

35.7 **Interest rate risk**

Interest rate risk arise from the possibility that changes in interest rates will affect the value of financial instruments. The company is not exposed to interest rate risk. The rates of mark up / interest are disclosed in the related notes in the financial statements. The company's exposure to interest rate risk on its financial assets and liabilities as at June 30, 2008 are summarized as follows.

	<i>Interest/ markup bearing</i>			<i>Non-Interest/ markup bearing</i>			<i>2008 Rupees</i>	<i>2007 Rupees</i>
	<i>Maturity up to one year</i>	<i>Maturity more than five year</i>	<i>Sub-total</i>	<i>Maturity up to one year</i>	<i>Maturity more than five year</i>	<i>Sub-total</i>		
<i>R u p e e s</i>								
Financial assets								
Long term deposits	-	-	-	-	5,938,428	5,938,428	5,938,428	1,260,500
Trade debts	-	-	-	134,975,328	-	134,975,328	134,975,328	106,031,034
Loans and advances	-	-	-	4,081,453	-	4,081,453	4,081,453	2,069,978
Trade deposits	-	-	-	6,783,140	-	6,783,140	6,783,140	5,512,451
Other receivables	-	-	-	1,848,454	-	1,848,454	1,848,454	3,058,343
Cash and bank balances	5,202,287	-	5,202,287	20,091,810	-	20,091,810	25,294,097	15,118,998
	5,202,287	-	5,202,287	167,780,185	5,938,428	173,718,613	178,920,900	133,051,304
Financial liabilities								
Long term financing	106,066,668	259,306,096	365,372,764	-	-	-	365,372,764	358,392,243
Finance lease	17,212,706	58,063,983	75,276,689	-	-	-	75,276,689	12,840,826
Trade and other payables	2,171,506	-	2,171,506	64,776,044	-	64,776,044	66,947,550	62,480,602
Mark up accrued on loans	-	-	-	26,540,976	-	26,540,976	26,540,976	15,911,255
Short term borrowings	864,398,928	-	864,398,928	-	-	-	864,398,928	428,060,275
	989,849,808	317,370,079	1,307,219,887	91,317,020	-	91,317,020	1,398,536,907	877,685,201
On-balance sheet gap	(984,647,521)	(317,370,079)	(1,302,017,600)	76,463,165	5,938,428	82,401,593	(1,219,616,007)	(744,633,897)
Off balance sheets								
Letters of credit							39,816,453	131,905,652
Guarantees							40,938,790	38,881,010
Foreign bills purchased							26,546,000	2,294,000
							107,301,243	173,080,662
Off balance sheet gap							(107,301,243)	(173,080,662)