

Trust Investment Bank Limited

Annual Report 2000

CONTENTS

COMPANY INFORMATION
NOTICE OF ANNUAL GENERAL MEETING
DIRECTOR'S REPORT AND
CHIEF EXECUTIVE'S REVIEW
AUDITOR'S REPORT TO THE MEMBERS
BALANCE SHEET AS AT JUNE 30, 2000
PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED JUNE 30, 2000
STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW) FOR THE YEAR ENDED JUNE 30, 2000
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2000
NOTES TO THE ACCOUNTS
PATTERN OF SHAREHOLDING

Company Information

Board of Directors

Mr. Javed A. Callea
Chairman

Mr. Siyyid Tahir Nawazish
Chief Executive

Mr. Iqbal Akbar Khan
Lt. Col. (Retd) Ch. Mohammad Anwar Khan
Mr. Nisar Akbar Khan
Mr. David V. Johns
(Nominee CDO)
Ch. Umer Draz Khan

Corporate Secretary

Mr. Rashid Sadiq

Bankers

The Bank of Khyber
Albaraka Islamic Bank B.S.c (E.c)
Habib Bank AG Zurich
Habib American Bank Limited
Bank Alfalah Limited

Auditors

Ford, Rhodes, Robson, Morrow
Chartered Accountants

Legal Advisor

Cornelius, Lane and Mufti
Advocates and Solicitors

Tax Consultant

Sarfraz Mahmood (Pvt) Limited

Registered Office

83-Babar Block, New Garden Town, Lahore.
Telephone: (042) 5839631 - 5881974-5
Telefax: (042) 5881976

Head Office

15-A, State Life Building,
Sir Agha Khan Road, (Davis Road)
Lahore. Pakistan
Telephone: (042) 6314484-6, 6302330-1
Telefax: (042) 6314483
E-mail: tibl@paknet4.ptc.pk

Karachi Branch

B-1002 10th Floor
Lakson Square Building No. 3
Sarwar Shaheed Road
Karachi
Telephone: (021) 5685123

Notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting of the shareholders of TRUST INVESTMENT BANK LIMITED will be held on Monday the November 13, 2000 at 2:30 P.M. at Registered Office, 83-Babar Block, New Garden Town, Lahore to transact the following business:-

1. To receive and adopt the Audited Accounts for the year ended June 30, 2000 alongwith Directors' and Auditors' Reports thereon.
2. To approve, as recommended by the Directors, the payment of cash dividend @ 5% i.e. Rs. 0.50 per share for the year ended June 30, 2000.
3. To appoint Auditors and fix their remuneration.

By Order of the Board

RASHID SADIQ
Corporate Secretary

REGISTERED OFFICE:

83-Babar Block, New Garden Town,
Lahore- Pakistan.
Telephone: (042) 5881974 - 5881975, 5839631
Telefax: (042) 5881976
Email: rashid.sadiq@cressoft.com.pk

Date: September 29, 2000.

NOTE:

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

CDC account holders will further have to follow the under mentioned guidelines as laid down in circular No. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for the meeting:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their participants I.D. Numbers and account numbers in CDS.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

Director's Report and Chief Executive's Review

To our Shareholders

Al Salam Alaykoum Wa Rahmatouh Allah Wa Barakatouh

The Board of Directors has pleasure in presenting its report together with the Audited Accounts of the Company for the year ended June 30, 2000.

Economic Scenario

A modest recovery in growth is certainly a positive development of the outgoing fiscal year 1999-2000. Real GDP grew by 4.5 percent as against 3.2 percent of last year and an average of 4.0 percent for the second half of the 1990s. The modest recovery in growth is fully supported by an impressive recovery in agriculture on account of bumper cotton and wheat crops, and a good rice crop. Agriculture grew by 5.5 percent as against 1.9 percent of last year. Recent information suggests that wheat crop may exceed 21 million tons. If this is the case, agriculture growth would be 7.1 percent and accordingly, the real GDP growth would be 4.9 percent.

Although in statistical terms, the performance of

manufacturing in general and large-scale manufacturing in particular, appear weak as they grew by 1.6 percent and 0.04 percent respectively. The weak performance is mainly due to a 24 percent decline in sugar production. Excluding sugar, the large-scale manufacturing grew by 6.4 percent as against 3.5 percent of last year. In fact, the performance of large-scale manufacturing (excluding sugar) has been the best over the last five years.

Another positive development of the outgoing fiscal year has been the fall in inflation. Inflation, declined to 3.4 percent during July- April 1999-2000 as against 6.2 percent of the comparable period of last year.

This has been the lowest inflation in the last two decades. The containment of monetary growth to the targeted level is yet another positive development. The slower growth in money supply played an important role in reducing inflation in the current year.

One of the most positive development of the outgoing fiscal year has been a strong rebound in exports. Atleast, three factors are responsible for a "V-Shaped" recovery in exports. Firstly, the bumper cotton crop and its reduced prices made the textile sector buoyant. This coupled with a good rice crop and a pickup in manufacturing output (excluding sugar), improved the supply of exportables. Secondly, the policy of maintaining a stable and predictable exchange rate following the sharp depreciation in previous years helped Pakistan to maintain its external competitiveness. Thirdly, the strong recovery in global economy made possible by the continued strong growth in the United States, recovery in Europe, and stronger than anticipated recovery in the crisis-hit East Asian economies farmed up the demand for Pakistani export in its major markets.

Like exports, imports also picked up during the first ten months (July-april) of the current fiscal year. Overall imports grew by 10.9 percent as against a decline of 9.4 percent in the comparable period of last year. Although, most of the increase in imports is due mainly to higher import bills of petroleum products, what are important, however, is the non-food non-oil imports which have registered an increase of 4.3 percent. This is an important development as it suggests that economic revival appears to be taking place.

Yet another positive development in the outgoing fiscal year has been the progress made in restructuring Pakistan's foreign debt. The rescheduling of \$ 3 billion debt under Paris Club bilateral agreement were signed/

initiated as on May 1, 2000. In addition, the Government has successfully rescheduled its Euro bonds maturing through a voluntary exchange offer with a single rescheduled bond of extended maturity. The offer received up to 98 percent acceptance against the outstanding amount of \$ 608 million. With the completion of Euro bond and commercial debt rescheduling, Pakistan's credit rating in international bond market has improved from "D" to "B" minus on December 8, 1999 by the "Standard & Poors' International Credit Rating Agency."

Performance Review

Despite the full incidence of adversities witnessed during 1999-2000 and the general economic sluggishness, the Company managed to operate profitably during 1999-2000. Your company as usual concentrated on its key areas of operation i.e. purchase/discount of commercial papers; investment in capital market; money market activities and generated a gross revenue of Rs. 69.521 million, which was 29% less than the previous years' figure of Rs. 98.061 million. The reason for the decrease is attributable to decline in volume of activity due to general slow down in economic activity, excess liquidity and low spreads. Furthermore, gradual phasing out of FCY business in the post nuclear era made a huge dent on the profitability and the balance sheet size. Percentage wise contribution of each activity to the total revenue mix was:

Commercial paper purchase / discounting and placements	61.49%
Capital market investment	37.66%
Advisory fee Commission	0.85%

Keeping in view the depressed economic situation during the year under review, your Company continued to follow the policy of doing business with enterprises, which carried a prime sponsor repute. The total funds committed through commercial paper discounting and placements were thus Rs. 256.217 million which were 13.023 million more than the previous year. There was generally a drop in demand for credit.

The Capital Markets during this period were affected by significant international and domestic developments. The Capital Market made a recovery in December 1999 and touched a high of 2000 points in March 2000. Thereafter, there was a decline in the index and it has settled to a level between 1500 and 1600 points. Trading remained confined to a few shares thereafter and the mode of investment in the market generally remained speculative. The Company earned Rs. 22.601 million by way of capital gains as compared to Rs. 6.776 million last year. The upsurge in the market was fully capitalized by us and we also realised a dividend income of Rs. 3.579 million. The

Company's investment in quoted shares as on 30-6-2000 was Rs. 87.638 million.

The main source of funds during 1999-2000 were local currency deposits from domestic institutions and individuals. Despite the lowering of rates on saving schemes by the government, raising of deposits is still not easy for Investment Banks. The fund mobilization under both registered and cash management deposit schemes were therefore, lower than the previous year. Availability of long term funds, particularly from pension and provident fund to Investment Banks in general, continued to remain elusive due to legal and political constraints. In order for Investment Banks to lend long term, it is imperative to have access to the long-term funds and an amendment in the Trust Act of 1982 is, therefore, necessary to enable us to mobilize funds from these sources.

Y2K Compliance

We are pleased to say that the arrangements made to counter any problems arising due to change of the century were effective as no hardware and software problems were encountered.

Earning per Share

The after tax earning per share for the year 2000 works out to Rupees 1.10 per share on the outstanding shares at the end of the year.

Dividend

The Board of directors have recommended a cash dividend of Rs. 0.50 per share.

Future Outlook

Our country at present is confronted with a number of issues, both economic and political in nature. The targets set-forth for the coming fiscal year offer a great degree of challenge for the economic managers of the country. The inter dependence of these issues makes the task of settlement even more complex and challenging. However, aggressiveness in approach and seriousness shown by the existing government to find a positive resolve to these problems is a highly encouraging sign. The long and outstanding issue of IPPs (particularly HUBCO) seems to be reaching a logical and conclusive settlement. The government is also religiously pursuing the key issues of structural changes in the tax documentation, assessment and recovery system and it is hoped that a new system would become operational by the beginning of year 2001. Tax survey of 26 cities coupled with amnesty schemes are also likely to support the fiscal deficit and keep its ratio with GDP in the proximity of targeted levels. Our agriculture sector is also offering a ray of optimism, as the initial estimates for the current cotton crop are also very encouraging. It is likely that production this year may exceed

last year's figures and thus leave a substantial exportable surplus.

Consequent upon the factors mentioned above it is likely that we may be able to strike some settlement with the international donor agencies, initially in the form of standby arrangement (SAB) and subsequently in the shape of poverty growth reduction facility (PGRF). The only lacking feature in the current scenario is a very low level of investor's confidence both on domestic as well as international fronts. This phenomenon has persistently prevailed upon the economic activity and is likely to continue posting a negative impact on the on-going recessionary spiral. Restoration of this confidence is key to the revival of our economy. The government is conscious of this fact and is trying its best to revive investor's confidence, but such revival as we all know would take its own time. In this backdrop, we fear that investor confidence may not improve to desired level during the next twelve months. However, any positive development on the issues stated above may result in some turnaround.

In the current climate, our strategy is to adopt a more defensive approach for the next financial year. We would continue to operate cautiously with focused attention. The asset portfolio would continue to be structured to maintain the investment risk at a manageable level. Special emphasis would be placed in keeping the cost of funds as low as possible, with a view to improve the margin of spread. However, in order to find a niche market for improving spread banking we have consciously made an effort to explore informal areas of investment of the likes of Venture Capital and Small Sector Commercial Financing. We intend to formulate a strategy and subsequently initiate efforts to invest some resources in this area. The prospects of the Stock Market remain optimistic, as current levels offer opportunity for excellent returns on selective blue chip scrips.

Reduction in government borrowings, rising liquidity of the financial sector and falling of interest rates are likely to improve investor's preference towards the Stock Markets.

Investment Banks are increasingly being forced to make a departure from the traditional mode of banking towards fee-based activities. We would, therefore, make conscious efforts to bring about diversity and depth in services offered by us. Activities such as preparation of feasibility studies, arrangement of syndication, financial advisory for acquisition and mergers and due diligence services for foreign investors would continue to be emphasized upon. In order to strengthen ourselves for such activities we have already entered into arrangements with well reputed consultancy firms. We have also taken technical experts on our panel for their assistance in the accomplishment of any advisory assignments. We would

definitely be considering expanding our Capital Market operations into brokerage and mutual fund management, provided the environment is conducive.

Auditors

The present auditors, M/s Ford, Rhodes, Robson, Morrow, Chartered Accountants retire and being eligible offer themselves for reappointment.

Pattern of shareholding

The pattern of shareholding as on June 30, 2000 is shown on page 28.

For and on behalf of the Board of Directors.

**Siyyid Tahir Nawazish
Chief Executive**

Dated: September 29, 2000

Auditors' Report to the members

We have audited the annexed balance sheet of Trust Investment Bank Limited as at June 30, 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) In our opinion, proper books of accounts 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 accounts and are further in accordance with accounting policies consistently applied:

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

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company:

(c) in our opinion and to the best of our information and according to the explanations given to us the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2000 and of the profit its cash flow and changes in equity for the year then ended; and

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

Lahore: September 29, 2000

**Ford, Rhodes, Robson, Morrow,
Chartered Accountants.**

Balance Sheet as at June 30, 2000

	<i>Note</i>	<i>Rupees 2000</i>	<i>Rupees 1999</i>
ASSETS			
CASH		61,567	234,894
BALANCES WITH BANKS	3	15,014,842	64,483,096
INVESTMENTS	4	281,655,677	197,161,933
COMMERCIAL PAPERS	5	85,648,973	113,858,623
OPERATING FIXED ASSETS	6	19,190,633	20,520,396
CAPITAL WORK IN PROGRESS		5,957,895	--
OTHER ASSETS	7	44,572,647	54,212,699
		-----	-----
		452,102,234	450,471,641
LIABILITIES			
CUSTOMERS DEPOSITS	8	290,828,706	281,316,621
OTHER LIABILITIES	9	13,423,943	31,006,382
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE	10	2,505,562	3,811,906

PROPOSED DIVIDEND		5,000,000	--
		311,758,211	316,134,909
NET ASSETS		140,344,023	134,336,732
REPRESENTED BY:			
SHARE CAPITAL	11	100,000,000	100,000,000
RESERVES	12	35,771,500	33,570,000
UNAPPROPRIATED PROFIT		4,572,523	766,732
		140,344,023	134,336,732
CONTINGENT LIABILITIES AND COMMITMENT	13		
SHAREHOLDERS' EQUITY		140,344,023	134,336,732

The annexed notes form an integral part of these accounts.

Javed A. Callea
Chairman

Siyyid Tahir Nawazish
Chief Executive

Profit and Loss account for the year ended June 30, 2000

	<i>Note</i>	<i>Rupees</i> <i>2000</i>	<i>Rupees</i> <i>1999</i>
Discount and return earned	14	41,786,114	86,405,547
Less: Cost / Return on deposits	15	(28,956,304)	(62,269,501)
		12,829,810	24,136,046
Fee, commission and other income	16	592,255	352,396
Profit from Government securities		962,628	960,000
Gain on sale of investments		22,601,406	6,776,216
Dividend income		3,578,915	3,566,739
		27,735,204	11,655,351
		40,565,014	35,791,397
Operating Expenses			
Administrative expenses	17	21,613,016	18,256,436
Provision for diminution in value of investments		747,715	630,878
Provision against other receivables		--	319,130
		(22,360,731)	(19,206,444)
		18,204,283	16,584,953

Other charges	18	6,846,992	7,108,103
Profit before taxation		11,357,291	9,476,850
Taxation	19	(350,000)	(500,000)
Profit after taxation		11,007,291	8,976,850
Unappropriated profit brought forward		766,732	785,882
Profit available for appropriation		11,774,023	9,762,732
APPROPRIATIONS			
General reserve		--	7,200,000
Special reserve		2,201,500	1,796,000
Proposed dividend @ 5%		5,000,000	--
		7,201,500	(8,996,000)
Unappropriated profit carried forward		4,572,523	766,732
Earning Per Share:		1.10	0.90

The annexed notes form an integral part of these accounts.

Javed A. Callea
Chairman

Siyid Tahir Nawazish
Chief Executive

Statement of Changes in Financial Position (Cash Flow) for the year ended June 30, 2000

	<i>Rupees</i> <i>2000</i>	<i>Rupees</i> <i>1999</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,357,291	9,476,850
Add/(Less): Adjustments for items Not involving movement of funds:		
Profit/return/gain on investments/bank deposits	(48,243,349)	(35,225,828)
Gain on sale of fixed assets	(486,416)	--
Dividend income	(3,578,915)	(3,566,739)
Deferred cost amortized	3,421,620	3,421,616
Depreciation/amortization	2,346,073	2,776,130
Provision against other receivables	--	319,130
Financial charges paid	556,943	827,803
	(45,984,044)	(31,447,888)
Cash flows from operating activities before working capital adjustments	(34,626,753)	(21,971,038)

(Increase)/decrease in commercial papers	28,209,650	237,512,863
(Increase)/decrease in advances, deposits, prepayments and sundry receivables	8,843,060	39,119,093
(Decrease)/Increase in deposits of fixed maturities	9,512,085	(190,444,108)
	-----	-----
(Decrease)/Increase in other liabilities	(17,932,439)	6,988,610
Net cash from operating activities before income tax	(5,994,397)	71,205,420
Income tax paid	(2,624,628)	(13,559,480)
	-----	-----
Net cash flows from operating activities	(8,619,025)	57,645,940
Balance brought forward	(8,619,025)	57,645,940
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in investments	(84,493,744)	(51,536,268)
Profit/return/gain on investments/ bank deposits	48,243,349	35,225,828
Dividend income	3,578,915	3,566,739
Sale proceeds from fixed assets	869,587	--
Tangible fixed assets acquired	(164,801)	(8,939,208)
Capital Work in Progress	(5,957,895)	--
	-----	-----
Net cash flows from investing activities	(37,924,589)	(21,682,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(3,097,967)	(2,833,264)
	-----	-----
Net cash flows from financing activities	(3,097,967)	(2,833,264)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(49,641,581)	33,129,767
Cash and cash equivalents at the beginning of the year	64,717,990	31,588,223
	-----	-----
Cash and cash equivalents at the end of the year	15,076,409	64,717,990
	=====	=====

Javed A. Callea
Chairman

Siyid Tahir Nawazish
Chief Executive

Statement of Changes in Equity for the year ended June 30, 2000

	<i>Share Capital Rupees</i>	<i>Special Reserve Rupees</i>	<i>General Reserve Rupees</i>	<i>Unappropriated Profit Rupees</i>	<i>Total Rupees</i>
Balance as at 01 July 1998	100,000,000	5,074,000	19,500,000	785,882	105,359,882
Net profit for the year	--	--	--	8,976,850	8,976,850

Appropriations:

Special reserve	--	1,796,000	--	(1,796,000)	--
General reserve	--	--	7,200,000	(7,200,000)	--
	-----	-----	-----	-----	-----
Balance as at June 30, 1999	100,000,000	6,870,000	26,700,000	766,732	134,336,732
	=====	=====	=====	=====	=====

Net profit for the year	--	--	--	11,007,291	11,007,291
-------------------------	----	----	----	------------	------------

Appropriations:

Special reserve	--	2,201,500	--	(2,201,500)	--
General reserve	--	--	--	--	--
Proposed dividend	--	--	--	(5,000,000)	(5,000,000)
	-----	-----	-----	-----	-----
Balance as at June 30, 2000	100,000,000	9,071,500	26,700,000	4,572,523	140,344,023
	=====	=====	=====	=====	=====

Javed A. Callea
Chairman

Siyyid Tahir Nawazish
Chief Executive

Notes to the accounts for the year ended June 30, 2000**1. Status and nature of business**

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

2. Summary of significant accounting policies**2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

2.2 Employees retirement benefits

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

2.3 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. Provision for deferred taxation is made on all material timing differences expected to reverse in the foreseeable future, using the liability method.

2.4 Foreign currency transactions

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

2.5 Equity investments

Short term investment are stated at the lower of average cost and market value determined on an aggregate portfolio basis. Long term investments are stated at average cost. However, provision for permanent diminution is made as determined on an individual scrip basis.

2.6 Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation except free hold 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 lives. Full year depreciation is charged on additions while no depreciation is charged on assets deleted during the year. Minor renewals, replacements, maintenance, repairs and gain or loss on disposal of fixed assets are included in income currently. Major renewals and improvements are capitalized.

2.7 Assets subject to finance lease

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired on lease. Aggregate amount of obligation relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are stated at cost less accumulated depreciation at the rates and basis applicable to company owned assets except vehicles which are depreciated over lease period. Amortization of leased assets is charged to current years income.

2.8 Revenue recognition

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

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

Fees and commission are taken to income currently.

2.9 Deferred costs

Deferred costs comprising pre-operating expenses are being amortized over a period of five years from commencement of commercial operations. Other deferred costs are amortized over five years from date of payment.

2.10 Off setting of financial assets and financial liabilities

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

	<i>Rupees</i> <i>2000</i>	<i>Rupees</i> <i>1999</i>
3. BALANCES WITH BANKS		
On current accounts (Note: 3.1)	2,511,498	6,699,723
On deposit accounts	12,029,788	57,708,373
Cheques in hand	473,556	75,000
	-----	-----
	15,014,842	64,483,096
	=====	=====

3.1 These include deposit with State Bank of Pakistan amounting to Rs. 2,448,638 (1999: Rs.6,629,775)

to fulfill the statutory requirements of cash reserve for Non-Bank Financial Institutions.

4. INVESTMENTS

Shares - Quoted

Long Term Portfolio (Note 4.1)	58,820,117	26,763,647
Short Term Portfolio (Note 4.2)	28,817,896	16,501,346
	-----	-----
	87,638,013	43,264,993

Other-Quoted Investments

Ten Percent Notes with face value of US Dollars 490,000 (Note 4.3)	16,298,037	--
Floating Rate Notes with face value of US Dollars 490,000 (Note 4.3)	--	16,298,037
Term Finance Certificates (Note 4.4)	751,190	1,862,434
Unquoted Investments		
Federal Investment Bonds (Note 4.5)	6,400,000	6,400,000
Other investments (Note 4.6)	170,568,437	129,336,469
	-----	-----
	281,655,677	197,161,933
	=====	=====

	2000	1999	Rupees 2000	Rupees 1999
	No. of shares			
4.1 Long Term Portfolio				
Associated				
Crescent Steel and Allied Products	66,645	--	1,510,725	--
Others				
Askari Leasing Limited	84,780	--	1,360,385	--
Platinum Commercial Bank Limited	116,040	--	1,037,125	--
Al Faysal Investment Bank Limited	98,750	--	1,915,950	--
Askari Commercial Bank Limited	178,970	68,970	3,447,594	1,588,965
Muslim Commercial Bank Limited	23,500	70,000	635,378	1,998,275
Faysal Bank Limited	206,000	206,000	4,266,540	4,266,540
Orix Investment Bank Limited	57,000	--	752,425	--
Sui Southern Gas Company Limite	329,099	--	5,609,983	--
Hub Power Company Limited	137,000	137,000	2,531,075	2,531,075
Engro Chemicals (Pakistan) Limite	58,000	--	5,531,635	--
Fuji Fertilizer Company Limited	32,800	117,800	1,947,569	6,994,759
ICI Pakistan Limited	425,000	--	7,038,975	--
Telecard Limited	91,000	--	1,997,327	--
D.G. Khan Cement Company Limit	175,000	--	2,091,376	--
Lucky Cement Company Limited	421,000	--	5,157,600	--
Ibrahim Fibers Limited	272,500	--	4,676,800	--
Dhan Fibers Limited	142,500	--	2,164,515	--
Nishat Mills Limited	69,500	--	2,621,605	--
ICP-State Enterprise Mutual Fund	208,000	--	4,927,775	--
Pakistan State Oil Company Limite	--	60,000	--	9,384,033
	-----	-----	-----	-----

	61,222,357	26,763,647
Less: Provision for diminution in market value	(2,402,240)	--
	-----	-----
	58,820,117	26,763,647
	=====	=====
Aggregate Market Value at year end	44,517,888	16,391,193
	=====	=====

All the shares / certificates have a face value of Rs. 10/- each.

The Management intends to retain these investments as the quoted prices are not fully reflective of the state of affairs, operating performance of the investee companies. Apart from the provision of Rs. 2,402,240 the remaining decline in the market value is considered temporary and no provision there against has been made.

	2000	1999	Rupees 2000	Rupees 1999
	No. of shares			
4.2 Short Term Portfolio				
Union Leasing Company Limited	25,500	--	79,650	--
Askari General Insurance Compan	3,675	4,500	50,970	71,775
Commercial Union Life Assurance	7,500	7,500	100,725	100,725
Sui Northern Gas Pipelines Ltd	586,750	--	9,346,004	--
Mari Gas Company Limited	9,500	9,500	220,250	220,250
Kohinoor Energy Limited	64,000	--	913,400	--
Shell Pakistan Limited	800	--	210,159	--
National Refinery Limited	14,000	--	669,530	--
Dawood Hercules Chemicals Limit	120	420	9,528	33,345
Knoll Pharmaceuticals Limited	3,400	--	374,000	--
Pakistan Tele Comm. Co Limited (314,000	454,000	7,252,050	10,090,101
Pakistan Internal. Airlines Corp. (75,000	103,500	937,350	1,002,599
Tri-star Shipping Lines Limited	10,000	10,000	55,900	55,900
Indus Motors Limited	5,000	--	92,500	--
Maple Leaf Cement Factory Limite	57,500	12,500	456,025	25,625
Fauji Cement Company Limited	18,000	18,000	181,450	181,450
Cherat Cement Company Limited	60,000	--	1,350,645	--
Ibrahim Fibers Limited	27,500	47,500	516,154	368,125
Dewan Salman Fiber Limited	5,000	--	107,115	--
Gadoon Textile Mills Limited	26,000	--	861,950	--
Nestle Milk Pak Limited	2,600	--	466,388	--
Lever Brothers Pakistan Limited (*	4,660	4,660	3,739,903	3,643,318
Tri-pack Films Limited	25,000	--	826,250	--
Searle (Pakistan) Limited	--	743	--	13,000
Packages Limited	--	3,751	--	167,184
FFC Jordan Fertilizer Co. Limited	--	107,500	--	1,481,424
ICI Pakistan Limited	--	50,000	--	640,175
Karachi Electric Supply Corp. Limit	--	5,000	--	60,875
			-----	-----
			28,817,896	18,155,871
Less: Provision for diminution in market value			--	(1,654,525)
			-----	-----

	28,817,896	16,501,346
	=====	=====
Aggregate Market Value at year end	29,237,304	16,501,346
	=====	=====

All the shares/certificates have a face value of Rs. 10/- each, except those marked with asterisk, which have a face value of Rs. 50/- each.

4.3 These notes have been issued by the Government of Pakistan on maturity of Floating Rate Notes with an exchange ratio of 1 to 1 on Dec. 13, 1999. The notes carry interest at the rate of 10% p.a. Payable semi annually in arrears commencing after six months from the date of exchange. The outstanding principal amount of 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. This investment has been made out of funds received / arranged from overseas depositors against arrangements for sharing of profits on the notes. These investments are held in a fiduciary capacity.

4.4 Term Finance Certificates

Profit on all TFC's are receivable semi annually. Break-up of TFCs is given below:

Name of Investee Company	Rate of Profit %	Period	Rupees 2000	Rupees 1999
Packages Limited	18.50	5 years	--	681,522
ICI Pakistan Limited	18.70	5 years	511,022	776,570
Sui Southern Gas Company Limite	18.25	5 years	240,168	404,342
			-----	-----
			751,190	1,862,434
			=====	=====

4.5 Federal Investment Bonds have been issued by the Government of Pakistan having maturity of 10 years and carry profit at the rate of 15% per annum receivable semi annually.

4.6 Other investments represent placements with various non-bank financial institutions on profit rates ranging from 13.75% to 21.5% and having maturities from one month to one year.

5. COMMERCIAL PAPERS

Promissory note discounted (Note 5.1)

Due within one year	85,648,973	113,858,623
	=====	=====

5.1 These are instruments of varying maturities stipulating installment/lumpsum repayments and are secured by a charge on assets, pledge of stocks, shares, lien on deposits and other valuable papers of the customers.

6. OPERATING FIXED ASSETS - TANGIBLE COMPANY OWNED

DESCRIPTION	COST			DEPRECIATION			Book value as at June	Rate
	As at 01 July	Addition/	As at June	Accumulated depreciation	Depreciation charge for	Accumulated depreciation		

	<i>1999</i>	<i>(deletion)</i>	<i>30, 2000</i>	<i>as at 30-6-99</i>	<i>the year</i>	<i>as at 30-6-00</i>	<i>30, 2000</i>	<i>%</i>
RUPEES								
Land	7,952,763	--	7,952,763	--	--	--	7,952,763	--
Office building	5,504,760	30,000	5,534,760	529,976	276,738	806,714	4,728,046	5
Furniture and fixture	4,850,495	133,250	4,983,745	1,465,120	498,375	1,963,495	3,020,251	10
Office equipment	736,555	516,500	1,253,055	450,156	125,306	575,462	677,594	10
Electric fittings	31,725	--	31.73	28,968	2,757	31,725	--	10
Vehicles	--	100,482 (50,582)	49,900	--	9,980	9,980	39,920	20
	19,076,298	780,232 (50,582)	19,805,948	2,474,219	913,156	3,387,375	16,418,573	
ASSETS SUBJECT TO FINANCE LEASE								
Equipment	1,973,251	233,730 (735,000)	1,471,981	447,625	147,198 (220,500)	374,323	1,097,658	10
Vehicles	5,225,590	1,000,500 (2,060,640)	4,165,450	2,832,898	1,285,719 (1,627,569)	2,491,048	1,674,402	33.33
	7,198,841	1,234,230 (2,795,640)	5,637,431	3,280,523	1,432,917 (1,848,069)	2,865,371	2,772,060	
2000	26,275,139	2,014,462 (2,846,222)	25,443,379	5,754,742	2,346,073 (1,848,069)	6,252,746	19,190,633	
1999	16,770,230	9,691,459 (189,550)	26,275,139	2,978,613	2,776,130	5,754,743	20,520,396	

Deletions represents the leases expired/settled during the period under reference.

DISPOSAL OF FIXED ASSETS

<i>DESCRIPTION</i>	<i>COST</i>	<i>BOOK VALUE</i>	<i>SALE PROCEEDS</i>
Owned Vehicles			
Suzuki Margalla LXB 924 sold by negotiation to Mr. Mazhar Ali Shah	50,582	50,582	325,005
Leased Vehicles			
Suzuki Margalla LXB 2266 sold to Mr. Shahid Latif	505,820	50,582	50,582
Toyota Corolla LOV 9827 sold by negotiation to Mr. Ajmal Khan	550,000	282,007	494,000
	1,106,402	383,171	869,587

	<i>Rupees</i> <i>2000</i>	<i>Rupees</i> <i>1999</i>
7. OTHER ASSETS		
Advances- Considered good		
To employees	401,191	19,034
To an executive (Note: 7.2)	571,620	638,268
To contractors and suppliers	4,594,497	2,646,559
To income tax department (Note: 7.3)	21,967,217	19,342,589
	-----	-----
	27,534,525	22,646,450
Prepayments - Exchange risk fee	1,794,233	3,243,027
Security Deposits	1,969,987	1,957,670
Profit accrued on investment/ Commercial Papers	7,952,376	17,367,777
Other receivables	1,492,025	2,065,784
Less: Provision for doubtful receivables	--	(319,130)
	-----	-----
	1,492,025	1,746,654
Deferred cost (Note: 7.4)	3,829,501	7,251,121
	-----	-----
	44,572,647	54,212,699
	=====	=====

7.1 The maximum outstanding balance due from Chief Executive at the end of any month during the period was Rs. 400,000 (1999: Nil)

7.2 Advance to an executive for a period exceeding three years is regrouped as under:

Receivable within one year	66,648	66,648
Receivable after one year	504,972	571,620
	-----	-----
	571,620	638,268
	=====	=====

This represents secured house building advance as per the term of appointment and recoverable in equal monthly installments. The maximum aggregate balance outstanding at the end of any month during the year was Rs. 632,714 (1999: Rs. 699,362)

7.3 Advances to Income Tax Department includes Rs. 5,511,189 (1999: Rs. 5,511,189) comprising taxes paid against appeals, which are still pending.

7.4 DEFERRED COST

Preliminary expenses	634,950	634,950
Share flotation expenses	2,332,301	2,332,301
Pre-operating expenses	10,719,235	10,719,235
	-----	-----
	13,686,486	13,686,486
Less: Amortized to date	9,856,985	6,435,365
	-----	-----
	3,829,501	7,251,121

The above expenditure is carried forward as it confers the benefit of the same to future years.

This is being amortized over a period of five years.

8. CUSTOMERS DEPOSIT

Local Currency

Due within one year (Note 8.2)	218,908,580	160,715,593
Due after one year	1,760,000	--

	-----	-----
	220,668,580	160,715,593

Foreign Currency

Due within one year	70,160,126	120,601,028
---------------------	------------	-------------

	-----	-----
	290,828,706	281,316,621
	=====	=====

8.1 Under various deposit schemes, funds have been mobilized from banks and other financial institutions as well as from individuals with maturities ranging from one month to five years. The schemes offer varying features and profit depending upon the period of deposit ranging from 7.31% to 16% per annum.

8.2 This includes Rs. Nil (1999: Rs. 27,297,620) payable to the Federal Government against the Rupee counter part on encashment of US Dollar Bonds.

Included therein are placements from financial institutions amounting to Rs. 140,000,000.

	<i>Rupees</i> <i>2000</i>	<i>Rupees</i> <i>1999</i>
9. OTHER LIABILITIES		
Profit accrued on deposits	4,985,257	5,822,685
Provision for taxation	5,660,562	5,310,562
Sundry accounts (Note: 9.1)	1,337,547	16,887,085
Accrued expenses	1,440,577	2,986,050
	-----	-----
	13,423,943	31,006,382
	=====	=====

9.1 This includes a sum of Rs. 473,556 (1999: Rs. 75,000) received against Commercial Papers Which were under bank clearance and realized subsequent to year end.

10. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments

Due within one year	1,726,403	2,066,672
Due after one year	779,159	1,745,234

	-----	-----
	2,505,562	3,811,906
	=====	=====

10.1 The present value of minimum lease payments has been discounted using the implicit rate of return

method. Rentals are paid in equal monthly installments. The total amount of rental includes the amount of salvage value adjustable at the end of lease term. Taxes, repairs and insurance costs are to be borne by the company. The lease agreements carry renewal and purchase option at the end of the lease period and the company has intention to exercise such option.

10.2 The rate of interest used as the discounting factor (implicit in the lease) ranges from 20.00% to 22.00% per annum.

The amounts of payments and periods during which they fall due are as under:

Year ending June 30,

2001	1,973,781	2,548,154
2002	551,918	1,703,494
2003	342,353	170,393
	-----	-----
	2,868,052	4,422,041
Less: Unamortised future finance charges	362,490	610,135
	-----	-----
	2,505,562	3,811,906
	=====	=====

11. SHARE CAPITAL

Authorized-

20,000,000 ordinary shares of Rupees 10 each	200,000,000	200,000,000
	=====	=====

Issued, subscribed and paid

10,000,000 ordinary shares of Rupees 10 each fully paid in cash	100,000,000	100,000,000
	=====	=====

12. RESERVES

General Reserve

Opening balance	26,700,000	19,500,000
Transfer from Profit and Loss Account	--	7,200,000
	-----	-----
	26,700,000	26,700,000

Special Reserve (Note 12.1)

Opening balance	6,870,000	5,074,000
Transfer from Profit and Loss Account	2,201,500	1,796,000
	-----	-----
	9,071,500	6,870,000
	-----	-----
	35,771,500	33,570,000
	=====	=====

12.1 The reserve has been created to fulfill the State Bank of Pakistan's statutory reserve requirement.

13. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liability in respect of guarantees issued on behalf of customers amounting to Rs. 2,893,830 (1999: Rs. 2,817,818). This includes a guarantee issued on behalf of

M/5 Akbar Fabrics (Pvt.) Ltd, an associated undertaking amounting to Rs. 1,067,000 (1999: Rs. 760,000).

Additional taxes of Rs. 3,702,666 (1999: Rs. 3,311,000) in respect of prior years due to the application of banking company tax rate and other disallowances, being contested by the company. Also refer to Note-19.

Commitments in respect of capital expenditure amounting to Rs. 2,197,101 (1999: Rs. 8,155,000) on account of construction of office building in Lahore.

14. DISCOUNT AND RETURN EARNED

Discount on commercial papers	17,106,799	58,915,935
Return on placements	21,740,575	24,200,919
Profit on bank deposits	2,938,740	3,288,693
	-----	-----
	41,786,114	86,405,547
	=====	=====

15. COST/RETURN ON DEPOSITS

Profit/Return on Deposits	24,392,214	43,539,210
Exchange Risk Fee	4,564,090	18,730,291
	-----	-----
	28,956,304	62,269,501
	=====	=====

16. FEE, COMMISSION AND OTHER INCOME

Fee and charges	97,057	352,396
Gain on sale of fixed assets	486,416	--
Other income	8,782	--
	-----	-----
	592,255	352,396
	=====	=====

17. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	8,105,339	6,796,310
Rent, rates and taxes	1,077,159	813,816
Stationery and supplies	764,600	538,507
Telephone, telex, telegrams and postage	1,624,660	1,479,376
Electricity and water	760,790	541,459
Advertisement	47,235	103,300
Traveling and conveyance	1,262,356	962,106
Insurance	432,543	401,582
Repair and maintenance	736,631	501,714
Vehicle running	1,180,516	1,012,729
Legal and professional	1,239,582	961,767
Business promotion	983,062	459,585
Newspaper and periodicals	48,306	45,945

Auditors remuneration

Audit fee	75,000	66,000
Out of pocket expenses	12,000	12,300
	-----	-----

	87,000	78,300
Zakat	12,744	4,155
Miscellaneous	904,420	779,654
Depreciation/Amortization	2,346,073	2,776,131
	-----	-----
	21,613,016	18,256,436
	=====	=====

18. OTHER CHARGES

Brokerage and commission	2,098,458	1,344,383
Financial charges on leases	556,943	827,803
Other financial charges	168,695	99,081
Deferred cost amortized	3,421,620	3,421,616
Others	601,276	1,415,220
	-----	-----
	6,846,992	7,108,103
	=====	=====

19. PROVISION FOR TAXATION

For the year	350,000	500,000
	=====	=====

The provision for current taxation represents the minimum tax due under the Income Tax Ordinance, 1979. The income tax assessments upto the year 1997-98 corresponding to the income year 30th June, 1997 have been finalized for tax purposes. The company has filed appeals with the Commissioner of Income Tax and Income Tax Appellate Tribunal hereby disputing various disallowances. The management of the company is of the opinion that these matters will be settled in their favor at the appropriate forums.

20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	<i>Chief Executive</i>		<i>Executives</i>	
	<i>Rupees</i> <i>2000</i>	<i>Rupees</i> <i>1999</i>	<i>Rupees</i> <i>2000</i>	<i>Rupees</i> <i>1999</i>
Managerial remuneration	1,410,000	1,140,000	1,321,662	1,039,516
Provident fund	141,000	114,000	132,166	103,952
House rent	348,000	348,000	583,349	495,158
Utilities	141,000	114,000	132,166	103,952
Others	146,000	150,000	201,321	843,827
	-----	-----	-----	-----
	2,186,000	1,866,000	2,370,664	2,586,405
	=====	=====	=====	=====
Number of persons	1	1	6	5

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

The aggregate amount paid as fee to five directors for three meetings was Rs. 19,750 (1999: Rs. 6,500)

21. INTEREST RATE RISK

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

<i>DESCRIPTION</i>	<i>Note</i>	<i>Total</i>	<i>Exposed to Interest Rate Price Risk</i>			<i>Exposed to Interest Rate Cash Flow Risk</i>			<i>Not Exposed to Interest Rate Risk</i>
			<i>Within one year</i>	<i>More than one year & upto five years</i>	<i>Above five years</i>	<i>Within one year</i>	<i>More than one year & upto five years</i>	<i>Above five years</i>	
<i>(RUPEES)</i>									
LIABILITIES									
Deposit of Fixed maturities	8	290,828,706	289,068,706	1,760,000	--	--	--	--	--
Liabilities against assets subject to finance lease	10	2,505,562	1,726,403	779,159	--	--	--	--	--
Profit accrued on deposits/borrowings	9	4,985,257	4,985,257	--	--	--	--	--	--
Accrued and other liabilities	9	8,438,686	--	--	--	--	--	--	8,438,686
Total		306,758,211	295,780,366	2,539,159	--	--	--	--	8,438,686
ASSETS									
Balance with Banks and in hand	3	15,076,409	12,029,788	--	--	--	--	--	3,046,621
Long term investment in shares - Quoted	4.1	58,820,117	--	--	--	--	--	--	58,820,117
Short term investment in shares - Quoted	4.2	28,817,896	--	--	--	--	--	--	28,817,896
Other investments - Quoted	4.3 & 4.4	17,049,227	751,190	--	--	16,298,037	--	--	--
Other investments - Unquoted	4.5 & 4.6	176,968,437	170,568,437	--	6,400,000	--	--	--	--
Commercial papers	5	85,648,973	85,648,973	--	--	--	--	--	--
Advances, deposits, prepayments and other receivables	7	36,148,649	66,648	504,972	--	--	--	--	35,577,029
Total		418,529,708	269,065,036	504,972	6,400,000	--	16,298,037	--	126,261,663
Total interest rate sensitivity gap		111,771,497	(26,715,330)	(2,034,187)	6,400,000	--	16,298,037	--	117,822,977
Cumulative interest rate sensitivity gap		--	(26,715,330)	(28,749,517)	(22,349,517)	(22,349,517)	(6,051,480)	(6,051,480)	111,771,497
Unrecognized Financial Assets and financial liabilities									
Outstanding for Guarantees issued		2,893,830	2,586,830	307,000	--	--	--	--	--

22. Weighted average interest rates by currencies for financial assets and financial liabilities at 30-06-2000 is as follows:

	<i>FOREIGN CURRENCY</i>	
<i>LOCAL</i>	<i>US</i>	<i>POUND</i>

CURRENCY DOLLAR STERLING
PERCENTAGE

LIABILITIES

Deposit of fixed maturities	13.39	8.14	9.75
Liabilities against assets subject to finance lease	20.52	--	--

ASSETS

Deposit accounts	12.00	--	--
Global notes	--	10.00	--
Term finance certificates	18.53	--	--
Federal investment bonds	15.00	--	--
Local currency placements	19.90	--	--
Commercial papers	20.02	--	--
Advances to company's executives and employees	5.00	--	--

23. Credit Risk

The company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company's exposure to credit risk through monitoring of client's credit exposure, review 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.

24. Fair Value of the Financial Instruments

The carrying value of financial assets and financial liabilities approximates their fair values as reflected in the financial statements except those stated as long term quoted investments as referred to in Note-4.1

25. SUMMARY OF CURRENT ASSETS AND CURRENT LIABILITIES

	Rupees 2000	Rupees 1999
CURRENT ASSETS		
Cash	61,567	234,894
Balances with banks	15,014,842	64,483,096
Investments		
Short term investment portfolio	28,817,896	16,501,346
Other investments	170,568,437	129,336,469
Commercial papers	85,648,973	113,858,623
Other assets -		
Advances to employees	401,191	19,034
Advances to executive - current portion	66,648	66,648
Advances to contractors and suppliers	4,594,497	2,646,559
Advances to Income Tax Department	21,967,217	19,342,589
Prepayments- Exchange risk fee	1,794,233	2,151,870
Profit accrued on investment / commercial papers	7,952,376	17,367,777
Other receivables	1,492,025	1,746,654
	-----	-----
	338,379,902	367,755,559

CURRENT LIABILITIES

Current portion of customers deposits -		
Local currency	218,908,580	160,715,593
Foreign currency	70,160,126	120,601,028
Other liabilities -		
Profit accrued on deposits	4,985,257	5,822,685
Provision for taxation	5,660,562	5,310,562
Sundry accounts	1,337,547	16,887,085
Accrued expenses	1,440,577	2,986,050
Current portion of lease finance obligations	1,726,403	2,066,672
	-----	-----
	304,219,052	314,389,675
	=====	=====

26. PORTFOLIO MANAGEMENT SCHEME

The company provides portfolio management services to its customers. Under this scheme, the funds so received are invested, upon the company / customer's authority, in various investment alternatives depending upon the opportunities available. The related assets and liabilities of these management funds are not included in these accounts. The outstanding funds under this scheme as on June 30, 2000 were Rs. 163.209 million (1999: Rs. 759.906 million).

27. SUMMARY OF TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Payment of Custodial charges	--	23,213
Profit earned on deposits	--	218,334

28. GENERAL

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

28.2 Figures have been rounded off to the nearest rupee.

Javed A. Callea
Chairman

Siyid Tahir Nawazish
Chief Executive

Pattern of holding of shares held by the Shareholders as at June 30, 2000**Shareholding**

<i>Shareholders</i>	<i>From</i>	<i>To</i>	<i>Total Shares</i>
518	101	500	259000
11	501	1000	11000
19	1001	5000	67000
8	5001	10000	70000

5	10001	15000	60500
1	15001	20000	16500
1	40001	45000	45000
1	45001	50000	50000
2	60001	65000	121500
2	80001	85000	170000
6	95001	100000	596000
1	120001	125000	121000
1	130001	135000	134000
1	150001	155000	154200
5	170001	175000	875000
2	200001	205000	400350
2	215001	220000	437500
3	225001	230000	676600
1	305001	310000	308850
1	425001	430000	426000
1	995001	1000000	1000000
1	1495001	1500000	1500000
1	2495001	2500000	2500000
-----			-----
594			10000000
=====			=====

Categories of shareholders

	<i>Number</i>	<i>Shares Held</i>	<i>Percentage</i>
Individuals	576	3900500	39.01
Investment Companies	3	9500	0.10
Joint Stock Companies	7	454500	4.54
Financial Institution	5	3971500	39.71
Others	3	1664000	16.64
-----			-----
TOTAL	594	10000000	100.00
=====			=====
Others			
Modarabas	2	164000	1.64
Non-Residents	1	1500000	15.00
-----			-----
TOTAL	3	1664000	16.64
=====			=====