,294
Crescent Leasing Corporation Limited Equity held 15.48%.	2,773,010	--	26,391	--
Pakistan Industrial-Leasing Corporation Limited	191,736	--	2,705	--
Javed Omer Vohra and Company Limited Equity held 11.07% (1998:11.38%)	442,900	455,100	14,381	14,748
The Premier Insurance Company of Pakistan Ltd	124,800	102,000	651	639
<b>Others</b>				
Al-Noor Sugar Mills Limited	94,707	--	1,515	--
Atlas Investment Bank Limited	187,100	--	2,152	--
Brothers Textile Mills Limited	129,951	--	1,511	--
Dadabhoj Cement Industries Limited	3,358,250	--	39,437	--
Dawood Leasing Company Limited	1,072,486	--	13,436	--
D.G. Khan Cement Company Limited	6,262,381	--	58,741	--
Ellahi Electric Company Limited	1,992,000	--	14,207	--
Emco Industries Limited	654,302	--	9,903	--
Escorts Investment Bank Limited	836,312	--	7,844	--

First Capital Securities Corporation Limited	212,650	--	2,135	--
Gadoon Textile Mills Limited	112,000	--	3,240	--
Genertech Pakistan Limited	264,500	--	3,399	--
Gulistan Textile Mills Limited	294,000	--	8,975	--
Gulf Commercial Bank Limited	785,100	--	5,512	--
Gulshan Spinning Mills Limited	239,937	--	5,091	--
Husein Sugar Mills Limited	1,947	--	31	--
InterAsia Leasing Company Limited	490,000	--	4,900	--
Kohinoor Energy Limited	3,823,000	--	55,050	--
Kohinoor Sugar Mills Limited	200,000	--	3,814	--
Kohinoor Textile Mills Limited	167,830	--	3,214	--
Maple Leaf Cement Factory Limited	4,602,950	--	84,183	--
Maple Leaf Electric Company Limited	1,139,820	--	8,141	--
Network Leasing Corporation Limited	507,350	--	4,665	--
Pakistan International Airlines Corporation	5,004,850	--	51,355	--
Pakistan Synthetics Limited	134,250	--	1,832	--
Pakland Cement Limited -Equity held 10.11%	8,344,850	--	80,075	--
Paramount Leasing Limited	432,000	--	4,170	--
Platinum Commercial Bank Limited	5,693,900	--	52,599	--
Equity held 11.39%				
Prime Commercial Bank Limited	512,225	--	5,871	--
Prudential Discount and Guarantee House Limited	876,500	--	8,704	--
Saadi cement Limited	5,635,500	--	48,753	--
Saif Textile Mills Limited	300	--	3	--
Security Leasing Company Limited	449,000	--	4,490	--
The Karachi Electric Supply Corporation Limited	1,307,000	--	12,481	--
Aadam Sugar Mills Limited	11,643	11,643	90	90
Adamjee Insurance Company Limited	4,088	31,360	162	2,519
Nazir Cotton Mills Limited (Equity held 23.56%)	4,239,999	4,239,999	30,011	30,011
Pakistan PVC Limited (Equity held 23.14%)	1,153,725	1,153,725	12,871	12,871
Shakarganj Mills Limited	--	1,440,741	--	31,490
Accord Textiles Limited	51,100	51,100	173	173
Agriautos Industries Limited	400,535	400,535	3,545	3,545
AI-Faysal Investment Bank Limited	1,296,250	1,296,250	23,119	23,119
AI-Ghazi Tractors Limited	100	100	5	5
Face Value Rupees 5 per share.				
AI-Qadir Textile Mills Limited	--	500	--	5
AI-Towfeek Investment Bank Limited	50,000	50,000	678	678
American Life Insurance Co. (Pakistan) Limited	1,025,550	997,800	12,133	11,798
Artistic. Denim Limited	500,000	500,000	8,426	8,426
Askari Commercial Bank Limited	626,630	610,623	11,733	12,479
Bank AI Habib Limited	138,356	28,152	2,745	738
Bawany Air Products Limited	42,326	42,327	890	890
Bolan. Castings Limited	--	450,000	--	6,930
Century Paper and Board Mills Limited	78,650	78,650	2,613	2,613
Cherat Cement Company Limited	409,938	1,146,613	11,268	38,721
Novartis (Pakistan) Limited	--	1,840	--	53
Cherat Papersack Limited	4,800	4,800	180	180
Colony Textile Mills Limited	14,000	14,000	56	56
Commercial Union				
Life Assurance Company (Pakistan) Limited	1,371,500	1,371,500	19,901	19,901
Crescent Boards Limited	507,400	507,400	3,435	3,435



Crescent Jute Products Limited	367,100	367,100	5,236	5,236
Dadex Eternit Limited	33,300	33,300	1,231	1,231
Dandot Cement Company Limited	57,587	57,687	1,538	1,541
Dewan Salman Fibres Limited	25,489	48,275	703	896
Dhan Fibres Limited	28,877,600	15,195,100	125,634	39,309
D.G. Khan Electric Company Limited	1,771,000	1,771,000	16,166	161.66
EFU Life Assurance Company Limited	631,000	631,000	9,078	9,078-
Engro Chemicals (Pakistan) Limited	29,815	--	4,110	--
Fazal Vegetable Ghee Industries Limited	1,650	--	32	--
Fauji Fertilizer Company Limited	--	2,093,800	--	97,070
Faysal Bank Limited	1,779,000	1,553,918	37,036	32,723
Fecto Cement Limited	198,800	198,800	7,961	7,961
Ferozsons Laboratories Limited	228,360	228,360	3,311	3,311
FFC-Jordan Company Limited	2,150,000	1,340,000	31,071	25,421
First International Investment Bank Limited	104,820	104,820	2,319	2,319
Friends Textile Mills Limited	121,500	121,500	524	524
Gauhar Engineering Limited	221,700	221,700	2,217	2,217
Ghandhara Nissan Diesel Limited	59,500	--	1,013	--
Gharibwal Cement Limited	58,480	58,480	735	735
Gulistan Spinning Mills Limited	50,000	50,000	530	530
Hajra Textile Mills Limited	143,100	143,100	2,157	2,157
Honda Atlas Cars (Pakistan) Limited	527,700	443,700	10,408	9,098
Hub Power Company Limited	11,457,700	7,022,500	204,330	90,116
ICI Pakistan Limited	3,368,991	3,201,666	32,649	42,425
Indus Motors Limited	146,000	75,000	1,726	743
Japan Power Generation Limited	1,964,000	7,039,500	12,172	44,470
Kohinoor (Gujar Khan) Mills Limited	7,000	7,000	20	20
Knol Pharmaceuticals Limited	122,600	122,600	9,746	11,093
Kakakhel Industries Limited	1,980	--	7	--
Land Mark Spinning Mills Limited	606,000	606,000	182	182
Latif Jute Mills' Limited - Equity held 10.99%	355,450	323,136	1,361	1,361
Lever Brothers Pakistan Limited	12,661	2,661	10,193	1,473
Face Value Rupees 50 per share				
Lucky Cement Company Limited	5,960,500	4,251,000	27,185	20,228
Medi Glass Limited	23,950	23,950	115	115
Mehran Bank Limited	22,000	22,000	403	403
Mohammad Farooq Textile Mills Limited	56,306	56,306	750	750
Mohib Textile Mills Limited	--	337	--	8
Metro Steel Limited	1,700	--	7	--
Muslim Commercial Bank Limited	--	31,500	--	615
National Refinery Limited	44,885	44,885	1,454	1,454
Nishat Mills Limited	--	17,109	--	548
Nishat (Chunian) Limited	20,000	20,000	266	266
Noon Sugar Mills Limited	2,985	2,985	58	58
Orix Investment Bank Limited	336,500	268,500	3,079	2,773
Packages Limited	11,444	11,500	438	440
Pakistan Industrial and Commercial Leasing Limited	251,820	219,073	2,961	2,963
Pakistan Services Limited	16,800	16,800	404	404
Pakistan Cables Limited	43,843	43,843	1,984	1,984
Pakistan Refinery Limited	45,100	45,100	2,105	2,105
Pakistan State Oil Company Limited	830,013	900,920	166,594	61,932

Ravi Textile Mills Limited	166,100	166,100	2,480	2,480
Sakrand Sugar Mills Limited	2,450	2,450	16	16
Sally Textile Mills Limited (Equity held 15.81%)	1,387,400	1,387,400	13,319	13,319
Sanghar Sugar Mills Limited	38,500	38,500	817	817
Sapphire Textile Mills Limited	--	214,900	--	6,842
Sazgar Engineering Works Limited	271,200	271,200	2,569	2,569
Searl (Pakistan) Limited	541,816	346,125	8,449	7,100
Security Investment Bank Limited	--	2,000	--	13
.Security Papers Limited	5,316	53.16	42	42
Sh. Fazal Rehman & Sons Limited	600		5 --	
Service Industries Limited	50,000	50,000	1,125	1,125
Shaheen Cotton Mills Limited	1,990,500	1,990,500	25,439	25,439
Equity held 16.89%				
Shell Pakistan Limited	100	--	26	--
Shezan International Limited	12,300	12,300	425	425
Siemens Pakistan Engineering Company Limited	3,800	3,800	568	568
Sind Alkalis Limited	1661988	167,062	4,398	4,400
Sitara Energy Limited	336,000	319,000	8,990	8,324
Soneri Bank Limited	33,250	33,250	385	385
Southern Electric Power Company Limited	4,736,000	4,270,280	37,118	32,338
Sui Northern Gas Pipelines Limited	12,224,845	8,118,283	128,730	116,087
Sui Southern Gas Company Limited	7,040,076	5,529,232	66,959	68,615
Suraj Cotton Mills Limited	--	235,000	--	1,493
S.G. Power Limited	100,000	100,000	1,810	1,810
Taj Textile Mills Limited	44,100	44,100	247	247
Telecard Limited	--	286,100	--	4,034
The Bank of Punjab	7,150	36,500	72	406
The General Tyre and Rubber Company of Pakistan Limited	70,502	70,502	2,683	2,683
Tri-Pack Films Limited	31,000	372,500	945	5,332
Tri-Star Shipping Lines Limited	10,000	10,000	98	98
· Union Bank Limited	284,853	284,853	3,457	34.57
United Distributors Pakistan Limited	2,500	2,500	58	58
Universal Leasing Limited	250,000	250,000	2,500	2,500'
Uqab Breeding Limited	1,500	--	1	--
Valika Woollen Mills Limited	400	--	3	--
Zahoor Textile Mills Limited	--	7,414,500		3,287
Zulfiqar Industries Limited	16,700	16,700	170	170
Pakistan Telecommunication Company Limited	23,212,300	7~166,442	471,812	134,851
			-----	-----
			2,458,204	1,361,536
			=====	=====

**11.6 MODARABA AND OTHER CERTIFICATES****Others**

22nd ICP Mutual Fund	219,500	--	2,194	--
24th ICP Mutual Fund, '	210,800	--	2,108	--
BRR International Modaraba	1,395,~30	--	10,470	--
AI-Zamin Leasing Modaraba	942,722	--	4,331	--
'First Elite Capital Modaraba	938,160	--	5,181	--
First Hajveri Modaraba	522,392	--	3,569	--
First Providence Modaraba	358,012	---	2,732	--

4th ICP Mutual Fund	15,000	15,000	313	313
11th ICP Mutual Fund	43,000	43,000	560	560
12th ICP Mutual Fund	49,000	49,000	597	597
19th :ICP Mutual Fund	88,200	88,200	884	884
20th ICP Mutual. Fund	25,000	25,000	351	351
25th ICP Mutual Fund	432,800	432,800	4,328	4,328
Asian Stocks Fund Limited	250,000	250,000	2,500	2,500
First Grindlays Modaraba	63,795	63,795	1,208	1,208
First Interfund Modaraba	20,670	20,670	239	239
First Mehran Modaraba	178,466	178,466	1,394	1,394
First Tawakkal Modaraba	34,500	34,500	203	203
ICP - State Enterprise Mutual Fund	5,100 100	2,165,035	69,656	30,646
KASB Premier Fund Limited	402,500	402,500	2,830	2,830
Modaraba Al Tijarah	307,800	307,800	2,548	2,548
Second Prudential Modaraba	116,970	116,970	932	932
First Capital Mutual Fund - Equity held 11.41%	1,712,100	759,421	7,184	3,183
			-----	-----
			126,312	52,716
			=====	=====

## 12. SHARES. UNQUOTED LONG TERM INVESTMENTS

### Associated Undertakings:

International Housing Finance Limited Equity held 45%. Break up value per Share Rupees 9.67 as per audited accounts of 30 June, 1999	5,625,000	5,625,000	56,250	56,250
Crescent Powertec Limited Equity held 20% Break up value per Share Rupees 27.43 as per audited accounts of 30 June, 1999	1,000,000	1,000,000	10,000	10,000
Crescent Greenwood Limited	2,184,600	2,184,600	21,846	21,846
International Asset Management Company Limited	17,600	17,600	176	176
Others				
UDL Modaraba Management (Private) Limited Equity held 25% Break up value per Share Rupees 9.36 as per audited accounts of 30 June, 1999	500,000	500,000	5,000	5,000
Crescent Business Management (Private) Limited (Formerly AI-Ata Management Services (Private) Limited now merged) Equity held 11.10% Break up value per Share Rupees (3.22) as per audited accounts of 30 June, 1999	125,000	125,000	1,250	1,250
Pak Asian Fund Limited	1,000,000	1,000,000	10,000	10,000
Westminster and Eastern Financial Services Limited	450,038	450,038	8,056	8,056

Equity-held 15% Break-up value per Share Rupees 3.63 as per audited accounts of 30 June, 1999				
Sapphire Power Generation Limited	--	100,000	--	3,600
Television Business Production (Private) Limited	467,039	325,714	7,010	5,596
Equity held 10.67%. Break-up value Rupees 7.49 as per unaudited accounts of 30 June 1999				
ICEPAC Limited	355,300	355,300	3,554	3,554
Equity held 14.66% Break up value per Share Rupees 2.20 as per audited accounts of 30 June, 1998				
			123,142	125,328
			=====	=====
Less: Provision for permanent diminution in value of investments			(33,455)	--
			-----	-----
			89,687	125,328
			=====	=====

12.1 Investment in International Housing Finance Limited, Crescent Powertec Limited and Crescent Greenwood Limited have been made as one of the sponsors of the companies. Public issue of these companies is expected in future.

12.2 -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. Public issue of the company is expected in future.

12.3 Pak Asian Fund Limited is proposed to be 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 Limited and Muslim Commercial Bank Limited. Mr. Ashfaq. A. Berdi is Chief Executive of the company.

12.4 investment in Modaraba Management Companies represents shares acquired as one of the sponsors. Mr. Khalid Malik is the Chief Executive of UDL Modaraba Management (Private) Limited and Mr. Mahmood Ahmad is the Chief Executive of Crescent Business Management (Private) Limited.

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

12.6 Westminister and Eastern Financial Services Limited is principally engaged in brokerage and trading of equities, research and corporate finance. Mr. Sanaullah Qureshi is the Chief Executive of the company.

12.7 Investment in Icepac Limited has been made pending its public issue. Mr. Mansoor Arfeen is the Chief Executive of the Company.

## RUPEES IN THOUSAND

1999                      1998

**13. OTHER QUOTED INVESTMENTS****Long term investments**

33,466 ten percent Notes of US Dollars 1,000 each (Note 13.1 )	1,022,020	--
14,354 Exchangeable Notes of US Dollars 1,000 each (Note 13.1)	--	469,718
Floating Rate Notes with face value of US Dollars 2 million (Note 13.1)	--	46,805
Global Notes with face value of US Dollars 1 million (Note 13.1 )	--	46,000
409 five percent convertible bonds of US Dollars 5,000 each (Note 13.2)	56,299	--
	-----	-----
Foreign currency investments (N~ 13.3)	1,078,319	562,523
WAPDA Bearer Bonds - 3rd Issue 103 certificates with a face value of Rupees. 12.34 million (Note 13.4)	12,352	12,352
National Investment (Unit) Trust 3,144,410 units (Note 13.4)	--	25,312
Redeemable Capital Certificates (Note 13.6)	42,292	32,769
	-----	-----
	1,132,963	632,956
	=====	=====
These are regrouped as under:		
Due within one year	321,127	14,071
Due after one year	811,836	618,885
	-----	-----
	1,132,963	632,956
	=====	=====

Market/fair value of other quoted investments as on 31 December 1999 was Rupees 1,394 million (1998: Rupees 865 million).

13.1 These notes have been issued by the Government of Pakistan through an offer to exchangeable notes (Due 2002), Floating Rates Notes (Due 2002) and Global Notes (Due-1999) uptill 13 December 1999 i.e date of exchange in the ratio of 1 to 1.057, 1 to 1 and 1 to 1.032 respectively.

The Notes carry interest at the rate of 10 percent per annum payable semi annually in arrears commencing after six months from the date of exchange. The outstanding principal amount of each of the Notes will be repaid in four equal installments during the year from 2002 to 2005. All payments under the Notes will be made free and clear of any taxes imposed by the Government of Pakistan. These Notes are listed on Luxembourg Stock Exchange.

13.2 These notes have been issued by Dewan Salman Fibre Limited and carry interest at the rate of 5 percent per annum payable on 05 May and 05 November every year. At the option of the company, the bonds are convertible into fully paid ordinary shares of Rupees 10 each of Dewan Salman Fibre Limited at an initial price of Rupees 195 per share with fixed rate of exchange Rupees 30.63 = US \$1. The Bond may be redeemed in whole or in part, initially at a price equal to 103 percent (declining by 1 percent per annum for each year thereafter) of

their principal amount, plus accrued interest, if any, to the redemption date, provided the daily closing price of the share' on the Karachi Stock Exchange has been at least 140 percent of the conversion price for a period of 30 consecutive trading days before redemption. The Bonds will be redeemed at their principal amount on 05 May 2001. These Bonds are unsecured and shall at all times rank equally with all other present and future unsecured and unsubordinated certificates of Dewan Salman Fibre Limited.

### 13.3 FOREIGN CURRENCY INVESTMENTS

These include investments which have been made out of funds received/arranged from overseas depositors and are held in fiduciary capacity.

### 13.4 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 maturing in the year 2000.

13.5 These are stated net of financing under sale and repurchase agreements amounting to Rupees 50.312 million (1998: Rupees 25 million).

#### *RUPEES IN THOUSAND*

*1999*                      *1998*

### 13.6 REDEEMABLE CAPITAL CERTIFICATES

Packages Limited

3 (1998: NIL) Certificates of Rupees 100,000 each  
(Note 13.7)

96                      --

Sui Southern Gas Company Limited

10 (1998: 175) Certificates of Rupees 100,000 each  
(Note 13.8)

234                      13,988

Nishat Mills Limited

16 Certificates of Rupees 100,000 each

--                      1,579

ICI Pakistan Limited

3 (1998: 200) Certificates of Rupees 100,000 each  
(Note 13.11 )

99                      13,968

Gatron Industries Limited

13 (1998: 70) certificates of Rupees 100,000 each  
(Note 13.10)

1,267                      6,999

National' Development Leasing Corporation Limited

100 (1'998: NIL) Certificates of Rupees 100,000 each  
(Note: 13.11)

10,000                      --

Dewan Salman Fibres Limited

150 Certificates of Rupees 100,000 each  
(Note 13.12)

15,000                      --

Saudi Pak Leasing Limited

50 Certificates of Rupees 100,000 each

(Note: 13.13)	5,000	--
Long Term Venture Capital		
179,231 Certificates of Rupees 65 each (Note 13.14)	10,596	--
	-----	-----
	42,292	36,534
	=====	=====

13.7 These term finance certificates are being redeemed over a period of five years commenced from 19 August 1995 and ending on 19 February 2000. The expected rate of profit is 18.5 percent per annum payable semi annually. These are stated net of financing under sale and repurchase amounting to Rupees 2.9 million (1998: 5.993 million)

13.8 These term finance certificates are being redeemed over a period of five years commenced from 19 April 1996 and ending on 19 October 2000. The expected rate of profit is 18.25 percent per annum payable semi annually. These are stated net of financing under sale and repurchase amounting to Rupees 3.671 million (1998: NIL)

13.9. These term finance certificates are being redeemed over a period of five years commenced from 30 March 1997 and ending on 13 September 2001. The expected rate of profit is 18.7 percent per annum payable semi annually. These are stated net of financing under sale and repurchase agreements amounting to Rupees 7.7 million (1998: NIL).

13.10 These term finance certificates are being redeemed over a period of five years commenced from 17 December, 1998 and ending on 17 June 2003. The expected rate of profit is 18 percent per annum payable semi annually. These are stated net of financing under sale and repurchase agreements amounting to Rupees 5.729 million (1998: 20 million). The purchase and sale transaction is amounting to Rupees NIL (1998: 20 million)

13.11 These term finance certificates are being redeemed over a period of five years commenced from 22 November 1999 and ending on 22 November 2004. The expected rate of profit is 17 percent per annum payable semi annually. These are stated net of financing under sale and repurchase amounting to Rupees 25 million (1998: 20 million). The purchase and sale transaction is, amounting to Rupees 25 million (1998: NIL)

13.12 These are Stated net of financing under sale/repurchase agreements amounting to Rupees 15 million and purchase/re-sale agreements is amounting to Rupees 30 million.

13.13 These are stated net of financing under sale/repurchase agreements amounting to Rupees 10 million and purchase/re-sale agreements is amounting to Rupees 15 million.

13.14 These represent last series "E" of Long Term Venture Capital Modaraba certificates. The redemption of these certificates was due on 30 August 1999. The expected rate of profit was 18 percent per annum payable semi annually. The Modaraba has requested to convert the above due amount into a morabaha financing.

***RUPEES IN THOUSAND***  
***1999***                      ***1998***

**14. OTHER UNQUOTED INVESTMENTS**

**Long term investments**

Placements with Financial Institutions (Note 14.1)	464,720	341,335
----------------------------------------------------	---------	---------

Special U.S. Dollars Bonds - Bearer (Note 14.6)	83,723	--
Federal Investment Bonds (Note 14.7)	86,275	27,016
Treasury bills	--	122
	-----	-----
	654,718	368,473
These are regrouped as under:		
Due within one year	155,485	130,421
Due. after one year	479,233	238,052
	-----	-----
	634,718	368,473
	=====	=====

#### 14.1 PLACEMENTS WITH FINANCIAL INSTITUTIONS

##### Foreign Currency Placements

-Atlas Investment Bank Limited		
US Dollars 3.750 million (Note 14.2)	194,620	236,441
Pakistan Kuwait Investment Company (Private) Limited		
US Dollars 11.042 million (Note 14.3)	573,069	585,430
Less: Credit Facilities availed (Note 14.4)	418,846	539,536
	154,223	45,894
Local currency placement (Note 14.5)	115,877	59,000
	-----	-----
	464,720	341,335
	=====	=====

14.2 These placement carry interest ranging from 7.25 to 8.37 percent per annum. The placements will mature during the period from 29 May 2000 to 29 May 2006.

14.3 These placements are made for hedging against foreign currency loan mentioned in note 5.2. The rate of return on the placements ranges from 7.06 to 7.69 percent per annum. These are maturing during the period from 12 January 2000 to 11 January 2007.

14.4 This represents credit facilities availed on a matching facility basis which are secured by lien on the foreign currency deposits mentioned in note 14.3. The mark-up on these facilities ranges from 14.03 to 14.65 percent per annum. The maturities of the credit facilities coincide periods of foreign currency deposits mentioned above.

14.5 These are placements with non-banking financial institutions. Return on the placements ranges from 10 to 16.50 percent.

#### 14.6 SPECIAL U.S. DOLLARS BONDS - BEARER

These bondswith face value of U.S. Dollars 1,613,200 have been issued by the Government of Pakistan for a term of seven years maturing from 04 October 2006 to 08 November 2006. These carry profit payable in U.S. Dollars bi-annually at the rate of 6 months LIBOR on the day preceding the date of payment plus 4 percent.

14.7 Federal Investment Bonds have been issued by the Government of Pakistan and carry profit at the rate of 15 percent per annum. These are stated net of sale and repurchase agreement amounting to Rupees 382.135 million (1998: Rupees 309 million) and purchase and resale



agreements amounting to Rupees 70 million (1998: Rupees 145 million)

**RUPEES IN THOUSAND**

**1999**                      **1998**

**15. COMMERCIAL PAPERS**

Promissory notes discounted and purchased (Note 15.1)	1,350,176	3,756,647
Less: Provision for doubtful promissory notes	71,108	81,764
	-----	-----
Considered good	1,279,068	3,674,883
	=====	=====
<b>These are regrouped as under:</b>		
Due within one year	1,265,236	2,826,150
Due after one year	13,832	848,733
	-----	-----
	1,279,068	3,674,883
	=====	=====

15.1 These are instruments of varying maturities stipulating installment/lumpsum repayments and are secured by a charge on assets, bank guarantees, pledge of stocks, shares and other valuable papers of the customers. Included therein is financial assistance to following associated undertakings:

Crescot Mills Limited	5,000	5,000
Crescent Group Services (Private) Limited	--	3,400
	-----	-----
	5,000	8,400
	=====	=====

15.2 The maximum aggregate balance due from associated undertakings at the end of any month during the period was Rupees 8.40 million (1998 Rupees 18.40 million).

**RUPEES IN THOUSAND**

**1999**                      **1998**

**16. LOANS AND ADVANCES**

Project finance (Note 16.1 )	179,866	217,558
Margin finance (Note 16.2)	78,752	90,216
Less: Provision for doubtful loans	9,684	10,175
	-----	-----
	69,068	80,041
Other advances (Note 16.3)	118,770	131,857
Less: .Provision for doubtful advances	74,656	51,846
	-----	-----
	44,114	80,011
	-----	-----
Considered good	293,048	377,610
	=====	=====
These are regrouped as under:		
Due within one year	179,898	247,441
Due after one year	113,150	130,169
	-----	-----

293,048                      377,610  
 =====

16.1 This includes finance provided to projects for import of plant and machinery out of the company's foreign currency credit lines (Note 5). These are secured by a charge on the, e assets of the projects financed and pledge of shares.

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

16.3 This represents amount paid against calls made on guarantees issued on behalf of customers and are secured by a charge on assets and pledge of shares.

**RUPEES IN THOUSAND**

*1999*                      *1998*

**17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advances - Considered good		
To company's employees (Notes 17.1 and 17.2)	6,980	5,893
To company's executives (Notes 17.1 and 17.2)	20,141	50,506
To contractors and suppliers	2,162	4,366
To income tax department (Net of tax provisions)	115,384	111,542
Income accrued on investment and other placements	168,864	222,942
Exchange risk fee paid in advance	28,656	126,300
Receivables against investments	12,837	191,212
Deposits and prepayments	48,924	64,776
Unrealized gain on Forward Forex Contracts	221,065	57,316
Pension fund (Note 25.3)	406	--
Sundry receivables	18,295	43,752
Less: Provision for doubtful receivables	9,217	--
	-----	-----
Considered good (Note 17.3)	9,078	43,752
	-----	-----
	634,497	878,605
	=====	=====

17.1 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                      Executives                      Employees*  
*Executive*

Outstanding for less than three years			
Receivable within one year	--	1,071	643
Receivable after one year	--	8,097	2,551
	-----	-----	-----
1999	--	9,168.	3,194
	-----	-----	-----
1998	--	40,292	2,940

Outstanding for over three years			
Receivable within one year	550	743	255
Receivable after one year	849	8,831	3,531
	-----	-----	-----
1999	1,399	9,574	3,786
	-----	-----	-----
1998	1,799	8,415	2,953
	=====	=====	=====

17.2 These represent secured House Building and Car/Motor Cycle advances as per terms of their appointments and are recoverable in equal monthly installments. The maximum outstanding balance due from Chief Executive and Executives at the end of any month during the year was Rupees 1.765 million (1998: Rupees 2.274 million) and Rupees 20.233 million (1998: Rupees 48.71 million) respectively.

**RUPEES IN THOUSAND**

**1999                      1998**

17.3 Included therein following balances due from associated undertakings:

crescent Steel and Allied Products Limited	--	8
International Asset Management Company Limited	--	500
	-----	-----
	--	508
	=====	=====

17.4 The maximum outstanding balance due from associated undertakings at the end of any month during the period was Rupees 0.508 million (1998: Rupees 0.553 million)

**18. TANGIBLE FIXED ASSETS**

Operating fixed assets (Note 18.1 )	170,565	170,173
Capital work-in-progress (Office building)	2,473	2,451
	-----	-----
	173,036	172,624
	=====	=====

**18.1 OPERATING FIXED ASSETS**

DESCRIPTION	As at 01 Jan 1999	COST		ACCUMULATED DEPRECIATION			BOOK VALUE		DEPRECIATION	
		Additions/ (Deletions)	As at 31 December 1999	As at 01 Jan 1999	Adjustments	As at 31 December 1999	as at 31 December 1999	Change for the year	Rate %	
<b>Owned</b>										
Freehold land	95,066	--	95,066	--	--	--	95,066	--	--	
Buildings on freehold land	83,494	18,532 (6,418)	95,608	25,478	--	35,039	60,569	9,561	10	
Furniture and fixtures	6,453	438 (30)	6,861	3,595	--	4,307	2,554	712	10-15	
Computer and other equipments	15,902	1,055 (249)	16,708	12,176	(233)	13,724	2,984	1,781	20	
Vehicles	3,002	2,373	5,147	2,427	1,696	4,767	380	644	20	

		(228)							
	203,917	22,398 (6,925)	219,390	43,676	1,696 (233)	57,837	161,553	12,698	
<b>Leased</b>									
Vehicles (Note 18.3)	15,893	2,896 (1,370)	17,419	5~961	(821)	8,407	9,012	3,267	20
1999	219,870	25,294 (8,295)	236,809	49,637	1,696 (1,054)	66,244	170,565	15,965	
1998	200,023	27,452 (7,665)	219,810	40,031	-- (6,508)	49,367	170,173	16,114	

## 18.2 DISPOSAL OF FIXED ASSETS

DESCRIPTION	RUPEES IN THOUSAND		
	Cost	Book value	Sale Proceeds
<b>Computer and other equipments:</b>			
Computer/office equipments			
Insurance claim from The Premier Insurance Company of Pakistan Limited, Lahore (Associated undertaking)	174	16	50
Climbing exercise machine by negotiation to an employee Mr. Moiz-ud-Din	7	--	1
PC based telex machine by negotiation to Alhamd Grammer School, North Karachi	68	--	2
<b>Furniture and fixtures</b>			
Furniture			
Sold to Mr. Naeem Ullah Khan, as per company's policy to executives	30	30	30
Vehicles			
Kia Pride Car			
Insurance claim from The Premier Insurance Company of Pakistan Limited, Lahore. (Associated undertakings)	228	228	295
<b>Premises</b>			
House. No. C-4, Block-7, KDA Scheme No. 5 Clifton Karachi by negotiation to Mr. Mir Ahmed Talpur, Digri, District Mirpurkhas	6,418	6,418	6,824

6,925          6,692          7,202  
=====

18.3 Deletion represents the leases expired/settled during the period under reference.

## 19. INTANGIBLE ASSET

This represents the cost of membership cards of Islamabad and Karachi Stock Exchanges of Pakistan.

### *RUPEES IN THOUSAND*

*1999                      1998*

## 20. DEFERRED COSTS

Leasehold buildings renovation expenses (Note 20.1)	250	22
Premium on Forward forex Contracts (Note 2.5)	76,574	36,067
	-----	-----
	76,824	36,089
	=====	=====

20.1 These represent the unamortized portion of expenses which are being amortized over a period of five years.

## 21. DISCOUNT/RETURN/PROFIT ON COMMERCIAL PAPERS, LOANS AND ADVANCES

Discount/profit on commercial papers (Note 21.1)	302,660	587,619
Return/profit on loans and advances	45,891	103,971
	-----	-----
	348,551	691,590
	=====	=====

21.1 Included therein discount/return/profit on financial assistance provided to following associated undertakings:

Crescent Group Services (Private) Limited	245	41
Crescot Mills Limited	1,000	47
	-----	-----
	1,245	88
	=====	=====

## 22. INCOME FROM INVESTMENTS

Dividend (Note 22.1)	114,677	62,478
Profit/return on other investments and bank deposits	259,472	167,538
Exchange gain on Forward Forex Contracts	163,749	57,316
Gain on sale of investments	162,934	90,509
	-----	-----
	800,832	377,841
	=====	=====

22.1 Included therein the dividend earned on investment made in the following associated undertakings:

Javed Omer Vohra and Company Limited	2,325	--
First Equity Modaraba	3,662	--
Crescent Leasing Corporation Limited	2,671	--
Pakistan Industrial Leasing Corporation Limited	144	--
Crescent Steel and Allied Products Limited	1,129	5,645
The Crescent Textile Mills Limited	2,918	1,838
Crescent Powertec Limited	2,500	2,500
The Premier Insurance Company of Pakistan Limited	104	--
	-----	-----
	15,453	9,983
	=====	=====

### 23. FEE, COMMISSION AND OTHER INCOME

Commission: (Note 23.1 ) ·	11,352	17,095
Fees and other income	9,497	28,848
Gain on disposal of fixed assets	510	742
	-----	-----
	21,359	46,685
	=====	=====

23.1 This includes commission amounting to Rupees 0.208 million (1998: Rupees 0.421 million) charged on guarantees issued on behalf of associated undertakings.

### 24. PROFIT/RETURN ON DEPOSITS/ BORROWING AND OTHER CHARGES

Profit/return on deposits (Note 24.2)	730,679	842,854
Return on borrowings (Note 24.1)	149,778	140,146
Premium on Forward Forex Contracts	33,344	--
Fee, commission and other charges	13,239	8,225
	-----	-----
	927,040	991,225
	=====	=====

24.1 This includes Rupees 21.463 million(1998: Rupees 26.467 million) return on credit facilities availed after off-setting of Rupees 49.538 million (1998: Rupees 46.688 million) profit on foreign currency deposits (Note 14.1).

24:2 This includes Rupees 1.799 million(1998: Rupees 0.89 million) on deposits from associated undertakings.

### 25. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, wages and other benefits (Note 25.1)	32,784	26,245
Rent, rates and taxes	3,662	3,820
Stationery and supplies	1,459	1,738
Telephone, telex, telegrams and postage	3,849	5,392
Electricity and water	2,234	1,650
Advertisement	852	1,356
Travelling and conveyance	3,079	3,260
Insurance	2,371	998

Repair and maintenance	1,893	2,843
.Legal and professional	5,258	4,065
Newspaper and periodicals	119	184
Deferred costs amortized	72	59
Audit fee	225	190
Zakat	1,042	313
Miscellaneous (Note 25.7)	2,293	2,335
Depreciation (Note 18.1)	15,965	16,114
	-----	-----
	77,157	70,562
	=====	=====

### 25.1 SALARIES, WAGES AND OTHER BENEFITS

This includes the following amounts charged to income for employees retirement benefits:

Gratuity fund (Note 25.2 to 25.4)	966	787
Pension fund (Note 25.2 to 25.4)	2,477	2,241
Provident fund (Note 25.5)	1,125	1,088
	-----	-----
	4,568	4,116
	=====	=====

### 25.2 EMPLOYEES' RETIREMENT BENEFITS

Current service cost	2,336	924
Interest cost	1,461	609
Expected return' on plan asset	(2,353)	(870)
Non-vested past service cost	12	--
Increase in vested past service cost due to change in benefits	8,632	2,479
	-----	-----
	10,088	3,142
Recognition of transitional asset	(7,611)	(2,176)
	-----	-----
	2,477	966
	=====	=====

### 25.3 TRANSITIONAL ASSET/(LIABILITY)

Net asset/(liability)as on 31 December 1998	--	--
Transitional asset recognized as on 01 January 1999	7,611	2,176
Amount chargeable to profit and loss during 1999	(10,088)	(3,142)
Total contributions made during 1999	2,883	786
	-----	-----
Transitional asset/(liability) as on 31 December 1999	406	(180)
	=====	=====

These are made-up as under:

Present value of defined benefits obligation (Funded)	(27,349)	(10,213)
Fair value of plan asset	25,137	8,498
Non-vested past service cost to be recognized in later periods	159	--

Unrecognized actuarial losses	2,459	1,535
	-----	-----
	406	(180)
	=====	=====

25.4. Pension and gratuity expenses for the year have been recorded on the basis of actuarial valuations using the projected unit credit method applying the assumptions that expected rate of return on plan assets during the year 1999 and discount rates will be twelve percent per annum and expected rates of salary increase in future years will be twenty percent per annum for years 2000 to 2002 and ten percent per annum thereafter. The latest valuation was carried out as on 31 December 1999 by an independent consulting actuary. Actual return on plan assets of pension and gratuity funds was Rupees 2,640,460 and Rupees 483,906 respectively. The contributions were made at the rate of 20 percent and 7.95 percent per annum of basic salaries, for pension fund and gratuity fund respectively.

25.5 The assets' and liabilities of the provident fund trust as on 31 December 1999 were Rupees 17.066 million (1998' 14.427 million)

25.6 Number of employees at the end of year were 84 (1998: 77)

25.7 This include donations amounting to Rupees 0.021 million (1998:0.117 million). There was no interest of any director or his spouse in the donees.

## 26. PROVISION FOR CURRENT TAXATION

The provision for current taxation represents the minimum tax due under the Income Tax Ordinance, 1979. The tax losses have been estimated at Rupees 740.900 million as on 31 December 1999 including assessed loss of Rupees 2.666 million for the year ended on 30 June 1997. There was no deferred tax liability as on 31 December 1999 (1998: NIL),

## 27. EARNING (LOSS) PER SHARE

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

	<b>1999</b>	<b>1998</b>
Profit attributable to ordinary shareholder (Rupees in thousand)	138,521	(141,908)
Weighted average number of ordinary shares outstanding during the year (Note 27.1)	=====	=====
	50,025,690	50,025,690
	=====	=====
Earning/(Ioss) per share-Basic (Rupees)	2.77	(2.84)
	=====	=====

27.1 Earning per share of previous year has been restated due to issuance of 7,268,690 bonus shares during the year (Note 3.1)

## 28. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION

<b>RUPEES IN THOUSAND,</b>			
<b>Chief Executive</b>		<b>Executives</b>	
<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>



Managerial remuneration	2,459	2,207	6,399	6,165
Retirement benefits	928	816	2,414	2,283
House rent allowance	1,843	325	3,027	3,019
Utilities	246	220	640	612
Others	108	372	1,485	1,748
	-----	-----	-----	-----
	5,584	3,940	13,965	13,827
	=====	=====	=====	=====
Number of persons	1	1	27	35
	-----	-----	-----	-----

28.1 In addition, the Chief Executive and one other executive have been allowed free use of 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.

28.2 The aggregate amount charged in the accounts for fee to six directors for two meetings was Rupees 30,000 (1998: Fee to six directors for three meetings was Rupees 15,500).

**29. PARTICULAR OF SPECIFIC PROVISIONS AGAINST NON-PERFORMING ADVANCES/RECEIVABLES**

Opening balance	143,785	92,580
Charge for the year	56,700	52,409
Amount written off during the year	(253)	(1,204)
	-----	-----
Closing balance	200,232	143,785
	=====	=====
Provision against		
Advances to banks	--	--
Advances to others	200,232	143,785
	=====	=====

Provisions have been reflected in the account as follows:

Against guarantees (Note 9.2)	35,567	--
Commercial papers (Note 15)	71,105	81,764
Loans and advances (Note 16)	84,340	62,021
Sundry receivables (Note 17)	9,217	--
	-----	-----
	200,232	143,785

29.1 Statement showing written off loans, advances or any other Financial Reliefs of five hundred thousand rupees or above allowed during the year ended 31 December 1999.

<i>Sr. No. Name and Address of the Borrower</i>	<i>Full Names of Director/Partner/Proprietor</i>	<i>Father's / Husband's Name</i>	<i>N.I.C. No.</i>	<b>RUPEES IN THOUSAND</b>		
				<i>Outstanding Liabilities on 01 Jan 1999</i>	<i>Amount Written off</i>	<i>Other Financial relief allowed TOTAL</i>

1. Ali Asghar Textile Mills Limited 306 Unitowers, 3rd Floor I. I. Chundrigar Road, Karachi-74000	Mr. Humayun E. Shiekh Mr. Anwar Ahmed Tata Mian Muhammad Ahmed Mr. Saleem Masood Mr. Nadeem E. Sheikh Mr. Naveed E. Sheikh Mrs. Gulnar Humayun	Shiekh Enam Ellahi Mian Mehboob Ellahi Haji Moula Buksh Mr. Masood-ur-Hassan Mr. Humayun E. Sheikh Mr. Humayun E. Sheikh Mr. Bashir Monnoo	514-49-055350 517-36-027427 244-87-040651 514-49-081400 514-73-175134 514-73-175135 514-54-055351	15,394	--	3,767	3,767
2. M.A. Rehmani 13, Civil Lines, Police Line Rawalpindi.		Dr. Muhammad Abdullah	358-93-703991	12,569	--	5,678	5,678
3. National Industrial Managt Ltd. 9th Floor, Lakson Square Building No. 1 265 R.A. Lines, Karachi	Mr. Shamim I. Junejo Rana M. Abdu Obaida Mr. Sohail All Mr. Naveed Zaidi Mr. Khalid Iqbal Mr. Azhar Tariq Khan Mr. M.A. Rehmani	(Late) Imdad Hussain Junejo Mr. Abdul Aas Mr. Ajmal All Syed Sardar All Shah Ch. Aziz Ahmed Mr. Sardar Afzal Ahmed Dr. Mohammad Abdullah	514-60-106514 517-47-266611 517-58-097483 517-43-120755 101-51-069721 211-51-069721 358-93-703991	33,598	--	6,448	6,448
4. Sargodha Spinning Mills Ltd. 2nd Floor Gulberg Centre Main Boulevard, Gulberg Lahore.	Mr. Muhammad All Tariq (Late) Mian Shamim Anwar Mrs. Hina Farruakh Mian Sajjad Aslam Mian Farrukh Naseem Muhammad Murtaza (Nominee of NIT)	Mian Shamim Anwar Mian Nazir Hussain Mian Farrukh Naseem Mian Mohamamd Aslam Mian Naseem Anwar	517-64-026410 517-88-026404 231-87-327532 231-93-035521 231-88-035526	18,347	--	5,297	5,297
				----- 79,908 -----	----- -- -----	----- 21,190 -----	----- 21,190 -----

### 30. INTEREST RATE RISK

Interest rate risk and sensitivity of the company's financial liabilities and financial assets as at 31, December 1999 can be evaluated from the following:

Description	RUPEES IN THOUSAND								
	Exposed To Interest Rate Price Risk					Exposed To Interest Rate Cash Flow Risk			Not Exposed To Interest Rate Risk
	Financial Instruments	Within three months	More than three months and upto one year	More Than One Year and Upto Five Year	Above Five Year	Within One Year	More Than One Year and Upto Five Year	Above Five Year	
<b>LIABILITIES</b>									
Deposits of fixed maturities	4,893,466	423,355	3,036,555	1,400,903	32,653	--	--	--	--
Borrowings	515,161	9,136	77,850	311,400	116,775	--	--	--	--
Liabilities against assets subject to finance lease	9,521	883	2,296	5,964	378	--	--	--	--
Profit accrued on deposits/borrowings	190,033	--	--	--	--	--	--	--	190,033
Accrued and other liabilities	280,299	--	--	--	--	--	--	--	280,299
Total	5,888,480	433,374	3,116,701	1,718,267	149,806	--	--	--	470,332

**ASSETS**

Balances with banks and in hand	281,337	14,531	--	--	--	--	--	266,806
Long term investment in shares/certificate - Quoted	137,654	--	--	--	--	--	--	137,654
Short term investment in shares/certificate - Quoted	2,410,690	--	--	--	--	--	--	2,410,690
Long term investment in shares Unquoted	34,870	--	--	--	--	--	--	34,870
Other investments - Quoted	1,132,963	240,878	80,249	811,836	--	--	--	--
Other investment - Unquoted	634,718	96,333	59,152	305,587	173,646	--	--	--
Commercial papers	1,350,176	854,128	214,125	115,020	400	--	--	166,503
Loans and advances	377,388	180,690	61,412	109,434	--	--	--	25,852
Advances, deposits, prepayments and other receivables	454,339	588	1,765	24,768	--	--	--	427,218
<b>Total</b>	<b>6,814,135</b>	<b>1,387,148</b>	<b>416,703</b>	<b>1,366,645</b>	<b>174,046</b>	<b>--</b>	<b>--</b>	<b>3,469,593</b>
<b>Total interest rate sensitivity gap</b>	<b>925,655</b>	<b>953,774</b>	<b>(2,699,998)</b>	<b>(351,622)</b>	<b>24,240</b>	<b>--</b>	<b>--</b>	<b>2,999,261</b>

**Unrecognized Financial assets and financial liabilities**

**Outstanding for:**

Undisbursed advances and commercial papers	1,865	1,865	--	--	--	--	--	--
Guarantees issued	996,675	278,319	166,106	552,250	--	--	--	--
Acceptances / undertakings against documentary credits	--	--	--	--	--	--	--	--
Forward exchange contracts	4,554,190	--	--	--	--	--	--	4,554,190
Sales / repurchase transactions	541,447	488,135	53,312	--	--	--	--	--

**30.1 INTEREST RATE RISK**

Interest rate risk and sensitivity of the company's financial liabilities and financial assets as at 31, December 1999 can be evaluated from the following:

Description	Exposed To Interest Rate Price Risk					Exposed To Interest Rate Cash Flow Risk			Not Exposed To Interest Rate Risk
	Financial Instruments	Within three months	More than three months and upto one year	More Than One Year and Upto Five Year	Above Five Year	Within One Year	More Than One Year and Upto Five Year	Above Five Year	
<b>LIABILITIES</b>									
Deposits of fixed maturities	6,070,914	1,177,424	3,440,606	1,387,578	65,306	--	--	--	--
Borrowings	512,218	42,538	72,662	246,718	150,300	--	--	--	--
Liabilities against assets subject to finance lease	9,717	968	2,710	6,039	--	--	--	--	--
Profit accrued on deposits/borrowings	263,783	--	--	--	--	--	--	--	263,783
Accrued and other liabilities	451,040	--	--	--	--	--	--	--	451,040
<b>Total</b>	<b>7,307,672</b>	<b>1,220,930</b>	<b>3,515,978</b>	<b>1,640,335</b>	<b>215,606</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>714,823</b>

**ASSETS**

Balances with banks and in hand	134,878	19,555	--	--	--	--	--	115,323
Long term investment in shares/certificate - Quoted	811,373	--	--	--	--	--	--	811,373
Short term investment in shares/certificate - Quoted	1,261,224	--	--	--	--	--	--	1,261,224
Long term investment in shares Unquoted	37,056	--	--	--	--	--	--	37,056
Other investments - Quoted	632,956	4,907	9,164	546,768	--	--	46,805	25,312
Other investment - Unquoted	368,473	80,033	50,388	156,353	81,699	--	--	--
Commercial papers	3,674,883	1,678,277	1,174,632	326,820	36	--	--	495,118
Loans and advances	439,631	155,502	72,415	181,618	8,435	--	--	21,661
Advances, deposits, prepayments and other receivables	571,621	545	1,634	54,221	--	--	--	515,221
<b>Total</b>	<b>7,932,095</b>	<b>1,938,819</b>	<b>1,308,233</b>	<b>1,265,780</b>	<b>90,170</b>		<b>46,805</b>	<b>3,282,288</b>
<b>Total interest rate sensitivity gap</b>	<b>624,423</b>	<b>717,889</b>	<b>(2,207,745)</b>	<b>(374,555)</b>	<b>(125,436)</b>		<b>46,805</b>	<b>2,567,465</b>

**Unrecognized 'Financial assets and financial liabilities**

**Outstanding for:**

Undisbursed advances and commercial papers	288,832	288,832	--	--	--	--	--	--
Guarantees issued	977,607	245,741	206,874	524,992	--	--	--	--
Acceptances / undertakings against documentary credits	6,630	--	6,630	--	--	--	--	--
Forward exchange contracts	5,713,787	--	--	--	--	--	--	5,713,787
Sales / repurchase transactions	448,878	440,878	8,000	--	--	--	--	--

30.2 Weighted average interest rates by currencies for financial assets and financial liabilities is as follows.

	1999		
	LOCAL CURRENCY	FOREIGN CURRENCY US DOLLAR	FOREIGN CURRENCY POUND STERLING
	PERCENTAGE		

**LIABILITIES**

Deposits of fixed maturities	11.16	6.71	7.48
Borrowings	14.40	9.56	
Liabilities against assets. subject to finance lease	22.17	--	--

**ASSETS**

Deposit accounts	11.24	--	--
US Dollar denominated 10% notes due 2002/2005		10.00	
Special US Dollar Bonds (Bearer) 7 Years 5%			
Convertible US-Dollar Bonds due 2001		5.00	
Redeemable capital certificates	13.44	--	--

Federal investment bonds	15.00	--	--
WAPDA bearer bonds	12.50	--	--
Foreign currency placements	--	7.55	--
Local currency placements	10.83	--	--
Commercial papers, loans and other advances	16.36	--	--
Advances to company's executives and employees	4.04	--	--

30.2 Weighted average interest rates by currencies for financial assets and financial liabilities is as follows.

	<b>1998</b>			
	<i>LOCAL CURRENCY</i>	<i>US DOLLAR</i>	<i>DEUTSCHE MARK</i>	<i>POUND STERLING</i>
	<b>PERCENTAGE</b>			
<b>LIABILITIES</b>				
Deposits of fixed maturities	13.82	6.46	4.37	7.95
Borrowings	14.54	9.55	--	--
Liabilities against assets subject to finance lease	22.86	--	--	--
<b>ASSETS</b>				
Deposit accounts	11.03	--	--	--
Exchangeable notes	--	6.00	--	--
Global notes	--	11.50	--	--
Redeemable capital certificates	18.27	--	--	--
Federal investment bonds	15.00	--	--	--
WAPDA bearer bonds	12.50	--	--	--
Foreign currency placements	--	7.29	--	--
Local currency placements	17.09	--	--	--
Commercial papers, loans and other advances	15.82	--	--	--
Advances to company's executives and employees	11.78	--	--	--

### 31. CREDIT RISK

The company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables and through the prudent use of collateral for large amounts of credit. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in different avenues.

### 32. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign exchange risk is managed by the company through State Bank's forward covers and hedging arrangements.

### 33. FAIR VALUE OF THE FINANCIAL INSTRUMENTS

The carrying' value of financial assets and financial liabilities approximates their fair values.

**RUPEES IN THOUSAND**

<i>NOTES</i>	<i>1999</i>	<i>1998</i>
--------------	-------------	-------------

**34. STATEMENT OF CURRENT LIABILITIES AND CURRENT ASSETS****CURRENT LIABILITIES**

Deposits of fixed maturities	4	3,459,910	4,618,030
Current portion of long term borrowings	5	86,986	115,200
Current portion of liabilities against assets subject to finance lease	6	3,179	3,678
Profit accrued on deposits/borrowings	7	190,033	263,783
Accrued, other liabilities & provision	8 & 9.2	324,303	454,840
Proposed dividend		57,530	--
		-----	-----
		4,121,941	5,455,531

**CURRENT ASSETS**

Balances with Banks and in hand	10	281,337	134,878
Shod term investments-Quoted	11	2,285,232	1,046,837
-Current portion of other quoted investments	13	321,127	14,071
Current portion of other unquoted investments	14	155,485	130,421
Commercial papers	15	1,265,236	2,826,150
Loans and advances	16	179,898	247,441
Advances, deposits, prepayments and other receivables	17	634,497	878,605
		-----	-----
		5,122,812	5,278,403
		=====	=====

**35. PORTFOLIO MANAGEMENT SCHEME**

The Company provides portfolio management services to its customers under this scheme.

The funds so received are invested, on the customers' authority, in various investment alternatives depending upon the opportunities available. The related assets and liabilities of these management funds are not included in the accounts. The outstanding funds under this scheme as on 31 December 1999 were Rupees 3,451 million (1998: Rupees 2,450 million).

**36. CORRESPONDING FIGURES**

36.1 Corresponding figures have been m-arranged and regrouped wherever necessary for the purpose of comparison.

36.2 Due to change of accounting year from 30 June to 31 December, the last financial statements were prepared and published for eighteen months i.e. from 01 July 1997 to 31 December 1998. For the purpose of comparison, the corresponding figures are for twelve months' period i.e. from 01 January 1998 to 31 December 1998.

**CHIEF EXECUTIVE****CHAIRMAN**

## **INVESTOR INFORMATION**

### **Head Office & Lahore Branch**

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### **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 lead newspapers.

### **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**

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E-mail: cresbank@shoa.net

**Corporate Department:**

Inquiries concerning lost stock certificates, dividend payments, change of address, verification of transfer deeds, share transfers and information pertaining to shares in Central Depository System should be directed to:

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Corporate Secretary

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Talefax: 92-42-5881976

E-mail: rashid.sadiq@cressoft.com.pk