

ADBP Financial Statement

Anjum Asim Shahid & Co.

Chartered Accountants

Islamabad/ Lahore/ Karachi
1st Floor, 2 Ali Plaza, 1-E, Jinnah Avenue,
Blue Area, Islamabad.
Telephones : (92-51) 2273883, 2271906
Fax : 2273874

Riaz Ahmad & Co.

Chartered Accountants

Islamabad/ Karachi/ Lahore/ Faisalabad
2-A, ATS Centre, 30 West, Fazal-e-Haq Road
Blue Area, Islamabad.
Telephones : (92-51) 2274121, 2274122
Fax : 2278859

Auditors' Report to the Members

We have audited the annexed balance sheet of the Agricultural Development Bank of Pakistan (ADBP) as at June 30, 2002 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended, in which are incorporated the un-audited certified returns from the branches except for 20 branches, which have been audited by us and we state that we have obtained all the information and explanations which to the best of our knowledge and believe were necessary for the purpose of our audit.

It is the responsibility of the Bank's management to establish and maintain a system of internal controls and prepare and present the above-said statements in conformity with the approved accounting standards, requirements of the Agricultural Development Bank Ordinance 1961 and the Rules made there-under, the Banking Companies Ordinance 1962 and 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 in order to obtain reasonable assurance about whether the above-said statements are free of any material misstatement. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in the above-said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that: -

- a) in our opinion proper books of accounts have been kept by the Bank as required by the Agricultural Development Bank Ordinance 1961 and the Rules made there-under and the Companies Ordinance 1984, and the returns referred to above received from the branches have been found adequate for the purpose of our audit;
- 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 provision of the said Rules of the Bank, the Banking Companies Ordinance 1962 and the Companies Ordinance 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - iii) the business conducted, investments made the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been with the power of the Bank;
- c) in our opinion, and to the best of our information and according to the explanations given to us the balance sheet and the profit and loss accounts, statement of changes in equity and cash flow statement together with the notes forming part thereof give the information required by the said rules of the Bank, the Banking Companies Ordinance 1962 and the Companies Ordinance 1984, in the manner so required and give a true and fair view of the state of the Bank's affairs as at June 30, 2002 and its true balance of the profit and cash flows for the year then ended;
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance 1980, was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that ordinance;

Without qualifying our opinion, we draw your attention to the following matters:

1. These financial statements includes assets valuing Rupees 1,240.237 million (2001: Rupees 1,210.867 million) (refer Note 10 to the accounts) and liabilities amounting to Rupees 1,240.426 million (2001: Rupees 1,211.057 million) (refer Note 16 to the accounts) relating to its activities in Bangladesh [former East Pakistan], before its partitioning. We could not satisfy ourselves as to existence, correctness and completeness of these amounts in the absence of any supporting record in this respect. Further, realization of aforesaid assets and liquidation of aforesaid liabilities are wholly dependent on finalization of negotiations between governments of Pakistan and Bangladesh. Therefore, no provision or adjustment in this respect has been in these accounts.
2. The bank allowed remission to its loanees from time to time according to various remission schemes announced by the Government and claimed this amount of remission from the Government. Rupees. 5,672.116 million (2001: Rupees 3,848.322 million) are appearing in these financial statements in this respect, as recoverable from the Government. The management of the bank is confident of the recovery/adjustment of this amount, no provision in this regard has been made in these financial statements.
3. Prudential Regulation XXII requires clearance of all outstanding entries in inter-branches/offices current account within a period of 30 days from the date of recording of transaction in the aforesaid accounts. We have, however, noticed that credit balances of Rupees 73,022 million and debit balances of Rupees 66,504 million are appearing in inter-branches/offices current accounts which are outstanding for a period ranging from over 30 days to 5 years approximately. These amounts have been reported in these financial statements in Note 16 on net basis at Rupees 89.011 million (2001: Rupees 214.124 million).

Balance Sheet As of June 30, 2002

	Rupees in '000'		
	Note	2002	2001
ASSETS			
Cash and balances with treasury banks	6	899,423	707,172
Balances with other banks	7	6,447,419	5,356,504
Lendings to financial institutions		-	-
Investments	8	2,415,989	1,761,645
Advances - net	9	61,503,260	63,969,666
Other assets	10	2,889,218	5,971,272
Property and equipment	11	1,142,817	376,402
Deferred tax assets	12	7,378	-
		75,305,504	78,142,661
LIABILITIES			
Bills payable	13	77,765	40,187
Borrowings from financial institutions	14	51,257,213	62,524,005
GoP funds	14.7	16,142,900	-
Deposits and other accounts	15	1,580,135	1,428,455
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities	16	10,444,342	9,087,053
Deferred tax liabilities		-	-
		79,502,355	73,079,700
NET ASSETS		(4,196,851)	5,062,961
REPRESENTED BY			
Share capital	17	3,214,323	3,214,323
Statutory reserve	18	4,070,768	4,070,768
Accumulated losses		(12,621,906)	(2,222,130)
		(5,336,815)	5,062,961
Surplus on revaluation of assets	19	1,139,964	-
		(4,196,851)	5,062,961
CONTINGENCIES AND COMMITMENTS	20	-	-

The annexed notes 1 to 38 form an integral part of these accounts

Profit and Loss Account for the Year ended June 30, 2002

	Rupees in '000'		
	Note	2002	2001
Mark-up/return/interest earned	21	9,448,878	9,970,348
Mark-up/return/interest expensed	22	2,659,699	2,770,206
NET MARK-UP/ INTEREST INCOME		6,789,179	7,200,142
Provision against non-performing loans and advances	9.3	5,220,456	3,669,521
Provision for diminution in the value of investments	8.3	-	2,575
Provision for other assets	10.5	5,672,116	9,548
		10,892,572	3,681,644
NET MARK-UP/ INTEREST INCOME AFTER PROVISIONS		(4,103,393)	3,518,498
NON MARK-UP/INTEREST INCOME			
Fee, commission and brokerage income		129,718	128,844
Dividend income		4,305	2,799
Income from dealing in foreign currencies		-	-
Other income	23	1,528,929	554,547
Total non-markup/interest income		1,662,952	686,190
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	24	6,042,077	2,976,788
Other provisions/write off		-	1,028,848
Other charges		-	-
Total non-markup/interest expenses		6,042,077	4,005,636
LOSS BEFORE TAXATION		(8,482,518)	199,052
TAXATION	25		
Current		1,919,929	326,281
Prior years		4,707	-
Deferred		(7,378)	-
		1,917,258	326,281
LOSS AFTER TAXATION		(10,399,776)	(127,229)
ACCUMULATED LOSS BROUGHT FORWARD		(2,222,130)	(2,094,901)
ACCUMULATED LOSS CARRIED FORWARD		(12,621,906)	(2,222,130)
Basic loss per share of Rupees 100 each - Rupees	26	(323.54)	(3.96)

The annexed notes 1 to 38 form an integral part of these accounts.

Cash Flow Statement for the Year ended June 30, 2002

	Rupees in '000'		
	Note	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/ (Loss) before taxation		(8,482,518)	199,052
Less: Dividend income		(4,305)	(2,799)
		(8,486,823)	196,253
Adjustments for non-cash charges			
Depreciation		40,937	41,060
Amortization of deferred cost		363,501	363,501
Provision against non-performing advances		5,220,456	3,669,521
Provision for employees' post retirement medical benefits		2,846,333	-
Provision for employees' compensated absences		453,449	-
Provision for diminution in the value of investments/ other assets		5,632,954	12,123
Excess provision relating to defined benefit plans		(910,529)	-
Loss/ (Gain) on sale of fixed assets		(780)	(4,304)
SBP recovery relief package - written off		-	1,028,848
		13,646,321	5,110,749
		5,159,498	5,307,002
(Increase)/ Decrease in operating assets			
Advances		(2,754,051)	(5,185,446)
Others assets (excluding advance taxation)		(1,596,812)	82,081
		(4,350,863)	(5,103,365)
Increase/ (Decrease) in operating liabilities			
Bills Payable		37,578	(41,089)
Borrowings from financial institutions		(235,001)	2,511,826
Deposits		151,680	(207,797)
Other liabilities (excluding current taxation)		1,534,739	(2,181,479)
		1,488,996	81,461
Income tax paid		(736,980)	(162,591)
Net cash flow from operating activities		1,560,651	122,507
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in held-to-maturity securities		(209,291)	1,522,350
Dividend income		4,305	2,799
Investments in operating fixed assets		(80,501)	(43,798)
Sale proceeds of property and equipment disposed-off		8,002	403
Net cash flow from investing activities		(277,485)	1,481,754
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/ Payments of Sub-ordinated loan		-	-
Receipts/ Payments of lease obligations		-	-
Issue of share capital		-	-
Dividend paid		-	-
Remittances made to/ received from head office		-	-
Net cash flow from financing activities		-	-
Effects of exchange rate changes on cash and cash equivalents		-	-
Increase/ (Decrease) in cash and cash equivalents during the year		1,283,166	1,604,261
Cash and cash equivalents at beginning of the year	27	6,063,676	4,459,415
Cash and cash equivalents at end of the year	27	7,346,842	6,063,676

The annexed notes 1 to 38 form an integral part of these accounts.

Statement of Changes in Equity for the Year ended June 30, 2002

(Rupees in `000'

	Share capital	Capital reserve	Statutory reserve	Revenue reserve	Unappropriated (profit/ loss)	Total
Balance as at June 30, 2000	3,214,323	-	4,070,768	-	(2,094,901)	5,190,190
Loss after taxation	-	-	-	-	(127,229)	(127,229)
Exchange adjustments on revaluation of capital	-	-	-	-	-	-
Balance as at June 30, 2001	3,214,323	-	4,070,768	-	(2,222,130)	5,062,961
Loss for the current year	-	-	-	-	(10,399,776)	(10,399,776)
Balance as at 30 June 2002	3,214,323	-	4,070,768	-	(12,621,906)	(5,336,815)

The annexed notes 1 to 38 form an integral part of these accounts.

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

1. Status and Nature of Business

The Agricultural Development Bank of Pakistan was established under the Agricultural Development Bank Ordinance, 1961, in February 1961 to provide credit facilities for the promotion, expansion and development of agriculture and persons engaged therein. The Bank's principal office is situated at ADBP Building, Faisal Avenue, Islamabad. The Bank operates 345 (2001: 345) branches in Pakistan as at close of the year.

2. Basis of Presentation

These accounts have been presented in accordance with the revised form of Accounts and Balance Sheet under BSD Circular No. 36 Dated October 10, 2001 issued by the Banking Supervision Department of State Bank of Pakistan.

3. Statement of Compliance

These accounts have been prepared in accordance with the directives issued by the State Bank of Pakistan, the requirements of the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 and the accounting standards issued by the International Accounting Standards Committee (IASC) and interpretations issued by Standing Interpretations Committee of the IASC, as adopted in Pakistan.

4. Basis of Measurement

These accounts have been prepared on the historical cost convention, as modified for the revaluation of certain fixed assets (Note 11) and investments (Note 8) and in conformity with the accepted accounting practices of the banking institutions in Pakistan.

5. Summary of Significant Accounting Policies

5.1. Staff Retirement Benefits

a) Pension Scheme

The bank operates defined benefits funded pension scheme approved by income tax authorities, for its eligible employees who opted for the new employees benefits scheme, introduced in 1975 and 1977 for clerical/non-clerical staff and for executives/officers, respectively. The bank's costs are determined on the basis of actuarial valuation carried out by independent actuarial valuers by using 'Projected Unit Credit Method'. Any surplus/deficit arising on actuarial valuation in excess of the higher of 10% of present value of defined benefits obligations or 10% of the fair value of plan assets is recognized as income or expense over the estimated working lives of the employees.

b) Gratuity Scheme

The bank operates defined benefits funded gratuity scheme approved by income tax authorities, for its eligible employees who did not opt for the new employees benefits scheme, introduced in 1975 and 1977 for clerical/non-clerical staff and for executives/officers, respectively. Annual contributions are made on the basis of actuarial recommendations. Any surplus/deficit arising on actuarial valuation

by independent actuarial valuers in excess of the higher of 10% of present value of defined benefit obligation or 10% of the fair value of plan assets is recognized as income or expense over the estimated working lives of the employees.

c) Provident Fund Scheme

The bank operates a defined contribution funded provident fund scheme for its employees who did not opt for the new employees benefits scheme introduced in 1975 and 1977 for clerical/non-clerical staff and for executives/officers, respectively. Under this scheme, equal contributions at defined rates are made by the member employees and the Bank. The Bank also operates a non-contributory provident fund for its employees who opted for the new employees benefits scheme, as mentioned above. Under this non-contributory provident fund, contributions at defined rates are made by its member employees only. Both of these provident funds are approved by the Income Tax Authorities.

d) Benevolent Scheme

The bank also has two funded defined benefits benevolent fund schemes for its employees, separately for officers and for clerical and non-clerical staff. Contribution to these schemes are made by employees and employer. The employees' contribution is matched by an equal contribution by the bank which is also liable to meet any shortfall in the fund, determined on the basis of actuarial valuation. Transitional liability arising on first adoption of International Accounting Standard-19 (revised 2000) "Employee Benefits" is recognized as an expense on straight line basis over five years from the date of its adoption.

e) Post Retirement Medical Benefits

The bank operates an unfunded defined benefit post retirement medical benefits scheme for all of its employees. Provision is made in the accounts for the benefit based on actuarial valuation. Actuarial gains/losses are accounted for in the manner similar to pension scheme.

f) Employees Compensated Absences

The bank accounts for all accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. Provision is made in the accounts for the benefit based on entitled unavailed leave balances carried forward to the next period.

5.2. Cash and Cash Equivalent

Cash and Cash equivalent comprises of Cash, balances with treasury banks and balances with other banks.

5.3. Revenue Recognition

Revenue from advances and investments in Government securities is recognized on accrual basis except in case of loans classified under the Prudential Regulations on which return is taken to suspense account until realized. Commission is recognized when earned. Dividend on equity investment is recognized at the time of book closure of the company declaring dividend when the Bank's right to receive has been established.

5.4. Advances

Advances are stated at net of provision for classified advances. Provisions is determined on the basis of Prudential Regulations of the State Bank of Pakistan and charged to profit and loss account. Advances are written off when there is no realistic prospects of recovery.

5.5. Investment

In accordance with the requirement of SBP, investments in government securities are recorded at PKRV values and in quoted shares at market values.

Un-quoted securities are valued at lower of the cost and break up value. Where the Bank holds 10% or more of the investee's total equity, break up value of securities is calculated with reference to the net assets of the investee company as per last available audited accounts. In other cases it is calculated on the basis of the last available accounts.

Any surplus/(deficit) arising from the revaluation of securities is kept in a separate account called 'Surplus/ (Deficit) on Revaluation of Securities. It is charged to profit and loss account only on actual realization on disposal.

Profit and loss on sale of investment is included in the income.

5.6. Operating Fixed Assets

Fixed assets are stated at cost/reassessed value,as the case may be, less accumulated depreciation except land which is stated at cost/reassessed value. Depreciation is charged on reducing balance method except for vehicles which are depreciated on straight line method. Depreciation on addition / deletion in fixed assets during the year is charged for the proportionate period of the assets remained in use. Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized.

Gains / losses, if any, on disposal of fixed assets are charged to income.

5.7. Taxation

Current

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

Deferred

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and amount used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent it is probable that future taxable profit will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.8. Deferred Cost

These are amortized over a maximum period of five years commencing from the year in which these are incurred.

5.9. Foreign Currencies

The bank operates foreign currency transactions through State Bank of Pakistan in local currency by paying exchange fluctuation risk fee to the State Bank of Pakistan.

6. Cash and Balances with Treasury Banks

	Rupees in '000'	
	2002	2001
Local Currency in Hand	206,433	156,415
In Current accounts with State Bank of Pakistan (Note 6.1)	686,465	519,738
National Bank of Pakistan	6,525	31,019
	899,423	707,172

- 6.1. It represents cash reserves at the rate of 5% of the Bank's time and demand liabilities in Pakistan, at nil return mark up rate, as required to be maintained with State Bank of Pakistan under section 29 of Banking Companies Ordinance, 1962.

7. Balances with other Banks – Local Currency

	Rupees in '000'	
	2002	2001
In Pakistan		
On deposit account	6,447,419	5,356,504
Outside Pakistan		
On current account	-	-
On deposit account	-	-
	6,447,419	5,356,504

8. Investments

	2002			2001		
	Rupees in '000			Rupees in '000		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
8.1. Investment by Types:						
Available-for-sale securities						
Listed companies	11,801	-	11,801	11,801	-	11,801
Un-listed companies	26,697	-	26,697	31,497	-	31,497
	38,498	-	38,498	43,298	-	43,298
Held-to-maturity securities						
Pakistan Investment Bonds	320,600	-	320,600	-	-	-
Federal Investment Bonds	1,645,000	-	1,645,000	1,345,000	300,000	1,645,000
Government Bonds	-	-	-	100,000	-	100,000
Federal Government Securities	-	-	-	4,000	-	4,000
Provincial Government Securities	3,653	2,347	6,000	6,162	2,347	8,509
	1,969,253	2,347	1,971,600	1,455,162	302,347	1,757,509
Total Investment	2,007,751	2,347	2,010,098	1,498,460	302,347	1,800,807
Provision for Diminution in value of Investments (Note 8.3)	-	-	-	(39,162)	-	(39,162)
Investments - Net of provisions	2,007,751	2,347	2,010,098	1,459,298	302,347	1,761,645
Surplus/ (deficit) on revaluation of securities (Note 19)	405,891	-	405,891	-	-	-
	2,413,642	2,347	2,415,989	1,459,298	302,347	1,761,645

	Rupees in `000'	
	2002	2001
8.2. Investment by Segments:		
Federal Government Securities:		
Pakistan Investment Bonds	320,600	-
Federal Investment Bonds	1,645,000	1,645,000
Government Bonds	-	100,000
Federal Government Securities	-	4,000
Provincial Government Securities	6,000	8,509
Fully Paid up Ordinary Shares:		
Listed Companies	11,801	11,801
Unlisted Companies	26,697	31,497
Term Finance Certificates, Debentures,	-	-
Other Investments	-	-
	2,010,098	1,800,807
Provision for Diminution in value of Investments	-	(39,162)
Investments - Net of provisions	2,010,098	1,761,645
Surplus / (deficit) on revaluation of securities	405,891	-
	2,415,989	1,761,645

8.3. Particulars of Provision for Diminution in value of Investments

	Rupees in `000'	
	2002	2001
Opening balance	39,162	36,587
Charge for the year	-	2,575
Reversals	(39,162)	-
Closing balance	-	39,162

8.4. Provision for diminution in the value of investments has been reversed in lieu of the requirements of SBP circular No. 20 dated 20 August 2000.

8.5. Federal Investment Bonds, Pakistan Investment Bonds and Provincial Government securities are held by the Bank to meet statutory liquid reserve requirement. Provincial Government Securities will mature on 12 August 2002. Remaining securities will mature during the period from November 2002 to December 2011. Profit on these securities ranges from 12 % to 15.5% per annum. Investment includes Sind Provincial Government Securities amounting to Rupees. 2.347 million pledged with State Bank of Pakistan against TT/DD discounting facilities and demand note facilities sanctioned to Bank

8.6. Market value of listed investment is Rupees. 83.005 million (2001: Rs. 60.320 million) and book value of unlisted investments is Rupees. 26.697 million (2001 : 31.497 million)

8.7. Particulars of shares held – listed securities

Shares			Rupees in '000'	
2002	2001		2002	2001
280,090	280,090	Nestle Milkpak Limited	2,801	2,801
450,000	450,000	Uqab Breeding Farm Limited	4,500	4,500
150,000	150,000	Mubarik Dairies Limited	1,500	1,500
300,000	300,000	Dadabhoy Agricultural Leasing Limited (Note 8.7.1)	3,000	3,000
			11,801	11,801

8.7.1. Dadabhoy Agricultural Leasing Limited is under suspension since November 2001. At the date of suspension, its market value per share was Rupees 2.50 against its face value of Rupees 10 per share.

8.8. Particulars of shares held – unlisted securities

Holding less than 10%

Shares			Rupees in '000'	
2002	2001		2002	2001
2,500	2,500	Pakistan Agriculture Storage and Services Corporation Limited Ordinary Shares of Rupees. 1000/- each (Managing Director: Major General (R) Muhammad Iqbal)	2,500	2,500
-	480,000	General Dairies and Foods Limited (Note 8.8.1) Ordinary Shares of Rupees. 10/- each (Managing Director - Mr. Anwar Majeed)	-	4,800
141,970	141,970	Larkana Sugar Mills Limited (Note 8.8.2) Ordinary Shares of Rupees. 100/- each (Managing Director - Mr. Anwar Majeed)	14,197	14,197
			16,697	21,497
Holding equal to or more than 10%				
1,000,000	1,000,000	Saudi Pak Kala Bagh Livestock Limited.(Note 8.8.3) Ordinary shares of Rupees. 10/- each (Managing Director - Mr. Muhammad Asad Khan)	10,000	10,000
			26,697	31,497

8.8.1. General Dairies and Food Limited was acquired by Corporate and Industrial Restructuring Corporation (CIRC) in December, 2001.

8.8.2. Larkana Sugar Mill Limited is in the process of liquidation since February 2000 and there is no probability for any recovery of amount invested on final settlement.

8.8.3. Saudi Pak Kala Bagh Livestock Limited has defaulted in the repayment of loan and the case has been referred to National Accountability Bureau.

8.8.4. Investment in General Dairies and Food Limited, Larkana Sugar Mills Limited and Saudi Pak Kalabagh Livestock Limited are stated at book value due to non-availability of required information for the calculation of breakup value. However, 100% provision against investments in unlisted securities has been made in these accounts, as disclosed in Note 19.

9. Advances-Net

		Rupees in `000'	
		2002	2001
Loans, cash credit, running finances, etc.,			
In Pakistan		-	-
Outside Pakistan		96,895,082	93,972,192
		96,895,082	93,972,192
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		-	-
Payable outside Pakistan		-	-
		96,895,082	93,972,192
Less			
Markup suspense account		(17,246,215)	(16,674,005)
Provision for non performing advances		(18,145,607)	(13,328,521)
		(35,391,822)	(30,002,526)
		61,503,260	63,969,666
9.1	Particulars of Advances		
9.1.1	In local currency	61,503,260	63,969,666
	In foreign currencies	-	-
		61,503,260	63,969,666
9.1.2	Short Term – for upto one year	18,552,968	16,284,711
	Long Term – for over one year	42,950,292	47,684,955
		61,503,260	63,969,666

9.2 Advances include Rupees 49,640 million (2001: Rupees 48,957 million) which have been placed under non-performing status as detailed below:

	Rupees in '000				
	Domestic	Overseas	Total	Provision Required	Provision Held
Other assets especially mentioned	10,753,766	-	10,753,766	-	-
Substandard	9,008,856	-	9,008,856	1,405,540	1,405,540
Doubtful	6,545,514	-	6,545,514	2,390,738	2,390,738
Loss	23,332,430	-	23,332,430	11,349,329	14,349,329
	49,640,566	-	49,640,566	15,145,607	18,145,607

9.3. Particulars of provision against non performing advances

	Rupees in '000					
	2002			2001		
	Specific	General	Total	Specific	General	Total
Opening balance	13,328,521	-	13,328,521	12,908,421	-	12,908,421
Charge for the year	2,220,456	3,000,000	5,220,456	3,669,521	-	3,669,521
Amounts written off (Note 9.4)	(403,370)	-	(403,370)	(3,249,421)	-	(3,249,421)
Reversals	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Closing balance	15,145,607	3,000,000	18,145,607	13,328,521	-	13,328,521

	Rupees in `000'	
	2002	2001
9.4. Particulars of write-offs		
9.4.1 Against provisions		
Against provisions	403,370	3,249,421
Directly charged to profit and loss account	-	-
	403,370	3,249,421

9.5. The statement in respect of written-off loans or any other financial relief of Rupees 500,000 or above allowed, to various parties, during the year ended 30 June 2002 is given at Annex-1 to these accounts.

10. Other Assets

Income/ mark-up accrued in local currency	122,169	92,936
Advances, deposits, advance rent and other prepayments	99,522	101,734
Suspense account	11,751	11,337
Deferred costs (Note 10.1)	-	363,501
Stationery and stamps on band	8,819	10,576
Tax recoverable	308,054	308,054
Amount recoverable from Federal Government (Note 10.2)	3,849,280	3,848,322
Presidential relief package 2002	1,822,836	-
Receivable from defined benefit plans (Note 10.3)	1,063,679	-
Stock in hand	18,311	24,880
Assets held in Bangladesh	1,240,237	1,210,867
Receivable from Corporate and Industrial Restructuring Corporation	10,423	-
Others (Note 10.4)	15,801	8,613
	8,570,882	5,980,820
Less: Provision held against other assets (Note 10.5)	5,681,664	9,548
	2,889,218	5,971,272

- 10.1. The deferred cost represents the amounts paid to the employees of the bank under optional retirement scheme.
- 10.2. It represents remission allowed by the Bank on directives of the Federal Government in various periods to the loanees in calamity hit areas.
- 10.3. It represents assets recognized by the Bank as required under International Accounting Standard-19 "Employee Benefits" against its following employee benefit schemes on their actuarial valuation by independent actuaries:

	Rupees in `000'	
	2002	2001
Pension scheme	383,299	-
Gratuity scheme	694,069	-
Benevolent scheme	(13,686)	-
	1,063,679	-

10.4. Others

Defence Saving Certificate	17	17
Advance for purchase of machinery/ goods in transit	16	1380
Legal charges recoverable on suits file against loan defaulter	7,221	7,216
SBP penalties recoverable from employees	8,547	-
	15,801	8,613

10.5. Provision against other assets

Opening balance	9,548	-
Tax recoverable	-	9,548
Amount recoverable from Federal Government	3,849,280	-
Presidential relief package	1,822,836	-
Charge for the year	5,672,116	9,548
Closing balance	5,681,664	9,548

11. Property and Equipment

Particulars	COST/ REASSESSED VALUE					DEPRECIATION			Book Value As on 30 June 2002	Rate of Depreciation % p.a.
	As on 01 July 2001	Additions	Disposals/ adjustments	Surplus on Revaluation	As on 30 June 2002	As on 01 July 2001	Charge for the year	As on 30 June 2002		
Freehold land	130,593	54,431	-	49,315	234,339	-	-	-	234,339	-
Leasehold land	6,382	43	-	1,712	8,137	-	-	-	8,137	-
Building on freehold land	89,079	-	(10,463)	91,813	170,429	28,443	1,911	30,354	140,075	5
Building on leasehold land	120,698	-	(579)	368,335	488,454	62,611	2,892	65,503	422,951	5
Furniture, fixture and office equipment	321,643	13,073	814	-	335,530	262,345	11,760	274,105	61,425	10/20
Vehicles	406,456	12,954	3,006	222,898	645,314	345,050	24,374	369,424	275,890	20
2002	1,074,851	80,501	(7,222)	734,073	1,882,203	698,449	40,937	739,386	1,142,817	
2001	1,027,152	43,798	3,901	-	1,074,851	657,389	41,060	698,449	376,402	

11.1. Market value of non-banking assets acquired in satisfaction of claims, having a book value of Rupees 174,220,000, is not available.

11.2. The revaluation of fixed assets has been carried out for the first time on 30 June 2002, by Riaz Ahmad and Company, Chartered Accountants, on the basis of current market/realizable values of Bank's land, buildings and vehicles. As on revaluation date, the revaluation resulted in surplus of Rupees 734.073 million over book value of Rupees 347.319 million of revalued assets.

11.3. The detail of disposal of assets whose original cost or the book value exceed one million and two hundred fifty thousand rupees respectively, whichever is lower, is given below:

Nil

12. Deferred Tax Assets

	Rupees in `000'	
	2002	2001
Deferred debts arising in respect of		
Tax depreciation	8,552	-
Investments held as collateral	(1,174)	-
	7,378	-

13. Bills Payable

In Pakistan	77,765	40,187
Outside Pakistan	-	-
	77,765	40,187

14. Borrowings from Financial Institutions

	Rupees in `000'	
	2002	2001
In Pakistan	51,257,213	62,524,005
Outside Pakistan	-	-
	51,257,213	62,524,005

14.1. Particulars of borrowings from financial institutions

In local currency	51,257,213	62,524,005
In foreign currencies	-	-
	51,257,213	62,524,005

14.2. Details of borrowings from financial institutions

Secured		
Borrowings from State Bank of Pakistan		
Agricultural Loans (Note 14.3)	50,174,089	50,174,089
Loan for restructuring (Note 14.4)	-	235,001
Agri-project loans (Note 14.5)	1,083,124	1,083,124
	51,257,213	51,492,214
Unsecured		
Foreign loans relented by the Federal Government (Note 14.6)	11,031,791	11,031,791
Less: transferred to GoP funds (Note 14.7)	(11,031,791)	-
	-	11,031,791
	51,257,213	62,524,005

14.3. As per agreement with the State Bank of Pakistan, these loans were obtained for providing finance to customers for agriculture purposes. Three credit lines amounting to Rupees 1,576.796 million carry interest at the rate of 4% per annum while remaining thirty two credit lines amounting to Rupees 48,597.293 million are based on profit and loss sharing subject to maximum share of profit to State Bank of Pakistan ranging from 4% to 10% per annum. These loans are secured by way of guarantee of Government of Pakistan. The Bank has not been able to make the re-payment of these loans due to liquidity problems. In order to resolve the financial constraints of the Bank, SBP had approved a restructuring plan in 1997 which envisaged the payment of Rupees 10,519 million being 25% of the outstanding loans as on 30 June 1996 in five years from financial year 1997 to 2001. The total overdue as on 30 June 2002 amounts to Rupees 19,701.393 million.

14.4. This loan was provided by the State Bank of Pakistan for the purpose of restructuring of the Bank. It carried mark-up @ 8% per annum and was secured by pledge of Federal Investment Bonds. This loan has been fully repaid during current financial year.

- 14.5. These loans were given by the State Bank of Pakistan for the purpose of providing finance to agro based industry. These are based on profit and loss sharing with a maximum share of profit to State Bank of Pakistan ranging from 4 - 6 % per annum. These are secured by guarantee given by the Government of Pakistan. Total overdue amount of Rupees 19,701.393 million as on 30 June 2002 mentioned at note 14.3 also includes overdue amount pertaining to borrowings for agriculture projects.
- 14.6. This represented unsecured loans relented by Government of Pakistan. It consisted of Rupees 9,244.058 million to provide finance to agriculture and Rupees 1,787.733 million for agro based industry and carried markup ranging from 4 - 9 % per annum.
- 14.7. In pursuance of restructuring of the Bank, the Federal Government promulgated Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002 on 04 October 2002, for conversion of the ADBP into Zarai Taraqati Bank Limited (ZTBL), incorporated under the Companies Ordinance, 1984. The Federal Cabinet has approved for adjustment of foreign loans relented by the Government of Pakistan due from Agricultural Development Bank of Pakistan as part of equity of ZTBL. Consequently, these loans have been reclassified as GoP funds.

15. Deposits and Other Accounts

	Rupees in `000'	
	2002	2001
Customers		
Fixed deposits	94,235	92,494
Savings deposits	118,989	124,186
Current Accounts - Remunerative	332,887	282,717
Current Accounts - Non-remunerative	1,016,906	914,128
Others	17,118	14,930
	1,580,135	1,428,455
Financial Institutions	1,580,135	1,428,455
15.1. Particulars of deposits		
In local currency	1,580,135	1,428,455
In foreign currencies		
	1,580,135	1,428,455

16. Other Liabilities

	Rupees in `000'	
	2002	2001
Mark-up/ Return/ Interest payable in local currency (Note 16.1)	3,711,690	6,264,441
Accrued expenses	24,110	461,459
Current taxation (provisions less payments)	1,351,345	163,690
Branch adjustment account	89,011	214,124
Payable to Ministry of Food Agriculture and Livestock (Note 16.2)	358,728	358,728
Profit payable to remunerative account holders	556	674
Liabilities relating to Bangladesh	1,240,427	1,211,057
Subsidy payable (Note 16.3)	176,100	179,300
Provision for employees' post retirement medical benefits	2,830,757	-
Provision for employees' compensated absences	453,449	-
Security deposits	52,853	78,379
Others sundry deposits	155,316	155,201
	10,444,342	9,087,053

- 16.1. Rupees 5.111 million outstanding on account of markup on foreign loans relented by Government of Pakistan to the Bank have been transferred to GoP funds as per decision of the Federal Cabinet for contributing equity into newly formed Zarai Taraqiati Bank Limited.
- 16.2. This represents amount payable to Ministry of Food, Agriculture and Livestock on account of cost of machinery and tractors received by the Bank for the purpose of onward sale to farmers as per decision of Executive Committee of National Economic Council.
- 16.3. This represents interest free facility received from Ministry of Food, Agriculture and Livestocks to provide subsidy to farmers against green tractors/ tubewell scheme in Baluchistan.

17. Share Capital

17.1. Authorized Capital	Rupees in `000'	
	2002	2001
40,000,000 (2001: 40,000,000) ordinary shares of Rs. 100 each	4,000,000	4,000,000
17.2. Issued, subscribed and paid up		
32,143,230 (2001: 32,143,230) ordinary shares of Rupees 100 each fully paid in cash	3,214,323	
Shares issued as bonus shares	-	-
Shares issued for consideration other than cash	-	-
	3,214,323	3,214,323

18. Statutory Reserve

This represents reserve maintained as per requirements of section 26 of Agricultural Development Bank Ordinance, 1961 and section 21 of the Banking Companies Ordinance, 1962.

19. Surplus/ (Deficit) on Revaluation of Assets

	Rupees in `000'	
	2002	2001
Surplus on revaluation of fixed assets (Note 11)	734,073	-
Surplus/(Deficit) on revaluation of securities		
Federal and Provincial Government securities	361,384	-
Quoted shares	71,204	-
Other securities	(26,697)	-
	405,891	-
	1,139,964	-

20. Contingencies and Commitments

- 20.1 State Bank of Pakistan has sanctioned various credits lines, from time to time, to the Agricultural Development Bank of Pakistan on profit and loss sharing basis, subject to maximum profit share ranging from 4% to 10%. State Bank of Pakistan has worked out its share at Rupees 2,916.646 million as on 30 June 2001 using maximum profit/loss sharing percentage as against Rupees 1,851.274 worked out by Agricultural development Bank of Pakistan, as on that date, based on sharing formula as per contract for each credit line and has incorporated it in its books of account. The Bank has not incorporated the difference of Rupees 1,065.372 million in its books of account, as it is confident to settle the case in its favour.
- 20.2 Contingent liability in respect of 104 cases (2001: information not available) filed against the bank by various parties is estimated at Rupees 7,801 million (2001: information not available).
- 20.3 The Bank was exempt from provisions of the Income Tax Ordinance 1979 till income year ended 30 June 1999. However, the income tax authorities levied minimum income tax under Section 80-D of Income Tax Ordinance, 1979, of Rupees 297.149 million, for assessment years 1991-92 to 1998-99. The Bank paid, under protest, the disputed tax demand and also filed writ petition in this respect in Lahore High Court, Rawalpindi Bench, Rawalpindi. Later on, the bank withdrew the petition on directions of the Federal Government and the case was referred to the Law and Justice division of the Government of Pakistan which decided the reference in Bank's favour. The Central Board of Revenue disagreed with the aforesaid decision and has further taken up the matter with Federal Cabinet for its review. Final decision of the Federal Government is still awaited. Since the Bank is very confident for a favourable decision from the Federal cabinet, too, no provision in this respect has been made by the Bank in its books of account.

20.4 Income tax of Rupees 1,183.995 million has been levied by the income tax department for assessment year 2000-2001, against provision of Rupees 48.106 million in the books of account of the Bank for that assessment year. The Bank has paid Rupees 560.545 million against the said demand and preferred an appeal before the Commissioner of Income Tax (Appeals). No extra provision in this respect has been made in the books of account since the Bank is confident of favourable decision.

21. Mark-up/ Return/ Interest Earned

	Rupees in `000'	
	2002	2001
On loans and advances to customers	8,870,915	9,385,087
On investments in:		
Held to maturity securities	277,816	308,294
Financial institutions	300,147	276,967
	577,963	585,261
	9,448,878	9,970,348

22. Mark-up/ Return/ Interest Expensed

Deposits	16,877	21,311
Short term borrowings	927,457	1,542,901
long-term borrowings	1,712,567	1,200,359
Bank commission and other charges	2,798	5,635
	2,659,699	2,770,206

23. Other Income

Rent on property	221	228
Net profit on sale of property and equipment	780	4,304
Loan application fee	282,209	260,222
Excess provisions of prior years written back	41,261	181,007
Excess provision relating to defined benefit plans (Note 23.1)	910,529	-
Others (Note 23.2)	293,929	108,786
	1,528,929	554,547

23.1. Excess provision in respect of employees pension fund and gratuity fund has been written back on the basis of actuarial valuation carried out by an independent actuarial valuer, as disclosed in note 29.5 and 29.18 respectively.

23.2. Others	Rupees in `000'	
	2002	2001
Recovery of loans transferred to proforma ledger	117,095	12,832
Sale proceeds of forms	5,300	4,964
Loan monitoring fee	2	287
Technical assistance fee	406	514
Postal charges received from loans	49,182	47,984
Recovery for private use of vehicle	1,202	1,238
Income from agri-demonstration	131	163
Miscellaneous income	120,611	40,804
	293,929	108,786

24. Administrative Expenses

Salaries, allowances and benefits	1,790,756	1,834,225
Charge for funded defined benefits plans	23,176	228,848
Contribution to funded defined contribution plans	9,175	42,280
Provision for employees' post retirement medical benefits – unfunded	2,846,333	-
Provision for employees' compensated absences - unfunded	453,449	-
Non-executive directors' fees, allowances and other expenses	582	18
Rent, taxes, insurance, electricity, etc.	166,596	168,009
Legal and professional charges	4,962	3,274
Communications	40,173	40,208
Repairs and maintenance	12,739	12,878
Motor vehicles expenses	147,544	135,267
Travelling expenses	85,770	58,036
Stationery and printing	18,911	18,008
Advertisement and publicity	3,294	3,465
Auditors' remuneration (Note 24.1)	1,266	1,525
Depreciation (Note 11)	40,937	41,060
Amortization	363,501	363,501
Others	32,913	26,186
	6,042,077	2,976,788

24.1 Auditors' remuneration

	2002			2001		
	Anjum, Asim Shahid & Co.	Riaz Ahmad & Co.	Total	Hyder Bhimji & Co.	M.Yousuf Adil Saleem & Co.	Total
Statutory audit fee	145	145	290	145	145	290
Certification fees	135	135	270	135	135	270
Out of pocket expenses	353	353	706	483	482	965
	633	633	1,266	763	762	1,525

25. Taxation

	Rupees in `000'	
	2002	2001
For the year		
Current	47,459	326,281
General (Note 25.2)	1,872,470	-
Deferred	(7,378)	-
	1,912,551	326,281
For prior year's		
Current	4,707	-
Deferred	-	-
	4,707	-
	1,917,258	326,281

25.1 Relationship between tax expense and accounting profit

Accounting profit for the current year	(8,482,518)	199,052
Add: Deferred cost	363,501	363,501
Accounting depreciation	40,937	-
Less: Dividend income	(4,305)	-
Tax depreciation	(34,509)	-
	(8,116,894)	562,553
Tax – excluding dividend income	47,244	326,281
Tax on dividend income	215	-
Tax for the current year	47,459	326,281
Applicable tax rate (Minimum tax @ 0.5% under section 80D of the Income Tax Ordinance, 1979.)	50%	58%

25.2. Taxation for the year – general

As a matter of prudence, the Bank has provided the amount of extra tax to cover its portion of tax liability which may arise in case of disallowance of provision made by the Bank in its financial statements against non-performing loans as well as provision made for the doubtful receivables in respect of remission allowed to its loanees.

26. Basic Loss per Share

	Rupees in `000'	
	2002	2001
Loss for the year	(10,399,776)	(127,229)
Weighted average number of ordinary shares of Rupees 100 each	32,143,230	32,143,230
Loss per share - Basic	(323.54)	(3.96)

27. Cash and Cash Equivalents

Cash and Balance with treasury banks	899,423	707,172
Balance with other banks	6,447,419	5,356,504
	7,346,842	6,063,676

28. Staff Strength

Total number of employees at the end of the year	7,668	7,740
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28.1. Defined Contribution Plan

For all the employees of the Bank who have opted new retirement benefits scheme announced in 1975 and 1977 for clerical/on-clerical staff and for executives/officers, respectively, the Bank operates an approved non-contributory provident fund through an independent trust. Contributions to the fund are made by the employees only @ 8 % of mean of pay scale per month. For employees who have not opted for aforesaid new retirement benefit scheme, the Bank operates an approved contributory provident fund where contributions are made by the Bank and employees @ 8.33% of basic salary per month.

29. Defined Benefit Plans

29.1. Pension Scheme

For new employees and for those who opted for the new scheme introduced in 1975 for clerical staff and in 1977 for officers, the bank operates an approved funded pension scheme on which monthly contributions are made on the basis of actuarial recommendation.

29.2. Principal actuarial assumption

The latest actuarial valuation, being first for the scheme, was carried out as at 30 June 2002. The actuarial valuations were made using the Projected Unit Credit Actuarial Cost method based on the following significant assumption:

	Rupees in `000'	
	2002	2001
Expected rate of increase in salary level	8% per annum	-
Expected rate of return on investments	10% per annum	-

29.3. Reconciliation of payable/ (recoverable) to/ from pension fund

Present value of obligation as at 30 June 2002	1,863,758	-
Fair value of assets	(2,068,797)	-
Unrecognized actuarial gains/(loss)	(178,260)	-
	(383,299)	-

29.4. Movement in payable/ (recoverable) to/ from pension fund

Opening liability	-	-
Charge for the year (Note 29.5)	(230,628)	-
Contribution to fund made during the year	(152,671)	-
Closing liability/(asset)	(383,299)	-

29.5. Charge for pension fund

Current service cost	81,802	-
Interest cost	163,846	-
Expected return on assets	(192,249)	-
Transitional liability recognized	(284,027)	-
	(230,628)	-

Benevolent Scheme – Clerical/ Non-clerical Staff

29.6. General Description

For all clerical/non-clerical staff, the Bank operates an approved funded benevolent scheme to which contributions are made at different rates but not exceeding Rupees 100 by each employee. Employee contributions are matched by an equal amount of contributions by the Bank which is also liable to meet any shortfall in the fund.

29.7. Principle actuarial assumption

The latest actuarial valuation, being first for the scheme, was carried out as at 30 June 2002. Actuarial valuation was made using the following significant assumption:

Expected rate of increase in salary level	8% per annum	-
Expected rate of return on investments	10% per annum	-

29.8. Reconciliation of payable/ (receivable) to/ from benevolent fund

	Rupees in `000'	
	2002	2001
Present value of obligation as at 30 June 2002	159,641	-
Fair value of plan assets	(94,696)	-
Unrecognized part of transitional liability	(60,711)	-
Unrecognized actuarial gain/(loss)	9,455	-
	13,689	-

29.9. Reconciliation of payable/ (receivable) to/ from benevolent fund

Opening liability	-	-
Charge for the year (Note 29.10)	22,767	-
Contribution to fund made during the year	(9,078)	-
Closing liability/(asset)	13,689	-

29.10. Charge for benevolent fund

Current service cost	-	-
Interest cost	15,158	-
Expected return on plan assets	(7,569)	-
Transitional liability recognized	15,178	-
	22,767	-

Benevolent Scheme – Officers/ Executives**29.11. Charge for benevolent fund**

For all officers/executives, the Bank operates an approved funded benevolent scheme to which contributions are made @ 2% of basic pay to a maximum of Rupees 100, by each officer/executive. Employee contributions are matched by an equal amount of contributions by the Bank which is also liable to meet any shortfall in the fund.

29.12. Principal actuarial assumption

The latest actuarial valuation, being first for the scheme, was carried out as at 30 June 2002. Actuarial valuation was made using the following significant assumption:

Expected rate of increase in salary level	8% per annum	-
Expected rate of return on investments	10% per annum	-

29.13. Actuarial results

The actuarial liability in respect of officers/executives has been determined at Rupees 102.746 million against total available assets of the fund valuing Rupees 209.105 million, resulting into a surplus of Rupees 106.359 million. After adjustment of an unrecognized actuarial loss of Rupees 1.654 million, there is a net actuarial surplus of Rupees 108.013 million as on 30 June 2002.

Gratuity Scheme

29.14. General Description

For all employees and for those who did not opt for the new scheme introduced in 1975 for clerical/non-clerical staff and in 1977 for officers, the bank operates an approved funded gratuity scheme on which monthly contributions are made by the Bank on the basis of actuarial recommendation.

29.15. Principal actuarial assumption

The latest actuarial valuation, being first for the scheme, was carried out as at 30 June 2002. The Projected Unit Credit Actuarial Cost method with the following significant assumption was used for actuarial valuation purposes:

	Rupees in `000'	
	2002	2001
Expected rate of increase in salary level	8% per annum	-
Expected rate of return on investments	10% per annum	-

29.16. Reconciliation of payable/ (recoverable) to/ from gratuity fund

Present value of obligation as at 30 June 2002	1,117	-
Fair value of plan assets	(615,212)	-
Unrecognized actuarial gains/(loss)	(79,974)	-
	(694,069)	-

29.17. Movement in Payable/ (recoverable) to/ from gratuity fund

Opening liability	-	-
Charge for the year (Note 29.18)	(679,901)	-
Contribution to fund made during the year	(14,168)	-
Closing liability/(asset)	(694,069)	-

29.18. Charge for gratuity fund

Current service cost	404	-
Interest cost	109	-
Expected return on plan assets	(61,955)	-
Recognized transitional liability /(assets)	(618,459)	-
	(679,901)	-

30. Remuneration of Directors and Executives

	Rupees in `000'					
	President/ Chief Executive		Directors		Executives	
	2002	2001	2002	2001	2002	2001
Fees	-	-	28	4	1,127	-
Managerial remuneration	738	230	-	-	84	-
Charge for defined benefit plan	184	45	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	451	-
Rent and house maintenance	267	138	-	-	84	-
Utilities	-	21	-	-	79	-
Medical	-	14	-	-	317	-
Furnishing allowance	74	-	-	-	-	-
Education expenses	135	-	-	-	-	-
Others	208	95	608	1	170	-
	1,606	543	636	5	2,312	-
Number of persons	1	1	7	6	2	-

The Chief Executive/ Executives are provided with Bank's maintained cars.

31. Maturities of Assets and Liabilities

	2002 (Rupees in `000')				
	Total	Up to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
Cash and balances with treasury banks	899,423	899,423	-	-	-
Balances with other banks	6,447,419	6,447,419	-	-	-
Lending to financial institutions	-	-	-	-	-
Investments	2,415,989	6,000	-	1,161,400	1,248,589
Advances	61,503,260	409,765	18,036,409	34,562,070	8,495,016
Other assets	2,889,218	11,767	1,057,631	18,311	1,801,509
Operating fixed assets	1,142,817	-	-	319,901	822,916
Deferred tax assets	7,378	-	-	7,378	-
	75,305,504	7,774,374	19,094,040	36,069,060	12,368,030
Liabilities					
Bills payable	77,765	77,765	-	-	-
Borrowings from financial institutions	51,257,213	19,701,393	1,200,000	9,319,000	21,036,820
GoP funds	16,142,900	-	16,142,900	-	-
Deposits and other accounts	1,580,135	1,512,039	7,790	60,306	-
Sub-ordinated loans	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-
Other liabilities	10,444,342	7,517	5,346,155	513,184	4,577,486
Deferred tax liabilities	-	-	-	-	-
	29,502,355	21,298,714	22,696,845	9,892,490	25,614,306
Net assets	(4,196,851)	(13,524,340)	(3,602,805)	(26,176,570)	(13,246,276)
Net assets represented by					
Share capital	3,214,323				
Statutory reserve	4,070,768				
Accumulated losses	(12,621,906)				
Surplus on revaluation of assets (investments)	1,139,964				
	4,196,851				

32. Yield/ Interest Rate Risk

Yield/Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date.

	2002				Rupees in `000'		
	Effective Yield/ Interest rate (%p.a)	Total	Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Not exposed to Yield/ Interest Risk
On-balance sheet financial instruments							
Assets							
Cash and balances with treasury banks	-	899,423	-	-	-	-	899,423
Balances with other banks	4 - 7.5	6,447,419	6,447,419	-	-	-	-
Investments	12 - 15.5	2,415,589	-	-	1,161,400	1,248,589	5,600
Advances	14	61,503,260	-	-	-	-	61,503,260
Other assets	-	1,207,021	-	-	-	-	1,207,021
		72,472,712	6,447,419	-	1,161,400	1,248,589	63,615,304
Liabilities							
Bills payable	-	77,765	-	-	-	-	77,765
Borrowings from financial institutions	4 – 10	51,257,213	18,287,753	1,036,844	9,319,000	21,036,821	1,576,795
GoP funds	-	16,142,900	-	-	-	-	16,142,900
Deposits and other accounts	0 - 7.5	1,580,135	281,387	7,790	60,306	-	1,230,652
Other liabilities	-	7,763,560	-	-	-	-	7,763,560
		76,821,573	18,569,140	1,044,634	9,379,306	21,036,821	26,791,672
On-balance sheet gap		(4,348,861)	(12,121,721)	(1,044,634)	(8,217,906)	(19,788,232)	36,823,632

33. Fair Value of Financial Instruments

The carrying value of financial assets and financial liabilities approximate their fair values as reflected in the financial statements except quoted / unquoted investments as referred to in note 8.

34. Concentration of Credit and Deposits

Out of total financial assets of Rupees 72,472.712 million the financial assets which were subject to credit risk amounted to Rupees 68,121.765 million. The Bank's major credit risk is concentrated in the agriculture sector. To manage credit risk, the Bank applies credit limits to its customers and obtains adequate collaterals.

34.1. Credit Risk Management

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur financial loss. Credit risk in the Bank's portfolio is monitored, reviewed and analyzed by its credit department and the exposure is controlled through continuous review and conservative provisions for doubtful receivable, credit limits and prudent use of collaterals, as required by prudential regulation framed by the State Bank of Pakistan for banks.

34.2. Currency Risk

Since Bank's all financial assets and liabilities are denominated in Pak Rupees, it is not exposed to any currency risk.

34.3. Segment by class of business

	2002					
	Advances		Deposits		Contingencies and Commitments	
	Rupees in '000'	Percent	Rupees in '000'	Percent	Rupees in '000' Rupees	Percent
Agribusiness	59,155,673	96	-	-	7,801,000	78
Individuals	-	-	1,580,135	100	-	-
Others	2,347,587	4	-	-	2,201,261	22
	61,503,260	100	1,580,135	100	10,002,261	100

34.4. Segment by sector

	2002					
	Advances		Deposits		Contingencies and Commitments	
	Rupees in '000'	Percent	Rupees in '000'	Percent	Rupees in '000' Rupees	Percent
Public/ Government	-	-	16226	1	2201261	22
Private	61,503,260	100	1,563,909	99	7,801,000	78
	61,503,260	100	1,580,135	100	10,002,261	100

35. Geographical Segment Analysis

	2002			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
Pakistan	(8,482,518)	74,065,267	(4,196,661)	10,002,261
Asia Pacific (including South Asia)	-	1,240,237	(190)	-
Others	-	-	-	-
	(8,482,518)	75,305,504	(4,196,851)	10,002,261

36. Post Balance Sheet Event

The Federal Government has decided, in the meeting of the Federal Cabinet on 28 August 2002, to corporatize/restructure the Agricultural Development Bank of Pakistan. Consequently, Ordinance No. LX of 2002 has also been promulgated by the Federal Government on 4 October 2002 to provide for necessary legal/statutory cover for reorganization and conversion of Agricultural Development Bank of Pakistan into a public limited company, incorporated under the Companies Ordinance, 1984. As a part of its restructuring program, the Bank has offered

voluntary separation scheme to its employees but no final decision in this respect has yet been made. One of the major international lending/financing agency has also provided guidelines/broad-based frame work in this respect to the bank and is expected to finance its restructuring plan. The restructuring plan is in process of implementation.

37. Date of Authorization for Issue

These financial statements were authorized for issue on 26 October 2002 by the Board of Directors of the Bank.

38. Corresponding Figures

Corresponding figures have been re-arranged and regrouped wherever necessary for the purpose of comparison. Figures have been rounded off to the nearest thousand rupees.

**Statement of Written Off Loans or any other Financial Relief of Rupees 500,000 or above provided during the Year
Ended June 30, 2002**

S. NO.	BORROWERS NAME AND ADDRESS	NAME OF INDIVIDUALS/ PARTNERS (WITH NIC NO.)	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT BEGINNING OF THE YEAR				AMOUNT WRITTEN OFF		OTHER FINANCIAL RELIEF GIVEN	TOTAL
				PRINCIPAL	MARK-UP	OTHERS	TOTAL	PRINCIPAL	MARK-UP		
1	2	3	4	5	6	7	8	9	10	11	12
1.	RAVI ENTERPRISES LTD. 112/4-B, MODEL TOWN, LAHORE	SH. ABDUL GHAFOOR R/O 101-RAVI ROAD, LAHORE. 265-46-281876 MST. BASHIRAN BEGUM 265-50-281877	DIN MUHAMMAD W/O SH. ABDUL GHAFOOR	0.858	3.894	-	4.752	-	1.911	-	1.911
2.	AL-FAZAL STRAW BOARD MILLS RANA M. SALEEM KHAN R/O DHILLI NAROWAL	RANA M. SALEEM KHAN 303-43-253313	FAZAL MUHAMMAD	0.379	0.652	-	1.031	0.379	0.652	-	1.031
3.	M/S RICHMOND FOOD LTD. C-58 ROAD NO 10 SITE DADU	MR. IQBAL ANSARI 514-33-101022 MRS. RONA ANSARI 514-86-107321 MR. SHAHID ANSARI 514-60-119101	ABDUL QADIR W/O IQBAL ANSARI IQBAL ANSARI	22.379	43.746	0.671	66.796	22.379	44.333	-	66.712
4.	M/S GENERAL DAIRIES SURVEY NO. 701, 702, 703, DEH THATTA, DISTT THATTA	QAMAR AHMED 501-36-252487	ABDUL JABBAR	45.220	198.454	2.807	246.481	45.220	201.261	-	246.481

S. NO.	BORROWERS NAME AND ADDRESS	NAME OF INDIVIDUALS/ PARTNERS (WITH NIC NO.)	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT BEGINNING OF THE YEAR				AMOUNT WRITTEN OFF		OTHER FINANCIAL RELIEF GIVEN	TOTAL
				PRINCIPAL	MARK-UP	OTHERS	TOTAL	PRINCIPAL	MARK-UP		
1	2	3	4	5	6	7	8	9	10	11	12
5.	M/S BHITTAI FOOD IND. LTD. DERH WIDH, TAPPO HOOARI, TALUKA, HYDERABAD	MR. RASHID RAFIQ 517-60-123927 MRS. SAADAT RAFIQ (ID NO. NA) MRS. GHAZALA RAHMAN 517-51-237505 HYDER HALEPOTA (LATE) 519-59-141447 MRS. TABASSUM HALEPOTA 517-59-262665 MRS. ZEBA AKHTER A. HAMEED CHOTANI AKHTER HALEPOTA	A. K. RAFIQUE D/O RASHID RAFIQ W/O RASHID RAFIQ AKHTAR HALEPOTA W/O HAIDER HALEPOTA	47.917	199.252	1.399	248.568	47.917	200.626	-	248.543
6.	MALIK FOOD IND 66-MAIN BULEWARD, GULBERG, LAHORE	KHALID AZIZ MALIK 10-H,GULBERG-II, LAHORE 270-40-254842 ANWAR AZIZ MALIK 10-H,GULBERG-II, LAHORE 270-41-034926 MRS. NAJMA MALIK 10-H,GULBERG-II, LAHORE 270-42-254843 MRS. SHAISTA ANWAR MALIK 10-H,GULBERG-II, LAHORE 270-40-034925 HASHIM HAJI QASIM NATIONAL TRADING CO. NEW CHILLI RENCH, KARACHI 270-45-181276 AMJAD WAKIL MALIK 25-A, MODEL TOWN LAHORE 230-42-314026 WAHID WAKIL MALIK 48-G, MODEL TOWN LAHORE ZAHID WAKIL MALIK 48-G, MODEL TOWN LAHORE 270-45-181276	ABDUL AZIZ ABDUL AZIZ W/O KHALID AZIZ W/O ANWAR AZIZ ABDUL WAKIL MUHAMMAD A. WAKIL MUHAMMAD A. WAKIL	70.710	302.589	3.699	376.998	60.897	306.232	-	367.129

S. NO.	BORROWERS NAME AND ADDRESS	NAME OF INDIVIDUALS/ PARTNERS (WITH NIC NO.)	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT BEGINNING OF THE YEAR				AMOUNT WRITTEN OFF		OTHER FINANCIAL RELIEF GIVEN	TOTAL
				PRINCIPAL	MARK-UP	OTHERS	TOTAL	PRINCIPAL	MARK-UP		
1	2	3	4	5	6	7	8	9	10	11	12
7.	M/S TECH PAK OIL EXTRACTION 150-N, LCCHS, LAHORE.	KHALID NAWAZ BAJWA 212.Y. L.C.C.H.S LHR.CANTT. 254-59-223694 JAVED SALEEM 32-A, GULFISHAN COLONY MULTAN ROAD, LAHORE. 294-57-120446 CH. NABI AHMED 719 G/B P.O.716 G/B KAMALIA 254-31-127215 SHAHAB-UD-DIN VIRK CHAK NO.11 E/BP, P.O.SADDAR DIN TEH.ARIFWALA, DISTT.SAHIWAL. 337-59-060105 MUHAMMAD ARSHAD 118-A, PEOPLE COLONY, FAISALABAD 248-59-026999 MRS. AZHRA JAVED SALEEM 32-A, GULFISHAN COLONY, FAISALABAD. 246-56-326008 MRS. NABILA BAJWA 212.Y. L.C.C.H.S LHR.CANTT. 337-88-060129	CH. NABI AHMED CH. SHAFI SALEEM GHULAM HAIDER SALAHUDDIN CH. M. SHAFI W/O JAVED SALEEM W/O KHALID NAWAZ BAJWA	15.170	53.503	1.027	69.700	15.170	54.429	-	69.599
8.	M/S QADRIA FEED IND. 8KM, MULTAN ROAD, LAHORE	DR. MUHAMMAD SAEED 8 KM, MULTAN ROAD LAHORE 272-40-112605 CH. MUHAMMAD ANWAR 8 KM, MULTAN ROAD LAHORE 272-42-270752	CH. FATEH DIN CH. GHULAM HAIDER	17.050	35.222	0.691	52.963	17.050	35.858	-	52.908
S. NO.	BORROWERS NAME AND ADDRESS	NAME OF INDIVIDUALS/ PARTNERS (WITH NIC NO.)	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT BEGINNING OF THE YEAR				AMOUNT WRITTEN OFF		OTHER FINANCIAL RELIEF GIVEN	TOTAL
				PRINCIPAL	MARK-UP	OTHERS	TOTAL	PRINCIPAL	MARK-UP		
1	2	3	4	5	6	7	8	9	10	11	12

9.	FRUIT SAP LTD. 14, GREENWOOD APART, 4, CIVIC CENTER, NEW GADEN TOWN, LAHORE.	RIAZ AHMED MIAN 437-Q, MODEL TOWN LAHORE. 244-49-093536 ZAFAR IQBAL MIAN (LATE) 437-Q, MODEL TOWN LAHORE. 245-45-010500 ALLAH WASAYA (LATE) 437-Q, MODEL TOWN LAHORE. 270-22-344678 MRS. SHAHEEN ZAFAR 437-Q, MODEL TOWN LAHORE. WALIDAD BHINDER 32-J, MODEL TOWN LAHORE. MASOOD SAJJAD 1898/B, CHORIE SARIE, MULTAN MRS. YASMIN MASOOD 1898/B, CHORIE SARIE, MULTAN KHWAJA AMJAD SAEED B-3, NEW CAMPUS LAHORE	ALLAH WASAYA ALLAH WASAYA ALLAH BUX ZAFAR IQBAL DILAWAR KHAN MUHAMMAD ISLAM W/O MASOOD SAJJAD ABDUR RASHID	38.000	201.404	3.213	242.617	38.000	204.416	-	242.416
10.	AL-EMAR PAK LTD. ROOM NO.23, 2ND FLOOR, RELIEGH HOUSE, BANK SQUARE, LAHORE	ABDUL HAFEEZ KHAN 8/43, MAIN GULBERG LAHORE MOEEN-UD-DIN KHAN MAIN GULBERG LAHORE. ISRARUL HAQ 212-S, MODEL TOWN LAHORE. AISHA KHAN 4/43, MAIN GULBERG LAHORE SHAMASUDDIN ALI HAIDER 26/D, MODEL TOWN LAHORE. ZAFAR H. QURESHI 434/F, ST.NO.3 MASLINA COLONY WALTON LAHORE	ABDUL HAMEED KHAN ABDUL HAFEEZ KHAN MIAN NISARUL HAQ D/O ABDUL HAFEEZ KHAN ABDUL HAFEEZ KHAN MIAN NIZAMUDDIN	21.055	65.356	1.276	87.687	21.055	66.617	-	87.672

S. NO.	BORROWERS NAME AND ADDRESS	NAME OF INDIVIDUALS/ PARTNERS (WITH NIC NO.)	FATHER'S/ HUSBAND'S NAME	OUTSTANDING LIABILITIES AT BEGINNING OF THE YEAR				AMOUNT WRITTEN OFF		OTHER FINANCIAL RELIEF GIVEN	TOTAL
				PRINCIPAL	MARK-UP	OTHERS	TOTAL	PRINCIPAL	MARK-UP		
1	2	3	4	5	6	7	8	9	10	11	12
11.	SINSAS ENTERPRISES PVT. IKRAMULLAH KHAN R/O DRUB HOUSE, CHINAR ROAD, UNIVERSITY TOWN, PESHAWAR	IKRAMULLAH KHAN 20 CHINAR ROAD, UNIVERSITY TOWN, PESHAWAR. 135-87-433322 MRS. SHAHNAZ IKRAMULLAH -DO- 135-87-433324 SAEED IKRAMULLAH -DO- 135-87-433323 MRS. NADIA IKRAMULLAH -DO- 135-87-433325 BEGUM RAZIA AZIZ-UD-DIN 290, SHAMI ROAD PESHAWAR SADDAR 135-88-035550 IMRAN AZIZ-UD-DIN -DO- 135-88-191204 TAHIR AZIZ-UD-DIN -DO- 205-49-047752	REHMATULLAH KHAN W/O IKRAMULLAH KHAN IKRAMULLAH KHAN W/O IKRAMULLAH KHAN W/O AZIZ-UD-DIN AZIZ-UD-DIN AZIZ-UD-DIN	125.890	189.051	0.940	315.881	125.890	105.009	-	230.899
	Total			404.528	1,293.12	15.723	1,713.474	393.957	1,221.344	-	1,615.301

