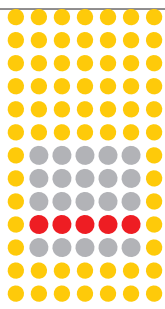


FINANCIAL STATEMENTS



30 June 2007



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of the Members of **ESCORTS INVESTMENT BANK Limited** will be held on Wednesday, October 31, 2007 at 11:00 a.m. at Escorts House, 26 Davis Road, Lahore, the registered office of the Company, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 11th Annual General Meeting held on October 31, 2006.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended June 30, 2007, together with the Directors' and Auditors' report thereon.
3. To consider and approve cash dividend at the rate of Rs.2 per share (20%) to the shareholders for the year ended June 30, 2007 as recommended by the Board of Directors.
4. To appoint auditors of the Company for the next financial year, ending June 30, 2008, and to fix their remuneration.

OTHER BUSINESS:

5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

MUHAMMAD ANUM SALEEM
Company Secretary

Dated: 10 October 2007

Notes:

1. The share transfer books shall remain closed from October 23, 2007 to October 31, 2007 (both days inclusive). Transfers received at Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore, by the close of the business hours on October 22, 2007 will be treated in time for the purpose of casting of votes at the Annual General Meeting.
2. A member entitled to attend and vote at the meeting may appoint another person as his/her

proxy to attend the meeting, speak and vote on his/her behalf. Form of Proxy is enclosed.

3. The Form of Proxy must be signed across a rupees five revenue stamp and should be received by the Company at its Registered Office at least 48 hours before the meeting.
4. Shareholders are requested to promptly notify the Company of any change in their addresses at the Registered Office of the Company.
5. CDC Account Holders will have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

5.1 For attending the meeting:-

- 5.1.1 In case of individual, the account holder or sub-account holder shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.
- 5.1.2 In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall have to be produced at the time of the meeting.

5.2 For appointing proxies:-

- 5.2.1 In case of individual, the account holder or sub-account holder shall submit the proxy form as per the requirements of para 3 above.
- 5.2.2 The proxy form shall be witnessed by two persons whose names and NIC numbers should be mentioned on the Proxy Form.
- 5.2.3 Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.
- 5.2.4 The proxy shall produce his/her original NIC or original passport at the time of the meeting.
- 5.2.5 In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall have to be submitted along with Proxy Form to the Company.



Director's Report

The Board of Directors of Escorts Investment Bank Limited takes pleasure to present before you, the annual report 2007 together with the audited financial statements for the year ended 30 June 2007.

The Board hereby confirms that:

- a) these financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b) proper books of accounts of the company have been maintained;
- c) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e) the system of internal control is sound in design and has been effectively implemented and efficiently monitored;
- f) there are no significant doubts upon the company's ability to continue as a going concern; and
- g) there is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Financial Results

The financial results for the year under review are summarized as follows:

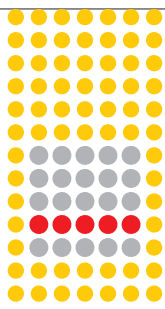
	2007 (Rupees)	2006 (Rupees)
Profit before provisions and taxation	141,885,051	208,726,716
Provision for doubtful finances & receivables	683,696	10,771,882
Profit before taxation	141,201,355	197,954,834
Less: Taxation	11,037,647	11,903,959
Profit after taxation	130,163,708	186,050,875

Key financial data and ratios for the last six years are attached.

The year in review has a great significance as it marks the resounding success and conclusion of the *Change Management Program "Escorts Beyond 2001"*. The viability of the Bank's Strategy was put to test in an environment where the State Bank of Pakistan continued to pursue its tight monetary policy resulting in rising cost of funds especially for the NBFCs. Despite all odds, Our Bank has managed to maintain its top position in the sector, in terms of Return on Capital Employed of 16.66%, even after a drop in net profits after tax to Rs.130 million.

Gross revenue during the year amounted to Rs. 842 million as compared to Rs. 716 million of the previous year. Borrowing cost increased from Rs. 307 million to Rs. 473 million, which is well justified and is in line with the general increase in the interest rates and the increased business volumes handled by Escorts Bank to offset the impact of rising cost of funds. Operating expenses during the year amounted to Rs. 227 million due to enhanced business activity. Additional provision of Rs. 0.7 million against doubtful finances and receivables was booked during the year. The operating (pre-tax) profit decreased to Rs. 141 million from Rs. 198 million last year primarily due to reasons highlighted above.

Total assets as at 30 June 2007 stood at Rs. 5,935 million as against Rs. 4,876 million at the last year end, reflecting an improvement in the balance sheet size by 22% over 30 June 2006.



Earnings per Share

Earnings per Share of Our Bank have been Rs.2.95 as compared to Rs.4.44 last year.

Dividend

The Board of Directors has proposed Cash Dividend at the rate of 20% i.e. Rs. 2 for every Rs 10/- ordinary share held, for the year 2006-07.

Credit Rating

As a witness of confidence to our Company's performance, JCR-VIS Credit Rating Agency has reaffirmed the medium to long-term entity rating at 'A' (Single A) while short term rating has also been reaffirmed at 'A-1' (A-One) with stable outlook. These ratings denote good credit quality, sound liquidity factors and company fundamentals, adequate protection factors and good certainty of timely payments.

Board Meetings

The Board comprises of two executive and six non-executive directors. Two casual vacancies occurred during the year, which were duly filled.

During the year, four meetings of the Board of Directors were held and following is the detail of attendance by the Directors:

Directors	Held during Tenure	Attended
Mr. Bashir Ahmed	4	2
Mr. Rashid Mansur	4	4
Mr. Rais Ahmed	2	2
Ms. Shazia Bashir	4	4
Mr. Tajamul Hussain Bokhari	4	1
Mr. Qaim Mehdi	3	2
Mr. Bairam Qureshy	4	4
Mr. Mutahir Ahmed	4	2
Mr. Zaigham Mahmood Rizvi	-	-

Leave of absence was granted to directors who could not attend some or all of the Board meetings.

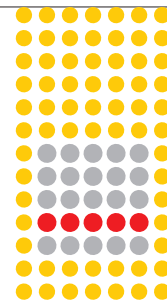
Changes in Shareholding

The details of purchase and sale of shares of Escorts Investment Bank Limited by the Directors, CEO and CFO, as required by the Code of Corporate Governance, are given below:

Name	Designation	No. of Shares Purchased	No. of Shares Sold
Mr. Rashid Mansur	President & CEO	18,500	-
Mr. Farooq Hameed Khawaja	Ex-Chief Financial Officer	-	500
Mr. Zaigham Mahmood Rizvi	Director	500	-

Pattern of Shareholding

There were 542 shareholders of the Bank as at 30 June 2007. The pattern of shareholding disclosing the aggregate number of shares held by various categories of shareholders appears at the end of this annual report.



Value of Provident Fund Investment

The Bank operates a contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund @ 10% of the basic salary. Based on latest audited financial statements of the fund the value of its investments as at 30 June 2005 works out to be Rs. 8.85 million.

CEO's Review

The Board endorses the CEO's review for the year ended June 30, 2007.

Internal Audit Function

The Bank has a very sound Internal Audit Function outsourced to M/s A.F. Fergusons, Chartered Accountants. The Audit Committee meets on a regular basis to view the efficiency and effectiveness of the Internal Audit Function.

Auditors

Our auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment. The Board and the Audit Committee recommend their reappointment.

Future Outlook

The 5 Year Business Plan "*Escorts Beyond 2001!*" has successfully concluded yielding an average return on capital employed of over 20%. This remarkable achievement and turn around can only be ascribed to relentless hard work, dedication and commitment of the employees of the Bank. The paradigm shift brought about by this plan has raised the barriers even higher when we prepare ourselves to be gauged on success in the next five years. Overcoming the odds is not new for the Executive Management of Our Bank. We achieved it and are not shy of achieving it again without compromising the niche advantage that we have obtained in certain business activities over our peers.

Moving forward, our focus would remain on core Investment Banking Activities while we intend to explore other opportunities as well. In this context, the Bank already has obtained licenses to under take Leasing Business and Housing Finance activities as allowed under NBFC Rules 2003 and is in the process of forming an Asset Management Company, further widening the scope of products & services that can be offered to our customers.

The Executive Management of Our Bank takes pleasure announcing "*Escorts Twenty 12*", a comprehensive five year plan that is ready to take full advantage of the platform build in the last five years. Model Branches, in major cities of Pakistan have been established and a network of Investment Services Centers is in the process of being completed. We assure you, that Our Bank would be recognized as a Model NBFC and is hopeful of providing even better results ~ quarter after quarter.

Acknowledgement

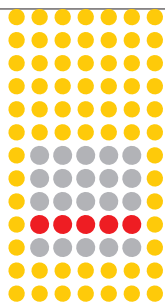
The Board would like to take this opportunity to express its admiration to the employees of the Bank for their commitment, hard work and co-operation throughout the year. The Bank recognizes and records its gratitude for all their efforts.

For and on behalf of the Board

Rashid Mansur
Chief Executive Officer

Shazia Bashir
Director

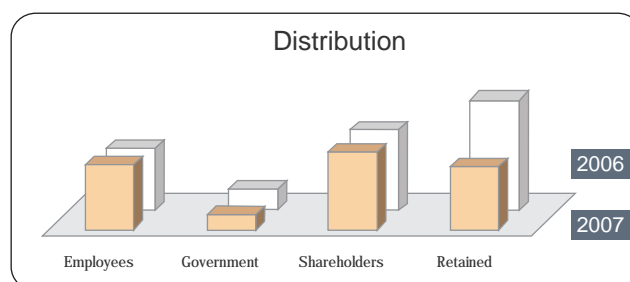
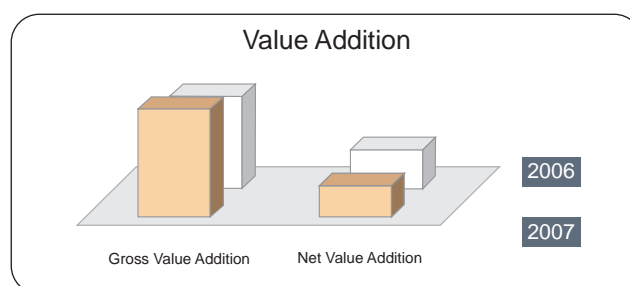
Lahore: 01 October 2007

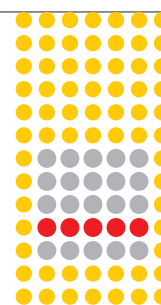


Statement of Value Addition

For the year ended 30 June 2007

	2007		2006	
	Rs. (000)	%	Rs. (000)	%
Gross Revenue	841,512		716,284	
Less: Financial Charges	472,673		306,870	
Operating & Other expenses (excluding staff cost)	124,863		108,692	
Provisions & Impairment	684		10,772	
Deferred Tax	(6,561)		(10,669)	
	249,853	100.00	300,619	100.00
Distribution to:				
Employees as remuneration	72,949	29.20	67,125	22.33
Government as taxes	17,599	7.04	22,573	7.51
Shareholders as dividend	88,200	35.30	88,200	29.34
Retained within the business				
Depreciation & Amortization	29,141	11.66	24,870	8.27
Statutory Reserve	26,033	10.42	37,210	12.38
Retained Profit & Bonus Shares	15,931	6.38	60,641	20.17
	71,105	28.46	122,721	40.82
	249,853	100.00	300,619	100.00



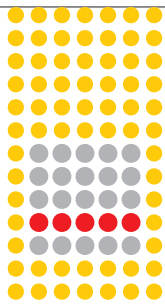


Financial Highlights

Last Six Years of Escorts Bank At A Glance

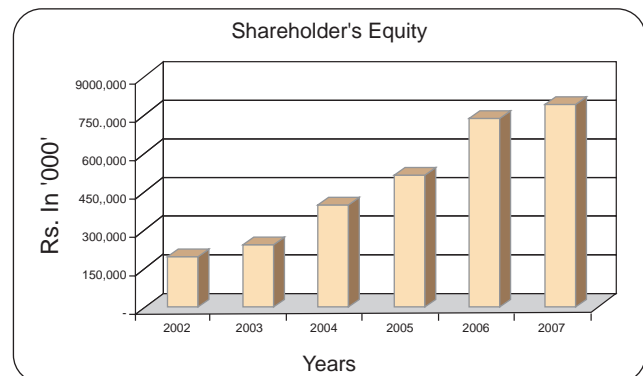
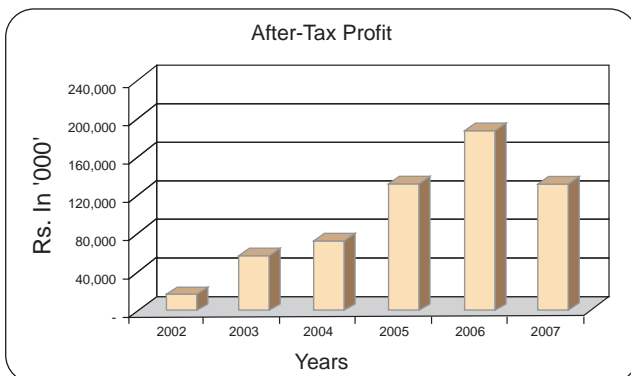
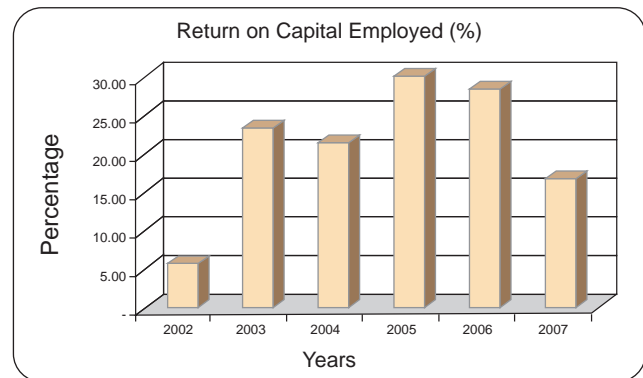
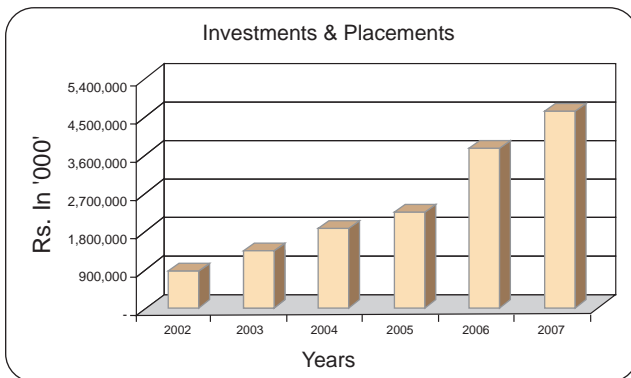
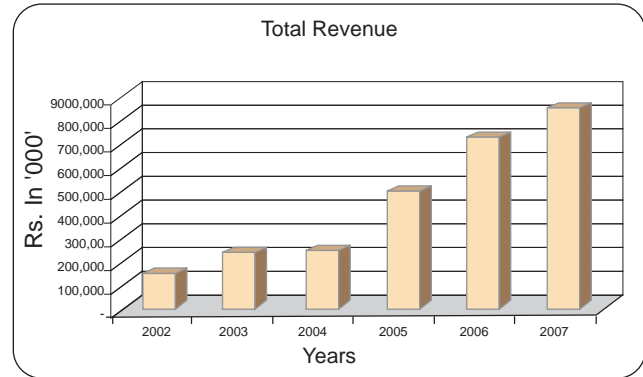
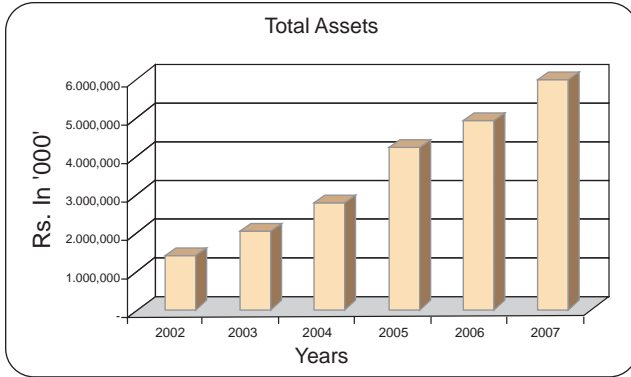
(Rupees in '000')

	2007	2006	2005	2004	2003	2002
FINANCIAL DATA						
Share Capital	441,000	441,000	300,000	300,000	200,000	200,000
Share Deposit Money	-	-	85,795	-	-	-
Reserves	361,233	319,269	154,218	114,816	71,195	25,632
Shareholders' Equity	802,233	760,269	540,013	414,816	271,195	225,632
Deposits	2,081,408	1,480,153	1,099,510	1,129,757	692,668	731,582
Borrowings from Financial Institutions	2,770,032	2,206,358	2,307,443	1,060,029	777,900	310,000
Total Liabilities	5,132,427	4,115,488	3,661,020	2,368,842	1,692,905	1,179,613
Tangible Fixed Assets	159,142	136,629	123,898	23,220	13,208	13,398
Intangible Fixed Assets	44,087	45,087	44,105	42,420	7,170	-
Capital Work in Progress	18,036	-	-	-	-	-
Financing - Net of Provision	351,638	342,733	746,860	481,396	375,654	207,014
Net Investment in Finance Lease	64,949	30,948	-	-	-	-
Investments & Placements	4,671,168	3,710,283	2,266,564	1,899,916	1,427,863	938,660
Total Assets	5,934,660	4,875,757	4,177,687	2,742,118	2,026,831	1,412,104
OPERATING RESULTS						
Total Revenue	841,512	716,284	488,658	239,434	233,895	147,793
Markup Expense	472,673	306,870	158,418	85,142	115,310	88,004
Operating & Other Expenses	226,953	200,688	149,825	71,678	45,215	32,438
Provision against Non-Performing Loans	684	10,772	26,345	6,159	1,306	8,068
Impairment - Held to Maturity Investments	-	-	20,000	-	-	-
Profit before Tax	141,201	197,955	134,071	76,456	72,064	19,283
Profit after Tax	130,164	186,051	129,401	73,622	57,562	12,283
Dividends (%)	20.00	20.00	*20.00	15.00	15.00	6.00
FINANCIAL RATIOS						
Earning per Share (Rs.)	2.95	4.44	3.77	3.05	2.69	0.61
Net Asset Value per Share (Rs.)	18.19	17.24	15.14	13.83	13.56	11.28
Market Value per Share (Rs.)	16.40	16.00	10.60	14.90	9.40	7.75
High	17.40	21.55	21.50	17.20	10.00	7.95
Low	13.00	9.85	9.80	9.45	7.70	4.00
Price Earning Ratio	5.56	3.60	2.81	4.89	3.50	12.62
Dividend per Share (Rs.)	2.00	2.00	2.00	1.50	1.50	0.60
Dividend Yield (%)	12.20	12.50	18.87	10.07	15.96	7.74
Dividend Payout Ratio(%)	67.76	45.00	53.05	49.26	55.85	97.72
Profit Before Tax Ratio (%)	16.78	27.64	27.44	31.93	30.81	13.05
Revenue to Expenses (Times)	1.20	1.38	1.38	1.47	1.45	1.15
Return on Average Assets (%)	2.41	4.11	3.74	3.09	3.35	1.14
Return on Capital Employed (%)	16.66	28.62	29.78	21.46	23.17	5.60
Total Assets Turnover Ratio (Times)	0.16	0.16	0.14	0.10	0.14	0.14
Advances to Deposits (Times)	0.17	0.23	0.68	0.43	0.54	0.28
Borrowings to Equity (Times)	6.05	4.85	6.31	5.28	5.42	4.62
Total Liabilities to Equity (Times)	6.40	5.41	6.78	5.71	6.24	5.23



Graphical Depiction

Last Six Years of Escorts Bank At A Glance



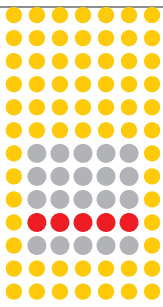


Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulations of stock exchanges where the Company's shares are listed, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Board of Directors of Escorts Investment Bank Limited ("the Company") has adopted and applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive directors including two independent directors. The Company has on its Board one director representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including Escorts Investment Bank Limited.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFC or being a member of a stock exchange, has been declared a defaulter by that stock exchange.
4. During the year ended 30 June 2007 two casual vacancies occurred which were dully filled.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and Executive Director have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has approved appointment of the CFO and the Company Secretary including their remuneration, terms and conditions of employment as determined by the CEO.
10. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

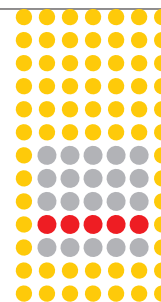


13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors including the chairman of the committee.
15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Board has set up an effective internal audit function that has been outsourced to M/s A. F. Fergusons & Co. Chartered Accountants. A team of suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company have been deployed on a full time basis.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other material principles contained in the Code have been complied with.

Rashid Mansur
Chief Executive Officer

Lahore: 01 October 2007

Shazia Bashir
Director



Auditors' Review Report to the Members on statement of Compliance with best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **ESCORTS INVESTMENT BANK LIMITED** ("the Company") to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

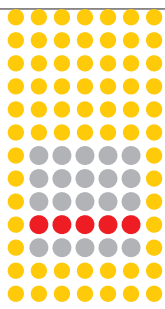
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2007.

KPMG Taseer Hadi & Co
Chartered Accountants

Lahore: 01 October 2007



Statement of Ethics and Business Practices

The following core values have been incorporated in our System to promote ethical business practices while producing quality services.

Business Practices

Escorts Bank recognizes responsibilities in the following areas:

Shareholders

To protect shareholders investment and to provide them maximum return on their investment. We focus on maximizing long-term shareholders' value through strong financial performance and returns, disciplined and profitable expansion.

Customers

To provide them with the best investment opportunities and financial products that can cater to changing economic environment. Our focus is on building enduring relationships with our clients to help meet their financial goals, providing friendly, caring, seamless service and excellent value through a wide range of products and services. Prompt, efficient attention to complaints is integral to our client care commitment.

Employees

To provide our employees with a friendly and congenial environment to work in and to provide them an equal opportunity to prosper and grow. There are job opportunities available for the most deserving candidates depending on their professional achievements and skills in their chosen departments. We feel that strong relationship with employees is vital to our future success. Each employee plays an important role in advancing our reputation and is required to be fully familiar with our code of conduct. We are focused on providing leading-edge workplace practices, opportunities for continuous learning, and challenging and satisfying careers to our employees.

Society

To conduct business as a good corporate citizen of the society, while respecting and complying with the prevalent laws as a financial entity.

Business Integrity

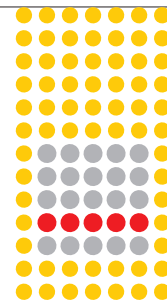
Escorts Bank believes in the following five principles to be applied in all aspects of their business:

- Personal Responsibility
- Integrity
- Honesty
- Teamwork
- Diversity

All business transactions on behalf of Escorts Investment Bank Limited must be reflected accurately and fairly in the accounts of the Company in accordance with established procedures and should be subject to audit.

Reliability and Reporting

All transactions and contracts are fully documented and are available for review of the concerned quarters. Escorts Bank complies with the International Accounting Standards (as applicable in Pakistan) and all applicable laws and regulations, whereby its financial statements present a true picture of the underlying transactions.



Economic Principles

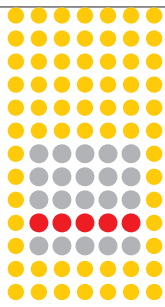
Maximization of profitability is essential for any financial institution, as this is used as a yardstick to determine efficiency. Also, it is necessary to allocate resources in a manner that will result in profitability. Escorts Bank allocates resources including Capital, Management Time, Human Resources and Information Technology according to a range of factors, such as size and complexity of the operation, growth prospects and contribution made by each area.

Political Activities

Escorts Bank believes in staying detached from all political activities.

Health and Safety

The maintenance of appropriate health and safety standards throughout Escorts Bank is a key responsibility of all managers. Escorts Bank's objective is to identify, remove, reduce or control material risks of fire and of accidents or injuries to employees and Visitors.



Statement of Compliance with Best Practices on Transfer Pricing for the Year Ended 30 June 2007

The Company has fully complied with the best practices on Transfer Pricing as contained in the Listing Regulations of the stock exchanges where the Company's shares are listed.

For and on behalf of the Board

Rashid Mansur
Chief Executive Officer

Lahore: 01 October 2007



Auditors' Report to the Members

We have audited the annexed balance sheet of **ESCORTS INVESTMENT BANK LIMITED** ("the Company") as at 30 June 2007 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

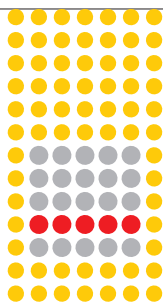
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2007 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore: 01 October 2007



Balance Sheet

As at 30 June 2007

ASSETS

	Note	2007 Rupees	2006 Rupees
Non-current Assets			
Fixed capital expenditure	4	143,159,956	136,310,773
Cards and rooms	5	78,105,000	45,405,000
Long term investments	6	569,162,392	581,131,615
Long term finances	7	39,451,792	35,294,935
Net investment in lease finance	8	53,761,296	26,561,233
Long term loans, deposits and prepayments	9	15,582,224	9,194,808
Deferred tax asset	10	22,276,280	15,715,126
Current Assets			
Current maturities of non-current assets	11	95,684,515	104,516,841
Short term investments	12	1,307,019,474	848,362,705
Short term finances	13	241,978,657	223,895,088
Short term placements	14	2,789,895,924	2,270,121,900
Advances, deposits, prepayments and other receivables	15	445,154,268	409,526,938
Cash and bank balances	16	133,428,181	169,720,022
		5,013,161,019	4,026,143,494
		5,934,659,959	4,875,756,984

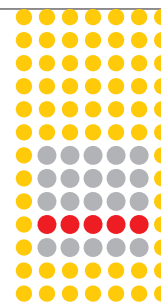
EQUITY AND LIABILITIES

Share Capital and Reserves			
Share capital	17	441,000,000	441,000,000
Reserves	18	361,232,726	319,269,018
		802,232,726	760,269,018
Deficit on Revaluation of Investments	19	(4,140,041)	(15,402,330)
Non-Current Liabilities			
Term finance certificates	20	629,848,001	228,983,342
Obligation under finance lease	21	6,788,534	7,529,374
Long term certificates of deposit	22	312,894,289	397,315,618
Long term security deposit		18,473,051	9,138,300
Current Liabilities			
Current maturities of non-current liabilities	23	142,300,687	86,202,070
Short term borrowings	24	1,745,000,000	1,145,000,000
Running finance under mark up arrangements - Secured	25	295,856,901	778,338,739
Short term certificates of deposit	26	1,718,751,351	1,043,141,883
Trade and other payables	27	235,613,582	406,525,439
Provision for taxation	28	31,040,878	28,715,531
		4,168,563,399	3,487,923,662
Contingencies and Commitments	29		
		5,934,659,959	4,875,756,984

The annexed notes 1 to 46 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER



Profit and Loss Account

For the year ended 30 June 2007

INCOME

	Note	2007 Rupees	2006 Rupees
Profit on financing	30	55,060,096	70,985,959
Mark-up on lease finance		4,938,098	1,190,760
Return on placements	31	382,751,664	211,397,102
Return on investments	32	309,738,734	355,682,864
Fees and commission	33	85,783,846	69,716,818
Other income		3,239,219	7,310,870
		841,511,657	716,284,373

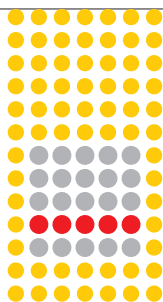
EXPENSES

Return on certificates of deposit		206,277,882	136,779,784
Return on term finance certificates		58,868,250	27,005,525
Mark-up on short term running finance		44,278,766	31,388,647
Mark-up on borrowings from financial institutions		163,248,332	111,695,679
Amortization of premium on held to maturity investments		9,787,260	9,081,386
Administrative and other operating expenses	34	216,349,091	190,467,250
Other financial charges		817,025	1,139,386
		699,626,606	507,557,657
Operating profit before provisions and taxation		141,885,051	208,726,716
Provision for doubtful finances		683,696	13,718,397
Provision for doubtful receivables		-	(2,946,515)
		683,696	10,771,882
Profit before taxation		141,201,355	197,954,834
Taxation	35	11,037,647	11,903,959
Profit after taxation		130,163,708	186,050,875
Earnings per share-basic and diluted	36	2.95	4.44

The annexed notes 1 to 46 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER



Cash flow statement

For the year ended 30 June 2007

	Note	2007 Rupees	2006 Rupees
Cash flow from operating activities			
Profit before taxation		141,201,355	197,954,834
Adjustment for non cash expenses and other items:			
Depreciation on tangible assets		18,353,613	15,456,175
Amortization on intangible assets		999,900	333,300
Provision for doubtful finances		683,696	13,718,397
Provision for doubtful receivables		-	(2,946,515)
Amortization of premium on held to maturity investments		9,787,260	9,081,386
Amortization of issuance cost of listed TFCs		524,430	-
Loss on sale of fixed assets		835,200	96,673
Fixed assets written off		-	40,457
Mark-up/return income		(509,378,364)	(352,156,470)
Dividend income		(121,843,940)	(74,953,630)
Return on deposits and borrowings		472,673,230	306,869,635
		(127,364,975)	(84,460,592)
		13,836,380	113,494,242
(Increase) /decrease in operating assets			
(Disbursements) / repayment of finances - net		(9,588,206)	393,355,541
Net investment in lease finance		(23,674,731)	(21,809,360)
Investment in placements - net		(519,774,024)	(1,528,026,476)
Investments - net		(439,636,821)	83,170,296
Loans, advances, deposits and prepayments		41,128,814	(44,209,682)
		(951,544,968)	(1,117,519,681)
Increase/ (decrease) in operating liabilities			
Borrowings from financial institutions		600,000,000	(515,000,000)
Receipts from certificates of deposit		601,255,471	380,643,138
Running finance facilities		(482,481,838)	405,840,384
Trade and other payables		(196,567,261)	147,156,744
		522,206,372	418,640,266
Net changes in operating assets and liabilities		(429,338,596)	(698,879,415)
Mark-up/return received		507,181,443	347,807,895
Return on deposits and borrowings paid		(448,567,143)	(288,708,666)
Dividend received		119,890,786	62,432,255
Net cash generated from operating activities before taxes		(236,997,130)	(463,853,689)
Taxes paid		(97,544,285)	(49,959,981)
Net cash generated from operating activities		(334,541,415)	(513,813,670)



Cash flow statement (contd.)

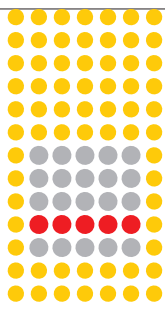
For the year ended 30 June 2007

	Note	2007 Rupees	2006 Rupees
Cash flow from investing activities			
Fixed capital expenditure incurred		(28,957,704)	(21,196,624)
Proceeds from sale of fixed assets		2,459,773	1,476,546
Investment in cards and rooms		(32,700,000)	(1,300,000)
Net cash used in investing activities		(59,197,931)	(21,020,078)
Cash flow from financing activities			
Proceeds from Right issue		-	34,205,010
Dividend paid		(88,183,169)	(310,469)
Proceeds from issuance of listed term finance certificate - net of initial transaction cost		492,133,544	-
Redemption of term finance certificates		(45,851,657)	(110,000)
Repayment of lease obligation		(651,213)	(434,834)
Net cash generated from financing activities		357,447,505	33,349,707
Net decrease in cash and cash equivalents		(36,291,841)	(501,484,041)
Cash and cash equivalents at the beginning of the year		169,720,022	671,204,063
Cash and cash equivalents at the end of the year	16	133,428,181	169,720,022

The annexed notes 1 to 46 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER



Statement of Changes in Equity

For the year ended 30 June 2007

	Share capital Rupees	Share deposit money Rupees	Statutory reserve Rupees	Un- appropriated profit Rupees	Total Rupees
Balance as at 01 July 2005	300,000,000	85,794,990	63,243,628	90,974,515	540,013,133
Received against 40% right issue	-	34,205,010	-	-	34,205,010
Right share @ 40% (Rs. 10.00 per share)	120,000,000	(120,000,000)	-	-	-
Bonus Shares @ 5% issued	21,000,000	-	-	(21,000,000)	-
Net profit for the year	-	-	-	186,050,875	186,050,875
Transfer to statutory reserve	-	-	37,210,175	(37,210,175)	-
Balance as at 30 June 2006	441,000,000	-	100,453,803	218,815,215	760,269,018
Net profit for the year	-	-	-	130,163,708	130,163,708
Transfer to statutory reserve	-	-	26,032,742	(26,032,742)	-
Final dividend for 2006 paid @ 20% (Rs. 2 per share)	-	-	-	(88,200,000)	(88,200,000)
Balance as at 30 June 2007	441,000,000	-	126,486,545	234,746,181	802,232,726

The annexed notes 1 to 46 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER



Notes to the Financial Statements

For the year ended 30 June 2007

1. LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company was incorporated in Pakistan on 15 May 1995 and started its commercial operations on 16 October 1996. The Company is listed on the Karachi and Lahore stock exchanges. Escorts Investment Bank Limited is licensed to carry out investment finance services, leasing business and housing finance services as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003. The registered office of the Company is situated at Escorts House, 26 Davis Road, Lahore.

JCR VIS Credit Rating Company Limited has reaffirmed the Short Term Credit Rating of the Company at "A-1" (Single A one) while Medium to Long Term Credit Rating has also been reaffirmed at "A" (Single A) with stable outlook.

The Company is a member of Karachi Stock Exchange (Guarantee) Limited (KSE) and Lahore Stock Exchange (Guarantee) Limited (LSE). The Company has undertaken to contribute to the assets of the Karachi and Lahore Stock Exchanges, an amount not exceeding one thousand rupee each, in the event of their winding up, in accordance with their Memorandums of Association.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of Companies Ordinance, 1984 and the approved International Financial Reporting Standards (IFRSs) as applicable in Pakistan. Approved accounting standards comprise of such IFRSs as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives have been followed.

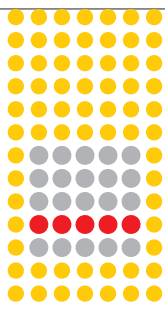
Standards, interpretations and amendments to published approved accounting standards

Standards amendments and interpretations effective in 2006 but not relevant

Other new standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning 01 July 2006 are considered not to be relevant or have any significant effect to the Company's operations.

Standards or interpretations not yet effective but relevant

Certain amendments to IAS 1 'Presentation of financial statements' - Capital Disclosures have been published that are applicable to the Company's financial statements covering annual periods, beginning on 01 July 2007. Adoption of these amendments would impact the nature and extent of disclosures made in the future financial statements of the Company. In addition IAS 23 "Borrowing Costs" has been revised and is effective for the Company's accounting period beginning after 01 July 2009. Adoption of this standard will result in a change in accounting policy of borrowing cost. The revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. However, this change will not impact the results of the Company prior to 01 July 2009.



2.2 Significant estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

- Useful life of depreciable assets
- Taxation
- Provisions and contingencies

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for held for trading investments and available for sale investments, which have been recognized at fair value.

3.2 Fixed capital expenditure

Property, plant and equipment

These are stated at cost less accumulated depreciation and impairments, if any, except for Capital Work in Progress which is stated at cost. Depreciation is charged using "Straight line method" so as to write off the historical cost of an asset over its estimated useful life at the following rates:

	Rate in %
Free-hold premises	5
Leasehold improvements	20
Furniture and fixture	10
Computer equipment	33
Office equipment	10
Motor vehicles	20

Full month's depreciation is charged on additions during the month in which asset is acquired, while no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred.

Profit/(loss) on disposal of operating fixed assets is included in income currently.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairments, if any. Amortization is recorded when these assets are available for use using straight line method whereby the cost of an intangible asset is amortised over its estimated useful life at the following rates:



	Rate in %
Computer software	33

3.3 Assets subject to finance lease

The Company accounts for assets acquired under finance lease by recording the assets and related liabilities at the lower of present value of minimum lease payments under the lease agreement and the fair value of leased assets. Financial charges are allocated to accounting periods in a manner so as to provide constant periodic rate of charge on the outstanding liability. Depreciation is charged using "straight line method" at the rates specified in note 3.2.

3.4 Cards and Rooms

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

3.5 Investments

The Company classifies its investments as held to maturity, available for sale or held for trading.

Held to maturity

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held to maturity.

Available for sale

Investments intended to be held for an unidentified period of time, which may be sold in response to need for liquidity or changes to interest rates, exchange rates or equity prices are classified as available for sale.

Held for trading

Investments that are acquired principally for the purpose of generating profit from short-term fluctuations in price or dealer's margin are classified as held for trading.

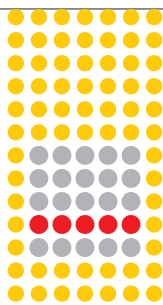
All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, in accordance with the requirements of circulars issued by State Bank of Pakistan, Investments held for Trading and Investments Available for Sale for which active market exists, are measured at their market value while Investments Held to Maturity are stated at amortized cost using the effective interest rate method less impairment, if any.

All "regular way" purchases and sales of listed shares are recognized on the trade date, i.e. the date that the company commits to purchase/sell the asset.

Any surplus or deficit on revaluation of Held for Trading Investments are charged to income currently, while in case of available for sale investments, the resulting surplus/(deficit) is kept in a separate account and is shown in the balance sheet below the shareholders' equity. At the time of disposal the respective surplus or deficit is transferred to income currently. Amortization cost is charged to profit and loss account.

3.6 Securities under repurchase/reverse repurchase agreements

Transactions of repurchase/reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows:



Repurchase agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in borrowings from banks/ NBFCs. The difference between sale and repurchase price is treated as mark-up on borrowings from banks/ NBFCs and accrued over the life of the repo agreement.

Reverse repurchase agreements

Investments purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the balance sheet. Amounts paid under these agreements are recorded as fund placements. The difference between purchase and resale price is treated as return from fund placements with financial institutions or income from reverse repurchase transactions of listed shares, as the case may be, and accrued over the life of the reverse repo agreement.

3.7 Net investment in lease finance

Leases where all the risks and rewards incidental to ownership of the assets are substantially transferred to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and deposit accounts.

3.9 Financial instruments

Financial assets

Financial assets are cash and bank balances, placements, investments, financing and other receivables. Finances and receivable from clients are stated at their nominal value as reduced by provision for doubtful finances and receivables, while other financial assets are stated at cost except for investments, which have been revalued as per accounting policy.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include redeemable capital, certificates of deposit, borrowings, trade and other payables. Mark-up based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the balance sheet date. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the balance sheet. The corresponding gains and losses are included in the profit and loss.



Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to setoff the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.10 Provisions

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.11 Staff retirement benefits

Employees compensated absences

Liability for accumulated compensated absences of employees is accounted for in the period in which these absences are earned.

Provident fund

The Company operates approved contributory provident fund for all permanent employees. Equal monthly contribution is made both by employees and the Company to the fund at 10% of Basic Salary. The fund is administered by the Trustees.

3.12 Revenue recognition

Return on finances provided, placements, government securities and term finance certificates are recognized on time proportionate basis.

Mark-up on lease finance is recognized using the finance method. Under this method, the unearned lease income i.e. the excess of the aggregate lease rentals and the residual value over the cost of the leased assets, is deferred and taken to income so as to produce a constant periodic rate of return on the outstanding net investment in lease finance. Processing fee, documentation charges and other lease related income are taken to income currently.

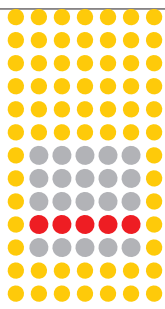
Brokerage commission and other advisory fee are recognized when such services are provided.

Guarantee commission is received in advance, and deferred over the guarantee period. Consultancy and corporate advisory fee income is recognized using percentage of completion method.

Dividend income is recognized when the right to receive payment is established.

3.13 Return on deposits and borrowings

Return on Certificates of Deposit (CODs) and borrowings are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.



3.14 Taxation

Current

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

Deferred

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

3.15 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

3.16 Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

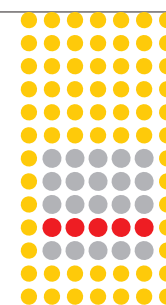
Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

3.17 Dividend distributions and appropriations

Dividend distribution and appropriations other than statutory appropriations are recorded in the period in which they are approved.



4. FIXED CAPITAL EXPENDITURE

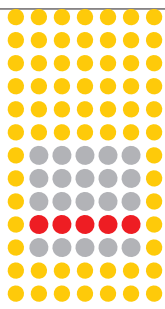
	Note	2007 Rupees	2006 Rupees
Property, plant and equipment	4.1	123,456,705	133,644,073
Intangible assets	4.2	1,666,800	2,666,700
		125,123,505	136,310,773
Capital work in progress			
Tangible - Advance		16,736,451	-
Intangible - Advance		1,300,000	-
		18,036,451	-
		143,159,956	136,310,773

4.1 Property, plant and equipment

	Cost			Depreciation				Net book Value
	As at 01 July 2006 Rupees	Additions / (disposals) Rupees	As at 30 June 2007 Rupees	As at 01 July 2006 Rupees	For the year Rupees	(Disposals) Rupees	As at 30 June 2007 Rupees	As at 30 June 2007 Rupees
Owned								
Free-hold premises	89,692,600	-	89,692,600	4,858,349	4,484,630	-	9,342,979	80,349,621
Lease-hold improvements	9,488,811	61,500 (914,798)	8,635,513	3,930,291	1,637,397	(683,939)	4,883,749	3,751,764
Office furniture and fixtures	4,878,914	72,110 (413,016)	4,538,008	1,066,739	452,893	(175,635)	1,343,997	3,194,011
Computer equipments	12,405,941	2,636,186	15,042,127	5,909,585	4,129,546	-	10,039,131	5,002,996
Office equipments	9,367,374	2,856,882 (1,060,609)	11,163,647	1,949,704	932,721	(603,598)	2,278,827	8,884,820
Vehicles	29,477,156	5,834,539 (5,809,978)	29,501,717	11,595,509	4,917,966	(3,440,256)	13,073,219	16,428,498
	155,310,796	11,461,217 (8,198,401)	158,573,612	29,310,177	16,555,153	(4,903,428)	40,961,902	117,611,710
Leased								
Vehicles	8,992,300	-	8,992,300	1,348,845	1,798,460	-	3,147,305	5,844,995
2007	164,303,096	3,262,816	167,565,912	30,659,022	18,353,613	(4,903,428)	44,109,207	123,456,705
2006	140,433,977	23,869,119	164,303,096	17,435,977	15,456,175	(2,233,129)	30,659,023	133,644,073

4.2 Intangible assets

	Cost			Amortization				Net book Value
	As at 01 July 2006 Rupees	Additions (disposals) Rupees	As at 30 June 2007 Rupees	As at 01 July 2006 Rupees	For the year Rupees	(Disposals) Rupees	As at 30 June 2007 Rupees	As at 30 June 2007 Rupees
Computer software	3,000,000	-	3,000,000	333,300	999,900	-	1,333,200	1,666,800
2007	3,000,000	-	3,000,000	333,300	999,900	-	1,333,200	1,666,800
2006	-	3,000,000	3,000,000	-	333,300	-	333,300	2,666,700



4.3 Following assets having book value above Rs. 50,000 were disposed off during the year

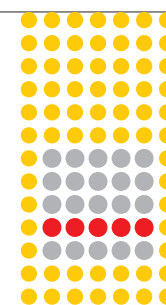
	Cost Rupees	Accumulated depreciation Rupees	Written down value Rupees	Sale proceeds Rupees	Gain/(loss) Rupees	Mode of Disposal	Particulars
Vehicles	1,100,610	(586,992)	513,618	513,618	-	Company Policy	Mr. Farooq Hameed Kh. , Ex - Employee
	385,000	(237,160)	147,840	147,840	-	Company Policy	Mr. Qasim Masood, Ex - Employee
	909,480	(521,435)	388,045	388,045	-	Company Policy	Mr. Bilal Dar, Ex - Employee
	1,142,560	(685,536)	457,024	457,024	-	Company Policy	Ms. Shazia Bashir, Executive Director
	760,500	(609,944)	150,556	150,556	-	Company Policy	Mr. Mustapha Aarif, Ex - Employee
	672,828	(421,639)	251,189	251,189	-	Company Policy	Mr. Azmat Baig, Head of MIS & Settlements
	839,000	(377,550)	461,450	485,000	23,550	Negotiations	United Distributors Limited
	5,809,978	(3,440,256)	2,369,722	2,393,272	23,550		
Lease-hold improvements	914,798	(683,939)	230,859	18,939	(211,920)	Negotiations	Miscellaneous Vendors
Office furniture and fixtures	413,016	(175,635)	237,381	20,877	(216,504)	Negotiations	Miscellaneous Vendors
Office equipments	1,060,609	(603,598)	457,011	26,685	(430,326)	Negotiations	Miscellaneous Vendors
	8,198,401	(4,903,428)	3,294,973	2,459,773	(835,200)		

5. CARDS AND ROOMS

	2007 Rupees	2006 Rupees
Corporate membership of Karachi and Lahore stock exchanges	42,420,000	42,420,000
Rooms	35,685,000	2,985,000
	78,105,000	45,405,000

6. LONG TERM INVESTMENT

	Note	2007 Rupees	2006 Rupees
Held to maturity			
Pakistan Investment Bonds	6.1	558,994,205	568,781,465
Term Finance Certificates - Unlisted	6.2	15,259,091	23,016,750
		574,253,296	591,798,215
Less: Current maturity of Term Finance Certificates	11	5,090,904	10,666,600
		569,162,392	581,131,615



6.1 Pakistan Investment Bonds

	2007 Rupees	2006 Rupees
Cost	606,221,300	606,221,300
Less: Amortization - Opening	17,439,835	8,358,449
Charged during the year	9,787,260	9,081,386
	578,994,205	588,781,465
Less: Impairment loss	20,000,000	20,000,000
	558,994,205	568,781,465

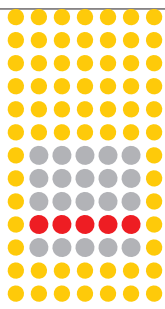
This represents investment in 10 and 20 year bonds issued by the Government of Pakistan. Period to maturity of these investments range from 4.5 years to 17 years and carry mark-up at rates (coupon rate) ranging from 10% to 12% per annum (2006: 10% to 12% per annum). These investments are held by other financial institutions as security under repurchase transactions.

6.2 Term finance certificates-Unlisted

Name	Redemption terms	Rate	Rupees
New Khan Transport Company (Private) Limited	This has been rescheduled during the period and is payable in unequal monthly installments ending December 2009 along with mark-up. No mark-up has been accrued on these during the year.	4.5% above 6 months KIBOR with 8.25% as floor.	15,259,091

7. LONG TERM FINANCES

	Note	2007 Rupees	2006 Rupees
Related parties-Secured and considered good			
Associated companies	7.1	1,887,841	3,162,451
Executives	7.2	21,829,382	15,437,622
		23,717,223	18,600,073
Others - Secured and considered good	7.3	57,407,612	85,984,706
		81,124,835	104,584,779
Considered doubtful			
Others	7.4	53,475,830	38,395,049
Less: Provision for doubtful finances	7.5	24,942,298	24,142,402
		28,533,532	14,252,647
		109,658,367	118,837,426
Less: Current maturity	11	70,206,575	83,542,491
		39,451,792	35,294,935



7.1 Associated companies

These represent finance provided against hypothecation of vehicles for period ranging from 3 years to 5 years, carrying mark-up rate @ 14% per annum. (2006: 14% per annum).

The maximum balance outstanding at the end of any month during the year was:

	2007 Rupees	2006 Rupees
Escorts Pakistan Limited	2,213,592	3,222,715
Essem Hotel Limited	800,775	913,396

7.2 Executives

These represent finance provided to the Chief Executive Officer (CEO) and Executives against mortgage of properties and hypothecation of vehicles in accordance with the terms of employment for period ranging from 3 years to 15 years and carry mark-up ranging from 3% to 12% (2006: 6% to 13.17% per annum).

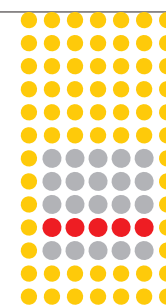
	CEO Rupee	Executives Rupee	2007 Rupees	2006 Rupees
Opening Balance	9,797,092	5,640,530	15,437,622	15,481,246
Add: Employees promoted to executive category	-	1,010,250	1,010,250	440,937
Disbursements during the year	-	10,421,866	10,421,866	1,160,877
	9,797,092	17,072,646	26,869,738	17,083,060
Less: Repayments during the year	296,228	4,744,128	5,040,356	1,645,438
	9,500,864	12,328,518	21,829,382	15,437,622

The finance provided to the CEO represents house finance against mortgage of property with 20% margin. This facility carries mark-up at the rate of 6% per annum, payable on monthly basis. One fourth (25%) of the principal amount is payable at maturity while the remaining balance is payable in unequal monthly installments. The remaining period of this facility is five years and five months.

	2007 Rupees	2006 Rupees
The maximum balance outstanding at the end of any month during the year.	21,990,865	15,922,183

7.3 These finance facilities are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks for a period up to 5.5 years. The expected rate of return range from 9% to 17% per annum (2006: 9% to 18% per annum).

7.4 These represent finance facilities which have been classified under non-performing status detailed below:



	2007 Rupees	2006 Rupees
Other assets especially mentioned	12,207,787	6,505,552
Substandard	8,074,610	-
Doubtful	1,053,754	15,587,763
Loss	32,139,679	16,301,734
	53,475,830	38,395,049

7.5 Particulars of provision for doubtful finances

	2007 Rupees	2006 Rupees
Opening balance	24,142,402	11,709,405
Charge for the year	799,896	12,432,997
Closing balance	24,942,298	24,142,402

8 NET INVESTMENT IN LEASE FINANCE

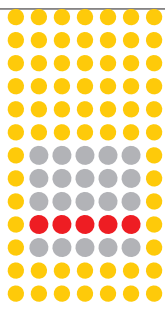
	Note	2007 Rupees	2006 Rupees
Net investment in lease finance	8.1	64,949,664	30,947,661
Less: Current maturity	11	11,188,368	4,386,428
		53,761,296	26,561,233

8.1 Particulars of net investment in lease finance

	2007			2006
	Not later than one year	Later than one year but not later than five years	Total	Total
Leased rentals receivable	17,543,692	43,833,122	61,376,814	29,802,627
Add: Residual value	-	18,473,051	18,473,051	9,138,301
Gross investment in lease finance	17,543,692	62,306,173	79,849,865	38,940,928
Less: Unearned finance income	6,355,324	8,544,877	14,900,201	7,993,267
Net investment in lease finance	11,188,368	53,761,296	64,949,664	30,947,661

8.2 The leases made by the Company are for a period ranging from three years to five years. Security deposits obtained at the time of disbursement of lease facility range from 10% to 61.53% (2006: 10% to 61.53%). Leased assets are insured in favor of the Company. The rate of return range from 11.36% to 17% per annum (2006: 10.69% to 17% per annum). Penalty is charged in case of delayed payments.

8.3 As per the prudential Regulations for Non-Banking Finance Companies, the aggregate net exposure in finance leases against which income suspension is required amounted to Rs. 5.580 million (2006: Nil) at the end of current year.



9 LONG TERM LOANS, DEPOSITS AND PREPAYMENTS

	Note	2007 Rupees	2006 Rupees
Loan to staff - Unsecured, considered good	9.1		
Executives - Related parties	9.2	2,500,269	2,915,297
Other employees		2,357,198	2,041,973
		4,857,467	4,957,270
Security deposits		7,739,400	6,562,250
Prepayments		12,184,025	3,596,610
		24,780,892	15,116,130
Less: Current maturity	11	9,198,668	5,921,322
		15,582,224	9,194,808

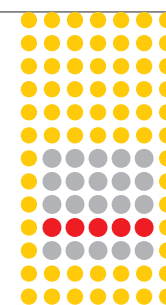
9.1 These represent interest free loans to staff for a period of 3 years and are repayable in equal monthly installments, in accordance with the Company's Policy for staff loans.

9.2 Executives - Related Parties

	2007 Rupees	2006 Rupees
Opening Balance	2,915,297	1,093,155
Add: Employees promoted to executive category	165,000	1,042,458
Disbursements during the year	2,492,228	2,686,773
	5,572,525	4,822,386
Less: Repayments during the year	3,072,256	1,907,089
Closing Balance	2,500,269	2,915,297
The maximum balance outstanding from executives at the end any month during the year was:	2,556,809	3,356,233

10 DEFERRED TAX ASSET

	2007 Rupees	2006 Rupees
Taxable temporary differences on fixed assets	(18,527,047)	(20,558,958)
Deductible temporary differences on investments	16,529,483	16,837,252
Deductible temporary differences on finances and receivables	20,801,486	21,020,507
Deductible / (taxable) temporary differences on trade and other payables	2,155,818	(1,463,025)
Deductible / (taxable) temporary differences on leasing finance	1,316,540	(120,650)
	22,276,280	15,715,126



10.1 Movement in deferred tax asset

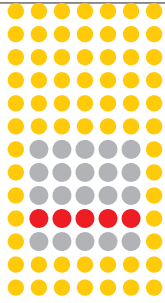
	2007 Rupees	2006 Rupees
Opening balance	15,715,126	5,045,842
Provision during the year	6,561,154	10,669,284
Closing balance	22,276,280	15,715,126

11 CURRENT MATURITIES OF NON-CURRENT ASSETS

	2007 Rupees	2006 Rupees
Long term investments	5,090,904	10,666,600
Long term finances	70,206,575	83,542,491
Net investment in lease finance	11,188,368	4,386,428
Long term loans, deposits and prepayments	9,198,668	5,921,322
	95,684,515	104,516,841

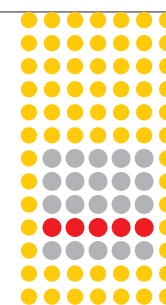
12 SHORT TERM INVESTMENTS

	Note	2007				2006			
		Held by Bank Rupees	Repo Rupees	Reverse repo Rupees	Total Rupees	Held by Bank Rupees	Repo Rupees	Reverse repo Rupees	Total Rupees
Available for sale									
Listed Term Finance									
Certificates	12.1	28,257,500	-	-	28,257,500	79,944,972	-	-	79,944,972
Listed shares/units	12.2	31,284,203	-	-	31,284,203	54,014,038	-	-	54,014,038
		59,541,703	-	-	59,541,703	133,959,010	-	-	133,959,010
Held for trading									
Listed shares	12.3	1,247,477,771	-	-	1,247,477,771	714,403,695	-	-	714,403,695
		1,307,019,474	-	-	1,307,019,474	848,362,705	-	-	848,362,705



12.1 Particulars of listed Term Finance Certificates - Available for sale

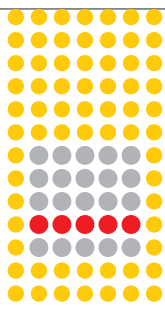
				2007		2006	
No. of Certificates		Name	2007		2006		
2007	2006		Cost Rupees	Market Value Rupees	Cost Rupees	Market Value Rupees	
		Chemical and Pharmaceutical					
2,000	2,000	Ittehad Chemicals Limited	3,330,720	3,330,720	6,661,360	6,661,360	
-	8,543	Pharmagen Limited	-	-	30,510,714	31,120,928	
		Oil and Gas Exploration Companies					
-	4,000	First Oil and Gas Securitization Company Limited	-	-	3,421,200	3,421,200	
2,000	2,000	Naimat Basal Oil and Gas Securitization Company	6,107,600	6,229,752	8,263,040	8,345,670	
		Cement					
-	4,000	Maple Leaf Cement Factory Limited	-	-	3,332,000	3,365,320	
		Investment Companies and Banks					
1,316	1,316	Prime Commercial Bank Limited	6,574,736	6,804,852	6,577,368	6,511,594	
1,000	1,000	Crescent Standard Investment Bank Limited	2,112,533	1,690,026	2,499,000	1,999,200	
		Leasing					
2,000	2,000	AlZamin Leasing Modaraba - I	6,800,000	5,780,000	10,000,000	9,200,000	
951	951	AlZamin Leasing Modaraba - II	4,755,000	4,422,150	4,755,000	4,469,700	
-	1,000	Orix Leasing Pakistan Limited	-	-	5,000,000	4,850,000	
			29,680,589	28,257,500	81,019,682	79,944,972	



Other particulars of listed TFCs are as follows:

Particulars	Certificate denomination	Profit rate per annum	Profit payments	Maturity date
Chemical and Pharmaceutical Ittehad Chemicals Limited	5,000	2.50% over SBP discount rate with 7.00% p.a. as floor and 12.00% p.a. as ceiling.	Semi annually	27 June 2008
Oil and Gas Exploration Companies Naimat Basal Oil and Gas Securitization Company	5,000	2.50% over 6 months KIBOR with 7.50% p.a. as floor and 13.00% p.a. as ceiling.	Monthly	12 April 2010
Investment Companies and Banks Prime Commercial Bank Limited	5,000	1.90% over 6 months KIBOR.	Semi annually	9 March 2014
Crescent Standard Investment Bank Limited (Note 12.1.1)	5,000	2.00% over SBP discount rate with 10.50% p.a. as floor and 13.50 p.a. as ceiling	Semi annually	7 July 2007
Leasing AlZamin Leasing Modaraba - I	5,000	Musharika based with minimum expected profit of 8.00% p.a	Semi annually	24 December 2008
AlZamin Leasing Modaraba - II	5,000	Musharika based with minimum expected profit of 9.50% p.a	Semi annually	1 June 2010

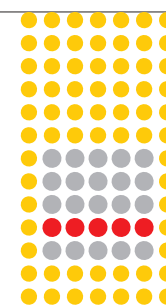
12.1.1 Subsequent to the year end on 20th July 2007, Crescent Standard Investment Bank Limited under the Scheme of arrangement was merged into Innovative Housing Finance Limited. Innovative Housing Finance Limited has requested for rescheduling of Term Finance Certificates, accordingly due to uncertainty, no mark-up has been accrued on these certificates. Further since no price for these have been quoted, these have been valued at last available price.



12.2 Particulars of listed shares / units - Available for sale

All shares / units have face value of Rs. 10 each, except for Atlas Islamic Fund (Rs. 500 each) and HBL Income Fund (Rs. 100 each).

No. of Certificates 2007 2006		Name	2007		2006	
			Cost Rupees	Market Value Rupees	Cost Rupees	Market Value Rupees
		Mutual Fund - Open End				
10,000	-	Atlas Islamic Fund	5,000,000	5,098,500	-	-
50,000	-	HBL - Income Fund	5,000,000	5,136,000	-	-
-	65,515	Faysal Balanced Growth Fund	-	-	5,000,000	6,857,455
		Mutual Fund - Close End				
1,377,000	1,277,000	UTP - Large Capital Fund	13,509,237	11,635,650	12,724,280	10,854,500
708,500	800,000	Pakistan Strategic Allocation Fund	7,085,000	7,439,250	8,000,000	8,520,000
40	26,400	Dawood Capital Management Fund	281	420	204,300	396,000
21,800	21,500	PICIC Growth Fund	752,500	736,840	752,500	679,400
		Textile Spinning				
30,326	1,591,326	Dewan Farooq Spinning Mills Limited	303,260	271,418	15,913,260	10,661,883
		Power Generation and Distribution				
-	592,000	Hub Power Company Limited	-	-	19,882,083	13,616,000
147,500	368,000	Southern Electric Power Company Limited	2,350,876	966,125	5,865,235	2,428,800
			34,001,154	31,284,203	68,341,658	54,014,038



12.3 Particulars of listed shares - Held for trading investments

Investment in ordinary shares of Rs. 10 each of the following companies:

No. of Certificates 2007 2006		Name	2007		2006	
			Cost Rupees	Market Value Rupees	Cost Rupees	Market Value Rupees
		Commercial Banks				
-	25,000	MCB Bank Limited	-	-	4,129,253	5,257,500
25,060	40,300	National Bank of Pakistan	6,136,106	6,565,720	7,171,660	8,684,650
15,500	-	Allied Bank Limited	1,706,170	2,153,719	-	-
250	-	Standard Chartered Bank Pakistan Limited	131	13,237	-	-
		Textile Composite				
-	48,070	Nishat (Chunian) Ltd	-	-	5,053,790	2,139,115
		Cement				
-	3,500	Fauji Cement Company Limited	-	-	67,200	67,200
		Oil and Gas Exploration Companies				
200,227	45,000	Oil and Gas Development Company Limited	24,055,098	23,987,195	5,797,693	6,153,750
13,000	-	Pakistan Oilfields Limited	4,498,011	4,121,000	-	-
		Technology and Communication				
-	489,117	Eye Television Network Limited	-	-	4,891,170	3,423,819
			36,395,516	36,840,871	27,110,766	25,726,034
		Value of shares sold in futures market (Note 12.3.1)	1,224,107,132	1,210,636,900	685,484,526	688,677,661
			1,260,502,648	1,247,477,771	712,595,292	714,403,695

12.3.1 These represent investment in shares sold in futures market with settlement dates subsequent to the year end.

13 SHORT TERM FINANCES

	Note	2007 Rupees	2006 Rupees
Secured and considered good	13.1		
Associated companies		-	10,000,000
Executives		450,000	600,000
Others		220,765,244	193,231,488
Considered doubtful			
Others	13.2	35,700,447	35,116,834
Less: Provision for doubtful finances	13.3	14,937,034	15,053,234
		20,763,413	20,063,600
		241,978,657	223,895,088

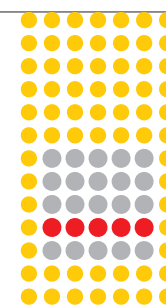
13.1 These are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks. The expected rate of return range from 12.5% to 16% per annum (2006: 9% to 18% per annum). These include finances against pledge of listed shares and Bank's own Certificates of Deposit amounting to Rs. 25.700 million (2006: Rs. 5.114 million), while Rs. 194.664 million (2006: Rs. 130.124 million) were disbursed as Margin Finance in accordance with Margin Trading Rules, 2004 issued by Securities and Exchange Commission of Pakistan.

13.2 These finance facilities include Rs. 35.700 million (2006: Rs. 35.117 million) which have been placed under non-performing status detailed below:

	2007 Rupees	2006 Rupees
Substandard	21,932,613	21,349,000
Loss	13,767,834	13,767,834
	35,700,447	35,116,834

13.3 Particulars of provision for doubtful finances:

	2007 Rupees	2006 Rupees
Opening balance	15,053,234	13,767,834
Charge for the year	(116,200)	1,285,400
Closing balance	14,937,034	15,053,234



14 SHORT TERM PLACEMENTS

	Note	2007 Rupees	2006 Rupees
Considered good			
Unsecured	14.1	20,000,000	36,250,000
Secured under reverse repurchase agreements	14.2	2,769,895,924	2,233,871,900
		2,789,895,924	2,270,121,900

14.1 This represents clean placement with financial institution and carry mark-up @ 11% per annum (2006: 11% per annum).

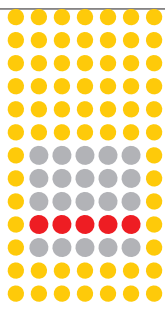
14.2 Securities held as collateral - Market value

	2007 Rupees	2006 Rupees
Quoted shares	2,784,646,205	2,285,086,376

These represent secured placements for a maximum period of upto 30 days and carry mark-up ranging from 11.42% to 19.83% per annum (2006: 12.99% to 27.32% per annum).

15 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2007 Rupees	2006 Rupees
Advances - Considered good		861,657	10,000
Advance income tax		210,695,692	143,367,032
Advance for purchase of units - Open end mutual fund		5,000,000	-
Deposits against exposure limits		2,772,869	203,640,035
Prepayments		3,125,403	2,837,334
Receivable from NCCPL & Exchanges		70,863,161	-
Accrued mark-up		16,949,652	14,752,731
Dividend receivable		16,718,454	14,765,300
Receivable from clients	15.1	93,362,205	23,718,825
Income tax refundable		20,751,025	5,808,854
Overdue lease rental		2,279,753	-
Other receivables		1,774,397	626,827
		445,154,268	409,526,938



15.1 Receivable from clients

	Note	2007 Rupees	2006 Rupees
Considered good		92,823,796	22,409,356
Considered doubtful		20,091,894	20,862,954
Less: Provision for doubtful receivables	15.1.1	19,553,485	19,553,485
		538,409	1,309,469
		93,362,205	23,718,825

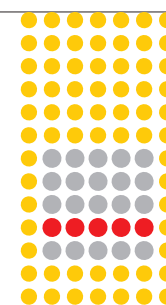
15.1.1 Particulars of provision for doubtful receivables

	2007 Rupees	2006 Rupees
Opening balance	19,553,485	22,500,000
Less: Reversals	-	2,946,515
Closing balance	19,553,485	19,553,485

16 CASH AND BANK BALANCES

	Note	2007 Rupees	2006 Rupees
Cash with banks			
Current account with:			
State Bank of Pakistan		518,916	680,163
Others		5,152,837	21,984,438
		5,671,753	22,664,601
Deposit accounts	16.1	127,756,428	147,055,421
		133,428,181	169,720,022

16.1 Rate of return on these accounts range from 1.00% to 8% per annum (2006: 1.5% to 4% per annum).



17 SHARE CAPITAL

	2007 Rupees	2006 Rupees
Authorized share capital 50,000,000 (2006: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid-up capital 42,000,000 (2006: 42,000,000) ordinary shares of Rs. 10 each issued as fully paid in cash	420,000,000	420,000,000
2,100,000 (2006: 2,100,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares	21,000,000	21,000,000
	441,000,000	441,000,000

Essem Power (Private) Limited, an associated company, holds 39.01% (2006: 39.01%) ordinary shares in the Company.

18 RESERVES

	Note	2007 Rupees	2006 Rupees
Capital reserve			
Statutory reserve	18.1	126,486,545	100,453,803
Revenue reserve			
Unappropriated profits		234,746,181	218,815,215
		361,232,726	319,269,018

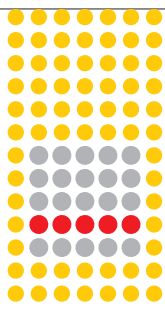
18.1 This represents special reserve created in compliance with the Rule 2 of Part III of Prudential Regulations for Non-Banking Finance Companies issued by Securities and Exchange Commission of Pakistan.

19. DEFICIT ON REVALUATION OF INVESTMENTS

	2007 Rupees	2006 Rupees
Available for sale		
Listed term finance certificates	(1,423,089)	(1,074,710)
listed shares / units	(2,716,952)	(14,327,620)
	(4,140,041)	(15,402,330)

20 TERM FINANCE CERTIFICATES

	Note	2007 Rupees	2006 Rupees
Listed	20.1	492,457,974	-
Unlisted	20.2	137,390,027	228,983,342
		629,848,001	228,983,342



20.1 Listed

	Note	2007 Rupees	2006 Rupees
Face value		500,000,000	-
Less: Current maturity	23	200,000	-
		499,800,000	-
Less: Initial transaction cost		(7,866,456)	-
Amortization for the year	34	524,430	-
		(7,342,026)	-
		492,457,974	-

These represent listed Term Finance Certificates (TFCs) issued during the year amounting to Rs. 500,000,000. These carry return payable semiannually, at the rate of 6 months KIBOR plus 250 bps per annum with a floor of 8% per annum and ceiling of 17% per annum for the first two years and a ceiling of 18% for the remaining period. These are redeemable in 6 equal semi annual instalments commencing from 30th month and carry call option exercisable after 2 years of the issue date. These are secured against hypothecation of Rs. 667 million worth of present and future assets of the Company. These TFCs are listed at Lahore Stock Exchange (Guarantee) Limited (LSE).

JCR VIS Credit Rating Company Limited has assigned rating of 'A+' (Single A Plus) with stable outlook to these TFCs.

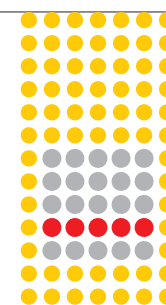
20.2 Unlisted

	Note	2007 Rupees	2006 Rupees
Face value		275,000,000	275,000,000
Less: Redeemed - opening balance		165,000	55,000
Redeemed during the year		45,851,657	110,000
		46,016,657	165,000
		228,983,343	274,835,000
Less: Current maturity	23	91,593,316	45,851,658
		137,390,027	228,983,342

These represent unlisted Term Finance Certificates (TFCs) issued to institutional investors carrying a profit rate of 6 months KIBOR plus 275 bps, with a floor of 5% per annum and a ceiling of 10% per annum, payable semi annually. These are redeemable in 6 equal semi annual installments commencing from 30th month and carry call option exercisable after three years of the issue date. These are secured against hypothecation of Rs. 367 million worth of present and future current assets of the Company. Face value of each certificate is Rs. 5,000,000.

21 OBLIGATION UNDER FINANCE LEASE

	Note	2007 Rupees	2006 Rupees
Obligation under finance lease	21.1	7,533,253	8,184,466
Less: Current maturity	23	744,719	655,092
		6,788,534	7,529,374



21.1 Particulars of obligation under finance lease

	2007			2006
	Not later than one year	Later than one year but not later than five years	Total	Total
Leased rentals payable	1,085,112	2,531,928	3,617,040	4,681,924
Add: Residual value	-	4,619,300	4,619,300	4,619,300
	1,085,112	7,151,228	8,236,340	9,301,224
Less: Future financial charges	340,393	362,694	703,087	1,116,758
Present value of minimum lease payments	744,719	6,788,534	7,533,253	8,184,466

21.2 The obligation represents the unpaid balance of the total minimum lease payments and the residual value payable at the end of the lease period. The facility carries mark-up at the rate of 6 months KIBOR plus 3% with a floor of 13%. Lease rentals are payable monthly. The Company has the option to purchase the asset upon the completion of the lease period and has the intention to exercise this option. There are no financial restrictions imposed by the lessor.

22 LONG TERM CERTIFICATES OF DEPOSIT

	Note	2007 Rupees	2006 Rupees
Long term certificates of deposit	22.1	362,656,941	437,010,938
Less: Current maturity	23	49,762,652	39,695,320
		312,894,289	397,315,618

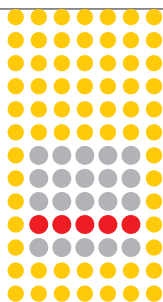
22.1 These have been issued for term ranging from over 1 year to 5 years and expected return on these certificates ranges from 6.60% to 13.50% per annum (2006: 6.60% to 12.75% per annum) payable monthly, quarterly, semiannually or on maturity.

23 CURRENT MATURITIES OF NON-CURRENT LIABILITIES

	2007 Rupees	2006 Rupees
Term finance certificates - listed	200,000	-
Term finance certificates - unlisted	91,593,316	45,851,658
Liability against assets subject to finance lease	744,719	655,092
Long term certificates of deposit	49,762,652	39,695,320
	142,300,687	86,202,070

24 SHORT TERM BORROWINGS

	Note	2007 Rupees	2006 Rupees
Financial institutions			
Unsecured	24.1	995,000,000	645,000,000
Secured	24.2	750,000,000	500,000,000
		1,745,000,000	1,145,000,000



24.1 These carry mark-up ranging from 9% to 10.65% per annum (2006: 9% to 11% per annum) and are for a period ranging from 4 days to 6 months (2006: 3 days to 3 months).

24.2 These include borrowings under repurchase agreements amounting to Rs. 490 million (2006: Rs. 500 million) and carry mark-up ranging from 8.95% to 10.27% per annum (2006: 8.65% to 8.95% per annum) and are for a period from 1 month to 3 months (2006: 3 months to 6 months). These are secured against pledge of PIBs. These also include borrowings from a commercial bank amounting to Rs. 260 million and carry mark-up based on 1 month KIBOR plus a spread of 1% per annum and are for a period of one month. These are secured against pledge of shares of quoted companies.

25 RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - SECURED

The aggregate running finance facilities under mark-up arrangements from commercial banks amount to Rs. 1,375 million (2006: 975 million). These facilities carry mark-up at rates based on 3 and 6 months KIBOR plus a spread ranging from 1.50% to 2.50% per annum (2006: 2.00% per annum) with floor ranging from 10.00% to 12.5% per annum (2006: 7.50% to 10.50% per annum) except for one facility where there is no floor. These facilities are secured by pledge of listed securities.

26 SHORT TERM CERTIFICATES OF DEPOSIT

These have been issued for terms ranging from 1 month to 1 year and expected rate of return on these certificates ranges from 6.75% to 12.50% per annum (2006: 6.65% to 13% per annum) payable monthly, quarterly, semi-annually or on maturity.

27 TRADE AND OTHER PAYABLES

	2007 Rupees	2006 Rupees
Payable to NCCPL	-	149,000,581
Customers' credit balances	130,526,068	154,997,534
Accrued return on certificates of deposit	36,722,809	24,573,847
Accrued return on term finance certificates	25,374,028	7,176,253
Accrued mark-up on unsecured borrowings	8,562,123	1,308,548
Accrued mark-up on secured borrowings	10,862,194	24,356,419
Accrued expenses and other payables	11,323,721	13,357,438
Fair value adjustment - derivative financial instrument	3,795,090	26,040,030
Provision for compensated absences	6,159,479	4,180,071
Unearned income	820,050	1,076,050
Advance rent of lease finance	992,521	-
Unclaimed dividend	475,499	458,668
	235,613,582	406,525,439

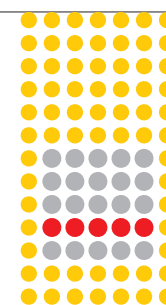
28 PROVISION FOR TAXATION

The Company's assessments till Assessment Year 2002-03 have been finalized except that the Income Tax department is in appeal before the Honorable Lahore High Court for Assessment Years 1997-98 and 1998-99 on following issues:

- i) status of company as "banking company" rather than "public limited company"; and
- ii) taxability of "dividend income" as separate block of income.

Return for the Tax Year 2003 was filed and was selected for total audit. The Income Tax department after the total audit, issued assessment order dated June 29, 2007. The Company subsequent to the year end has filed an appeal before CIT (Appeals) against the said assessment order on various disallowances amounting to Rs. 27 million. The appeal is pending hearing.

Return for Tax Years 2004, 2005 and 2006 were filed. So far, these have not yet been selected for total audit nor any proceedings for amendments of assessment have been initiated by the Income Tax department.



29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

a) Guarantees

Outstanding guarantees as on balance sheet date were Rs. 111.940 million (2006: Rs. 198.422 million).

b) Taxation

The management is expecting a favourable outcome to the issues mentioned in note 28 therefore, no provision for taxation has been created. However in the event of an unfavourable outcome, the Company would be faced with a maximum tax liability of Rs.18.069 million (2006: Rs. 8.619 million) and maximum charge of Rs. 36.46 million (2006: Rs. 27.01 million).

29.2 Commitments

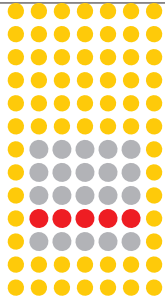
	2007 Rupees	2006 Rupees
Future sale contract - Shares	1,347,984,510	825,636,590
Future purchase contract - Shares	108,829,800	84,651,900
Capital expenditure	1,300,000	-

30 PROFIT ON FINANCING

	2007 Rupees	2006 Rupees
Long term	12,042,136	16,753,270
Short term	43,017,960	54,232,689
	55,060,096	70,985,959

31 RETURN ON PLACEMENTS

	2007 Rupees	2006 Rupees
Clean placements	3,096,536	8,955,445
Placements under reverse repurchase agreements	379,655,128	202,441,657
	382,751,664	211,397,102

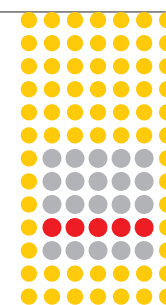


32 RETURN ON INVESTMENTS

	2007 Rupees	2006 Rupees
Mark-up / return on investments		
Held to maturity investments		
Government securities	56,000,000	55,999,999
Term Finance Certificates	3,644,668	1,181,836
Available for sale investments		
Term Finance Certificates	5,642,647	11,400,814
Dividend income		
Available for sale investments		
Listed shares/units	6,020,559	11,678,550
Held for trading investments		
Listed shares/units	115,823,381	63,275,080
Capital gain / (loss) on investments		
Held to maturity investments	-	10,000
Available for sale investments	1,613,525	(388,611)
Held for trading investments	120,993,954	212,525,196
	309,738,734	355,682,864

33 FEES AND COMMISSION

	2007 Rupees	2006 Rupees
Consultancy and corporate advisory	1,948,684	2,000,000
Brokerage commission	82,277,762	65,587,954
Guarantee commission	1,557,400	1,778,364
Underwriting commission	-	350,500
	85,783,846	69,716,818



34 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

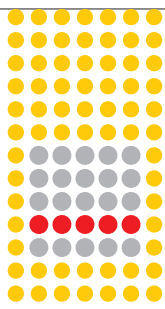
	Note	2007 Rupees	2006 Rupees
Salaries, wages, other benefits and allowances	34.1	72,948,606	67,125,575
Staff Training and Welfare		472,822	296,367
Advertisement and business promotion		3,213,518	2,888,258
Rent, rates and taxes		14,498,302	11,106,036
Utilities		3,572,343	2,721,569
Communication charges		8,636,760	7,256,385
Traveling and vehicle maintenance		8,501,499	7,623,703
Repair and maintenance		3,740,096	2,395,716
Entertainment		3,642,721	2,761,420
Fee and subscriptions		2,828,368	2,980,275
Legal and professional charges	34.2	6,595,562	3,875,227
Printing and stationery		3,778,496	3,452,091
Fee, brokerage and commission		12,110,863	23,209,955
CDC and clearing charges		47,365,862	33,275,570
Insurance		3,029,211	2,268,265
Amortization of issuance cost of listed TFCs	20.1	524,430	-
Depreciation	4.1	18,353,613	15,456,175
Amortization of Intangible assets	4.2	999,900	333,300
Loss on sale of fixed assets	4.3	835,200	96,673
Fixed assets written off		-	40,457
Donation	34.3	100,000	1,075,000
Penalty		-	30,000
Staff Motor Vehicle Contribution & Insurance		397,665	148,774
Miscellaneous expenses		203,254	50,459
		216,349,091	190,467,250

34.1 This includes contribution to provident fund amounting to Rs. 3.08 million (2006: Rs. 2.74 million) made by the Company.

34.2 These include remuneration paid to the auditors as detailed below:

	2007 Rupees	2006 Rupees
Audit fee	200,000	154,000
Audit fee of Provident Fund accounts	-	85,000
Review of half yearly accounts	100,000	76,500
Certification and consultancy charges	80,000	84,500
Tax services	545,000	1,008,980
Out of pocket expenses	45,000	38,049
	970,000	1,447,029

34.3 The directors and their spouses do not have any interest in the donee institution.



35 TAXATION

	Note	2007 Rupees	2006 Rupees
Current taxation	35.1	17,598,801	22,573,243
Deferred taxation		(6,561,154)	(10,669,284)
		11,037,647	11,903,959

35.1 Current taxation

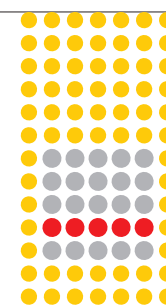
	2007 Rupees	2006 Rupees
Current year	15,857,114	22,573,243
Prior years	1,741,687	-
	17,598,801	22,573,243

In view of tax losses, tax charge for the year is based on with-holding tax deduction , which shall deemed to be the final discharge of tax liability under the presumptive tax regime. Hence the reconciliation between tax charge and accounting profit has not been given.

36 EARNINGS PER SHARE - BASIS AND DILUTED

	2007	2006
Profit for the year after taxation (Rupees)	130,163,708	186,050,875
Number of ordinary shares	44,100,000	41,861,956
Earnings per share (Rupees)	2.95	4.44

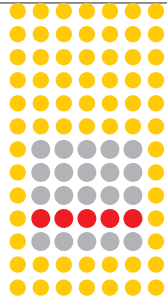
36.1 No figure for diluted earnings per share has been computed as the company has not issued any instrument which would dilute its earnings per share.



37 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

	2007 Rupees	2006 Rupees
Associated companies:		
Transactions during the year		
Return on finances received	1,311,609	1,800,411
Guarantee commission earned	789,400	789,400
Profit paid on certificates of deposit	2,810,268	5,069,496
Chairman's secretariat expenses	3,600,000	3,600,000
Balance at year end		
Advances outstanding	3,560,139	13,162,451
Letter of guarantee outstanding	78,940,000	78,940,000
Certificates of deposit outstanding	10,195,003	49,036,189
Other receivable	83,825	-
Directors:		
Transactions during the year		
Return on finances received	281,533	-
Profit paid on certificates of deposit	20,238,935	13,281,723
Fixed assets sold	457,024	-
Balance at year end		
Certificates of deposit outstanding	200,550,000	122,000,000
Rent & other receivable	159,320	2,366,568
Executives:		
Transactions during the year		
Return on finances received	1,515,092	1,071,836
Profit paid on certificates of deposit	1,218,833	1,169,135
Fixed assets sold	513,618	1,073,977
Balance at year end		
Advances outstanding	23,816,100	17,549,592
Certificates of deposit outstanding	6,452,251	16,985,504
Others:		
Transactions during the year		
Contribution to staff retirement benefits plan	3,080,369	2,741,864



38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

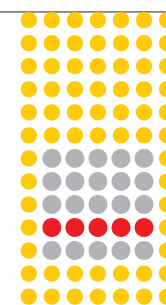
	Chief Executive		Directors		Executives	
	2007 Rupees	2006 Rupees	2007 Rupees	2006 Rupees	2007 Rupees	2006 Rupees
Managerial remuneration	6,784,290	5,546,664	1,468,938	1,351,212	10,333,317	9,971,261
House rent allowance	943,902	270,000	2,267,574	270,000	4,133,331	2,547,946
Utilities	235,974	554,664	146,892	135,126	1,033,325	997,096
Bonus/commission	2,846,339	-	948,780	-	4,236,421	2,269,857
Leave encashment	-	786,584	-	-	738,471	563,764
Retirement benefits	678,427	554,664	-	-	1,004,333	994,442
Leave fare assistance	-	301,639	-	-	-	-
Special allowance	-	1,594,004	-	631,880	-	631,880
	11,488,932	9,608,219	4,832,184	2,388,218	21,479,198	17,976,246
Number of Persons	1	1	1	1	10	10

- i) In addition to above the Chief Executive, Executive Director and Executives were provided with use of Company maintained cars and reimbursement of medical expenses.
- ii) Fee of Rs. 8,000 (2006: 12,000) was paid to one Director for attending the board and audit committee meetings.
- iii) Chairman's secretariat expenses have been reimbursed.

39 LIQUIDITY RISKS

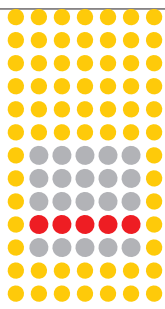
Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored on regular basis at Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The table below summaries the maturity profile of the Company's assets and liabilities:

Description	As at 30 June 2007			
	Total Rupees	Within one year Rupees	More than one year and upto five years Rupees	Above five years Rupees
ASSETS				
Fixed capital expenditure	143,159,956	-	33,995,053	109,164,903
Cards and rooms	78,105,000	-	-	78,105,000
Deferred tax asset	22,276,280	-	22,276,280	-
Net investment in lease finance	64,949,664	11,188,368	53,761,296	-
Investments	1,881,272,770	1,312,110,378	410,586,496	158,575,896
Finances	351,637,024	312,185,232	28,833,623	10,618,169
Loans, advances, deposits, prepayments and other receivables	469,935,160	454,352,936	12,462,124	3,120,100
Placements	2,789,895,924	2,789,895,924	-	-
Cash and bank balances	133,428,181	133,428,181	-	-
	5,934,659,959	5,013,161,019	561,914,872	359,584,068



As at 30 June 2007				
Description	Total Rupees	Within one year Rupees	More than one year and upto five years Rupees	Above five years Rupees
LIABILITIES				
Term finance certificates	721,641,317	91,793,316	629,848,001	-
Obligation under finance lease	7,533,253	744,719	6,788,534	-
Short term borrowings	1,745,000,000	1,745,000,000	-	-
Running finance under mark up arrangements	295,856,901	295,856,901	-	-
Certificates of deposit	2,081,408,292	1,768,514,003	312,894,289	-
Long term security deposit	18,473,051	-	18,473,051	-
Trade and other payables	235,613,582	235,613,582	-	-
Provision for taxation	31,040,878	31,040,878	-	-
	5,136,567,274	4,168,563,399	968,003,875	-
NET ASSETS	798,092,685	844,597,620	(406,089,003)	359,584,068
Represented by:				
SHARE CAPITAL AND RESERVES	802,232,726			
DEFICIT ON REVALUATION OF INVESTMENTS	(4,140,041)			
	798,092,685			

As at 30 June 2006				
Description	Total Rupees	Within one year Rupees	More than one year and upto five years Rupees	Above five years Rupees
ASSETS				
Fixed capital expenditure	136,310,773	667,421	40,627,381	95,015,971
Cards and rooms	45,405,000	-	-	45,405,000
Deferred tax asset	15,715,126	-	15,715,126	-
Net investment in lease finance	30,947,661	4,386,428	26,561,233	-
Investments	1,440,160,920	859,029,305	12,350,150	568,781,465
Finances	342,732,514	307,437,579	24,306,790	10,988,145
Loans, advances, deposits, prepayments and other receivables	424,643,068	415,448,260	7,251,858	1,942,950
Placements	2,270,121,900	2,270,121,900	-	-
Cash and bank balances	169,720,022	169,720,022	-	-
	4,875,756,984	4,026,810,915	126,812,538	722,133,531
LIABILITIES				
Term finance certificates	274,835,000	45,851,658	228,983,342	-
Obligation under finance lease	8,184,466	655,092	7,529,374	-
Short term borrowings	1,145,000,000	1,145,000,000	-	-
Running finance under mark up arrangements	778,338,739	778,338,739	-	-
Certificates of deposit	1,480,152,821	1,082,837,203	397,315,618	-
Long term security deposit	9,138,300	-	9,138,300	-
Trade and other payables	406,525,439	406,525,439	-	-
Provision for taxation	28,715,531	28,715,531	-	-
	4,130,890,296	3,487,923,662	642,966,634	-
NET ASSETS	744,866,688	538,887,253	(516,154,096)	722,133,531
Represented by:				
SHARE CAPITAL AND RESERVES	760,269,018			
DEFICIT ON REVALUATION OF INVESTMENTS	(15,402,330)			
	744,866,688			



40 CREDIT RISK AND CONCENTRATIONS OF CREDIT RISKS

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 management attempts to control credit risk through monitoring credit exposures, limiting transactions with specific counterparties, and continuous assessing of the credit worthiness of counterparties.

Concentration of credit risk arises 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.

40.1 SEGMENT INFORMATION

Class of business	Finances		Certificates of deposit		Letter of guarantee	
	2007 Percentage	2006 Percentage	2007 Percentage	2006 Percentage	2007 Percentage	2006 Percentage
Chemical and pharmaceuticals	15.49	3.00	-	-	-	-
Textile	8.23	6.41	-	-	-	-
Sugar	13.43	-	-	-	-	25.20
Financial Institutions	-	-	53.22	36.94	-	-
Insurance	-	-	0.14	0.18	-	-
Electronics and electrical appliances	0.65	5.18	-	2.42	70.52	39.78
Production and transmission of energy	14.42	13.32	-	1.21	-	-
Individuals	38.99	44.00	32.81	32.32	29.48	13.35
Engineering and Construction	-	9.78	-	0.03	-	20.16
Sports	-	-	0.90	2.20	-	-
Non-Government Organizations	-	-	1.26	2.72	-	-
Others	8.79	18.31	11.67	21.98	-	1.51
	100.00	100.00	100.00	100.00	100.00	100.00

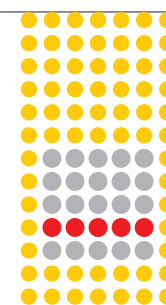
40.2 Geographical Segment

These financial statements represent operations of the Company in Pakistan only.

41 INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest will affect the value of financial instruments. Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of financial assets and liabilities that mature or reprice in a given period.

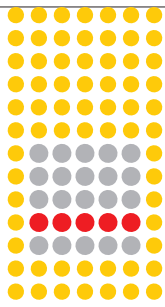
The Company's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:



As at 30 June 2007					
	Total Rupees	Within one year Rupees	More than one year and upto five years Rupees	Above five years Rupees	Not exposed to interest rate risk Rupees
FINANCIAL ASSETS					
Investments	1,881,272,770	33,348,404	410,586,496	158,575,896	1,278,761,974
Net investment in lease finance	46,476,613	11,188,368	35,288,245	-	-
Finances	351,637,024	312,185,232	28,833,623	10,618,169	-
Loans, advances, deposits, prepayments and other receivables	210,418,305	16,949,652	-	-	193,468,653
Placements	2,789,895,924	2,789,895,924	-	-	-
Cash and bank balances	133,428,181	127,756,428	-	-	5,671,753
	5,413,128,817	3,291,324,008	474,708,364	169,194,065	1,477,902,380
FINANCIAL LIABILITIES					
Term finance certificates	721,641,317	91,793,316	629,848,001	-	-
Obligation under finance lease	2,913,953	744,719	2,169,234	-	-
Short term borrowings	1,745,000,000	1,745,000,000	-	-	-
Running finance under mark up arrangements	295,856,901	295,856,901	-	-	-
Certificates of deposit	2,081,408,292	1,768,514,003	312,894,289	-	-
Trade and other payables	233,801,011	81,521,154	-	-	152,279,857
	5,080,621,474	3,983,430,093	944,911,524	-	152,279,857
Total Interest rate sensitivity gap		(692,106,085)	(470,203,160)	169,194,065	
Cumulative interest rate sensitivity gap		(692,106,085)	(1,162,309,245)	(993,115,180)	

As at 30 June 2006					
	Total Rupees	Within one year Rupees	More than one year and upto five years Rupees	Above five years Rupees	Not exposed to interest rate risk Rupees
FINANCIAL ASSETS					
Investments	1,440,160,920	90,611,572	12,350,150	568,781,465	768,417,733
Net investment in lease finance	21,809,360	4,386,428	17,422,932	-	-
Finances	342,732,514	307,437,579	24,306,790	10,988,145	-
Loans, advances, deposits, prepayments and other receivables	264,403,938	14,752,731	-	-	249,651,207
Placements	2,270,121,900	2,270,121,900	-	-	-
Cash and bank balances	169,720,022	147,055,421	-	-	22,664,601
	4,508,948,654	2,834,365,631	54,079,872	579,769,610	1,040,733,541
FINANCIAL LIABILITIES					
Term finance certificates	274,835,000	45,851,658	228,983,342	-	-
Obligation under finance lease	3,565,166	655,092	2,910,074	-	-
Short term borrowings	1,145,000,000	1,145,000,000	-	-	-
Running finance under mark up arrangements	778,338,739	778,338,739	-	-	-
Certificates of deposit	1,480,152,821	1,082,837,203	397,315,618	-	-
Trade and other payables	405,449,389	57,415,067	-	-	348,034,322
	4,087,341,115	3,110,097,759	629,209,034	-	348,034,322
Total Interest rate sensitivity gap		(275,732,128)	(575,129,162)	579,769,610	
Cumulative interest rate sensitivity gap		(275,732,128)	(850,861,290)	(271,091,680)	

Mark-up rates are mentioned in the respective notes to the accounts.



42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The carrying value of financial assets and financial liabilities approximate their fair values as reflected in the financial statements.

43 FINANCIAL RELIEF AND PROVISION AGAINST NON-PERFORMING ADVANCES

As no relief was given or loan written off during the year under review, the information for Statements required to be filed under Section 33A of the Banking Companies Ordinance, 1962 is "Nil".

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 01 October 2007 by the Board of Directors of the Company.

45 DIVIDEND

The Board of Directors at their meeting held on 01 October 2007 has proposed cash dividend @ 20% i.e. Rs. 2 per ordinary share for the year ended 30 June 2007 for approval of the members at the Annual General Meeting to be held on 31 October 2007. The financial statements do not reflect this proposed dividend.

46 GENERAL

- i Figures have been rounded off to the nearest rupee.
- ii Previous year's figure for following has been rearranged, for the purpose of comparison:

An amount of Rs.180,734,772 previously shown in "Return on Investments - Gain on Reverse Repurchase Transactions (Note 32)" has been shown under "Return on Placements - Placements under Reverse Repurchase Arrangements (Note 31)" for better presentation and better understanding of the users of the financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER



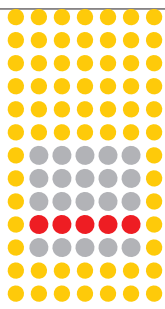
Pattern of Share Holding

As on 30 June 2007

Number of Shareholders	Shareholdings		Total Shares Held	Percentage of Total Capital
	From	To		
57	1	100	2,655	0.01
93	101	500	36,509	0.08
85	501	1000	75,366	0.17
173	1001	5000	496,293	1.13
38	5001	10000	316,070	0.72
17	10001	15000	218,688	0.50
9	15001	20000	165,596	0.38
6	20001	25000	141,500	0.32
3	25001	30000	90,000	0.20
5	30001	35000	164,716	0.37
4	35001	40000	148,000	0.34
1	40001	45000	42,000	0.10
8	45001	50000	391,100	0.89
1	50001	55000	50,625	0.11
4	55001	60000	240,000	0.54
2	65001	70000	133,325	0.30
1	70001	75000	75,000	0.17
1	75001	80000	77,490	0.18
2	85001	90000	173,700	0.39
1	90001	95000	92,000	0.21
6	95001	100000	598,661	1.36
1	105001	110000	109,515	0.25
3	145001	150000	447,000	1.01
1	155001	160000	160,000	0.36
1	160001	165000	160,500	0.36
1	190001	195000	191,750	0.43
1	195001	200000	198,075	0.45
1	230001	235000	234,000	0.53
1	275001	280000	278,350	0.63
1	355001	360000	356,525	0.81
1	370001	375000	370,500	0.84
1	465001	470000	467,775	1.06
1	500001	505000	501,000	1.14
1	505001	510000	505,500	1.15
1	510001	515000	512,000	1.16
1	520001	525000	525,000	1.19
1	850001	855000	854,000	1.94
1	1180001	1185000	1,184,092	2.69
1	2200001	2205000	2,201,115	4.99
1	2515001	2520000	2,518,110	5.71
1	3295001	3300000	3,299,145	7.48
1	3380001	3385000	3,383,467	7.67
1	4705001	4710000	4,709,947	10.68
1	17200001	17205000	17,203,340	39.01
542			44,100,000	100.00

There are no shareholdings in the slabs not included above.

Categories of Shareholdings	Number of Shareholdings	Share held	Percentage
Individuals	500	22,502,202	51.03
Joint Stock Companies	28	18,242,210	41.37
Financial Institutions	9	1,394,252	3.16
Insurance Companies	3	595,336	1.35
Modarbas and Mutual Funds	2	1,366,000	3.10
	542	44,100,000	100.00



Pattern of Share Holding (contd.)

AS ON 30 JUNE 2007
INFORMATION AS REQUIRED BY CODE OF CORPORATE GOVERNANCE

Categories of Shareholders	Number of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children			
Mr. Bairam Qureshi	1	1,102	0.0025
Mr. Qaim Mehdi	1	1,102	0.0025
Mr. Bashir Ahmed	1	4,709,947	10.6802
Mr. Mutahir Ahmed	1	160,500	0.3639
Ms. Shazia Bashir	1	3,383,467	7.6723
Mr. Syed Zaigham Mehmood Rizvi	1	500	0.0011
Mr. Rashid Mansur	1	18,500	0.0420
Mrs. Darakshan Bashir	1	2,518,110	5.7100
Associated Companies, Undertakings And Related Parties			
M/S Essem Power (Pvt) Limited.	1	17,203,340	39.0098
Executives	1	50	0.0000
Banks, Development Financial Institutions, Non Banking Financial Institutions	9	1,394,252	3.1616
Insurance Companies	3	595,336	1.3500
Modarabas and Mutual Funds	2	1,366,000	3.0975
General Public (Local)	492	11,708,974	26.5510
Others	26	1033870	2.3444
Total	542	44,095,050	100

SHARE HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST

Categories of Shareholders	Number of Shareholders	Share held	Percentage
M/S ESSEM POWER (PVT) LIMITED	1	17,203,340	39.0098
MR. BASHIR AHMED	1	4,709,947	10.6802