

ORIX INVESTMENT BANK PAKISTAN LIMITED.

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Company Information

Board of Directors

Mr. Kunwar idris	Chairman
Mr.Yoshio Ono	
Mr.Nagaaki Esaki	
Mr. Benjamin Lee	
Mr.Humayun Murad	
Mr. Muhammad Rashid Zahir	
Mr.Fahim Ahmed	
Mr. Nairn Farooqui	Managing Director & Chief Executive

Company Secretary

Mr.Intisar H.AIvi

Bankers

American Express Bank Limited
Habib Bank Limited
Mashreq Bankpsc
Muslim Commercial Bank Limited
Oman International Bank S.A.O.G .
Prime Commercial Bank Limited
Standard Chartered Bank
Standard Chartered Grindlays Bank Limited
The Bank of Tokyo - Mitsubishi Limited

Auditors

Sidat Hyder Qamar & Co., Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Mandviwalla &Zafar

Registrar and Share Transfer Office

Noble Computer Services (Pvt) Limited,
14, BangloreTown Housing Society,
Shahrae Faisal, Karachi.
Tel: (021)4546978
Fax:(021)4314962

Registered Office

Overseas Investors Chamber of Commerce Building,
Talpur Road, Karachi - 74000, Pakistan.
Tel: (021) 2426020-9, UAN: 111 -24-24-24, Fax: (021') 2425897

Head Office

2nd Floor, Islamic Chamber of Commerce Building,
ST 2/A, Block # 9, Clifton, Karachi - 75600, Pakistan.
Tel: (021) 5861266 Fax: (021) 5868862

Audit Committee

Mr. Kunwar Idris
Mr. Humayun Murad
Mr. Fahim Ahmed
Mr. Nairn Farooqui

Notice of Meeting

Notice is hereby given that the Seventh Annual General Meeting of the shareholders of ORIX INVESTMENT BANK PAKISTAN LIMITED will be held at 10:00 a.m. on Wednesday, 23 October, 2002 at Overseas Investors Chamber of Commerce Building, Talpur Road, Karachi, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' reports for the year ended 30 June, 2002.
2. To approve the payment of cash dividend to the shareholders at the rate of Rs. 1.50 per share of Rs. 10/-each for the year ended 30 June, 2002.
3. To appoint auditors and fix their remuneration for the year ending 30 June, 2002. The present Auditors, Sidat Hyder Qamar & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
4. To elect 8 Directors of the Company as fixed by the Board of Directors for a period of three years under section 178 of the Companies Ordinance, 1984.

The present Directors who will be retiring are :

1. Mr. Kunwar Idris
2. Mr. Yoshio Ono
3. Mr. Nagaaki Esaki
4. Mr. Benjamin Lee
5. Mr. Humayun Murad
6. Mr. Muhammad Rashid Zahir
7. Mr. Fahim Ahmed
8. Mr. Nairn Farooqui

Special Business:

1. To approve increase in Authorised Capital of the Company to Rs.500 million.
2. To consider any other business with the permission of the Chair.

By Order of the Board

Karachi: 26 September, 2002

Intisar H.AIVI

Company Secretary

NOTES:

1. The Members' Register will remain closed from 16 October, 2002 to 23 October, 2002 (both days inclusive). Transfers received in order at the office of the share registrar of the Company by the close of business on 15 October, 2002 will be treated in time for the entitlement of dividend payment and issue of right shares.
2. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a Member of the Company.
3. The instrument appointing a proxy and the power of attorney of other authority, under which it is signed or a notarially certified copy of the power of attorney must be deposited at the office of Share Registrar of the Company, Noble Computer Services (Pvt) Ltd., 14, Bangalore Town Housing Society, Main Shahr-e Faisal, Karachi at least 48 hours before the meeting. A form of proxy is enclosed.

Notice of Meeting

4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her National Identity Card with him/her as proof of his/her identity, and in case of proxy, must enclose an attested copy of his/her National Identity Card. Representative of the corporate members should bring the usual documents required for such purposes.
5. -Shareholders are requested to notify any change in their addresses immediately.

Statement pertaining to Special Business and Related Draft Resolution
Under Section 160 (1) (b) of the Companies Ordinance, 1984:

Increase in Authorised Capital and amendment in Memorandum and Articles of Association:

The shareholders' approval is required for the increase in Authorised Capital and amendment in Memorandum and Articles of Association of the Company, as recommended by the Directors, and in this regard to pass the following Special Resolution:

" Resolved that the authorised capital of the Company be and is hereby increased from Rs. 300,000,000 (Rupees three hundred million only) divided into 30,000,000 (thirty million) ordinary shares of Rs. 10/- (Rupees ten) each to Rs. 500,000,000 (Rupees five hundred million only) divided into 50,000,000 (fifty million) ordinary shares of Rs. 10/- (Rupees ten) each and in that connection the figures "Rupees 300,000,000 (Rupees three hundred million only) divided into 30,000,000 (thirty million) shares" be substituted for the figures "Rs. 500,000,000 (Rupees five hundred million only) divided into 50,000,000 (fifty million) shares" respectively appearing in clause VI of the Memorandum and Articles of Association of the Company"

Report of the Directors' & Chairman's Review

The Directors are pleased to present the Seventh Annual Report together with the audited accounts of the bank for the fiscal year ended June 30, 2002.

Financial Highlights**Rupees**

Gross Revenue	459,016,367
Profit for the year after expenses and allowances f	71,998,946
Less: Taxation	25,078,939
Profit after taxation	46,920,007
Total Assets	<u>1,848,838,637</u>

Earnings Per Share	Rs.	2.35
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Dividend

The Directors propose a dividend of 15% for the year ended June 30,2002.

Business Environment

The year under review presented new opportunities with matching challenges. The national economic indicators witnessed a substantial improvement. The GDP growth was 3.5%, exceeding the revised target of 3.3% and just 2.6% in the previous year. Pakistan's economic credibility rose with the successful completion of an IMF assistance programme, increased remittances and other capital inflows, low inflation, strengthening of the rupee and an expansionary monetary policy. Thus, on the back of consistent government policies and overall improvement in the fundamentals, the outlook for Pakistan's economy appears promising.

Company Performance

The Bank has been able to significantly increase its profit over last year by following a risk averse approach. All the budgeted targets were exceeded by the painstaking efforts of the staff.

The Bank completed a number of advisory assignments relating to syndications and capital market transactions. The trusteeship fee earned on TFC issues also generated income. The Bank during the year started the Money Market and Foreign Exchange Brokerage Business on a promising note.

The pre-tax profit went up to Rs. 72 million from the previous years' Rs. 41.49 million and after tax profit to Rs.46.92 million from Rs. 28.19 million in 2000-2001. The gross revenues increased to Rs. 459 million from Rs.322 million, an increase of 43%. Despite enhanced liquidity in the market because of 5% decline in the SBP discount rate the Bank managed to marginally increase its income from finance provided. The total assets increased by 15% from Rs. 1,601 million in 2000-2001 to Rs. 1,849 million. Following a conservative lending approach the provision for loan losses was increased by 115% to Rs. 28.07 million (Rs. 13.07 million in 2000-2001). The administrative expenses though increasing from the previous year have declined as a percentage of total expenditure from 13% in 2000-2001 to 11%. The decline in the administrative cost as a percentage of total expenses with corresponding increase in the revenues and profit figures shows the management's firm grip on routine expenses.

Auditors' Observation

The management consistently followed the practice of netting off Repo and Reverse Repo transactions for balance sheet presentation purposes. The market practice varies for the treatment of these transactions as some companies show these transactions at their gross values. To avoid major aberration and in order to be consistent in its policies, the management feels it appropriate to follow the past practice.

Rights Issue

The State Bank of Pakistan (SBP) has directed all Investment Banks to increase their capital to Rs. 300 million. In view of this requirement and further to strengthen the capital base of the Bank the directors are pleased to announce a Rights Issue of 50% i.e. One share for every Two shares held at par value of Rs. 10/- each.

Authorised Capital

To accommodate future capital increases, the Directors recommend an increase in the Authorised Capital from Rs. 300 million to Rs. 500 million.

Report of the Directors' & Chairman's Review**Future Outlook**

With the macro economic indicators and Pakistan's investment rating improving, the year ahead is expected to bring larger business and profit to the bank.

Compliance with Code of Corporate Governance

As required under the Code of Corporate Governance, the Board of Directors states that:

• The Financial Statements present fairly the state of affairs of the Company, the results of its operations. Cash Flow Statement and Statement of Changes in Equity.

• Proper books of accounts of the company have been maintained.

• Accounting policies as stated in the notes to the accounts have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.

• International Accounting Standards, as applicable in Pakistan and as stated in the notes attached with the accounts, have been followed in the preparation of the financial statements.

" The system of internal control is sound in design and has been effectively implemented and monitored. "

• The Company is financially sound and is a going concern.

• There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Board Meetings

Three Board meetings were held during 2001-2002. The overseas Directors were unable to attend the meetings but constantly followed the progress of the Bank and the Board proceedings:

Name of Director	Meetings attended
1. Mr. Kunwar Idris	3
2. Mr. Yoshio Ono*	0
3. Mr. Nagaaki Esaki*	0
4. Mr. Benjamin Lee*	0
5. Mr. Humayun Murad	3
6. Mr. Muhammad Rashid Zahir (Appointed in February 2002)	1
7. Mr. Fahim Ahmed	3
8. Mr. Nairn Farooqui	3
* Foreign Residents	

Summarised Operating and Financial Data for the last six years

	Year Ended 30 June					
	2002	2001	2000	1999	1998	1997
	Rupees in million					
Gross Revenue	459	322	288	256	183	91
Profit Before Tax	72	41	44	32	12	11
Profit After Tax	47	28	28	20	8	7
Total Assets	1,849	1,601	1,466	1,497	1,524	1,106
Earnings Per Share	Rs. 2.35	Rs. 1.41	Rs. 1.39	Rs. 1.00	Rs. 0.40	Rs. 0.33

Report of the Directors' & Chairman's Review

Statement of Investments of Provident Fund

The company operates a contributory provident fund scheme covering all regular employees. The investment balances are as follows:

30 June 2002	30 June 2001
Un audited	Audited

Amount of Investments of Provident Fund	Rupees	5,859,842	5,618,553
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Credit Rating

Based on the results and financial position for the year ended June 30,2001 the Pakistan Credit Rating Agency (PACRA) maintained the Bank's rating as A - for long-term debt and A 2 for short-term debt.

Directors

During the year Mr. Muhammad Rashid Zahir representing Saudi Pak Industrial and Agricultural Investment Company (Pvt) Limited was reappointed as director on the Board.

Staff

The Board wishes to record its appreciation for the hard work put in by the staff members leading to new business avenues and higher profits.

Auditors

The auditors Sidat Hyder Qamar & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

Pattern of Shareholding

The pattern of shareholding as on June 30,2002 is shown on page 30.

On Behalf of The Board**Auditors' Report to the Member**

We have audited the annexed balance sheet of ORIX INVESTMENT BANK PAKISTAN LIMITED as at 30 June, 2002 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 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 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 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 the 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) as more fully explained in note 2.7 to the financial statements, the Company has accounted for Repo and Reverse repo transactions as sale and purchase of securities respectively instead of treating them as financing transactions.

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

c) in our opinion:

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

ii) the expenditure incurred during the 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;

d) except for the effects of such adjustments which would have been necessary in view of paragraph (a) above 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 30 June, 2002 and of the profit, its cash flows and changes in equity for the year then ended; and

e) 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.

Without further qualifying our report we draw your attention to the matter relating to compliance of minimum capital requirement specified by State Bank of Pakistan as described in note 1.2 to the financial statements.

Karachi: Sidat Hyder Qamar & Co.

26 September, 2002 Sidat Hyder Qamar & Co. Sidat Hyder Qamar & Co.

with the Code of Corporate Governance

The Company is in the process of implementing the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan and adopted by the Stock Exchanges. The provisions of the code, relevant for the year ended 30 June, 2002 have been duly complied with by the Company.'

Karachi:

17 September, 2002

Nairn Farooqui

Managing Director & Chief Executive
on behalf of Board of Directors

Review Report to the Members on Statement of Compliance with best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance as at 30 June, 2002 with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ORIX Investment Bank Pakistan Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange and chapter XIII of the Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company during the period under review.

Karachi;

26 September, 2002

Sidat Hyder Qamar & Co.

Chartered Accountants

Balance Sheet as at 30 June, 2002

	Note	2002	2001
ASSETS			
Fixed assets - tangible	3	11,560,669	9,653,936
Long term investment	4	25,282,236	21,150,537
Long term loans and term finances - net	5	190,879,426	217,487,988
Long term security deposits	6	2,300,760	2,250,760
Deferred costs	7	3,305,556	697,866
Current Assets			
Short term investments	8	551,417,504	269,784,289
Funds placement with financial institutions	9	165,000,000	310,000,000
Short term finances - net	10	721,180,007	638,804,202
Advances, prepayments and other receivables	11	119,556,333	84,263,240
Advance taxation	12	22,092,520	23,172,260
Cash and bank balances	13	36,263,626	24,093,518
		1,615,509,990	1,350,117,509
	Rupees	1,848,838,637	1,601,358,596
SHARE CAPITAL AND LIABILITIES			
Share capital and reserves			
Authorised capital			
30,000,000 (2001:30,000,000) ordinary shares of Rs.10/- each		300,000,000	300,000,000
Issued, subscribed and paid-up capital			
20,000,000 (2001:20,000,000) fully paid ordinary shares of Rs.10/- each issued for cash		200,000,000	200,000,000
Statutory reserve		27,582,031	181,198,030
Unappropriated profit		255,328,134	17,792,128
		252,910,165	235,990,158
Surplus / (deficit) on revaluation of securities - net	14	1,316,536	(950,899)
Long term certificates of investment	15	44,501,707	248,421,600
Long term loans	16	204,782,791	5,215,974
Current Liabilities			
Current maturity of long term loans	16	36,313,979	18,767,292
Short term loans	17	100,000,000	50,000,000
Short term certificates of investment	15	1,037,007,341	839,441,466
Short term borrowings	18	57,041,949	111,739,559
Accrued expenses and other liabilities	19	57,964,169	60,183,446
Provision for taxation	12.1	24,000,000	12,550,000
Proposed dividend		30,000,000	20,000,000
		1,342,327,438	1,112,681,763

Contingencies and commitments

	20	
Rupees	1,848,838,438	1,601,358,596

Auditors' Report Annexed

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

**Profit and Loss Account
for the year ended 30 June, 2002**

	Note	2002	2001
INCOME			
Income from loans, term finances and credit facilities	21	198,226,412	196,612,752
Income from investments	22	208,322,145	93,091,890
Net gain on sale of investments		33,603,388	21,159,254
Fee, commission and brokerage	23	17,735,186	10,579,402
Other income	24	1,129,236	846,923
		459,016,367	322,290,221
EXPENDITURE			
Return / mark-up on deposits and borrowings	25	330,845,231	241,374,053
Administrative and operating expenses	26	41,172,190	34,924,116
		372,017,421	276,298,169
Profit before provision and taxation		86,998,946	45,992,052
Provision for losses on term finances / credit facilities	2.8,5.5 & 10.4	15,000,000	4,500,000
Profit before taxation		71,998,946	41,492,052
Provision for taxation - current	12.1	24,000,000	12,550,000
- prior	12.2	1,078,939	745,000
		25,078,939	13,295,000
Profit after taxation		46,920,007	28,197,052
Unappropriated profit brought forward		17,792,128	15,234,486
Profit available for appropriations		64,712,135	43,431,538
APPROPRIATIONS			
Transfer to statutory reserve		9,384,001	5,639,410
Proposed cash dividend Rs. 1.50 per share (2001: Re. 1/- per share)		30,000,000	20,000,000
		39,384,001	25,639,410
Unappropriated profit carried forward	Rupees	25,328,134	17,792,128
Earnings per share	27	Rs.2.35	Rs.1.41

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

Cash Flow Statement

for the year ended 30 June, 2002

	Note	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		71,998,946	41,492,052
Adjustments for non cash and other items			
Depreciation on fixed assets	3.1	3,417,875	3,491,621
Financial charges on leased assets	26		7,123
Provision for losses on term finances / credit facilities	5,5 & 10.4	15,000,000	4,500,000
Amortisation of deferred costs	7	1,642,310	137,904
(Gain) / loss on sale of fixed assets	3.2	(68,034)	353,448
		19,992,151	8,490,096
Long term security deposits		(50,000)	3,244,652
Deferred costs		(4,250,000)	(835,770)

Cash flows from operating activities before working capital changes		87,691,097	52,391,030
Effect on cash flows due to working capital changes	28	(79,864,100)	2,383,010
Income tax paid		(7,860,570)	(26,170,113)
Net cash (outflow) / inflow from operating activities		(33,573)	28,603,927
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(5,529,241)	(3,621,027)
Long term investment		(2,215,626)	(3,429,100)
Long term loans and term finances		26,196,687	(163,263,741)
Sale proceeds from disposal of fixed assets		272,667	68,754
Net cash inflow / (outflow) from investing activities		18,724,487	(170,245,114)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease obligation		-	(143,227)
Certificates of investment - net		(203,919,893)	148,397,893
Long term loans		217,113,504	(15,813,050)
Dividend paid		(19,714,417)	(19,756,787)
Net cash (outflow) / inflow from financing activities		(6,520,806)	112,684,829
Net increase / (decrease) in cash and cash equivalents		12,170,108	(28,956,358)
Cash and cash equivalents at the beginning of the year		24,093,518	53,049,876
Cash and cash equivalents at the end of the year	Rupees	36,263,626	24,093,518

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

		2002	2001
Share capital	Rupees	200,000,000	200,000,000
Statutory reserve			
Beginning balance		18,198,030	12,558,620
Transfer during the year		9,384,001	5,639,410
Ending balance	Rupees	27,582,031	18,198,030
Unappropriated profit			
Beginning balance		17,792,128	15,234,486
Net profit for the year		46,920,007	28,197,052
Transfer to statutory reserve		(9,384,001)	(5,639,410)
Proposed cash dividend •		(30,000,000)	(20,000,000)
Ending balance	Rupees	25,328,134	17,792,128
Total shareholders' equity			
Beginning balance		235,990,158	227,793,106
Increase - net		16,920,007	8,197,052
Ending balance	Rupees	252,910,165	235,990,158

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

ANNUAL REPORT 2002
for the year ended 30 June, 2002

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 ORIX Investment Bank Pakistan Limited was incorporated as a public limited company in Pakistan under the name of ORIX Investment Finance Company Pakistan Limited. Subsequently, the name of the company was changed to ORIX Investment Bank Pakistan Limited. The Company is licensed to carry out investment finance activities as detailed in SRO 585 (1)/87 dated 13 July, 1987 issued by the Ministry of Finance, Government of Pakistan. The Company is listed on the Karachi and Lahore Stock Exchanges. Since November 2001 the Company has also commenced money market brokerage operations.

1.2 The State Bank of Pakistan (SBP) through BSD Circular No. 23 dated 01 June, 2001 has enhanced the minimum capital requirement (MCR) threshold requiring investment banks to raise their capital to Rs. 300 million by 01 January, 2002 and Rs. 500 million by 01 January, 2003. However, SBP has extended the time for compliance of MCR upto 30 June, 2002 for the Company vide its letter No. BSD (RU) / (Orix)/4212/2002 dated 21 March, 2002. The Company is actively pursuing the matter and has applied for further extension to SBP for meeting the capital requirement by 01 January, 2003. Subsequent to the balance sheet date, the Board of Directors of the Company in their meeting held on 17 September, 2002 have approved the issue of 10,000,000 right shares of Rs. 10/-each at par in order to raise the capital of the Company to the statutory limit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan except for the requirements of IAS-39 'Financial Instruments: Recognition and Measurement' in view of the , ^» SBP's BSD Circular Letter No. 11 dated 11 September, 2002. | 3

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of marketable securities at market value.

2.3 Operating fixed assets and depreciation

Operating fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and upto the month preceding the deletion respectively.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets, if any, are included in current income.

2.4 Assets subject to finance lease

Assets subject to finance lease are carried at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The related obligations under the lease agreements are accounted for as liabilities. Assets acquired under the finance lease are • depreciated over the useful life of the assets applying the straight-line method. Such depreciation is charged to income from the month in which the leased assets are acquired.

Notes to the Accounts

for the year ended 30 June, 2002

3.2 Disposal of Fixed Assets

	Cost	Accumulated Depreciation	Book value	Sale proceeds	Gain/(Loss)	Mode of Disposal	Particulars of Buyer
Airconditioners	631,274	448,308	182,966	251,000	68,034	Negotiation	Moghal Traders, Karachi
Office equipment	25,000	3,333	21,667	21,667		Company policy	Mr. S.H. Irtiza Kazmi, Karachi (Ex-employee)
Rupees	656,274	451,641	204,633	272,667	68,034		

2001 - Rupees	907,906	485,704	422,202	68,754	(353,448)
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	2002		2001	
	Cost	Market value	Cost	Market value

4. LONG TERM INVESTMENT

Investment in Unit Trust of Pakistan
4,123 Units (2001:3,697 Units) at
market value Rupees

	254,209,262	5,282,236	23,205,300	21,150,537
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Represents investment made in 4,123 Units (2001:3,697 Units) of Unit Trust of Pakistan (UTP), an open ended mutual fund. The market value at 30 June, 2002 is Rs. 6,132/- (2001 :Rs. 5,72V-) per unit.

	Note	2002	2001
5. LONG TERM LOANS AND TERM FINANCES - net			
Secured, considered good			
Due from:			
- Chief Executive	5.1	5,855,886	6,438,271
- Employees	5.2	11,425,030	2,364,832
- Others		869,750	869,750
		18,150,666	9,672,853
Less: Current portion		1,558,523	2,369,525
		16,592,143	7,303,328
Long term finances	5.3	382,912,257	259,035,834
Less: Current portion		204,966,218	45,604,293
		177,946,039	213,431,541
Less: Provision for losses on term finances	5.5	3,658,756	3,246,881
		174,287,283	210,184,660
	Rupees	190,879,426	217,487,988

5.1 Represents house loan provided as per the Company's policy. The loan is secured against equitable mortgage on the property, the title documents of which are held by the Company. The loan is repayable within a period of 10 years or retirement date whichever is earlier and carries mark-up at the rate of 10.00 percent per annum. Maximum amount outstanding at the end of any month during the year against loan to Chief Executive was Rs. 6,391,923/- (2001:Rs.6,897,730/-).

5.2 Represents house, car and other loans provided as per the Company's employee loan policy. These loans carry mark-up rates ranging from 5.00 to 10.00 percent per annum and are repayable within 20 years. The maximum amount due from employees at the end of the month during the year was Rs.11,692,486/- (2001: Rs. 2,528,431 /-).

5.3 Represents finances provided both at fixed interest rate and floating interest rate. Floating interest rate is weighted average yield rate of treasury bills auctioned during the past six months plus lending cost or the minimum rate as mutually agreed whichever is higher. The mark-up rate ranges from 13.00 to 20.00 percent per annum. The term finances are repayable within a period of 2 to 5 years from the date of financing and are secured against charge over fixed assets, trade receivables, pledge/hypothecation of stocks, lien on foreign currency certificates of investment and personal guarantees of directors etc.

These include finances aggregating to Rs.94,992,755/- provided to leasing companies / modarabas at mark-up rates ranging from 13.00 to 18.50 percent per annum. The finances are repayable within a period of 1 to 4 years and are secured against lease receivables of the leasing companies / modarbas under specified lease contracts and corporate guarantees of the respective leasing companies /

modarabas.

	Note	2002	2001
5.4 Long term loans and term finance due for payments after a period of 12 months from the balance sheet date comprises:			
Outstanding for periods - less than three years		181,228,279	206,318,252
- three years and more		13,309,903	14,416,617
	Rupees	194,538,182	220,734,869
5.5 Particulars of provision for losses on term finances			
Opening balance		3,246,881	575,407
Charge for the year		411,875	2,671,474
Ending balance	Rupees	3,658,756	3,246,881
6. LONG TERM SECURITY DEPOSITS			
Office premises		1,542,960	1,542,960
Others		757,800	707,800
	Rupees	2,300,760	2,250,760 .
7. DEFERRED COSTS			
Balance as at 01 July	7.1	697,866	
Cost incurred during the year			
- office rentals		-	835,770
- brokerage licence cost	7.2	4,250,000	-
		4,250,000	835,770
		4,947,866	835,770
Less: Amortised during the year		1,642,310	137,904
	Rupees	3,305,556	697,866

7.1 This represents the unamortised balance of rentals for the period from October 2000 to December 2000 when the premises were being renovated. The management has decided to fully charge off this amount in the current year.

7.2 This represents cost of acquisition of money market brokerage licences.

Notes to the Accounts for the year ended 30 June, 2002

	Note	2002	2001
8. SHORT TERM INVESTMENTS			
Government Securities	8.1	321,215,324	109,936,817
Quoted Securities			
-Term Finance Certificates	8.2	198,092,113	139,700,587
- Equity Investments	8.3	25,923,867	20,146,885
- Investment in Mutual Funds	8.4	6,186,200	-
		230,202,180	159,847,472
	Rupees	551,417,504	269,784,289

8.1 Represents investment in Pakistan Investment Bonds and Federal Investment Bonds, which carry mark up at the rate of 15.00 percent per annum. These are valued using PKRV (Reuters Page) rates.

8.2 Term Finance Certificates - Listed

	Profit Payment frequency	Rate %	Year of Maturity	Cost	2002 Market Value	Cost	2001 Market Value
Gatron (Industries) Ltd.	Semi-annually	18	2003	6,858,397	7,231,112	13,680,201	13,984,927

ATLAS Investment Bank Ltd. I	Semi-annually	15	2005	1,998,800	1,998,800	1,999,600	1,999,600
ATLAS Investment Bank Ltd. II	Semi-annually	15	2006	959,808	959,808	-	-
Dewan Salman Fibre Ltd. I	Semi-annually	19	2004	19,976,000	21,574,021	19,984,000	20,783,360
Dewan Salman Fibre Ltd. 11	Quarterly	16	2005	9,992,000	9,992,000	9,992,000	10,000,000
Pakistan (PTA) Ltd.	Semi-annually	13.19	2006	21,175,764	21,175,764	-	-
First International Investment Bank Limited	Quarterly	17.80	2003	499,400	499,400	749,200	749,200
National Development Leasing Corporation Limited	Semi-annually	17	2004	19,980,000	21,178,800	19,988,000	19,988,000
Nishat Mills Ltd.	Semi-annually	14.5	2004	15,991,801	15,991,801	-	-
Paramount Leasing Ltd.	Semi-annually	16.25	2004	8,800,000	9,152,000	9,800,000	9,800,000
PILCORP 1	Semi-annually	18	2004	7,492,500	7,492,500	7,495,500	7,495,500
PILCORP 11	Semi-annually	15.6	2004	3,333,340	3,400,007	5,000,000	5,000,000
Shakarganj Mills Limited	Semi-annually	15	2005	19,992,000	19,992,000	20,000,000	20,000,000
Sui Southern Gas Co. Ltd.	Semi-annually	14.15	2006	20,991,600	20,991,600	25,000,000	25,400,000
Dawood Leasing Co. Ltd.	Semi-annually	13.5	2006	500,000	500,000	-	-
Engro Chemical Pakistan Ltd.	Semi-annually	13	2006	4,999,000	4,999,000	-	-
Crescent Leasing Corporation Ltd.	Semi-annually	14.5	2006	4,999,000	4,999,000	-	-
Security Leasing Corporation Ltd.	Semi-annually	14.75	2005	4,999,500	4,999,500	-	-
Reliance Weaving Mills Ltd.	Semi-annually	15.25	2007	4,500,000	4,500,000	-	-
Union Leasing Ltd.	Semi-annually	14.5	2005	5,000,000	5,000,000	-	-
Shahmurad Sugar Mills Ltd.	Semi-annually	15.5	2006	3,785,000	3,785,000	-	-
. Sitara Chemical Industries Ltd.	Semi-annually	12	2007	7,680,000	7,680,000	-	-
Sigma Leasing Corporation Ltd.	Semi-annually	17	2003	-	-	4,500,000	4,500,000
			Rupees	94,503,910	198,092,113	138,188,501	139,700,587

**Notes to the Accounts
for the year ended 30 June, 2002**

8.3 Equity investments - Listed

	2002		2001	
	Cost	Market value	Cost	Market value
Meezan Bank Limited	12,362,385	12,416,135	12,362,385	12,362,385
Hub Power Company Limited	5,806,387	5,345,959	1,595,797	1,436,250
Pakistan Telecommunication Company Limited	1,339,748	1,286,250	3,618,427	3,500,250
Fauji Fertilizer Company Limited	7,274,485	6,841,780	2,970,498	2,848,000
National Bank of Pakistan	16,436	33,743	-	-
Rupees	26,799,441	25,923,867	20,547,107	20,146,885

8.4 Investments in Mutual Funds - Listed

	2002		2001	
	Cost	Market value	Cost	Market value
Pakistan Income Fund	5,000,000	5,182,000	-	-
Pakistan Stock Market Fund	1,000,000	1,004,200	-	-
Rupees	6,000,000	6,186,200	-	-

9. FUNDS PLACEMENT WITH FINANCIAL INSTITUTIONS

Unsecured - considered good				
Clean placement			125,000,000	310,000,000
Certificates of investment			40,000,000	-
	Rupees		165,000,000	310,000,000

9.1 Represents amounts placed with financial institutions carrying-mark-up rate ranging from 10.00 to 20.90 percent per annum.

	Note	2002	2001
10. SHORT TERM FINANCES - net			
Secured - considered good			
Current portion of:			
- Loans to employees	5	1,558,523	2,369,525
- Long term finances	5	204,966,218	45,604,293
		206,524,741	47,973,818
Short term finances	10.1	513,625,986	554,591,876
Bills purchased	10.2	12,162,047	29,506,129
Musharika Financing	10.3	13,278,477	16,555,498
Less: Provision for losses	10.4	24,411,244	9,823,119
		514,655,266	590,830,384
	Rupees	721,180,007	638,804,202

Notes to the Accounts

for the year ended 30 June, 2002

10.1 These represent short-term loans provided by the Company for working capital finances, which carry mark-up ranging from 13.00 to 20.00 percent per annum. These are secured by charge on assets of the borrower.

10.2 Represents purchase of bills / invoices for providing finance facility. These are secured by charge on receivables and stocks / stores and spares and carry mark-up at rates ranging between 16.00 to 18.00 percent per annum.

10.3 Represents musharika financing provided by the Company for trade finances. These are based on mutual profit sharing depending upon the terms and conditions of the agreement. These are secured by security deposit and charge over the assets of the venturer.

10.4 Particulars of provision for losses:

	2002	2001
Opening balance	9,823,119	7,994,593
Charge for the year	14,588,125	1,828,526
Ending balance	24,411,244	9,823,119

	Note	2002	2001
. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances			
Income tax refundable	-		(8,161,574)
Advances - unsecured, considered good			
- for purchase of vehicle		1,169,000-	
- for expenses		62,328	156,578
		1,231,328	8,318,152
Prepayments			
Exchange risk cover fee	-		8,554,924
Office rentals		771,480	835,770
Others		546,740	283,984
		1,318,220	9,674,678

Other receivables			
Accrued profit / mark-up on:			
- Investments		51,362,109	25,314,862
-Term finances		18,672,289	24,464,030
- Funds placement		2,130,832	6,985,351
- Bills purchased		590,176	747,078
Interest receivable on FIBs		39,088,691	8,364,626
Income tax	12.2	3,472,944-	
Brokerage receivable		1,307,074-	
Others		382,670	394,463
		117,006,785	66,270,410
	Rupees	119,556,333	84,263,240

for the year ended 30 June, 2002

12. TAXATION

12.1 Current

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

12.2 Prior years

The income tax assessments of the Company have been finalized up to the assessment year 2001 - 2002. While finalizing the assessment for the assessment year 2001-2002 the Income Tax Department has made certain disallowances on account of profit and loss account expenses and excess perquisites for which the Company has filed an appeal before the Commissioner of Income Tax. Full provision relating to such disallowances amounting to Rs. 1,078,9397- has been made in these financial statements.

Furthermore, for the aforesaid assessment year, the department has treated the Company as an assessee in default under section 52 of the Income Tax Ordinance, 1979 and has raised tax demand amounting to Rs. 3,472,944/-. The Company has filed an appeal against the said order of the department. The management is confident, based on the merits of the case, that the decision of the appeal would be favourable and therefore no provision for the said tax demand has been made in these accounts. However, pending the decision of the appeal, full payment for the said tax demand has been made.

	Note	2002	2001
13. CASH AND BANK BALANCES			
Balances with banks on:			
Deposit accounts	13.1	33,970,361	21,690,892
Current accounts		2,122,286	2,376,662
		36,092,647	24,067,554
Cash in hand		170,979	25,964
	Rupees	36,263,626	24,093,518

13.1 Includes a deposit of Rs. 6,050,000/- (2001: Rs. 10,250,000/-) with the State Bank of Pakistan (SBP) as required under the relevant provisions of the SBP's Rules for Non-Banking Financial Institutions (NBFIs) to maintain liquidity reserve against certain liabilities.

	2002	2001
14. SURPLUS / (DEFICIT) ON REVALUATION OF SECURITIES - net		
Government Securities	1,554,697	-
Equity Investments	(873,933)	(400,222)
Unit Trust of Pakistan	(138,690)	(2,054,763)
Term Finance Certificates	3,588,262	1,504,086

Investment in Mutual Funds	186,200	-
Rupees	4,316,536	(950,899)

This represents the difference between the carrying value and revalued amount of marketable securities arising on revaluation of such securities in accordance with SBP's BSD Circular No. 20 dated 04 August, 2000.

	Note	2002	2001
15. LONG TERM CERTIFICATES OF INVESTMENT			
Local currency deposits		1,081,509,048	937,149,466
Foreign currency deposits		-	150,713,600
	15.1	1,081,509,048	1,087,863,066
Less: Certificates due within one year shown as current liability			
- Local Currency		1,037,007,341	839,441,466
	Rupees	44,501,707	248,421,600

15.1 These represent deposits received from customers under Registered Certificates of Investment Schemes both in local as well as in foreign currency. The maturity period is ranging between one month to five years for local currency certificates and three months to five years for foreign currency certificates. The expected rate of return payable on these deposits ranges from 7.50 to 18.00 percent per annum for local currency deposits and approximately 6.10 to 6.30 percent per annum for foreign currency deposits.

	Note	2002	2001
16. LONG TERM LOANS			
Secured			
Saudi Pak Industrial & Agricultural Investment Company (Private) Limited	16.1	91,096,770	23,983,266
Unsecured			
The Bank of Khyber	16.2	150,000,000	-
		241,096,770	23,983,266
Less: Current maturity		36,313,979	18,767,292
	Rupees	204,782,791	5,215,974

16.1 Represents long term loans from Saudi Pak Industrial and Agricultural Investment Company (Private) Limited which carry mark-up at the rates ranging from 13.00 to 17.50 percent per annum. The loans are secured by way of hypothecation, demand promissory notes and floating charge over book debts and receivables of the Company and are repayable in twelve quarterly instalments by 30 September, 2004.

16.2 Represents long term loan obtained from The Bank of Khyber and carries mark-up at the rate of 11.07 percent per annum subject to a floor and ceiling rate of 10.07 and 12.07 percent per annum respectively. This loan is repayable by 28 July, 2003.

17. SHORT TERM LOANS-Secured -

Represents short term rupee loans obtained from a commercial bank and carries mark-up ranging from 7.75 to 9.00 percent per annum. These loans are secured by way of hypothecation over loans and advances of the Company and are repayable by 14 August, 2002.

Notes to the Accounts for the year ended 30 June, 2002

	2002	2001
18. SHORT TERM BORROWINGS		
Secured		

Securities sold under agreement rates of 15.00 percent per annum (2001:14.50 to 15.00 percent per annum)	2,868,998	11,739,559
Unsecured Clean borrowings from financial institutions at mark-up rates ranging between 6.50 to 7.90 percent per annum (2001:8.50 to 17.00 percent per annum)	54,172,951	100,000,000
Rupees	57,041,949	111,739,559

19. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued return / mark-up on:

- Loans and borrowings		
- Secured	25,493,120	21,880,222
- Unsecured	297,721	128,083
	25,790,841	22,008,305
- Certificates of investment	25,238,312	31,839,420
- Security deposits	3,500,000	3,814,350
Accrued expenses	2,501,745	905,982
Unclaimed dividend	836,805	551,222
Others	96,466	1,064,167
Rupees	57,964,169	60,183,446

20. CONTINGENCIES AND COMMITMENTS

Contingencies

Guarantees issued on behalf of customers	Rupees 8,127,280	7,500,000
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Commitments

Purchase and resale transactions	Rupees 50,000,000	101,900,000
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Sale and repurchase transactions

Forward foreign exchange purchase contracts with State Bank of Pakistan against foreign currency COIs	Rupees 2,365,000,000	965,000,000
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	Rupees -	150,713,600
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Underwriting commitments

	Rupees 30,000,000	-
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As at the balance sheet date, the Company has commitments to sell government securities having face value of Rs. 2,000 million (2001: Rs. 630 million) at contracted prices.

21. INCOME FROM LOANS, TERM FINANCES AND CREDIT FACILITIES

Mark-up on loans and term finances	154,888,470	130,818,207
Profit on Musharika	38,232	1,412,928
Income from bills purchased	4,803,423	4,385,633
Return on funds placement with financial institutions	38,496,287	59,995,984
Rupees	198,226,412	196,612,752

Notes to the Accounts**for the year ended 30 June, 2002****22. INCOME FROM INVESTMENTS**

	Note	2002	2001
Return on securities		202,442,462	88,048,155
Dividend income		5,879,683	5,043,735
Rupees		208,322,145	93,091,890

23. FEE, COMMISSION AND BROKERAGE

Brokerage commission	3,535,636	
Trusteeship, underwriting and advisory fee	14,199,550	10,579,402

	Rupees	17,735,186	10,579,402
24. OTHER INCOME			
Interest on employee loans		1,059,292	970,758
Gain / (loss) on sale of fixed assets		68,034	(353,448)
Other income		1,910	229,613
	Rupees	1,129,236	846,923
25. RETURN / MARK-UP ON DEPOSITS AND BORROWINGS			
Mark-up / interest on:			
- Certificates of Investment - (COIs)		132,037,824	131,121,194
- Loans and borrowings			
- Short term		181,311,754	96,066,353
- Long term		8,940,729	5,512,402
		190,252,483	101,578,755
Exchange risk fee on COIs		8,554,924	8,674,104
	Rupees	330,845,231	241,374,053
26. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and benefits	26.1	21,918,509	17,972,208
Staff training		218,530	485,384
Office rent		3,330,210	4,710,805
Travelling and vehicle maintenance		1,493,966	1,232,513
Insurance		1,233,419	1,015,109
Legal and professional charges		1,078,047	1,042,154
Communication		1,711,819	1,020,197
Electricity, Water and Gas		745,171	812,324
Subscriptions		852,130	411,958
Auditors' remuneration	26.2	622,290	465,499
Advertising and promotional expenses		558,296	231,402
Printing and stationery		704,405	658,110
Depreciation	3	3,417,875	3,491,621
Office repairs and maintenance		362,193	242,419
Financial charges on leased assets		-	7,123
Deferred costs amortised	7	1,642,310	137,904
Books, periodicals and newspapers		42,857	44,741
Office general expenses		1,166,163	
		880,645	
Donations	26.3	74,000	62,500
	Rupees	41,172,190	34,924,116

26.1 These include retirement benefits of Rs. 914.867/-(2001: Rs.1,056,887/-) in respect of provident fund of the employees.

	2002	2001
26.2 Auditors' Remuneration		
Audit fee	200,000	160,000
Audit fee for employees' provident fund	11,000	10,000
Tax and corporate advisory services	350,154	270,499
Out of pocket expenses	61,136	25,000
Rupees	622,290	465,499

26.3 Recipients of donation do not include any donee in whom any director or his spouse had an interest.

27. EARNINGS PER SHARE - Basic and diluted

During the year, the number of shares remained constant at 20,000,000 (2001:20,000,000), earnings per share were Rs. 2.35 (2001: Rs. 1.41). There were no subscription rights outstanding and therefore, there are no dilutive potential shares.

28. WORKING CAPITAL CHANGES

(Increase) / decrease in current assets		
Short term investments	(278,281,853)	(82,272,638)
Funds placement with financial institutions	145,000,000	97,000,000
Short term finances	(96,963,930)	21,188,732
Advances, prepayments and other receivables	(39,981,722)	(16,215,652)
	(270,227,505)	19,700,442
Increase / (decrease) in current liabilities		
Short term loans	50,000,000	(50,000,000)
Certificates of Investment	197,565,875	171,607,737
Short term borrowings	(54,697,610)	(154,944,245)
Accrued expenses and other liabilities	(2,504,860)	16,019,076
	190,363,405	(17,317,432)
	(79,864,100)	2,383,010

Rupees

29. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

	Chairman		Chief Executive		Executives	
	2002	2001	2002	2001	2002	2001
Managerial remunerati	600,000	600,000	2,320,000	2,320,000	8,423,005	7,296,573
Housing and utilities	-	-	1,160,000	1,160,000	3,523,677	3,740,317
Retirement benefits	-	-	232,000	232,000	595,995	720,150
Rupees	600,000	600,000	3,712,000	3,712,000	12,542,677	11,757,040
Number of persons	1	1	1	1	27	25

The Chairman, Chief Executive and certain Executives are provided with free use of Company maintained cars.

30. FINANCIAL INSTRUMENTS**30.1 Credit risk and concentration of credit risk**

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

**Notes to the Accounts
for the year ended 30 June, 2002**

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of a Company's performance to developments affecting a particular industry.

The Company has established certain policies and procedures to manage credit exposure, including initial credit approvals, credit limits, collateral and guarantees requirement, continuous monitoring and adopting a prudent approach in managing its assets. Due diligence is exercised in selection of risk assets for investment of funds.

The Company is exposed to credit risk on loans, term finances and funds placement with financial institutions. The Company seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy and obtaining securities where applicable.

A sectoral break-up of term finances and other advances is as follows:

	2002	Percent	2001	Percent
Chemicals	62,822,636	7	57,486,759	6.68
Electrical and Electronic goods	26,770,835	3	35,500,000	4.12
Energy	29,711,522	3	50,000,000	5.82
Food and Beverages	58,466,750	6	24,000,000	2.79
Glass and Ceramics '	9,862,500	1	19,506,134	2.27
Health Care	477,206	0	-	-
Steel and Engineering	27,003,620	3	33,000,000	3.84
Sugar and Allied	120,000,000	13	110,000,000	12.8
Textile	231,985,480	26	314,486,384	36.58
Transport and Communications	18,571,964	2	4,000,000	0.47
Financial Institutions	117,092,755	13	14,345,615	1.67
Trading	-	-	16,555,498	1.93
Miscellaneous	182,535,027	20	178,108,950	20.72
Individuals	23,400,000	3	2,700,000	0.31
Rupees	908,700,295	100	859,689,340	100

Interest / mark-up rate risk exposure

The Company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Company while dealing in the financial instruments negotiate attractive fixed interest rates, which reduce the interest rate price risk.

Non-interest bearing financial instruments with maturity over one year may have an exposure of interest rate price risk.

The range on the weighted average of effective interest rates is disclosed in the respective notes to the financial statements.

Financial Assets

	Intrest Bearing Maturity		Non- Intrest Bearing	Total
	Within One Year	Over One Year		
Long term investments	-	-	25,282,236	25,282,236
Long term loan & term finances	-	190,879,426	-	190,879,426
Long term security deposits	-	-	2,300,760	2,300,760
Short term investment	551,417,504	-	-	551,417,504
Funds placement -	165,000,000	-	-	165,000,000
Short term finances	707,901,530	-	13,278,477	721,180,007
Advances and other receivables	1,558,523	16,592,143	101,405,667	119,556,333
Cash and bank balances	33,970,361	-	2,293,265	36,263,626
Rupees	1,459,847,918	207,471,569	144,560,405	1,811,879,892
2001 - Rupees	1,233,547,004	207,664,869	108,629,831	1,549,841,704

Financial liabilities

	Intrest Bearing Maturity		Non- Intrest Bearing	Total
	Within One Year	Over One Year		
Certificates of investment	1,037,007,341	44,501,707	-	1,081,509,048

Long term loans	36,313,979	204,782,791	-	241,096,770
Short term loans	100,000,000	-	-	100,000,000
Short term borrowings	57,041,949	-	-	57,041,949
Accrued expenses and other	-	-	57,964,169	57,964,169
Proposed dividend	-	-	30,000,000	30,000,000
Rupees	1,230,363,269	249,284,498	87,964,169	1,567,611,936
2001 - Rupees	1,019,948,317	253,637,574	60,183,446	1,333,769,337

30.3 Fair Values

The fair values of the financial instruments approximates their values as disclosed in the respective notes to the accounts.

30.4 Foreign exchange risk management

Foreign exchange risk is managed by the Company through obtaining forward cover from State Bank of Pakistan.

		2002	2001
Currency risk exposure			
Foreign currency financial assets	Rupees	22,684	19,148

31. TRANSACTIONS WITH ASSOCIATED UNDERTAKING

Brokerage fee	Rupees	252,167	-
Underwriting / arrangement fee	Rupees	80,000	1,931,376
Underwriting of TFC issue (non fund based)	Rupees	30,000,000	

32. TRUST ACTIVITIES

The Company has been appointed as trustee by various Term Finance Certificate - (TFC) issuers for their respective issues. The trust deeds entered into, intend to secure the issuer's obligation to redeem the TFCs at the maturity on behalf of the TFC holders and envisage that the trustee holds the security-in-trust on their behalf.

33. NUMBER OF EMPLOYEES

The number of employees at the balance sheet date was 56 (2001:40).

34. CORRESPONDING FIGURES

The significant prior year's figures which have been reclassified consequent upon certain changes in current year's presentation are as follows:

Reclassification		Nature	Rupees
From	To		
Income from investments	Income from loans, term finances and credit facilities	Income from funds placement with financial institutions and Musharika transactions	61,408,912
Advance taxation	Provision for taxation	Tax provision for the year ended 30 June, 2001	12,550,000
Other income	Net gain on sale of investments	Capital gain	21,159,254

35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 17 September, 2002 by the Board of Directors of the Company.

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS		NUMBER OF SHARES HELD
	FROM	TO	
54	1	100	504
1,278	101	0.5	638,750
179	501	1000	179,000
256	1001	5000	738,250
73	5001	10000	591,500
20	10001	15000	266,000
13	15001	20000	241,500
8	20001	25000	190,500
6	25001	30000	169,000
2	30001	35000	67,500
1	35001	40000	37,000
1	40001	45000	41,500
3	45001	50000	147,500
2	50001	55000	101,001
2	55001	60000	117,500
2	60001	65000	126,000
7	70001	75000	521,000
5	75001	80000	382,500
1	80001	85000	84,500
2	95001	100000	199,000
2	105001	110000	220,000
1	125001	130000	130,000
1	145001	150000	147,500
1	205001	210000	207,500
1	235001	240000	239,500
1	335001	340000	335,500
1	375001	380000	380,000
3	995001	1000000	3,000,000
1	1495001	1500000	1,499,999
1	1995001	2000000	2,000,000
1	2995001	3000000	2,999,998
1	3995001	4000000	3,999,998
1,930			20,000,000

There are no shareholdings in the slabs which have not been included above.

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
Individuals	1,876	5,045,503	25.23
Investment Companies	6	2,464,000	12.32
Insurance Companies	3	163,000	0.81
Joint Stock Companies	31	3,629,498	18.15
Financial Institutions	5	1,003,000	5.01
Modaraba	1	27,500	0.14
Foreign Investors	6	7,509,999	37.55
Others	2	157,500	0.79
Total	1,930	20,000,000	100

CATEGORY OF NO. SHARE HOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF FOLIOS / CDC ACCOUNTS	CATEGORY WISE SHARES HELD	PERCENTAGE %
1 ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		1	2,999,998	15
ORIX Leasing Pakistan Limited	2,999,998			
2 NIT/ICP		3	67,000	0.34
National Bank of Pakistan, Trustee Deptt.	1,500			
Investment Corporation of Pakistan	65,500			
3 DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		9	125,008	0.62
Mr. Kunwar Idris	50,001			
Mr. Yoshio Ono	1			
Mr. Nagaaki Esaki	1			
Mr. Benjamin Lee	1			
Mr. Humayun Murad	1			
Mr. Muhammad Rashid Zahir	1			
Mr. Fahim Ahmed	1			
Mr. Nairn Farooqui	1			
Mrs. Faryal Murad W/0 Mr. Humayun Murad	75,000			
4 BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS		10	1,590,500	7.95
5 FOREIGN INVESTORS		4	7,509,997	37.55
6 INDIVIDUALS		1,869	4,920,497	24.6
7 INVESTMENT COMPANIES		2	2,000,000	10.00
8 JOINT STOCK COMPANIES		30	629,500	3.15
9 OTHERS		2	157,500	0.79
TOTAL		1,930	20,000,000	100

SHARE-HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

NUMBER OF SHARE HOLDER(S)	NO. OF SHARES HELD	PERCENTAGE %
1' ORIX CORPORATION	3,999,998	20
2 ORIX LEASING PAKISTAN LIMITED	2,999,999	15
3 INTERNATIONAL FINANCE CORPORATION	2,000,000	10
TOTAL	8,999,996	45