

First International Investment Bank Limited

(Annual Report 1996)

CONTENTS	PAGE
Company Information	2
Notice of Meeting	3
Directors' Report	4
Auditors' Report	6
Balance Sheet	8
Profit and Loss Account	10
Statement of Changes in Financial Position	11
Notes to the Accounts	13
Pattern of Shareholding	26

COMPANY INFORMATION

Board of Directors	Syed Babar Ali <i>Chairman</i>
	Mr, Fakir Syed Aijazuddin <i>Managing Director & Chief Executive</i>
	Mr. Kassim Dada Mr. Pir Ali Gohar Mr. S. Lachlan Hough Mr. Tawfiq A. Husain Mr. M. Rashid Zahir
Company Secretary	Mr. Arif Masud Mirza
Auditors	Messrs. Ford, Rhodes, Robson, Morrow <i>Chartered Accountants</i>
Legal Advisers	Messrs. Orr, Dignam & Co, <i>Advocates</i>
	Messrs. Mohsin Tayebaly & Co. <i>Advocates & Legal Consultants</i>
Bankers	American Express Bank Ltd. Muslim Commercial Bank Ltd,
Registrars	Noble Computer Services (Pvt.) Ltd. AI-Manzoor Building, Dr. Ziauddin Ahmed Road, Karachi.
Lahore Registered Office	2nd Floor, Syed Babar All Foundation Building, 308, Upper Mall, Lahore. Telephones: (042) 5753414 6, 5710597, 111-234-234 Fax: (042) 5710598
Karachi Office	7th Floor, Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. Telephones: (021) 2639042-46, 111-234-234 Fax: (021) 2630678
Islamabad Office	Mezzanine Floor, Razia Sharif Plaza, 90, Blue Area, G-7, Islamabad. Telephone: (051) 216841, 111-234-234 Fax: (051) 219930

NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixth Annual General Meeting of First International Investment Bank Limited will be held at 2nd Floor, Syed Babar All Foundation Building, 308, Upper Mail, Lahore, on Sunday, October 27, 1996 at 10.00 a.m. to transact the following ordinary business:

1. To receive and consider the Accounts of the Company for the eighteen months ended June 30, 1996 together with the Directors' and Auditors' Reports thereon.
2. To appoint auditors and to fix their remuneration.
3. To declare as final, the interim dividend @ 12.5% paid for the period ended June 30, 1996.
4. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Date: October 3, 1996

ARIF MASUD MIRZA
Company Secretary

Notes

1. The share transfer books of the Company will remain closed from October 19, 1996 to October 28, 1996 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him.
3. The instrument appointing a proxy must be received at the Registered Office of the Company not later than forty-eight hours before the time appointed for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

DIRECTORS' REPORT

The Board of Directors of First International Investment Bank Limited (interbank) has pleasure in presenting its Report and the Accounts for the eighteen months ended June 30, 1996 to the sixth Annual General Meeting.

This eighteen-month period has been a period of rationalization and consolidation of resources for Interbank. Interbank's pre-tax profit for the eighteen months ended June 30, 1996 was Rs. 57.66 million.

Rs. million

After tax the bank made a profit of	30.16
adding thereto the unappropriated profit at December 31, 1994 of	0.29

makes available for appropriation a sum of	30.45
from which the Directors recommend	
transfer to special reserve	6.10
transfer to general reserve	-
interim dividend	22.50

and propose to carry forward the balance of	1.85
	=====

After consideration of the results for the eighteen months ended June 30, 1996, the Board decided to recommend the interim dividend, paid earlier at the rate of 12.5 per cent, as the full and final dividend.

While your Bank's after tax profit of Rs. 30.16 million was lower than Rs. 44.04 million recorded last year, this performance has to be seen in the light of three important factors, namely: the overall economic environment in Pakistan during the period under review; the continuing uncertainty of the financial markets; and the stringent restrictions imposed by the State Bank of Pakistan in early 1996 on mobilisation of foreign currency deposits by investment banks. Our strategy during this period has been to emphasise prudence in our operations, to avoid undue risks, and to maintain liquidity. Looking back, we believe that this policy has served us well.

The business focus of your Bank continues to be on mobilisation of local and foreign currency deposits,

providing term finance facilities, selective underwriting of public issues, treasury operations in government securities and other financial instruments, and corporate finance services.

After the successful floatation of Term Finance Certificates (corporate bonds) for Packages Limited in February 1995, Interbank advised and arranged a private placement of Short Term Finance Certificates (commercial paper) for Al-Karam Textile Mills (Private) Limited in March 1996. Thus, Interbank has played a pioneering role in the development of local financial market by arranging the first public issue of corporate bonds in Pakistan as well as the first issue of corporate commercial paper in the country. Interbank continues to be the primary market maker for both of these issues.

Interbank signed a loan agreement for US\$ 10 million with International Finance Corporation in May 1996. The drawdown on this credit line for on-lending to eligible borrowers is expected to be before December, 1996.

During the period under review, Interbank played an active role in the Investment Banks Association of Pakistan and worked closely with the State Bank of Pakistan and other investment banks to resolve several key issues relating to the investment banking sector. We wish to thank the State Bank of Pakistan for its continued guidance and support.

At the Board level, the change during the eighteen months ended June 30, 1996 has been the resignation of Mr. J. Dennis Dunn as the Director representing American Express Bank Ltd. The Board appointed Mr. Tawfiq A. Husain (Country Manager, American Express Bank Ltd.) as Director effective December 18, 1995.

As the present auditors of Interbank are retiring, you are requested to appoint auditors for 1996-97 and to fix their remuneration. Messrs Ford, Rhodes, Robson, Morrow, the retiring auditors, have offered themselves for reappointment.

The outlook for the financial sector in Pakistan continues to be quite challenging. However, Interbank given its prudent policies, established client base, professional team of employees, and ability to develop new investment banking products for the local market, is well placed to meet the challenges of the future.

Before concluding, we would like to place on record the management's appreciation of its most valuable asset - the employees at all levels - who have worked with dedication and commitment for the progress of Interbank.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of FIRST INTERNATIONAL INVESTMENT BANK LIMITED as at June 30, 1996 and the related profit and loss account and statement of changes in financial position (cash flow statement), together with the statement of accounting policies and notes forming part thereof, for the eighteen months then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change in the accounting treatment in respect of long term investments (as explained in note 3), with which we concur;
 - ii. the expenditure incurred during the eighteen months was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the eighteen months 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 and the statement of changes in financial position (cash flow statement), together with the statement of accounting policies and notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1996 and of the profit and the changes in financial position for the eighteen months then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted

by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

FINANCIAL INFORMATION

BALANCE SHEET

AS AT JUNE 30, 1996

	Note	June 30, 1996 Rupees	December 31, 1994 Rupees
SHARE CAPITAL AND RESERVES			
Authorised capital 20,000,000 ordinary shares of Rs,10 each		200,000,000	200,000,000
Issued and paid-up capital	4	180,000,000	150,000,000
Capital reserves			
Special reserve	5	23,294,000	17,194,000
Share premium	6	70,000,000	70,000,000
Reserve for issue of bonus shares	6	-	30,000,000
		-----	-----
		93,294,000	117,194,000
Revenue reserves			
General reserve		44,000,000	44,000,000
Unappropriated profit		1,854,920	291,277
		-----	-----
		45,854,920	44,291,277
		-----	-----
		319,148,920	311,485,277
LONG TERM DEPOSITS	7	1,389,547,665	2,935,000
CURRENT LIABILITIES AND PROVISIONS			
Deposits	8	1,059,484,578	1,293,257,544
Accrued expenses and other liabilities	9	67,009,471	31,014,471
Taxation	10	-3,138,944	10,979,208
		-----	-----
		1,123,355,105	1,335,251,223
CONTINGENCIES AND COMMITMENTS	11	-----	-----
		2,832,051,690	1,649,671,500
		=====	=====
CURRENT ASSETS			
Cash and bank balances	12	29,543,926	172,171,971
Trading investments	13	379,452,438	265,392,265
Finance	14	725,830,346	788,142,911
Fund placements with investment banks / other companies	15	622,000,000	240,000,000
Bills receivable		50,997,835	53,303,740
Income accrued or receivable		81,493,760	43,733,135
Other receivables	16	11,296,891	7,882,682
Prepayments	17	76,651,580	10,393,430
		-----	-----
		1,977,266,776	1,581,020,134
LONG TERM INVESTMENTS	18	49,929,620	9,988,000
LONG TERM FINANCE	19	795,115,613	50,495,200
LONG TERM DEPOSITS AND PREPAYMENTS	20	171,960	1,335,094
TANGIBLE FIXED ASSETS	21	9,567,721	6,833,072
		-----	-----

2,832,051,690 1,649,671,500
 ===== =====

The annexed notes form an integral part of these accounts.

PROFIT AND LOSS ACCOUNT

FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 1996

		Eighteen months ended June 30, 1996 Rupees	Year ended December 31, 1994 Rupees
INCOME			
Income from finance provided		264,457,345	121,457,037
Income from bills receivable		17,560,738	23,890,972
Income from investments		93,075,595	64,395,296
Income from fund placements	22	109,881,403	8,555,974
Commissions and fees		7,604,054	8,438,748
Other income	23	3,702,259	5,450,335
		-----	-----
		496,281,394	232,188,362
 EXPENDITURE			
Return on deposits		366,268,452	127,347,016
Administration and operating expenses	24	62,364,060	34,799,268
Provision for diminution in value of investments	25	8,930,163	-
Provision under SBP NBFIs Regulations against finance debt		1,055,076	-
		-----	-----
		438,617,751	162,146,284
		-----	-----
Profit before taxation		57,663,643	70,042,078
Taxation	10	27,500,000	26,000,000
		-----	-----
Profit after taxation		30,163,643	44,042,078
<i>Unappropriated profit brought forward</i>		291,277	5,649,199
		-----	-----
Available for appropriation		30,454,920	49,691,277
 APPROPRIATIONS			
Transfer to special reserve		6,100,000	8,900,000
Transfer to general reserve		-	40,500,000
Interim dividend		22,500,000	-
		-----	-----
		28,600,000	49,400,000
		-----	-----
Unappropriated profit carried forward		1,854,920	291,277
		=====	=====

The annexed notes form an integral part of these accounts.

STATEMENT OF CHANGES IN FINANCIAL POSITION

(Cash flow statement)

FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 1996

		Eighteen months ended June 30, 1996 Rupees	Year ended December 31, 1994 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		57,663,643	70,042,078

Adjustments for:		
Depreciation	3,606,448	1,392,482
Donations	-	112,451
Deferred costs	-	432,153
Net loss/(gain) on disposal of fixed assets	269,557	(31,968)
Provision for diminution in value of investments	8,930,163	-
Provision under SBP NBFIs Regulations against finance debt	1,055,076	-
	-----	-----
	13,861,244	1,905,118
	-----	-----
	71,524,887	71,947,196
(Increase)/decrease in current assets:		
Trading investments	(122,641,176)	44,358,571
Finance	61,257,489	315,474,173
Fund placements	(382,000,000)	(240,000,000)
Bills receivable	2,305,905	39,589,314
Income accrued or receivable	(37,760,625)	(7,073,370)
Other receivables	(3,414,209)	(1,687,768)
Prepayments	(66,258,150)	4,531,007
	-----	-----
	(548,510,766)	155,191,927
Increase/(decrease) in current liabilities:		
Deposits	(233,772,966)	(130,007,796)
Accrued expenses and other liabilities	35,757,086	4,897,399
Short term running finance	-	(6,987,185)
	-----	-----
	(198,015,880)	(132,097,582)
(Increase)/decrease in long term finance	(744,620,413)	39,103,850
Decrease in long term deposits and prepayments	1,163,134	(458,814)
	-----	-----
Net cash from operating activities before income-tax	(1,418,459,038)	133,686,577
Income-tax paid	(41,617,528)	(25,997,068)
	-----	-----
Net cash from operating activities	(1,460,076,566)	107,689,509
Cash flows from investing activities:		
Long term investments	(40,290,780)	-
Acquisition of fixed assets	(6,771,901)	(4,737,677)
Sale proceeds of fixed assets	1,606,231	274,500
	-----	-----
Net cash used in investing activities	(46,902,058)	(4,463,177)
	-----	-----
Total carried forward	(1,506,978,624)	103,226,332
Total brought forward	(1,506,978,624)	103,226,332
Cash flows from financing activities:		
Payment of dividend	(22,262,086)	(18,949,324)
Issue of shares	-	22,968,500
Share premium account	-	45,937,000
Long term deposits	1,386,612,665	221,013
	-----	-----
Net cash from financing activities	1,364,350,579	50,177,189
	-----	-----
Net (decrease)/increase in cash	(142,628,045)	153,403,521
Cash and bank balances at the beginning of the period/year	172,171,971	18,768,450
	-----	-----
Cash and bank balances at the end of the period/year	29,543,926	172,171,971
	=====	=====

NOTES TO THE ACCOUNTS

FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 1996

1. LEGAL STATUS AND OPERATIONS

First International Investment Bank Limited (Interbank) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984, Interbank is licensed to carry out all investment finance activities described under SRO 585(1)/87 dated July 13, 1987, issued by the Ministry of Finance. Its shares are quoted on the Karachi and Lahore Stock Exchanges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

The accounts are prepared under the historical cost convention.

2.2 Taxation

Provision for current taxation is based on taxable income at the current rate after taking into account applicable tax credits, rebates and exemptions.

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

2.3 Tangible fixed assets

These are stated at cost less accumulated depreciation, Depreciation charge is based on the straight line method whereby the cost of an asset is written off over its estimated useful life without taking into account any residual value, Maintenance and normal repairs are charged to income as and when incurred, Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are taken to profit and loss account.

2.4 Investments

Long term quoted investments are for the current year being valued at cost, These were previously valued at the lower of aggregate cost and market value.

Short term government securities are carried at their realisable values.

Other trading investments (including NIT Units) are valued at the lower of cost and market value on category of investment basis.

Cost is taken as estimated realisable value for unquoted investments.

Adjustment to carrying values are taken to profit and loss account.

2.5 Securities under repurchase/resale agreements

Transactions of repurchase/resale of government securities, term finance certificates and shares are entered into at contracted rates for specified periods of time.

The securities under repurchase obligations are deleted from investments and are reinstated upon maturity of the respective repurchase obligations. The differential between the initial and maturity values of the contracts is amortised over the period of the contract and recorded under income from trading investments.

The securities purchased under resale obligations are recognised as investments and deleted upon resale. The differential between the initial and maturity values of the contracts is amortised over the period of the contract and recorded under income from trading investments.

2.6 Exchange risk cover fee

The fee for exchange risk cover obtained in respect of foreign currency certificates of deposit is amortised over the term of the respective forward exchange contracts.

2.7 Revenue recognition

Mark-up/return on finance provided, bills receivable and fund placements are recognised on time proportion basis taking account of the relevant maturity dates.

Dividend income is recognised upon receipt of respective warrants.

Commissions and fees are taken to income currently.

2.8 Staff retirement benefits

Retirement benefits under a provident fund scheme are payable to staff on completion of the prescribed qualifying period of service under the scheme. Interbank's obligations under the scheme are covered by charges in the accounts.

3. CHANGE IN BASIS OF ACCOUNTING FOR LONG TERM INVESTMENTS

The Company has changed its accounting policy in respect of accounting for long term quoted investments from the "lower of aggregate cost and market value" to "cost" as the management considers that this presents a more realistic position since these investments are held either for investing in kind as sponsors equity or for long term earning purposes and not for trading.

This change in accounting policy, has no effect on the financial statements for the preceding year ended December 31, 1994.

If the accounts for the eighteen months ended June 30, 1996 were prepared under the previous accounting policy there would have been a reduction in long-term investments and in equity to the extent of Rs. 19,555,945.

	June 30, 1996	December 31, 1994
	Rupees	Rupees

4. ISSUED AND PAID-UP CAPITAL

15,000,000 (1994:15,000,000) ordinary shares of Rs.10 each fully paid in cash	150,000,000	150,000,000
3,000,000 (1994: Nil) ordinary shares of Rs.10 each issued as bonus shares	30,000,000	-
	-----	-----
	180,000,000	150,000,000
	=====	=====

5. CAPITAL RESERVE - Special Reserve

At January 1	17,194,000	8,294,000
Transfer from profit and loss account	6,100,000	8,900,000
	-----	-----
	23,294,000	17,194,000
	=====	=====

This represents a statutory reserve created (at 20% of after tax profits) in compliance with the State Bank of Pakistan NBFIs Circular No.1 dated December 5, 1991.

	June 30, 1996	December 31, 1994
	Rupees	Rupees

6. SHARE PREMIUM

At January 1	70,000,000	54,063,000
Current year additions	--	45,937,000
	-----	-----
	70,000,000	100,000,000
Transfer to reserve for issue of bonus shares	--	*(30,000,000)
	-----	-----
	70,000,000	70,000,000
	=====	=====

* This was transferred to share capital during the period.

7. LONG TERM DEPOSITS

These represent certificates of deposit of customers maturing one year after the balance sheet date. Expected rates of return payable on long term deposits are 14% to 15.5% per annum for Pak. Rupee deposits (the amount outstanding at June 30, 1996, was Rs. 1,735,600 - 1994: Rs.2,935,000) and 5.3125% to 8.00% per annum for foreign currency deposits (the amount outstanding at June 30, 1996, was Rs.1,387,812,065 - 1994: Rs. Nil). Foreign currency is exchanged for Pak Rupees by State Bank of Pakistan which provided the foreign exchange risk cover.

8. DEPOSITS - current

These represent deposits having maturities of 30 days to one year (and Rs.19,238,618 long term deposits maturing within one year after the balance sheet date). Expected rates of return payable on current deposits range from approximately 12.0% to 17.5% per annum for Pak. Rupee deposits and 3.8125% to 7.125% per annum for foreign currency deposits. Foreign currency is exchanged for Pak Rupees by State

Bank of Pakistan which provided the foreign exchange risk cover.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	June 30, 1996 Rupees	December 31, 1994 Rupees
Unearned income	4,615,279	1,973,555
Accrued expenses	4,840,752	4,289,792
Accrued return on deposits	49,899,308	21,285,731
Accrued mark-up on short term running finance	25,635	17,000
Excise duty	1,334,826	2,026,628
Unclaimed dividend	349,730	115,202
Other	5,943,941	1,306,563
	-----	-----
	67,009,471	31,014,471
	=====	=====

10. TAXATION

The provision for taxation has been computed by the Company at the rate applicable to it as a listed company. In the initial assessments made by the Deputy Commissioner of Income-tax, the rate for the years 1990, 1991, 1992 and 1993 applied in determining the tax liability was that applicable to banking companies. However, in the appeals against the initial assessments for 1990 and 1991 the Commissioner of Income-tax (Appeals) directed the Deputy Commissioner of Income-tax to apply the rates applicable to listed companies and revised orders were duly passed applying the rate applicable to listed companies.

For the years 1992 and 1993 the Deputy Commissioner of Income-tax has again applied the rate applicable to banking companies, However, the Company has again referred appeals to the Commissioner of Income-tax (Appeals) against the above orders for these two years, these appeals are as yet pending.

The charge in the accounts during the year is as follows:

	June 30, 1996 Rupees	December 31, 1994 Rupees
Prior	1,860,000	--
Current	25,640,000	26,000,000
	-----	-----
	27,500,000	26,000,000
	=====	=====

No provision has been made for deferred taxation as there are no material timing differences that would result in a deferred liability,

11. CONTINGENCIES AND COMMITMENTS

Commitments to underwrite issue of shares amount to Rs.81,370,000 (1994: Rs.20,000,000).

Commitments for rentals under lease agreements for motor vehicles and office equipments are payable as follows:

Year	June 30, 1996 Rupees	December 31, 1994 Rupees
1996-97	1,409,000	1,409,000
1997-98	1,266,765	1,266,765
1998-99	102,964	102,964
	-----	-----
	2,778,729	2,778,729
	=====	=====

- Commitments to repurchase securities are as follows:

* Government securities	163,391,350	592,078,581
TFCs	38,710,621	--
Shares	15,228,080	--
	=====	=====

* This includes Rs.51,657,950 (1994: Rs Nil) from an associated company.

- Commitments to resell securities are as follows:

Government securities	63,710,801	15,030,825
TFCs	10,148,816	--
Shares	10,662,000	--
	=====	=====
- Guarantees issued	62,000,000	97,377,000
	=====	=====

12. CASH AND BANK BALANCES

	June 30, 1996 Rupees	December 31, 1994 Rupees
In hand	4,953	6,737
With banks- on current account- note 12.1	25,434,421	79,682,836
- on PLS short term deposits	4,104,552	92,482,398
	-----	-----
	29,543,926	172,171,971
	=====	=====

12.1 Included are balances with American Express Bank Limited - an associated undertaking, of Rs.2,404,153 (1994: Rs. 16,675,373).

13. TRADING INVESTMENTS

	June 30, 1996 Rupees	December 31, 1994 Rupees
Investment in government securities-note 13.1	340,728,088	259,403,992
Investment in listed companies and modarabas-note 13.2	16,435,228	5,988,273
Investment in National Investment Trust (Units) -note 13.3	630,184	--
Investment in listed TFCs (redeemable capital) -note 13.4	12,658,938	--
Investment in unlisted TFCs (redeemable capital) -note 13.5	9,000,000	--
	-----	-----
	379,452,438	265,392,265
	=====	=====

13.1 This represents the realisable value of

- Treasury Bills	38,011,060	17,619,672
- Federal Investment Bonds (FIBs)	302,717,028	241,784,320
	-----	-----
	340,728,088	259,403,992
	=====	=====

The Treasury Bills have a maturity of 182 days, Income is the difference of purchase price and face value.

The FIBs have 3, 5 and 10 year terms with income payable at 13%, 14% and 15% respectively.

See also notes 2.5 and 11.

13.2 Investment in listed companies and modarabas

No. of shares/certificates of Rs.10/- each	Name	June 30, 1996 Rupees	December 31, 1994 Rupees
June 30, December 31			
1996 1994			
Associated companies			
5,000*	-Lever Brothers Pakistan Limited	3,690,000	-
6,010	-International General Insurance Company of Pakistan Limited	397,546	-
355,400	-Sitara Chemicals Limited	10,662,000	-

Others

9,430	8,200	Soneri Bank Limited	323,900	323,900
2,500	2,500	Service Fabrics & Allied Products Limited	23,750	23,750
3,876	3,371	Nishat Mills Limited	267,852	256,220
32,900	32,900	Nishat Fabrics Limited	329,000	329,000
24,600	24,600	1st B.R.R. Capital Modaraba	442,800	442,800
50	50	AI-Zamin Leasing Modaraba	385	385
5,000	5,000	Sapphire Fibres Limited	205,000	205,000
10,500	10,500	Bank AI-Habib Limited	362,250	362,250
4,950	4,950	Union Bank Limited	167,063	167,063
11,000	11,000	Saitex Spinning Mills Limited	53,900	53,900
5,305	5,305	Umer Fabrics Limited	55,800	55,800
20	20	First Hajveri Modaraba	160	160
32,600	32,600	Kohinoor Weaving Mills Limited	594,950	594,950
16,500	10,000	Askari Commercial Bank Limited	442,500	342,500
4,809	4,809	Wazir All Industries Limited	194,345	194,345
-	327,750	First Equity Modaraba	-	2,636,250
			-----	-----
			18,213,201	5,988,273
			1,777,973	-
			-----	-----
			16,435,228	5,988,273
			=====	=====
			16,435,228	6,301,464
			=====	=====

Less: Provision for diminution in the value of investments

Aggregate market value

*Nominal value Rs. 50/- each

13.3 This represents realisable value of 42,580 NIT Units (net of provision of Rs. 31,936).

13.4 This represents investments in listed Term Finance Certificates:

No. of certificates

June 30, December 31, 1996	1994	Name	June 30, 1996 Rupees	December 31, 1994 Rupees
309	--	Packages Limited - note 13.4.1	1,872,538	--
243	--	Nishat Tek Limited - note 13.4.2	10,786,400	--
			-----	-----
			12,658,938	--
			=====	=====

13.4.1. Packages Limited:

These certificates (of Rs.5,000/- each) will be redeemed over a period of five years from the date of issue and carry an expected profit of 18.5% per annum payable semi-annually.

13.4.2 Nishat Tek Limited:

These certificates (140 of Rs.5,000/- each and 103 of Rs. 100,000/- each) will be redeemed over a period of three years from the date of issue and carry an expected profit of 18% per annum payable semi-annually.

13.5 This represents investments in unlisted Term Finance Certificates:

No. of certificates June 30, December 31, 1996	1994	Name	June 30, 1996 Rupees	December 31, 1994 Rupees
6		_AI-Karam Textile Mills (Private) Limited - note 13.5.1	6,000,000	-
30		_Lakson Tobacco Company Limited - note 13.5.2	3,000,000	-
			-----	-----
			9,000,000	-
			=====	=====

13.5.1 AI-Karam Textile Mills (Private) Limited:

These certificates (of Rs.1,000,000/- each) will be redeemed over a period of six months from the date of issue and carry an expected profit of 16% per annum payable quarterly.

13.5.2 Lakson Tobacco Company Limited:

These certificates (of Rs.100,000/- each) will be redeemed over a period of six months from the date of

issue and carry an expected profit of 16.5% per annum payable quarterly.

	June 30, 1996	December 31, 1994
	Rupees	Rupees

14. FINANCE - considered good

Finance - maturity within one year	620,005,422	762,236,040
Less: Provision under SBP NBFIs Regulations	1,055,076	--
	-----	-----
	618,950,346	762,236,040
Associated undertaking	20,000,000	--
Current maturity for long term finance - note 19	86,880,000	25,906,871
	-----	-----
	725,830,346	788,142,911
	=====	=====

Included above is finance provided to executives Rs.491,990 (1994: Rs. 1,221,711). The maximum aggregate amount due at the end of any month during the period from associated undertakings was Rs.20,000,000 (1994: Rs. Nil) and from executives was Rs.1,560,072 (1994: Rs.6,479,274).

15. FUND PLACEMENTS WITH INVESTMENT BANKS/OTHER COMPANIES

Includes fund placements with an associated company of Rs. 392,000,000 (1994: Rs. Nil).

	June 30, 1996	December 31, 1994
	Rupees	Rupees

16. OTHER RECEIVABLES - considered good

Investment brokers, for investment sale proceeds	--	111,720
Sundry receivables- note 16.1	11,296,891	7,770,962
	-----	-----
	11,296,891	7,882,682
	=====	=====

16.1 This includes:

- Premium of Rs.91,500 (1994: Rs.5,527,501) on FIBs under repurchase agreements.
- Receivables of Rs.405,411 (1994: Rs.150,000) from associated undertakings.

17. PREPAYMENTS - current

Included under prepayments is Rs.61,773,448 (1994: Rs.7,185,075) representing the unamortised portion in respect of forward exchange cover fees (for foreign currency deposits) paid to the State Bank of Pakistan, which are being amortised over the duration of the respective forward exchange contracts.

Prepayments include the current portion of advance rent of Rs.710,795 (1994: Rs.610,000) in respect of leased premises.

18. LONG TERM INVESTMENTS

No. of shares/
certificates

of Rs.10/- each		N a m e		June 30, 1996	December 31, 1994
June 30, 1996	December 31, 1994			Rupees	Rupees
500,000	500,000	AI-Mal Securities		5,000,000	5,000,000
705,300	--	*Shifa International Hospitals Ltd		6,347,700	--
498,800	498,800	*24th ICP Mutual Fund		4,638,840	4,988,000
327,750	--	*First Equity Modaraba		2,425,350	--
192,900	--	Pak Apex Leasing Limited		1,929,000	--
212,511	--	*Packages Limited		29,588,730	--
				-----	-----

49,929,620	9,988,000
=====	=====

Aggregate market value

30,373,675	8,750,000
=====	=====

* The management of the Company have, on July 1, 1995, reclassified these investments in listed entities from trading to long term as they intend to hold these investments for long term purposes.

As a consequence of this change in classification, on the basis of the provisions of IAS 25 an adjustment of Rs.7,120,254 (see note 25) was necessary. Cost of investments reclassified from trading to long term are the adjusted amounts.

For ease of comparison the prior year figure of 24th ICP Mutual Fund which was shown as an unlisted trading investment as of December 31, 1994 has been stated herein.

	June 30, 1996 Rupees	December 31, 1994 Rupees
19. LONG TERM FINANCE - considered good		
Associated undertaking	--	1,500,000
Chief Executive and Executives - note 19.1	10,513,865	6,441,051
Others- note 19.2	871,481,748	68,461,020
	-----	-----
	* 881,995,613	76,402,071
Less: Current maturity (shown under short term finance)	86,880,000	25,906,871
	-----	-----
	795,115,613	50,495,200
	=====	=====

*Outstanding for periods exceeding three years is Rs.714,706,544 (1994: Rs.54,460,121).

19.1 This represents finance provided to the Chief Executive and Executives for purchase of houses and other purposes for periods ranging from 4 to 20 years at mark-up rates ranging from 2.5% to 6.5% per annum. The maximum aggregate amount in this respect at the end of any month during the period was Rs.10,516,848 (1994: Rs.7,762,751).

19.2 This represents finance provided at mark-up rates from 12.8125% to 19% (employees 6.5%) per annum repayable within 2 to 8 years from the date of financing. Particulars are as follows:

Borrower	June 30, 1 996 Rupees	December 31, 1 994 Rupees	Collateral
	19.2.1 B.R.R. Capital Modaraba	24,000,000	
19.2.2 Orix Leasing Pakistan Limited	34,366,404	2,914,791	Secured against hypothecation of specific leased assets and book debts.
19.2.3 First UDL Modaraba	1,016,837	1,836,194	Secured against hypothecation of moveable assets and specific leased assets.
19.2.4 Standard Chartered Leasing Company Limited	3,750,000	11,306,536	Secured against hypothecation of specific book debts and leased assets.
	-----	-----	
Total carried forward	63,133,241	40,893,145	
Total brought forward	63,133,241	40,893,145	
19.2.5 Packages Limited	521,200,000	--	Secured against lien on Interbank FCY certificates of deposit,

19.2.6 AI-Noor Modaraba	7,000,000	--	Secured against shares of listed companies.
19.2.7 AI-Khan Construction Company (Pvt.) Ltd.	2,080,000	--	Secured against Interbank certificates of deposit.
19.2.8 Amreli Steel (Pvt) Ltd.	26,000,000	--	Secured against hypothecation/ pledge of stocks.
19.2.9 National Development Leasing Corporation Limited	113,000,000	--	Secured against lien on Interbank FCY certificates of deposit and second charge over leased assets.
19.2.10 Pakistan Industrial Leasing Corporation Limited	120,850,774	--	Secured against lien on Interbank FCY certificates of deposit and second charge over leased assets.
19.2.11 Siza (Pvt) Limited	11,900,000	--	Secured against shares of listed companies,
19.2.12 Individuals (including employees)	6,317,733	770,265	Secured against mortgage of property, shares of listed companies, Interbank certificates of deposit and vehicles (which are in the joint name of Interbank).
19.2.13 Marina Industries	--	3,250,000	Secured against lien on Interbank FCY certificates of deposit.
19.2.14 International Industries Limited	--	20,000,000	Secured against joint pari-passu charge on stocks and book debts.
19.2.15 M.N.G. Industries	--	3,547,610	Secured against lien on Interbank certificates of deposit.
	-----	-----	
	871,481,748	68,461,020	
	=====	=====	

20. LONG TERM DEPOSITS AND PREPAYMENTS

	June 30, 1996 Rupees	December 31, 1994 Rupees
Security deposits	171,960	190,680
Prepayments	--	1,144,414
	-----	-----
	171,960	1,335,094
	=====	=====

21. TANGIBLE FIXED ASSETS

	Cost at the beginning of the period	Accumulated Additions / Disposals	Cost at the end of the period	Accumulated depreciation at the end of the period	Book Value of the period	Depreciation For the period	Rate per annum %
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Office equipment	3,751,722	3,036,863 (191,338)	6,597,247	2,550,634	4,046,613	1,546,122	20
Furniture and fittings	2,256,882	1,437,843* (773,237)	2,921,488	866,230	2,055,258	497,344	10-20
Improvements to leased premises	2,325,137	963,195	3,288,332	1,978,751	1,309,581	742,896	20

Vehicles	1,755,623	1,334,000	3,089,623	933,354	2,156,269	820,086	20
June 30, 1996	10,089,364*	5,807,326	15,896,690	6,328,969	9,567,721	3,606,448	
December 31, 1994	5,815,119	4,274,245	10,089,364	3,256,292	6,833,072	1,392,482	

* Includes Rs.1,263,550 purchased from associated undertaking.

21.1 Disposal of fixed assets

	Original cost Rupees	Accumulated depreciation Rupees	Written down value Rupees	Proceeds of sale Rupees	Profit/(Loss) on sale Rupees	Mode of disposal	Particulars of purchaser
Office equipment:							
Office computer	72,338	49,431	22,907	--	(22,907)	Written off	
Laptop computer	75,000	26,250	48,750	45,080	(3,670)	Insurance Claim	International General Insurance Company of Pakistan Limited.
Vacuum cleaner	5,200	5,200	--	560	560	Tender	Mr. Majid Latif Bhatti (employee).
Refrigerator	8,800	8,800	--	1,500	1,500	Tender	Mr. Sattar Yousuf (employee).
IBM PS/1-2011 computer	30,000	7,500	22,500	30,000	7,500	Exchange	Business Computing International (Pvt) Limited, 2nd Floor, Mehmood Centre, Block 9, Clifton, Karachi.
Furniture and fittings							
Office carpet	163,067	149,478	13,589	27,000	13,411	Negotiation	Mr. Gulab Khan, Light House, Karachi.
Office furniture	610,170	287,736	322,434	56,483	(265,951)	Negotiation	Aurang Builders. Sector 11-B, North Karachi.
	964,575	534,395	430,180	160,623	(269,557)		

	Eighteen months ended June 30, 1996 Rupees	Year ended December 31, 1994 Rupees
--	--	---

22. INCOME FROM INVESTMENTS

Income from trading investments	91,070,417	64,206,440
Profit on sale of investments	--	118,706
Dividend income	2,005,178	70,150
	93,075,595	64,395,296

23. OTHER INCOME

Income from deposits with banks	3,519,000	5,418,367
Net (loss)/gain on disposal of fixed assets	(269,557)	31,968
Other	452,816	--
	3,702,259	5,450,335

24. ADMINISTRATION AND OPERATING EXPENSES

Salaries, allowances and benefits	29,124,319	13,336,049
Technical assistance fees	--	649,255
Amortisation of deferred costs	--	432,153
Depreciation - note 21	3,606,448	1,392,482
Lease and other rentals	8,604,435	5,526,795
Travelling and entertainment	2,316,689	1,488,770

Telephone, telex and fax	2,631,493	2,413,880
Printing, postage and stationery	1,483.71	1,132,997
Insurance	2,638.59	1,510,462
Lighting, heating and cooling	1,884.33	1,007,368
Directors' fees	7,000	--
Auditors' remuneration - note 24.1	415,200	198,172
Repairs and maintenance	1,638,003	1,075,726
Brokerage and commission	1,716,567	594,218
Donations - note 24.2	209,305	207,741
Mark-up on short term running finance	205,025	226,056
Other expenses	5,882,947	3,607,144
	-----	-----
	62,364,060	34,799,268
	=====	=====

24.1 Analysis of auditors' remuneration

Audit fees	156,000	80,000
Taxation	132.00	95,172
Out-of-pocket expenses	67,200	23,000
SBP special audit fee	60,000	--
	-----	-----
	415,200	198,172
	=====	=====

24.2 This includes Rs.167,105 donation given to World Wide Fund for Nature, situated at All Industrial Technical Institute, Ferozepur Road, Lahore, in which, Syed Babar All (Chairman of Interbank) is President and Rs.5,000 to Lahore University of Management Sciences, Opp: Sector U, LCCHS, Lahore Cantt, Lahore in which, Syed Babar All (Chairman of Interbank) is Pro-Chancellor.

25. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS

This represents provision for diminution in value of trading investments of Rs. 1,809,909 and adjustment at Rs.7,120,254 to lower of cost and market value of trading investments transferred to long term investments.

26. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Executives		Total	
	Eighteen months ended June 30, 1996	Year ended December 31, 1994	Eighteen months ended June 30, 1996	Year ended December 31, 1994	Eighteen months ended June 30, 1996	Year ended December 31, 1994
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	1,504,088	815,595	10,462,508	4,100,503	11,966,596	4,916,098
Housing	633,099	370,175	4,568,384	1,845,227	5,201,483	2,215,402
Utilities	152,868	140,638	549,965	205,025	702,833	345,663
Retirement benefits	97,622	49,500	643,211	390,426	740,833	439,926
Medical expenses	51,284	15,153	432,595	250,536	483,879	265,689
Conveyance	457,088	22,441	1,357,495	153,596	1,814,583	176,037
Others	555,108	13,309	1,017,913	135,250	1,573,021	148,559
	-----	-----	-----	-----	-----	-----
	3,451,157	1,426,811	19,032,071	7,080,563	22,483,228	8,507,374
	=====	=====	=====	=====	=====	=====
Number of persons	1	1	32	20	33	21
	=====	=====	=====	=====	=====	=====

The Chief Executive was provided a house rent allowance in lieu of free furnished accommodation. Free use of cars is provided to the Chief Executive and Senior Executives.

27. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The aggregate amount in respect of transactions with associated undertakings during the period are - cumulative sum of deposits received Rs.514,424,985 (1994: Rs.48,300,000) return on deposits paid Rs.2,605,909 (1994: Rs.427,111), cumulative sum of money market instruments sold Rs.555,000,000 (1994: Rs. Nil), cumulative sum of money market instruments purchased Rs. 155,000,000 (1994: Rs. Nil), cumulative sum of funds placed Rs.235,000,000 (1994: Rs. Nil), cumulative sum of guarantees received Rs.59,207,808 (1994: Rs.55,000,000), cumulative sum of guarantee issued Rs.62,000,000 (1994: Rs.60,000,000) term finance certificates purchased Rs.27,500,000 (1994: Rs. Nil) fixed assets purchased Rs. 1,263,550 (1994: Rs. Nil) financial charges paid Rs.195,913 (1994: Rs.1,088,029), charges in respect of technical assistance fees Rs. Nil (1994: Rs.649,255). In addition, various amounts were utilised during the year out of the short term running finance facility available from American Express Bank Limited.

28. COMPARATIVE FIGURES

The prior year's figures have been rearranged wherever considered necessary.

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 1996**

Number of shareholders	Shareholdings		Total Shares held
154	From 1	to 100	8,870
301	From 101	to 500	75,015
405	From 501	to 1000	295,975
292	From 1001	to 5000	629,340
64	From 5001	to 10000	428,480
11	From 10001	to 15000	144,940
6	From 15001	to 20000	110,060
4	From 20001	to 25000	93,000
4	From 25001	to 30000	107,040
3	From 30001	to 35000	97,220
1	From 35001	to 40000	38,500
3	From 45001	to 50000	141,180
2	From 50001	to 55000	107,960
1	From 60001	to 65000	63,420
1	From 85001	to 90000	90,000
2	From 115001	to 120000	235,600
1	From 125001	to 130000	130,000
1	From 165001	to 170000	167,700
1	From 175001	to 180000	180,000
1	From 185001	to 190000	188,500
1	From 290001	to 295000	294,800
1	From 335001	to 340000	336,100
1	From 500001	to 505000	500,600
1	From 540001	to 545000	540,900
1	From 1255001	to 1260000	1,260,000
1	From 1645001	to 1650000	1,646,500
1	From 1795001	to 1800000	1,800,000
1	From 2005001	to 2010000	2,006,300
1	From 2680001	to 2685000	2,682,000
1	From 3595001	to 3600000	3,600,000
1,268			18,000,000

S. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage
1	Individuals	1,219	4,456,090	2.475
2	Investment Companies	6	426,180	2.37
3	Insurance Companies	7	1,914,420	10.64
4	Joint Stock Companies	22	5,233,990	29.07
5	Financial Institutions	2	2,018,300	11.21
6	Modaraba Companies	7	49,580	0.28
7	Foreign Investors	4	3,900,540	21.67
8	Co-operative Societies	-	-	-
9	Charitable Trusts	1	900	0.01
	TOTAL	1,268	18,000,000	100.00