

CONTENTS

Company Information	1
Directors' Review	2
Review Report to the Members	3
Balance Sheet	4
Profit and Loss Account	5
Cash Flow Statement	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8

COMPANY INFORMATION

Board of Directors

Mr. Kunwar Idris	Chairman
Mr. Yoshitaka Matsuno	
Mr. Nagaaki Esaki	
Mr. Benjamin Lee	
Mr. Humayun Murad	
Mr. Muhammad Rashid Zahir	
Mr. S. Shahid Usman	
Mr. Naim Farooqui	Managing Director & Chief Executive

Audit Committee

Mr. Kunwar Idris
Mr. Humayun Murad
Mr. S. Shahid Usman

Company Secretary

Mr. Intisar H. Alvi

Bankers

American Express Bank Limited
Habib Bank Limited
Mashreqbank Pakistan Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
Oman International Bank S.A.O.G.
PICIC Commercial Bank Limited
Prime Commercial Bank Limited
Standard Chartered Bank
The Bank of Tokyo – Mitsubishi Limited

Auditors

Ford Rhodes Sidat Hyder & Co., Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.

Registrar and Share Transfer Office

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

Registered Office

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

Head Office

2nd Floor, Islamic Chamber of Commerce Building,
ST 2/A, Block # 9, Clifton, Karachi – 75600, Pakistan.
Tel: (021) 586-1266 Fax: (021) 586-8862

Website:

<http://www.orixbank.com>

DIRECTORS' REVIEW

The Directors are pleased to present the Financial Statements of the Bank, reviewed by the auditors for the half year ended December 31, 2003.

The pre-tax profit for the period is Rs, 86.9 million against Rs. 72.4 million for the corresponding period last year. The performance was influenced by continuing decline in the mark-up rates and frequent corrections in the equity market. The Bank was required to sustain its credit portfolio in an increasingly competitive environment. It met the challenge by recording a significant increase in the fee-based income which went up to Rs. 32.3 million from Rs. 18.8 million. Further, the borrowing cost has come down compensating for the decline in income from the credit portfolio and investments.

The economic landscape is getting brighter. The growth in the capital market, low interest rates and excess liquidity combined with other favourable economic indicators present larger opportunities which the management is trying to make the most of. The equity brokerage division being established is an evidence of it.

The prevailing political and economic environment augurs well for the growth in the business and profits of the Bank in the times ahead.

Karachi
February 23, 2004

On behalf of the board

NAIM FAROOQUI
Chief Executive

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of ORIX Investment Bank Pakistan Limited as at December 31, 2003, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the "financial statements"), for the half-year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standards on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi
February 23, 2005

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

BALANCE SHEET

AS AT DECEMBER 31, 2003 (UNAUDITED)

	Note	As At December 31, 2003	As at June 30, 2003
		----- Rupees -----	
ASSETS			
Non-Current Assets			
Fixed assets - tangible			
Operating assets		10,315,082	10,138,694
Advance against purchase of fixed assets		-	609,000
		10,315,082	10,747,694
Intangible assets	4	35,930,562	1,888,889
Long-term loans and term finances - net		319,304,795	332,046,956
Long-term security deposits		2,093,760	2,168,760
Deferred tax asset	5	31,667,358	1,331,046
		<u>399,311,557</u>	<u>348,183,345</u>
Current Assets			
Short-term investments	6	1,959,524,132	1,516,433,840
Advance subscription for securities		3,776,500	20,000,000
Funds placements		100,692,450	159,741,185
Short-term finances - net		636,848,482	753,439,136
Advances, prepayments and other receivables		122,414,271	61,296,073
Advance taxation – net		-	13,876,901
Cash and bank balances		20,667,142	91,456,620
		<u>2,843,922,977</u>	<u>2,616,243,755</u>
TOTAL ASSETS		<u><u>3,243,234,534</u></u>	<u><u>2,964,427,100</u></u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
50,000,000 (June 30, 2003 : 50,000,000)			
ordinary shares of Rs. 10/-each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital			
30,000,000 (June 30, 2003 : 30,000,000)			
fully paid ordinary shares of Rs. 10/-each issued for cash		300,000,000	300,000,000
Statutory reserve		48,871,226	48,871,226
Unappropriated profit		112,710,713	50,484,913
		461,581,939	399,356,139
Surplus on revaluation of securities – net		14,315,103	68,974,631
Non-Current Liabilities			
Long-term loans		66,900,716	149,150,716
Long-term certificates of deposit	7	250,000,000	86,107,323
		316,900,716	235,258,039
Current Liabilities			
Current maturity of long-term loans		70,764,095	218,675,468
Short-term certificates of investment		733,788,119	634,602,263
Short-term borrowings		1,586,000,000	1,260,152,200
Short-term security deposits		6,000,000	6,000,000
Accrued expenses and other liabilities		19,976,498	29,408,360
Provision for taxation - net		33,908,064	52,000,000
Proposed dividend		-	60,000,000
		<u>2,450,436,776</u>	<u>2,260,838,291</u>
Contingencies and commitments	8	-	-
TOTAL EQUITY AND LIABILITY		<u><u>3,243,234,534</u></u>	<u><u>2,964,427,100</u></u>

Review Report Annexed

The annexed notes from 1 to 13 form an integral part of these financial statements

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED DECEMBER 31, 2003 (UNAUDITED)

	NOTE 10	Half-Year Ended		Quarter Ended	
		December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
----- Rupees -----					
INCOME					
Income from loans, term finances and credit facilities		60,558,869	83,962,479	27,437,308	40,553,116
Income from investments		63,554,003	100,024,218	42,408,301	41,798,996
Net gain / (loss) on sale of investments		26,066,264	30,286,678	(2,754,043)	13,419,605
Fee, commission and brokerage		32,283,595	18,803,028	15,460,155	9,290,886
Other income		478,543	578,551	173,734	344,945
		182,941,274	233,654,954	82,725,455	105,407,548
EXPENDITURE					
Return on deposits and borrowings		48,152,913	126,232,609	24,419,144	55,159,865
Administrative and operating expenses		29,805,386	24,493,286	15,849,215	13,726,598
		77,958,299	150,725,895	40,268,359	68,886,463
Profit before taxation		104,982,975	82,929,059	42,457,096	36,521,085
Provision for taxation		30,000,000	26,000,000	10,730,683	10,913,129
	- current	(5,242,825)	(3,773,000)	(5,242,825)	(1,886,500)
	- deferred	24,757,175	22,227,000	5,487,858	9,026,629
Profit after taxation		62,225,800	50,202,059	27,969,238	21,494,456
Unappropriated profit brought forward		50,484,913	34,755,134	84,741,475	63,462,737
Earnings per share - Basic	9	Rs. 2.074	Rs. 2.510	Rs. 0.932	Rs. 1.075
Earnings per share - Diluted	9	Rs. 2.074	Rs. 1.932	Rs. 0.932	Rs. 0.827

The annexed notes from 1 to 13 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE PERIOD ENDED DECEMBER 31, 2003 (UNAUDITED)

	Half-Year Ended	
	December 31, 2003	December 31, 2002
	----- Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	86,982,975	72,429,059
Adjustment for non-cash and other items		
Depreciation on fixed assets	1,585,072	1,711,528
Provision for potential losses on term finances / credit facilities	18,000,000	10,500,000
Amortisation of intangible assets	708,330	754,298
Loss on sale of fixed assets	151,875	19,365
	20,445,277	12,985,191
Cash flows from operating activities before working capital changes	107,428,252	85,414,250
Effect on cash flows due to working capital changes	5,894,523	21,928,243
Income tax paid	(34,215,038)	(7,714,952)
Net cash inflow from operating activities	79,107,737	99,627,541
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(36,786,401)	(1,828,065)
Long term investment	-	(10,000,000)
Long term loans and term finances	12,247,161	(111,230,845)
Long term security deposits	75,000	-
Sale proceeds from disposal of fixed assets	123,066	156,607
Net cash outflow from investing activities	(24,341,174)	(122,902,303)
CASH FLOW FROM FINANCING ACTIVITIES		
Certificates of deposit	(82,250,000)	107,030,716
Long-term loans	15,981,304	(20,267,842)
Dividend paid	(59,287,345)	(28,079,786)
Net cash (outflow) / inflow from financing activities	(125,556,041)	58,683,088
Net (decrease) / increase in cash and cash equivalents	(70,789,478)	35,408,326
Cash and cash equivalents at the beginning of the period	91,456,620	36,263,626
Cash and cash equivalents at the end of the period	20,667,142	71,671,952

The annexed notes from 1 to 13 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2003 (UNAUDITED)

	Issued Subscribed and paid-up Capital	Statutory Reserve	Unappropriated Profit	Total	Total
Balance as at July 1, 2003	300,000,000	48,871,226	50,484,913	99,356,139	399,356,139
Net profit for the period	-	-	62,225,800	62,225,800	62,225,800
Balance as at December 31, 2003	300,000,000	48,871,226	112,710,713	161,581,939	461,581,939
Balance as at July 01, 2002	200,000,000	27,582,031	34,755,134	62,337,165	262,337,165
Net profit for the period	-	-	50,202,059	50,202,059	50,202,059
Balance as at December 31, 2002	200,000,000	27,582,031	84,957,193	112,539,224	312,539,224

The annexed notes from 1 to 13 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED DECEMBER 31, 2003 (UNAUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 ORIX Investment Bank Pakistan Limited (the Company) was incorporated as a public limited Company in Pakistan under the name of ORIX Investment Finance Company Pakistan Limited. Subsequently, the name of the Company was changed to ORIX Investment Bank Limited. The registered office of the company is situated at Overseas Investors Chamber of Commerce Building, Talpur Road, Karachi, Pakistan. The Company is licensed to carry out investment finance services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) [Previously described under SRO 585 (1)/87 dated July 13, 1987 issued by the Ministry of Finance, Government of Pakistan]. The company is listed on the Karachi and Lahore Stock Exchanges.
- 1.2 The company is corporate member of the Karachi Stock Exchange (Guarantee) Limited and is engaged in equity brokerage services since April 15, 2004.

2. BASIS FOR PREPARATION

These financial statements are unaudited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies followed are consistent with those followed in the annual financial statements. The presentation of the interim financial statements is consistent with the annual financial statements.
- 3.2 Stock market brokerage license
Stock market brokerage license acquired during the period has been classified as intangible asset and is carried at cost less impairment, if any.
- 3.3 Related party transactions
As a result of amendments made in the Companies Ordinance, 1984 and Listing Regulations, all listed companies are now required to disclose their accounting policy in respect of related party transactions. The Company's policy in this respect as approved by its Board of Directors is that the transactions between the Company and its related parties are carried out on an arm's length basis and the related price is determined in accordance with the "Comparable Uncontrolled Price Method".

	Note	December 31, 2003 Rupees	June 30, 2003 Rupees
4. INTANGIBLE ASSETS			
Money market brokerage license		4,250,000	4,250,000
Stock Market brokerage license	3.2	34,750,000	-
		39,000,000	4,250,000
Less: Accumulated amortisation		3,069,438	2,361,111
		35,930,562	1,888,889

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED DECEMBER 31, 2003 (UNAUDITED)

	Note	December 31, 2003 Rupees	June 30, 2003 Rupees
5. DEFERRED TAX ASSET			
Taxable temporary differences			
Surplus on revaluation of government securities		-	(17,367,95)
Intangible assets		(2,102,433)	(661,112)
		(2,102,433)	(18,029,062)
Deductible temporary differences			
Deficit on revaluation of government securities		7,725,537	-
Provision for potential losses on term finances/ credit facilities		25,049,500	18,749,500
Effect on depreciation		994,754	610,608
		33,769,791	19,360,108
		31,667,358	1,331,046
6. SHORT TERM INVESTMENTS			
Held for trading			
Government securities	6.1	999,300,000	71,325,000
Quoted Securities – equity investments		61,955,947	50,185,825
		1,061,255,947	121,510,825
Available for sale			
Government Securities		562,615,350	1,106,555,768
Quoted Securities			
- Term Finance Certificates		202,587,927	220,341,102
- Investment in Mutual Funds		98,064,908	68,026,145
		300,652,835	288,367,247
Un-quoted Securities			
- Term Finance Certificates		35,000,000	-
		1,959,524,132	1,516,433,840
6.1	These have been sold under forward contracts at contracted prices (note 8).		
7. LONG TERM LOANS			
Secured			
Saudi Pak Industrial and Agricultural Investment Company (Private) Limited		37,430,762	54,782,791
Muslim Commercial Bank Limited		83,333,333	100,000,000
National Bank of Pakistan	7.1	200,000,000	-
		320,764,095	154,782,791
Unsecured			
The Bank of Khyber (repaid)		-	150,000,000
		320,764,095	304,782,791
Less: Current maturity		70,764,095	218,675,468
		250,000,000	86,107,323

- 7.1** Represents long term loan obtained from National Bank of Pakistan carrying mark-up at the rate of 4.5 percent per annum. The loan is secured by way of first ranking pari passu charge by way of hypothecation of present and future book debts and receivables of the Company. The loan is repayable in December 2006.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED DECEMBER 31, 2003 (UNAUDITED)

	Note	December 31, 2003 Rupees	June 30, 2003 Rupees
8. CONTINGENCIES AND COMMITMENTS			
Contingencies			
Guarantees issued on behalf of customers		22,300,000	49,175,000
Tax contingencies		<u>8,562,302</u>	<u>8,562,302</u>
Commitments			
Forward sale commitment in respect of government Securities at contracted prices	6.1	1,064,749,000	72,390,000
Undisbursed credit commitments		3,200,000	-

9. EARNINGS PER SHARE – Basic and diluted

During the half year, the number of ordinary shares remained constant at 30,000,000 (June 30, 2003: 30,000,000). Basic earnings per share were Rs. 2.074 (December 31, 2002: Rs. 2.510). Diluted earnings per share for the half year ended December 31, 2003 is same as basic earnings per share as there are no outstanding subscription rights at the balance sheet date.

10. SEGMENT RESULTS

The segment results for the quarter and half-year ended December 31, 2003 are as follows:

	Credit	Treasury	Corporate Finance	Money & Foreign Exchange Brokerage	Total
	----- Rupees -----				
Segment results for the half-year ended December 31, 2003					
External operating revenue	60,558,869	89,620,267	21,496,560	10,787,035	182,462,731
Inter-segment revenue					-
Unallocated revenue					478,543
	<u>60,558,869</u>	<u>89,620,267</u>	<u>21,496,560</u>	<u>10,787,035</u>	<u>182,941,274</u>
Segment results	15,275,844	54,023,538	13,115,285	4,089,765	86,504,432
Unallocated revenue					478,543
Profit before taxation					86,982,975
Income tax expense					<u>24,757,175</u>
Net profit for the half-year					<u>62,225,800</u>
Segment results for the half-year ended December 31, 2002					
External operating revenue	83,962,479	130,310,895	11,808,749	6,994,280	233,076,403
Inter-segment revenue					-
Unallocated revenue					578,551
	<u>83,962,479</u>	<u>130,310,895</u>	<u>11,808,749</u>	<u>6,994,280</u>	<u>233,654,954</u>
Segment results	17,434,773	47,903,859	4,921,237	1,490,639	71,850,508
Unallocated revenue					578,551
Profit before taxation					72,429,059
Income tax expense					<u>22,227,000</u>
Net profit for the half-year					<u>50,202,059</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED DECEMBER 31, 2003 (UNAUDITED)

	Credit	Treasury	Corporate Finance	Money & Foreign Exchange Brokerage	Total
	----- Rupees -----				
Segment results for the quarter ended December 31, 2003					
External operating revenue	27,437,308	39,654,258	10,415,890	5,044,265	82,551,721
Inter-segment revenue					-
Unallocated revenue					173,734
	<u>27,437,308</u>	<u>39,654,258</u>	<u>10,415,890</u>	<u>5,044,265</u>	<u>82,725,455</u>
Segment results	4,268,414	21,572,911	5,959,091	1,482,946	33,283,362
Unallocated revenue					173,734
Profit before taxation					33,457,096
Income tax expense					5,487,858
Net profit for the half-year					<u>27,969,238</u>

Segment results for the quarter ended December 31, 2002					
External operating revenue	40,553,116	55,218,601	4,928,965	4,361,921	105,062,603
Inter-segment revenue					-
Unallocated revenue					344,945
	<u>40,553,116</u>	<u>55,218,601</u>	<u>4,928,965</u>	<u>4,361,921</u>	<u>105,407,548</u>
Segment results	7,574,038	20,255,502	1,069,046	1,277,554	30,176,140
Unallocated revenue					344,945
Profit before taxation					30,521,085
Income tax expense					9,026,629
Net profit for the half-year					<u>21,494,456</u>

		Half-year Ended	
		December 31, 2003	December 31, 2002
		Rupees	Rupees
11.	TRANSACTIONS WITH RELATED PARTIES/ ASSOCIATED UNDERTAKINGS		
	Brokerage Fee earned during the period	1,651,848	1,936,567
	Underwriting / arrangement fee received during the period	4,750,000	2,649,269
	Deposits from:		
	- a relative of a director	1,615,707	1,615,707
	- Pakistan Automotive Manufacturers Association	6,069,096	5,782,965
	Mark-up / interest charged on deposits from:		
	- a relative of a director	76,789	63,160
	- Pakistan Automotive Manufacturers Association	284,649	346,670
	Dividend Paid	26,364,000	13,633,500

12. CORRESPONDING FIGURES

Certain prior period's figures have been rearranged consequent upon certain changes in current period's presentation.

13. GENERAL

- 13.1** The figures for the quarter ended December 31, 2003 and December 31, 2002 have not been subject to limited scope review by the auditors.
- 13.2** These financial statements were authorised for issue on February 23, 2004 by the Board of Directors of the company.

KUNWAR IDRIS
Chairman

NAIM FAROOQUI
Chief Executive