

Asset Investment Bank Limited

Annual Report 2000

CONTENTS

Company Information
Notice of Annual General Meeting
Directors' Report
Auditors' Report
Balance Sheet
Profit & Loss Account
Statement of Changes in Financial Position
Notes to the Accounts
Pattern of Shareholding

COMPANY INFORMATION

CHAIRMAN

S.M. Abdullah

CHIEF EXECUTIVE

Syed Naveed H. Zaidi

DIRECTORS

Dr. Khalid Iqbal
Mohammad Ashiq Rehmani
Rana M. Abu Obaida
Azhar Tariq Khan
Sohail Ali
Shamim I. Junejo

COMPANY SECRETARY

Muhammad Naeem Aslam

BANKERS

Habib Bank Limited
Muslim Commercial Bank Limited
National Development Finance Corporation
Habib American Bank

AUDITORS

Ford, Rhodes, Robson, Morrow
Chartered Accountants

REGISTRAR

Nobel Computer Services (Pvt) Limited
14-Banglore Town, Housing Society,
Sharea Faisal, Karachi
Phones: (021) 4546978, 4520121, Fax: (021) 4314962

REGISTERED OFFICE

301 & 302, 3rd Floor
Muhammad Gulistan Khan House
Blue Area, Islamabad
Phone: (051) 2270621,2822513
Fax: (051) 2272506

LIAISON OFFICE

715, 7th Floor

Progressive Plaza, Civil Lines, Karachi

Phones: (021) 5689580, 5687412

Fax: (021) 5687829

Telex: 20538 ASSET PK

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 8th Annual General Meeting of Asset Investment Bank Limited will be held at 301 & 302, 3rd floor, Muhammad Gulistan Khan House, 82-East, Fazal-ul-Haq Road, Blue Area, Islamabad on Saturday, December 30, 2000, at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

- 1) To confirm the minutes of Annual General Meeting held on December 30, 1999.
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2000 together with the Directors' and Auditors' Reports thereon.
- 3) To appoint Auditors for the next term and fix their remuneration.
The present Auditors, M/S Ford, Rhodes, Robson, Morrow, Chartered Accountants retire and being eligible, offer themselves for re-appointment.
- 4) To transact any other business with the permission of the chair.

By order of the Board

Islamabad
December 09, 2000

Muhammad Naeem Aslam
Company Secretary

1. A member entitled to attend and vote at the above meeting may appoint any other person as his/her proxy. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If a member is a corporation, either its common seal be affixed to the proxy form or the Board of Directors' resolution/power of attorney along with specimen signature of the nominee shall be submitted with the proxy form. The proxy shall have a right to attend, speak and vote in the place of the member.

2. Proxies in order to be effective must be received at the Registered Office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.

3. Proxy need not be a member.

4. CDC account holder will further have to follow the under mentioned guidelines specified by the Securities and Exchange Commission of Pakistan:

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 submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

iii. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his original NIC or original passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the company.

5. The members are requested to immediately notify the change in address, if any.

6. The Share transfer books of the Company will remain closed from December 24, 2000 to December 30, 2000 both days inclusive

DIRECTORS' REPORT

The directors of Asset Investment Bank Limited are submitting the 8th Annual Report of the Bank together with the audited accounts for the year ended June 30, 2000.

FINANCIAL REVIEW

After the change in the Government, our economy is passing through transitional phase with the result that the new solid investment opportunities are hardly coming up but at the same time, the financial analysts are closely watching the inherent strength of the overall economy, thereby causing uncertainty in continuation of various programmes launched by the Government for the revival of economy. Since, the financial sector's health is directly proportional to business and economy, it is pre-mature to foresee the future. For the year under review the Bank had to take difficult decisions to convert the bad debts into either recoveries or good assets. These decisions have both negative and positive affects. On the negative side the capital was eroded, resulting in basic loss of Rs. 5.03 per share and on the positive side, the management was able to make substantial recoveries.

Although stock market showed some improvement but only in selective scripts so on the recommendation of Auditors, our Bank had to make provision for diminution in value to the tune of Rs.4.864 million during the current year thus bringing the total provisions made so far to the level of Rs. 10.60 million.

Although the Auditors observation in para (e) of their report has been explained in relevant notes but following is the management's view on the issues:

* The dispute between Muslim Commercial Bank Limited and Asset Investment Bank Limited is being negotiated and hopefully will be decided in favour of our Bank.

* Asset Group's involvement in day-to-day affairs of Caravan East Fabrics Limited combined with vigilant financial control is showing fruitful results. The Management of Caravan East Fabrics Limited is quite confident to start making repayment by March 2001.

* The management of our Bank is trying its best to arrange payment from its associated company to Investment Bank and to release our placement.

The management of Asset Investment Bank Limited is engaged in serious negotiations with financially sound group to increase its Paid-up Capital and the entire endeavour is bring the current ratio at the desired level by taking other appropriate steps.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2000 is annexed.

AUDITORS

The present auditors, M/S Ford, Rhodes, Robson, Morrow, Chartered Accountants retire, and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

The management of Asset Investment Bank Limited is making all out efforts to improve the financial health of the Bank and really thankful to the concern officials of State Bank

of Pakistan and the Securities and Exchange Commission of Pakistan for their support and guidance. We also extend appreciation to depositors, clients and correspondents for their trust and support and for recognition of Bank's service.

The Board wishes to place on record its appreciation of the work and concerted efforts of the company personnel.

We seek Allah's guidance and His blessings in achieving our objectives.

On behalf of the Board

Islamabad
December 04, 2000

Syed Naveed H. Zaidi
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Asset 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 explanation 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 approval 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 our audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on 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) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion-

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

(ii) the expenditure incurred during the year was for the purpose of Company's business;

(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 the 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 loss, its cash flows and changes in equity for the year then ended;

(d) in our opinion, zakat deductible at source, if any, 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; and

(e) without qualifying our opinion-

(i) we draw attention to notes 10.2, 13.1, 17.1 and 19.1 to the accounts. Pending outcome of the efforts being made by the Company, no provision against the amounts stated in the above notes has been made; and

(ii) without taking into consideration the effect of the matter included in (i) above, we draw attention to the fact that as on June 30, 2000 accumulated losses of the Company has diminished its equity by Rs.79.567 million, the current liabilities have exceeded the current assets by Rs.97.412 million and the Company has significant exposure to contingencies as disclosed in note 10 to the accounts. These factors have a bearing on the Company's ability to meet its obligations and to continue as a going concern. However, these accounts have been prepared on a going concern basis for the reasons disclosed in note 2 to the accounts.

Islamabad
December 04, 2000

Ford, Rhodes, Robson, Morrow
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
SHARE CAPITAL AND RESERVES			
Authorized capital-			
20,000,000 ordinary shares of Rs. 10/- each		200,000,000	200,000,000
		=====	=====
Issued, subscribed and paid up capital-			
10,000,000 ordinary shares of Rs.10/- each fully paid in cash		100,000,000	100,000,000
Reserves			
Capital reserves-			
Statutory/special reserve	4	2,387,791	2,387,791
Revenue reserve			
Accumulated loss		(81,954,918)	(31,678,852)
		-----	-----
		(79,567,127)	(29,291,061)
		-----	-----
		20,432,873	70,708,939
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
	5	165,444	300,166
LONG TERM DEPOSITS	6	2,030,500	29,400,820
CURRENT LIABILITIES			
Short term deposits	7	128,612,292	145,932,726
Short term finances	8	50,555,638	61,897,300
Creditors, accrued and other liabilities	9	71,779,938	52,011,922
		-----	-----
		250,947,868	259,841,948
CONTINGENCIES AND COMMITMENTS	10	--	--

		273,576,685	360,251,873
TANGIBLE FIXED ASSETS	11	3,872,615	7,148,108
LONG TERM INVESTMENTS	12	69,496,089	77,911,664
LONG TERM LOANS AND ADVANCES	13	46,627,967	111,203,827
LONG TERM DEPOSITS AND PREPAYMENTS	14	44,000	294,000
CURRENT ASSETS			
Short term investments	15	15,000,000	25,000,000
Loans and advances	16	30,006,631	34,620,516
Income accrued and receivables	17	39,907,119	41,500,433
Advances, deposits, prepayments and other receiv	18	49,948,015	42,710,978
Cash and bank balances	19	18,674,249	19,862,347
		153,536,014	163,694,274
		273,576,685	360,251,873

The annexed notes form an integral part of these accounts.

The auditors' report is annexed hereto.

Syed Naveed H. Zaidi
Chief Executive

M.A. Rehmani
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2000

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
INCOME			
Income from bank deposits		3,114,601	7,301,958
Income from loans and advances		17,498,505	25,964,188
Income from investments in government securities		2,081,630	2,450,362
Commission and fees		2,217,541	2,589,780
Remission of loan		--	22,521,341
Dividend income		674,657	302,619
Gain on sale of fixed assets		224,242	104
Other income		182,580	2,004,272
		25,993,756	63,134,624
EXPENDITURE			
Return on deposits, borrowings and running finance		33,915,640	37,871,995
Loss on settlement of loan, mark-up and commissio	20	21,440,956	14,560,841
Administrative and operating	21	10,344,964	11,181,098
Loss on sale of shares and certificates		1,928,749	6,000,000
Loss on sale of property	22	3,298,523	--
Provision for doubtful loans		140,225	1,192,065
Provision for doubtful receivables		120,636	700,773
Provision for diminution in value of long term investments		4,864,456	3,767,950
		76,054,149	75,274,722

Loss before taxation		(50,060,393)	(12,140,098)
Provision for taxation			
-Current year		130,000	200,000
-prior year		85,673	1,791,396
		-----	-----
		215,673	1,991,396
Loss after taxation		(50,276,066)	(14,131,494)
Profit/(loss) brought forward		(31,678,852)	(17,547,358)
		-----	-----
Accumulated loss carried forward		(81,954,918)	(31,678,852)
		=====	=====
Basic loss per share	26	(5.03)	(1.41)
		=====	=====

The annexed notes form an integral part of these accounts.

The auditors' report is annexed hereto.

Syed Naveed H. Zaidi
Chief Executive

M.A. Rehmani
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Return, commission and other receipts	24,975,471	38,310,560
Return on deposits, borrowings and running finance	(33,915,640)	(37,871,995)
Administrative and operating expenses	(9,574,815)	(9,918,042)
	-----	-----
	(18,514,984)	(9,479,477)
(Increase)/decrease in assets-		
Loans and advances	63,777,325	90,813,745
Income accrued and receivables	(5,375,446)	(7,888,103)
Advances, deposits, prepayments and other receivables	(17,326,225)	8,798,383
Increase/(decrease) in liabilities-		
Deposits	(44,690,754)	(82,546,984)
Creditors, accrued and other liabilities	20,035,326	21,156,160
	-----	-----
Net cash flow from operating activities before tax	(2,094,758)	20,853,724
Income tax paid	(104,170)	(42,944)
	-----	-----
Net cash generated from/(used in) operating activities	(2,198,928)	20,810,780
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	674,657	302,619
Purchase of fixed assets	(46,000)	(47,000)
Proceeds from sale of fixed assets and property	615,000	180,000
Proceeds from sale of investments	26,622,370	--
Purchase of investments	(15,000,000)	(18,000,000)
	-----	-----
Net cash generated from/(used in) investing activities	12,866,027	(17,564,381)

CASH FLOW FROM FINANCING ACTIVITIES

Short term finances	(11,341,662)	(37,724,730)
Repayment of obligations trader finance lease	(513,535)	(834,860)
	-----	-----
Net cash generated from/(used in) financing activities	(11,855,197)	(38,559,590)
	-----	-----
Net decrease in cash and cash equivalents	(1,188,098)	(35,313,191)
Cash and cash equivalents at the beginning of the year	19,862,347	55,175,538
	-----	-----
Cash and cash equivalents at the end of the year	18,674,249	19,862,347
	=====	=====

Syed Naveed H. Zaidi
Chief Executive

M.A. Rehmani
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

1. LEGAL STATUS AND NATURE OF BUSINESS

Asset Investment Bank Limited was incorporated in Pakistan on June 09, 1992 as a public limited company and is listed on the Karachi, Lahore and Islamabad stock exchanges. The company is principally engaged in the business of investment banking under the provisions of SRO 585(1)/87 dated July 13, 1987 issued by the ministry of finance, Government of Pakistan.

2. GOING CONCERN ISSUE

The company's current financial position is not sound and unless additional capital is raised and new funds are available for gainful employment, it would affect its status of a going concern. The Company is negotiating with few local and foreign investors to inject additional capital into the business and for investments in various projects, and it is confident that these funds will be available for gainful employment and discharging its current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These accounts have been prepared under the historical cost convention.

3.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation on all operating fixed assets is charged to income on reducing balance method at the rates given in note 11.

Full year's depreciation is provided in the year of purchase and no depreciation is charged on assets deleted during the year.

Minor renewals or replacements, maintenance, repair, gains or losses on disposal of fixed assets are included in income currently. Major renewals and replacements are capitalized.

3.3 Assets subject to finance lease

Assets subject to finance lease are stated at the lower of the present value of minimum lease payments under the lease agreements and fair value of the assets. The related obligations of the lease are accounted for as liabilities.

Assets acquired under a finance lease are amortized over their useful lives on reducing balance method at the rates given in note 11. Amortization of the leased assets is charged to income.

3.4 Employees retirement benefits

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

fund rules.

3.5 Taxation

Provision for current taxation is based on taxable income at the current rate of taxation after considering all applicable tax credits, rebates and exemptions. The company accounts for deferred tax using the liability method on all major timing differences.

3.6 Investments

Long term investments are stated at moving average cost of the respective entities' share/certificates. Provision is made if the diminution in the value of investment is considered permanent.

Short term investments are stated at moving average cost of the respective entities' share/certificates less provision for diminution in the market value. The provision for diminution in market value is determined on portfolio basis and is charged to income currently.

Profit or loss on sale of investments is accounted for currently.

3.7 Government securities repurchase/resale transactions

The company enters into transactions of repurchase or resale in registered Government securities at contracted rates for specified periods of time. These are recorded as follows:

(a) in the case of sale under repurchase obligations, the securities are deleted from the books at cost (whilst the coupon income continues to be accrued) and the charges arising from the differential in sale and repurchase values are accrued on pro-rata basis and recorded under income from Government securities. Upon repurchase the securities are reinstated at their respective original cost.

(b) in the case of purchases under resale obligations the securities are booked at the contracted purchase price and the differential of the contracted purchase and resale prices is amortized over the period of the contract and recorded under income from Government securities.

3.8 Revenue recognition

Mark-up/return on finance provided is recognized on a time proportion basis taking account of the relevant maturity dates. Commission and fees are taken to income currently.

Dividend income from investment in shares/certificates is recognized at the time of declaration of dividend by the investee companies.

Income on Government securities is recognized by pro-rata accruals of the differential in cost and maturity values and/or the coupon rate applicable.

Project examination, commitment and other charges are recognized as income on receipt basis.

3.9 Foreign currency translations

Assets and liabilities in foreign currencies are translated into Rupees at the exchange rates prevailing on the balance sheet date. However, liabilities representing deposits in foreign currencies and return on them are converted at the rate prevailing on the date of deposits where the option of exchange risk coverage has been exercised. Other foreign currency transactions are converted at the rate prevailing on the date of transaction. Exchange differences are included in income currently.

4. STATUTORY/SPECIAL RESERVE

At the beginning of the year

Transfer from profit and loss account

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
At the beginning of the year	2,387,791	2,387,791
Transfer from profit and loss account	--	--
	-----	-----
	2,387,791	2,387,791
	=====	=====

The statutory/special reserve is created by transferring 20% of the profit for the year. This reserve is required to be maintained under the provisions of the regulations of the State Bank of Pakistan for Non-Banking Financial Institutions.

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represent the outstanding balance against obligations under finance leases. The rate of return used as discounting factor is 21.30% (1999: 21.30% to 25.01%) per annum. The lease rentals are payable in equal monthly installments.

The future minimum lease payments to which the company is committed under the lease agreements are due as follows:

During the year 1999-2000	--	582,700
During the year 2000-2001	176,640	176,640
During the year 2001-2002	176,480	176,480
	-----	-----
	353,120	935,820
Less: Finance charge allocated to future periods	52,956	122,121
	-----	-----
	300,164	813,699
Less: Current liability	134,720	513,533
	-----	-----
	165,444	300,166
	=====	=====
6. LONG TERM DEPOSITS	2,030,500	29,400,820
	=====	=====

These deposits are held for five years and the expected rate of return payable on these deposits is 18% (1999: 18%) per annum.

7. SHORT TERM DEPOSITS

Banks and financial institutions-

Local currency		
-From associated companies	39,977,000	20,677,000
-Others	22,000,000	22,000,000
	-----	-----
	61,977,000	42,677,000

Others-

Local currency	66,338,724	102,898,536
Foreign currency	296,568	357,190
	-----	-----
	66,635,292	103,255,726
	-----	-----
	128,612,292	145,932,726
	=====	=====

These represent deposits received from customers with maturity periods ranging between 30 days to one year. Expected return is payable at the rates varying from 6.375% to 6.4375% (1999: 2.25% to 6.5628%) per annum on US dollars deposits and from 12% to 21% (1999: 13% to 23%) per annum on Rupee deposits.

8. SHORT TERM FINANCES

Unsecured-

From investment banks, leasing companies and mo	8.1	20,657,988	32,000,000
---	-----	------------	------------

Secured-

From Habib Bank Limited	8.2	29,897,650	29,897,300
		-----	-----

	50,555,638	61,897,300
	=====	=====

8.1 These carry mark-up from 9.8% to 23.5% (1999: 6% to 23%) per annum. These include Rs. 5,000,000 (1999: Rs. 5,000,000) taken from an associated company.

8.2 This represents running finance out of total sanctioned facility of Rs.30 million. The rate of mark-up is 17.52% (1999: 17.52%) per annum. The facility is secured by way of charge on book debts/receivables and pledge of shares Of quoted companies amounting to Rs.30.625 million (1999: Rs.31.843 million)

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Accrued return on deposits		45,870,112	34,514,673
Accrued return on finances		18,702,621	12,494,132
Accrued liabilities		2,921,398	1,654,536
Margin against letters of guarantee		3,364,432	3,364,432
Provision for taxation		5,301,766	5,086,093
Tax deducted at source and advance tax		(8,852,447)	(8,748,277)
		-----	-----
		(3,550,681)	(3,662,184)
Withholding tax payable		2,765,310	1,837,032
Commission and fee received in advance		1,156	96,569
Current portion of obligations under finance lease	5	134,720	513,533
Other payables		1,570,870	1,199,199
		-----	-----
		71,779,938	52,011,922
		=====	=====

10. CONTINGENCIES AND COMMITMENTS

Contingencies-

Guarantees issued on behalf of customers		10,719,763	55,675,535
Tax demands assessed but not provided, pending decision of appeals	10.1	54,030,643	18,081,308
Remission of loan and mark-up not admitted by len	10.2	30,170,758	30,170,758
		-----	-----
		94,921,164	103,927,601

Commitments-

Commitments for resale of Government Securities		15,000,000	25,000,000
		-----	-----
		109,921,164	128,927,601
		=====	=====

10.1 These demands are raised by making massive illegal additions to income and applying tax rate applicable to banking companies as against the tax rate applicable to public companies, which is confirmed by the full bench of Income Tax Appellate Tribunal. The company is confident that these appeals will be decided in favour of the Company.

10.2 The Company entered into an informal arrangement with Muslim Commercial Bank Limited (MCB) last year, when a remission in loan and mark-up of Rs.22,521,941 was recognised as income of the Company. This action of the Company was disputed by MCB and case for recovery of Rs.30,170,758 (including mark-up of Rs.7,648,817) was filed in the Sindh High Court. The case is still undecided. The Company has not only lodged a counter-claim, but is also actively following up the matter through negotiation. The management of the Company is confident that the matter will be fully settled in its favour, and no provision would be required against this litigation.

11. TANGIBLE FIXED ASSETS

COST

DEPRECIATION

W.D.V.

Particulars	as at	Additions	Transfer	Deletion	as at	Rate	as at	for the	on	on	as at	as at
	01.07.199	Rs.	Rs.	Rs.	30.06.2000		01.07.1999	Year	Transfer	Deletion	30.06.2000	30.06.2000
	Rs.	Rs.	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office equipment	1,721,924	46,000	--	--	1,767,924	10	721,256	104,667	--	--	825,923	942,001
Furniture and fixture	1,324,402	--	--	--	1,324,402	10	570,412	75,399	--	--	645,811	678,591
Lease-hold improvements	1,475,425	--	--	--	1,475,425	33.33	1,312,920	54,163	--	--	1,367,083	108,342
Vehicles	4,857,282	--	2,591,860	(848,000)	6,601,142	20	3,340,948	465,520	1,389,835	(457,242)	4,739,061	1,862,081
Premises for car parking	2,520,000	--	--	(2,520,000)	--	5	359,415	--	--	(359,415)	--	--
	11,899,033	46,000	2,591,860	(3,368,000)	11,168,893		6,304,951	699,749	1,389,835	(816,657)	7,577,878	3,591,015
Assets subject to Finance lease-Vehicles	3,031,860	--	(2,591,860)	--	440,000	20	1,477,835	70,400	(1,389,835)	--	158,400	2,816,012
2000	14,930,893	46,000	--	(3,368,000)	11,608,893		7,782,786	770,149	--	(816,657)	7,736,278	3,872,615
1999	15,053,893	487,000	(610,000)	--	14,930,893		7,055,383	1,157,506	--	(430,104)	7,782,785	7,148,108

Statement of disposal of fixed assets

Item Description	Cost	Accumulated depreciation	Book Value	Sale proceeds	Gain/(loss)	Mode of Disposal	Purchaser
	Rs.	Rs.	Rs.	Rs.	Rs.		
Vehicle	848,000	457,242	390,758	615,000	224,242	By inviting quotations	Mr. Mafooz Ahmed
Premises for car parking	2,520,000	359,415	2,160,585	--	(2,160,585)	By negotiation (see note 22)	Saudi Pak Leasing Limited

Note
2000
Rupees

1999
Rupees

12. LONG TERM INVESTMENTS

Shares and certificates of listed companies and mod	12.1	70,097,298	73,648,417
Shares of unlisted companies	12.2	10,000,000	10,000,000
		80,097,298	83,648,417
Provision for diminution in value of long term inves	12.3	(10,601,209)	(5,736,753)
	12.4	69,496,089	77,911,664

12.1 Investments in shares and certificates of listed companies and modarabas

Associated companies-

National Asset Leasing Corporation Limited

800,000 ordinary shares of Rs. 10 each

12.1.1 10,122,000 10,122,000

Caravan East Fabrics Limited

2,423,050 ordinary shares of Rs. 10 each

12.1.2 24,230,500 24,230,500

34,352,500 34,352,500

Other companies and modarabas-

First General Leasing Modaraba

902,163 certificates of Rs. 10 each

including 101,963 bonus certificates

12.1.3 8,019,205 8,019,205

First Islamic Modaraba 25,000 certificates of Rs. 10 each	250,000	250,000
First Punjab Modaraba 63,130 certificates of Rs. 10 each including 27,130 bonus certificates	925,900	925,900
Bankers Equity Limited 23,000 ordinary shares of Rs. 10 each including 3,000 bonus shares	1,102,012	1,102,012
Khadim Ali Shah Bukhari & Co. Limited 6,000 (1999: 6,600) ordinary shares of Rs. 10 each including 4,900 (1999: 1,600) bonus shares	209,993	355,958
Crescent Investment Bank Limited 8,400 ordinary shares of Rs. 10 each including 3,259 (1999: 4,400) bonus shares	125,903	169,450
Asian Stock Fund 172,500 ordinary shares of Rs. 10 each	1,725,000	1,725,000
Indus Bank Limited 100,500 ordinary shares of Rs. 10 each	1,653,660	1,653,660
Balance carried forward	14,011,673	14,201,185
Balance brought forward	14,011,673	14,201,185
Gulistan Spinning Mills Limited Nil (1999: 34,500) ordinary shares of Rs. 10 each	--	1,274,020
Gadoon Textile Mills Limited 9,843 ordinary shares of Rs. 10 each including 3,543 bonus shares	806,757	806,757
Dadabhoj Cement Limited 4,000 (1999: 6,000) ordinary shares of Rs. 10 each	210,640	315,960
Pioneer Cement Limited 40,000 ordinary shares of Rs. 10 each	2,036,615	2,036,615
Cherat Cement Limited 43,750 ordinary shares of Rs. 10 each including 10,750 bonus shares	2,730,400	2,730,400
Searle Pakistan Limited 1,974 ordinary shares of Rs. 10 each including 725 bonus shares	109,940	109,940
Nishat Mills Limited 13,261 ordinary shares of Rs. 10 each including 1,100 bonus shares	928,825	928,825
Pakistan Industrial Leasing Corp. Ltd. 20,000 (1999: 20,000) ordinary shares of Rs. 10 each	603,320	724,000
Security Leasing Corporation Limited 167,400 ordinary shares of Rs. 10 each	1,674,000	1,674,000
Askari Commercial Bank Limited		

4,747 ordinary shares of Rs. 10 each including 1,997 bonus shares	111,655	111,655
Nayab Spinning Mills Limited 700,000 ordinary shares of Rs. 10 each	6,300,000	6,300,000
Genertech Pak Limited 10,000 ordinary shares of Rs. 10 each	254,500	254,500
Lucky Cement Limited Nil (1999: 2,500) ordinary shares of Rs. 10 each	--	51,500
KASB Premier Fund 100,000 ordinary shares of Rs. 10 each	1,024,150	1,024,150
Balance carried forward	30,802,475	32,543,507
Balance brought forward	30,802,475	32,543,507
Pak Apex Leasing Limited 192,900 ordinary shares of Rs. 10 each	1,934,000	1,934,000
Pak Datacom Limited Nil (1999: 11,000) ordinary shares of Rs. 10 each	--	408,000
Sui Northern Gas Pipelines Limited 110,720 (1999: 112,500) ordinary shares of Rs.10 each including 185 (1999: Nil) bonus shares	2,511,323	3,913,410
I.C.I. Pakistan Limited 20,000 ordinary shares of Rs. 10 each	497,000	497,000
Sui Southern Gas Pipelines Limited 730 bonus shares of Rs.10 each	--	--
Aggregate market value: Rs. 43,659,716 (1999: Rs. 44,703,699)	35,744,798	39,295,917
	70,097,298	73,648,417
	=====	=====

12.2 Investment in unlisted companies

Sihala Biotech Limited	12.2.1	10,000,000	10,000,000
Break-up value Rs.10,000,000 (1999: Rs.10,000,000)		10,000,000	10,000,000
		=====	=====

- 12.1.1 Percentage of equity held in the investee company is 8.39% (1999: 8.39%)
12.1.2 Percentage of equity held in the investee company is 24.23% (1999: 24.23%)
12.1.3 Percentage of equity held in the investee company is 16.03% (1999: 16.03%)
12.2.1 Percentage of equity held in the investee company is 36.60% (1999: 36.60%)

12.3 Provision for diminution in value of investments held in Associated Companies has not been made as the management intends to hold them for long term.

12.4 Shares amounting to Rs.68.201 million (1999: Rs.68.201 million) are pledged with banks and financial institutions against loans taken from them. This includes Rs. 37.576 million, market value Rs. 22.629 million (1999:37.576 million, market value Rs.21.801million) held by Muslim Commercial Bank Limited against early loan settlement case pending in Sindh High Court. (See note 10.2).

13. LONG TERM LOANS AND ADVANCES

Lease Pak Limited		3,684,000	15,794,000
Caravan East Fabrics Limited	13.1	43,182,534	43,182,534
Mina Leathers Limited	20	--	29,827,630
Sihala Biotech Limited	13.2	17,326,267	40,301,926
Individual	13.3	586,676	678,341
		-----	-----
		64,779,477	129,784,431
Less: Current portion taken to current assets	16	18,151,510	18,580,604
		-----	-----
		46,627,967	111,203,827
		=====	=====

13.1 Caravan East Fabrics Limited

The company has invested substantial amount of funds in Caravan East Fabrics Limited (CEFL) in the form of equity and project loan. Due to substantial past losses and CEFL's inability to repay the loan, the bank alongwith others took over the management of CEFL in April 1999. CEFL has restarted its operations and is meeting its expenses other than financial costs. However, CEFL's current financial position is not sound enough to commence repayments in July 2000 as agreed under the revised recovery plan. The Company is confident that the improvements in operational results shown by CEFL will continue under the new management and that loan recoveries will commence in early 2001. Considering this factor, no provision against the loan and mark-up is considered necessary by the management. The loan carries a mark-up of 20% per annum and is secured by a first charge on fixed assets of the company. The loan is repayable in 12 quarterly installments commencing from July, 2000.

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees</i>	<i>Rupees</i>
13.2 Sihala Biotech Limited			
Loan		40,301,926	40,301,926
Add: Mark-up accrued upto February 29, 2000	17.2	12,024,341	--
		-----	-----
		52,326,267	40,301,926
Less: Sale of machinery and equipment	18.1	(35,000,000)	--
		-----	-----
		17,326,267	40,301,926
		=====	=====

The Company has accepted a proposal of Sihala Biotech Limited whereby, it has agreed to stop charging mark-up with effect from March 1, 2000 and accept the final settlement of loan and mark-up thereon accrued upto February 29, 2000, to be paid as under.

(a) Sale of machinery and equipment of Biotech to University of Lahore for Rs. 35 million.

(b) Balance payment of Rs. 17.326 million in nine equal quarterly installments of Rs.1.925 million each starting from September 2001.

The loan is secured by mortgage of land and building of the Project.

13.3 Individual

This carries mark-up of 18% per annum and is repayable in 32 quarterly installments of Rs. 18,333 each.

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
14. LONG TERM DEPOSITS AND PREPAYMENTS		
Lease security deposit	44,000	44,000
Prepaid office rent	250,000	1,000,000
	-----	-----

		294,000	1,044,000
Less: Current portion shown under current assets	18	250,000	750,000
		-----	-----
		44,000	294,000
		=====	=====

15. SHORT TERM INVESTMENTS

NIT Units (1999: Federal Investment Bonds) under repo, at cost, face value: Rs. 15,000,000 (1999: Rs. 25,000,0	15.1	15,000,000	25,000,000
		-----	-----
		15,000,000	25,000,000
		=====	=====

15.1 Investment in National Investment Trust Units (1999: Federal Investment Bonds) is made to meet the liquidity requirement as per State Bank of Pakistan regulations. The rate of return varies from 8% (1999: 4% to 16.5%) per annum.

16. SHORT TERM LOANS AND ADVANCES-SECURED

Promissory notes discounted and margin loans considered good		11,855,121	16,039,912
considered bad		5,272,195	7,737,554
considered doubtful		10,094,908	9,954,683
		-----	-----
		27,222,224	33,732,149
Less:			
Bad debts		5,272,195	7,737,554
Provision for doubtful debts		10,094,908	9,954,683
		-----	-----
		15,367,103	17,692,237
		-----	-----
		11,855,121	16,039,912
Add: Current portion of long term loans	13	18,151,510	18,580,604
		-----	-----
		30,006,631	34,620,516
		=====	=====

These are principally secured by hypothecation of or a charge on assets of customers, lien on deposits from customers in local/foreign currency, bank guarantees and pledge of shares of listed companies. The bills have been discounted at rates ranging between 16% to 24% (1999: 18% to 24%) per annum.

17. INCOME ACCRUED AND RECEIVABLES

On bank deposits	17.1	17,137,552	14,121,311
On loan and advances	17.2	33,389,222	34,632,272
Mark-up written off		(6,968,761)	(3,823,287)
Provision for doubtful receivable		(3,792,264)	(3,672,878)
		-----	-----
		22,628,197	27,136,107
On Government securities		141,370	243,015
		-----	-----
		39,907,119	41,500,433
		=====	=====

17.1 This includes Rs. 17,111,681 which relates to the deposit mentioned in note 19.1.

17.2 Mark-up amounting to Rs. 12,024,341 has been transferred to loan in the current year (see note No. 13.2)

18. ADVANCES, DEPOSITS PREPAYMENTS AND OTHERS RECEIVABLES

Advance for expenses		11,162	842,338
----------------------	--	--------	---------

Prepayments-			
Office rent		250,000	750,000
Exchange risk coverage		1,419	833
Insurance		31,364	140,623
		-----	-----
		282,783	891,456
Receivables against sale of investments		--	429,250
		-----	-----
Commission and fee		15,440,183	16,494,966
less: Written off		9,200,000	3,000,000
		-----	-----
	18.1	6,240,183	13,494,966
		-----	-----
Excise duty		702,023	700,773
Less: Provision		702,023	700,773
		-----	-----
		--	--
		-----	-----
Others receivables	18.2	43,029,239	26,243,245
Security deposits		224,850	556,950
Shares transfer stamps		8,568	8,568
Staff loans		151,230	244,205
		-----	-----
		49,948,015	42,710,978
		=====	=====

18.1 This includes Rs. 1,700,000 (1999: Rs. 1,700,000) due from an associated company.

18.2 This includes Rs. 35 million receivable from University of Lahore against sale of machinery and equipment of Sihala Biotech Limited on the following terms:

(a) Down payment of Rs. 10 million

(b) Balance payment in fifty equal monthly installments of Rs. 500,000 each starting from September 2000.

The company has received post dated cheques for the entire payments.

19. CASH AND BANK BALANCES

Cash in hand		6,681	9,483
Balance with banks-			
On current accounts		1,721,479	2,056,933
On deposit accounts		3,119	852,961
		-----	-----
		1,724,598	2,909,894
Balance on deposit account with an investment ban	19.1	16,942,970	16,942,970
		-----	-----
		18,674,249	19,862,347
		=====	=====

19.1 These represent deposits placed with an investment bank and carries mark-up rate ranging from 19% to 20% per annum. These deposits have been adjusted by the investment bank against the liabilities of an associated company, which is being protested by the Company. The Company is confident of full recovery. (Also refer to note 17.1).

20. LOSS ON SETTLEMENT OF LOAN, MARK-UP AND FEE

Hira Spinning Mills Limited

Principal amount of loan	--	12,537,554
Mark-up on loan	--	3,823,287
Commission	--	3,000,000

		--	19,360,841
Settled against sale proceeds of shares		--	4,800,000
		--	14,560,841
Mina Leathers Limited			
Principal amount of loan		29,827,630	--
Mark-up on loan		5,968,719	--
Arrangement fee receivable		9,200,000	--
		44,996,349	--
Settled against deposits held by bank		25,000,000	--
Loss on settlement	20.1	19,996,349	--
Malik Nut Hayat Noon			
Principal amount of loan		3,944,565	--
Mark-up on loan		1,000,042	--
		4,944,607	--
Cash receipts for settlement		3,500,000	--
Loss on settlement	20.2	1,444,607	--
		21,440,956	14,560,841

20.1 Mina Leathers Limited

Due to adverse financial position, and sponsors inability to arrange funds, the machinery imported in 1997 remained kept in the bonded warehouse for more than a year when the sponsors arranged some additional funds for release of machinery. The project could not be started as the lender had filed a suit against the sponsors in the banking court. The project was hi-tech and all the guarantees and warranties by the manufacturers had expired and the manufacturer was under no obligation to install the machinery and conduct trial production. Therefore, it was very difficult to assess the condition of the machinery. Reluctantly, the management recovered Rs.25 million as Full and final settlement.

20.2 Malik Nur Hayat Noon

Malik Nur Hayat Noon had expired in 1996 when the total outstanding against him stood at Rs.8.445 million. The heirs of the deceased made an interim payment of Rs.3.5 million and approached the Company with a request to stop charging further mark-up on the outstanding loan and allow some concession/remission in the mark-up. The Company considered the request and accepted additional payment of Rs.3.5 million in full and final settlement of the outstanding loan and mark-up.

21. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and benefits		4,215,183	3,884,098
Rents and utilities		2,316,519	2,543,212
Depreciation	11	770,149	1,157,508
Travelling and conveyance		570,952	845,627
Lease finance charges		83,287	109,949
Vehicle running		536,734	582,640
Printing and stationery		185,924	206,523
Advertisement and publicity		34,140	162,620
Insurance		165,236	269,060
Repair and maintenance		100,149	82,146
Postage		73,239	55,906

Legal and professional charges	21.1	509,387	385,145
Others	21.2	784,065	896,664
		-----	-----
		10,344,964	11,181,098
		=====	=====

21.1 These include auditors' remuneration and expenses as follows:

Audit fee-current		60,000	55,000
Tax consultancy charges		150,000	180,000
Out of pocket expenses		10,000	10,000
		-----	-----
		220,000	245,000
		=====	=====

21.2 These include penalties amounting to Rs. 141,279 imposed by the State Bank of Pakistan for non-compliance with NBFIs regulations.

22. LOSS ON SALE OF PROPERTY		3,298,523	--
		=====	=====

This represent loss incurred due to readjustment of the sale price of property comprising 6th Floor of Lakson Square Building including car parking area at 1st Floor sold to Saudi Pak Leasing Company Limited in 1998.

23. TRANSACTIONS WITH ASSOCIATED COMPANIES

Other than those already stated above at June 30, 2000 in respect of, and income and expenditure arising out of, transactions with the associated companies during the year are summarized below:

Income on loan and advances	8,660,168	8,616,781
Deposits received	39,977,000	20,647,000
Return on deposits	5,579,494	1,227,925
Funds borrowed	5,000,000	5,100,000
Mark-up on borrowings	1,052,878	1,067,088
Others receivables	1,606,293	523,961
	-----	-----
	61,875,833	37,182,755
	=====	=====

24. FUND MANAGEMENT ACCOUNT

The Company had received Rs.288,500,000/- as at June 30, 2000 (1999: Rs.288,500,000) under the Funds Management Scheme, offered to its customers. The funds received under this scheme have been invested in advances on the authority of the customers. These amounts were received and utilized without any liability on the part of the bank. The company's income on such transactions ranges between 0.5% to 1.75% per annum.

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	June 30, 2000			June 30, 1999		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial Remuneration	580,644	225,806	720,398	580,644	--	776,788
Allowances and benefits	319,356	124,194	410,612	319,356	--	438,093
	-----	-----	-----	-----	-----	-----
	900,000	350,000	1,131,010	900,000	--	1,214,881
	=====	=====	=====	=====	=====	=====
Number	1	1	5	1	--	6
	=====	=====	=====	=====	=====	=====

The chairman, chief executive and two executive directors are allowed the use of chauffeur driven company maintained cars. Some executives are also allowed to use company maintained cars.

26. BASIC LOSS PER SHARE

Net loss for the year	(50,276,066)	(14,131,494)
	=====	=====
Number of ordinary shares	10,000,000	10,000,000
	=====	=====
Basic loss per share	(5.03)	(1.41)
	=====	=====

27. FINANCIAL INSTRUMENTS

These comprise financial assets and financial liabilities

27.1 Market rate of return risk management

Market rate of return (MROR) risk arises from the possibility that changes in MRORs will affect the value of financial instruments. The Company is The company's exposure to MROR risk and the effective MRORs on its financial assets and liabilities are summarised below:

	<i>TOTAL</i>	<i>Within one year</i>	<i>More than one year and less than five years</i>	<i>More than five years</i>	<i>Not exposed to MROR risk</i>
	<i>Rupees</i>				
ASSETS					
Tangible fixed assets	3,872,615	--	--	--	3,872,615
Long term investments	69,496,089	--	--	--	69,496,089
Loans and advances	76,634,598	28,958,971	28,788,356	513,344	18,373,927
Prepayments	250,000	--	--	--	250,000
Security deposits	268,850	--	--	--	268,850
Other receivables	49,473,165	--	--	--	49,473,165
Income accrued and receivables	39,907,119	--	--	--	39,907,119
Fund placements	16,942,970	16,942,970	--	--	--
Trading investments	15,000,000	15,000,000	--	--	--
Cash and bank balances	1,731,279	3,119	--	--	1,728,160
	-----	-----	-----	-----	-----
Total assets	273,576,685	60,905,060	28,788,356	513,344	183,369,925
	-----	-----	-----	-----	-----
SHARE CAPITAL AND RESERV	20,432,873	--	--	--	20,432,873
	-----	-----	-----	-----	-----
LIABILITIES					
Liabilities against assets subjects to finance lease	165,444	--	--	--	165,444
Deposits	130,642,792	128,612,292	2,030,500	--	--
Short-term finance	50,555,638	50,555,638	--	--	--
Accrued expenses and other liabilities	75,330,619	75,330,619	--	--	--
Advance income tax less provision for taxation	(3,550,681)	(3,550,681)	--	--	--
	-----	-----	-----	-----	-----
Total liabilities	273,576,685	179,167,930	2,030,500	--	92,378,255
	-----	-----	-----	-----	-----
MROR sensitivity gap	--	(118,262,870)	26,757,856	513,344	90,991,670
Cummulative MROR sensitivity gap	--	(118,262,870)	(91,505,014)	(90,991,670)	--
	-----	-----	-----	-----	-----

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

As at June 30,1999

TOTAL	Within one year	More than one		Not exposed to MROR risk
		year and less than five years	More than five years	
Rupees				
ASSETS				
Tangible fixed assets	7,148,108	--	--	7,148,108
Long term investments	77,911,664	--	--	77,911,664
Loans and advances	145,824,343	34,620,516	110,525,486	678,341
Prepayments	1,044,000	--	--	1,044,000
Security deposits	556,950	--	--	556,950
Other receivables	41,404,028	--	--	41,404,028
income accrued and receivables	41,500,433	--	--	41,500,433
Fund placements	16,942,970	16,942,970	--	--
Trading investments	25,000,000	25,000,000	--	--
Cash and bank balances	2,919,377	852,961	--	2,066,416
Total assets	360,251,873	77,416,447	110,525,486	678,341
SHARE CAPITAL AND RESERV	70,708,939	--	--	70,708,939
LIABILITIES				
Liabilities against assets subjects to finance lease	300,166	--	--	300,166
Deposits	175,333,546	145,932,726	29,400,820	--
Short -term finance	61,897,300	61,897,300	--	--
Accrued expenses and other liabili	55,674,106	--	--	55,674,106
Advance income tax less provision for taxation	(3,662,184)	--	--	(3,662,184)
Total liabilities	360,251,873	207,830,026	29,400,820	--
MROR sensitivity gap	--	(130,413,579)	81,124,666	678,341
Cummulative MROR sensitivity g	--	(130,413,579)	(49,288,913)	(48,610,572)

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

27.2 Credit risk and concentrations 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 counterparties, and continually assessing the credit worthiness of counterparties,

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 follows two sets of guidelines It has its own operating policy duly approved by the Board of Directors and also adheres to the regulations issued by SBP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Company seeks to manage its credit risk exposure through diversifications of lending activities to avoid undue concentrations of risk with individuals or groups of customers in specific locations or businesses It also obtains security when appropriate. Details of the composition of loans portfolio are given below:

Loans and advances	2000	%	1999	%
	Rupees		Rupees	
Textile/Textile composite	43,198,284	56	43,205,034	30

Pharmaceutical	17,326,267	23	40,301,926	28
Financial institutions	3,684,000	5	15,794,000	11
Leather	--	--	29,827,630	20
Individuals	11,394,137	15	15,794,367	11
Others	1,031,910	1	901,386	1
	-----	-----	-----	-----
	76,634,598	100	145,824,343	100
	-----	-----	-----	-----

27.3 Foreign exchange risk

The company has negligible financial assets and liabilities in foreign currencies and has negligible foreign exchange risk.

27.4. Liquidity risk

The company may encounter difficulties in raising funds to meet its commitments relating to borrowings and deposits in case of delay in repayment of loans and mark-up thereon by the borrowers.

27.5 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities, except long term investments, reflected in the financial statements approximate their fair value. The fair value of the long term investments is Rs 5366 million (1999:54.704 million). The fair value of the long term quoted equity investments is based on quoted market prices while unquoted equity investments are stated at the break-up values. Management intends to hold these investments for a long term period and considers the decline in the market value temporary. Therefore, no additional provision is considered necessary.

28. STATEMENT OF CHANGES IN EQUITY

	<i>Share Capital</i>	<i>Statutory Reserve</i>	<i>Accumulated Loss</i>	<i>Total</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balances as at 01-07-1999	100,000,000	2,387,791	(31,678,852)	70,708,939
Loss for the year	--	--	(50,276,066)	(50,276,066)
Balances at 30-06-2000	100,000,000	2,387,791	(81,954,918)	20,432,873
	=====	=====	=====	=====

29. General

All figures have been rounded off to the nearest rupee.

Previous years' figures have been re-arranged and regrouped wherever necessary, for the purpose of comparison.

Syed Naveed H. Zaidi
Chief Executive

M.A. Rehmani
Director

PATTERN OF SHARE HOLDING AS AT JUNE 30, 2000

<i>Number of Shareholders</i>	<i>Shareholdings</i>		<i>Total Shares held</i>
	<i>From</i>	<i>To</i>	
111	1	100	11,100
980	101	500	434,200
147	501	1,000	144,800
223	1,001	5,000	656,600
57	5,001	10,000	454,100
23	10,001	15,000	2,923.00
16	15,001	20,000	299,400
8	20,001	25,000	176,200
5	25,001	30,000	142,800

2	35,001	40,000	77,900
2	45,001	50,000	93,900
1	50,001	55,000	54,500
1	60,001	65,000	63,200
1	65,001	70,000	65,500
1	75,001	80,000	79,200
1	80,001	85,000	83,900
1	90,001	95,000	91,000
1	95,001	100,000	100,000
1	140,001	145,000	141,500
1	145,001	150,000	150,000
1	170,001	175,000	173,000
1	185,001	190,000	188,200
1	200,001	205,000	202,000
2	265,001	270,000	535,800
1	290,001	295,000	292,000
2	295,001	300,000	600,000
2	445,001	450,000	900,000
1	695,001	700,000	700,000
1	795,001	800,000	796,900
2	995,001	1,000,000	2,000,000

1,597
=====-----
10,000,000
=====**Categories of
Shareholders**

	Number of Shareholders	Shares held	Percentage Held
1. Individuals	1,544	3,865,100	38.65
2. Investment Companies	10	738,600	7.39
3. Insurance Companies	1	300,000	3.00
4. Joint stock Companies	31	2,235,700	22.36
5. Financial Institutions	7	1,296,800	12.97
6. Modaraba Companies	3	766,900	7.67
7. Foreign Investors	1	796,900	7.97
TOTAL	1,597	10,000,000	100.00