



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN AUDITED)**

For the nine months period ended September 30, 2011

Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2011

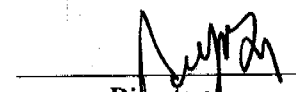
	Note	September 30, 2011 (Un -Audited)	December 31, 2010 (Audited) (Rupees in '000)
ASSETS			
Cash and balances with treasury banks		29,855	51,424
Balances with other banks		3,512	1,409,688
Lendings to financial institutions	6	-	250,000
Investments	7	14,124,538	17,521,580
Advances	8	6,173,261	4,969,190
Operating fixed assets		263,198	260,736
Deferred tax assets		-	3,539
Other assets		799,949	556,774
		21,394,313	25,022,931
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	9	5,813,041	9,807,369
Deposits and other accounts	10	2,549,278	3,138,512
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		112,506	-
Other liabilities		425,456	334,277
		8,900,281	13,280,158
NET ASSETS		12,494,032	11,742,773
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		2,992,287	2,992,287
Unappropriated profit		3,325,457	2,510,618
		12,317,744	11,502,905
Surplus on revaluation of 'available-for-sale' securities - net of tax	11	176,288	239,868
		12,494,032	11,742,773
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.


 Deputy General Manager / Chief Financial Officer


 Chief Executive


 Director


 Director

Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Profit and Loss Account - (Un-audited)
For the nine months period ended September 30, 2011

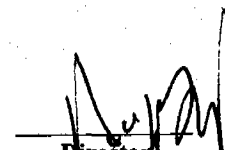
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	September 30, 2011	September 30, 2011	September 30, 2010	September 30, 2010
	(Rupees in '000)			
Mark-up / return / interest earned	589,649	1,595,164	572,952	1,595,910
Mark-up / return / interest expensed	385,410	1,065,336	421,063	1,114,634
Net mark-up / interest income	204,239	529,828	151,889	481,276
(Reversal of provision) / provision against non-performing advances - net	(13,954)	(21,805)	5,429	(4,995)
Recovery of written off advances	-	(22,594)	-	-
Reversal of provision against non-performing lending to financial institution	(4,500)	(13,500)	-	-
Provision for diminution / impairment in the value of investments	17,082	59,054	38,219	61,764
Bad debts written off directly	-	-	-	-
	(1,372)	1,155	43,648	56,769
Net mark-up / interest income after provisions	205,611	528,673	108,241	424,507
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	1,655	3,035	2	41
Dividend income	18,497	103,376	23,119	106,386
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	15,859	241,004	54,440	233,212
Unrealised gain on revaluation of 'held-for-trading' securities	-	-	-	-
Share in results of associates - net	328,287	932,917	156,882	445,012
Other income	6,829	16,700	8,026	18,122
Total non mark-up / interest income	371,127	1,297,032	242,469	802,773
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	121,894	320,931	94,076	253,772
Other provisions / write offs	-	-	-	-
Other charges	-	-	-	1,149
Total non mark-up / interest expenses	121,894	320,931	94,076	254,921
Extra ordinary / unusual items	-	-	-	-
	454,844	1,504,774	256,634	972,359
PROFIT BEFORE TAXATION				
Taxation				
- Current	133,469	243,609	14,767	152,135
- Prior years	-	-	-	-
- Deferred	(29,550)	86,326	58,567	75,181
	103,919	329,935	73,334	227,316
PROFIT AFTER TAXATION	350,925	1,174,839	183,300	745,043
Unappropriated profit brought forward	3,334,532	2,510,618	2,211,022	1,649,279
Unappropriated profit carried forward	3,685,457	3,685,457	2,394,322	2,394,322
	(Rupees)			
Basic and diluted earning per share (On share of Rs. 25,000 each)	1,462	4,895	764	3,104

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Deputy General Manager / Chief Financial Officer


Chief Executive


Director


Director

Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Statement of Changes in Equity - (Un-audited)
For the nine months period ended September 30, 2011

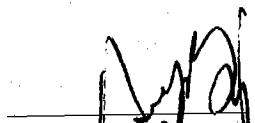
	Share capital	Reserves		Unappropriated profit	Total
		Statutory	Revenue		
(Rupees in '000)					
Balance as at January 01, 2010	6,000,000	2,884,894	-	1,649,279	10,534,173
Profit for the nine months period ended September 30, 2010	-	-	-	745,043	745,043
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	745,043	745,043
Balance as at September 30, 2010	6,000,000	2,884,894	-	2,394,322	11,279,216
Balance as at January 01, 2011	6,000,000	2,992,287	-	2,510,618	11,502,905
Profit for the nine months period ended September 30, 2011	-	-	-	1,174,839	1,174,839
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,174,839	1,174,839
Final Dividend for the year ended December 31, 2010 @1,500 per share approved subsequent to year end.	-	-	-	(360,000)	(360,000)
Balance as at September 30, 2011	6,000,000	2,992,287	-	3,325,457	12,317,744

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.


 Deputy General Manager / Chief Financial Officer


 Chief Executive



 Director


 Director

Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the nine months period ended September 30, 2011

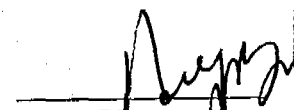
	September 30, 2011	September 30, 2010
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,504,774	972,359
Less: Dividend income	103,376	139,935
	<u>1,401,398</u>	<u>832,424</u>
Adjustments for:		
Depreciation	10,909	11,180
Amortization	1,173	190
Reversal of provision against non-performing advances - net	(21,805)	(4,995)
Recovery of written off advances	(22,594)	-
Provision for diminution / impairment in the value of investments	59,054	61,764
Reversal of provision against non-performing lending to financial institution	(13,500)	-
Share in results of associates	(932,917)	(411,463)
Gain on sale of operating fixed assets	(25)	(4,395)
	<u>(919,705)</u>	<u>(347,719)</u>
	481,693	484,705
(Increase) / decrease in operating assets		
Lendings to financial institutions	263,501	(2,092,479)
'Held-for-trading' securities	35,713	239,209
Advances	(1,159,673)	(448,169)
Others assets (excluding advance taxation)	(172,916)	44,150
	<u>(1,033,375)</u>	<u>(2,257,289)</u>
(Decrease) / increase in operating liabilities		
Borrowings from financial institutions	(3,994,328)	(82,941)
Deposits	(589,234)	(1,409,617)
Other liabilities (excluding current taxation)	456,594	(133,109)
	<u>(4,126,968)</u>	<u>(1,625,667)</u>
	(4,678,650)	(3,398,251)
Income tax paid	(609,392)	(453,595)
Net cash (outflow) from operating activities	<u>(5,288,042)</u>	<u>(3,851,846)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities / subsidiaries	3,861,816	1,936,127
Dividend income	373,001	106,702
Investments in operating fixed assets	(15,501)	(25,515)
Sale proceeds from sale of operating fixed assets	981	5,075
Net cash inflow from investing activities	<u>4,220,297</u>	<u>2,022,389</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(360,000)	-
Net cash (outflow) from financing activities	<u>(360,000)</u>	<u>-</u>
(Decrease) in cash and cash equivalents	(1,427,745)	(1,829,457)
Cash and cash equivalents at beginning of the period	1,461,112	1,935,346
Cash and cash equivalents at end of the period	<u>33,367</u>	<u>105,889</u>

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.


Deputy General Manager / Chief Financial Officer


Chief Executive


Director


Director

Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the nine months period ended September 30, 2011

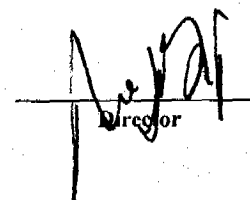
	Quarter ended	Nine months ended	Quarter ended	Nine months ended
	September 30, 2011		September 30, 2010	
	----- (Rupees in '000) -----			
Profit for the period	350,925	1,174,839	183,300	745,043
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	350,925	1,174,839	183,300	745,043
Component of comprehensive income not transferred to equity				
Surplus / (Deficit) on revaluation of 'available-for-sale' securities - net of tax	71,555	(63,580)	11,450	(238,518)
Total Comprehensive Income for the period	422,480	1,111,259	194,750	506,525

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.


 Deputy General Manager / Chief Financial Officer


 Chief Executive


 Director


 Director

Pakistan Kuwait Investment Company (Private) Limited

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the nine months period ended September 30, 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Kuwait Investment Company (Private) Limited ("the holding company") was incorporated in Pakistan as a Private Limited Company on March 17, 1979. The registered office is situated at 4th Floor, Block 'C', Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The holding company is a 50:50 joint venture between the Governments of Pakistan and Kuwait. The objective of the holding company is to profitably promote industrial investments in Pakistan.
- 1.2 The Group, as at 1 January, 2011 had two 100% owned subsidiaries, First Choice Securities Limited (FCSL) and Pak Kuwait Financial Services (PKFSL). FCSL principal business includes equity brokerage, money markets and foreign exchange brokerage, equity research and corporate financial advisory services. FCSL has not started its operations. During the period, PKFSL has been liquidated through Easy Exit Scheme of Securities and Exchange Commission of Pakistan (SECP). PKFSL's liquidation was confirmed by SECP under Easy Exit Scheme via notification in the official gazette dated 10 January, 2011. The holding company has its representative offices in Islamabad and Lahore.

2. BASIS OF PRESENTATION

These consolidated condensed interim financial statements have been prepared based on the format prescribed by the State Bank of Pakistan (SBP) vide BSD Circular Letter No. 2, dated 12 May 2004, BSD Circular letter No. 07, dated 20 April 2010 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

3. STATEMENT OF COMPLIANCE

- 3.1 These consolidated condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standards 34 - "Interim Financial Reporting" provisions of and directives issued under the Company's Ordinance 1984 and the directives issued by SBP. In case requirements differ, the provisions of the Company's Ordinance 1984 and the said directives have been followed.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for Banks and Development Financial Institutions (DFIs) in Pakistan. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by the SBP.

4. ACCOUNTING POLICIES

The accounting policies adopted for the purpose of these consolidated condensed interim financial statements are the same as those applied in preparation of annual financial statements for the year ended December 31, 2010.

The Group has adopted the following new amended IFRS and IFRIC interpretations which became effective during the period.

IAS 24 – Related Party Disclosure (Revised)
IAS 32 – Financial Instruments: Presentation – Classification of Right Issues (Amendment)
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB in April 2010

IFRS 3 – Business Combinations
IAS 27 – Consolidated and Separate Financial Statements
IAS 1 – Presentation of Financial Statements
IFRIC 13 – Customer Loyalty Programmes
IAS 34 – Interim Financial Reporting

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the holding company for the year ended December 31, 2010.

6. LENDINGS TO FINANCIAL INSTITUTIONS

Certificates of investment (COIs) in local currency
Provision against COI

Note	September 30, 2011 (Un-audited)	December 31, 2010 (Audited)
	7,322	270,822
6.1	(7,322)	(20,822)
	-	250,000

6.1 This represents provision outstanding against clean lending under COI to an investment bank. The lending was made on September 20, 2008 and matured on December 20, 2008. On maturity the investment bank was unable to repay and the holding company had initiated legal proceedings for recovery of the outstanding amount. Based on the principle of prudence the holding company had fully provided the amount.

During the period, the holding company has recovered Rs. 13.5 million in the form of cash. The balance amount will be received in five monthly installments in 2011 and 2012.

7. INVESTMENTS

7.1 Investments by type

	September 30, 2011 (Un-audited)			December 31, 2010 (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
(Rupees in '000)						
Held for trading securities						
Shares of listed companies	-	-	-	36,592	-	36,592
Available-for-sale securities						
Market treasury bills	1,977,408	3,407,212	5,384,620	3,547,284	3,008,370	8,555,654
Pakistan Investment Bonds	1,626,360	-	1,626,360	449,199	1,175,573	1,624,772
Shares of listed companies	1,129,276	-	1,129,276	1,921,789	-	1,921,789
Shares of unlisted companies	125,314	-	125,314	125,122	-	125,122
Listed preference shares	93,399	-	93,399	93,399	-	93,399
Listed term finance certificates	125,640	-	125,640	153,687	-	153,687
Unlisted term finance certificates	608,513	-	608,513	458,598	-	458,598
	5,685,910	3,407,212	9,093,122	6,749,078	6,183,943	12,933,021
Associates	5,179,809	-	5,179,809	4,587,944	-	4,587,944
Total investments - at cost	10,865,719	3,407,212	14,272,931	11,373,614	6,183,943	17,557,557
Less: Provision for diminution / impairment in the value of investments	(198,489)	-	(198,489)	(190,203)	-	(190,203)
Total investments - net of provisions	10,667,230	3,407,212	14,074,442	11,183,411	6,183,943	17,367,354
(Deficit) on revaluation of 'held-for-trading' securities	-	-	-	(880)	-	(880)
(Deficit) / surplus on revaluation of 'available-for-sale' securities	50,380	(284)	50,096	275,084	(119,978)	155,106
Total investments	10,717,610	3,406,928	14,124,538	11,457,615	6,063,965	17,521,580

8. ADVANCES

In Pakistan

Advances
Net investment in finance leases

	September 30, 2011 (Un-audited)	December 31, 2010 (Audited)
	5,996,340	4,735,906
	1,575,731	1,653,899
	7,572,071	6,389,805

Provision for non-performing advances
Advances - net of provision

	(1,398,810)	(1,420,615)
	6,173,261	4,969,190

- 8.1 Advances include Rs.1,484.559 million (December 31, 2010: Rs 1,648.540 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)				
Substandard	30,208	-	30,208	7,552	7,552
Doubtful	126,186	-	126,186	63,093	63,093
Loss	1,328,165	-	1,328,165	1,328,165	1,328,165
	<u>1,484,559</u>	<u>-</u>	<u>1,484,559</u>	<u>1,398,810</u>	<u>1,398,810</u>

8.2 Particulars of provision for non-performing advances - specific

	Note	September 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited)
Opening balance		1,420,615	1,395,656
Charge for the period		84,665	87,089
Reversals		(106,470)	(62,130)
		(21,805)	24,959
Amounts written off against provisions		-	-
Closing balance		<u>1,398,810</u>	<u>1,420,615</u>

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

		September 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited)
Secured			
Repurchase agreement borrowings	9.1	3,407,186	6,067,160
Term finance certificates (TFCs)		-	1,250,000
Borrowing from SBP under LTF-EOP	9.2	122,369	188,757
Borrowing from SBP under LTFF	9.3	262,111	301,452
Borrowing from SBP under FFSAP	9.4	21,375	-
Unsecured			
Murabaha	9.5	2,000,000	2,000,000
		<u>5,813,041</u>	<u>9,807,369</u>

- 9.1 The holding company has arranged borrowings from various financial institutions against sale and repurchase of government securities. The mark-up on these finances ranges between 13.27 to 13.53 (December 31, 2010: 12.60 to 13.90) percent per annum with maturity of seven days to twenty five days (December 31, 2010 : three days to sixty days).
- 9.2 In order to facilitate the export oriented projects, SBP has introduced a scheme to refinance the fixed term loan availed from Banks / DFIs. A one time swap facility option under the Scheme (LTF-EOP) has been extended to textile sector for import of plant and machinery, allowed by the State Bank of Pakistan through their SMED Circular No.19 of 2006. The loan is repayable over a maximum period of 7.5 years from the date of first disbursement with mark-up payable at maximum of 5 percent per annum.
- 9.3 This represents Long Term Finance Facility on concessional rates to promote industrial growth leading to exports. The loans availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years with mark-up payable at maximum of 8.20 percent per annum. SBP allocates an overall yearly limit under the facility to individual PFI. The sanctioned limit was Rs. 500 million.

9.4 This represents Financing Facility for Storage of Agricultural Produce (FFSAP) on concessional rates to develop the agricultural produce marketing and enhance storage capacity. The loans availed under the facility shall be repayable within a maximum period of seven years including a maximum grace period of six months with mark-up payable at maximum of 6.50 percent per annum. SBP allocates an overall yearly limit to individual PFI. The sanctioned limit was Rs. 500 million.

9.5 This represents finance obtained from an Islamic bank. The profit rate on the finance is 13.25 (December 31, 2010: 12.75 and 13.00) percent per annum with maturities on 3 October, 2011 and 11 October, 2011 (December 31, 2010: 3 January 2011 and 14 January 2011).

10. DEPOSITS AND OTHER ACCOUNTS	Note	September 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited)
Certificates of investment (COIs) / deposits	10.1	<u>2,549,278</u>	<u>3,138,512</u>

10.1 The profit rates on these COIs / deposits range between 12.10 and 13.90 (December 31, 2010: 11.50 and 13.75) percent per annum. The COIs are due for maturity between October 14, 2011 and March 22, 2015 (December 31, 2010: January 11, 2011 and March 22, 2015).

11. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES-NET OF TAX	September 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited)
Federal and provincial government securities	(40,941)	(167,798)
Quoted shares	89,820	323,967
Other securities	1,216	(1,065)
Share of surplus on revaluation held by associates	<u>121,472</u>	<u>50,325</u>
	171,567	205,429
Deferred Tax	<u>4,721</u>	<u>34,439</u>
	<u>176,288</u>	<u>239,868</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Other contingencies

The Income Tax Department has amended the deemed assessment orders for the tax year 2004 to 2010, raising a tax demand of Rs 1,856 million, mainly due to additions in respect of allocation of expenses against exempt capital gains and dividend income subject to tax at reduced rate.

The tax department has not accepted the holding company's contention on the matter of allocation of expenses on exempt capital gains and dividend income for the tax years 2004 to 2010. The total additions made in tax years 2004 to 2010 under this head amounts to Rs 3,612 million.

In tax year 2003 same issue has been set aside by the Appellate Tribunal Inland Revenue (ATIR), with direction to the tax authorities that the allocation of financial cost has to be made by taking into account the 'cost of investment' rather than 'gross turnover'. Further the holding company has made representation before Federal Board of Revenue for necessary clarification and has also referred the above matter to Alternate Dispute Resolution Committee (ADRC), a mechanism available to provide an opportunity to tax payer for an easy and efficient resolution of dispute.

An appeal has been filed for the tax years 2004 to 2007 and 2010 with the Commissioner of Inland Revenue (Appeals) and for tax years 2008 and 2009 with ATIR. The holding company has already made provision of Rs.723 million on that issue against the demand for the above-mentioned years based on cost of investment. The management is confident that the ultimate outcome of the appeal would be in favor of the holding company inter alia on the basis of the advice of the tax consultants and the relevant law and the facts.

12.2 Other commitments	September 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited)
Commitment - acquisition of software	10,452	15,634
Undisbursed sanctions for financial assistance in the form of:		
- equity participation	-	16,220
- loans and advances	<u>1,550,000</u>	<u>161,287</u>
	<u>1,560,452</u>	<u>193,141</u>

13. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activities is as follows :

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupees in '000)					
Nine months period ended September 30, 2011 - (Un-audited)						
Total income - gross	799,547	923,534	860	1,154,781	13,474	2,892,196
Total mark-up / return / interest expense	(54,262)	(1,011,074)	-	-	-	(1,065,336)
Segment provision / impairment / unrealised losses	39,961	13,500	-	(54,616)	-	(1,155)
	(14,301)	(997,574)	-	(54,616)	-	(1,066,491)
Net operating income / (loss)	785,246	(74,040)	860	1,100,165	13,474	1,825,705
Administrative expenses and other charges						(320,931)
Profit before taxation						1,504,774
Period ended September 30, 2011 - (Un-audited)						
Segment assets - net	7,257,019	7,008,167	-	5,655,829	1,473,298	21,394,313
Segment non-performing loans	1,484,559	-	-	-	-	1,484,559
Segment provision required and held	1,398,811	-	-	-	-	1,398,811
Segment liabilities	498,449	7,956,464	-	-	445,368	8,900,281
Segment return on net assets (ROA) % *	14.62%	13.18%	-	25.37%	1.49%	
Segment cost of funds (%) *	8.57%	13.09%	-	-	-	

* Based on daily average assets and funds.

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupee in '000)					
Nine months period ended September 30, 2010 - (Un-audited)						
Total income - gross	455,721	1,166,970	-	760,067	15,925	2,398,683
Total mark-up / return / interest expense	(153,278)	(961,356)	-	-	-	(1,114,634)
Segment provision / impairment / unrealised gains	4,642	-	-	(61,411)	-	(56,769)
	(148,636)	(961,356)	-	(61,411)	-	(1,171,403)
Net operating income	307,085	205,614	-	698,656	15,925	1,227,280
Administrative expenses and other charges						(254,921)
Profit before taxation						972,359
Year ended December 31, 2010 - (Audited)						
Segment assets - net	5,885,142	11,820,169	-	6,261,507	1,056,113	25,022,931
Segment non-performing loans	1,648,540	-	-	-	-	1,648,540
Segment provision required and held	1,420,615	-	-	-	-	1,420,615
Segment liabilities	1,852,024	11,329,595	-	-	98,539	13,280,158
Segment return on net assets (ROA) %	13.67%	12.34%	-	13.22%	2.24%	
Segment cost of funds (%)	11.92%	12.00%	-	-	-	

Under the holding company policy, capital market department assets are financed through equity funds.

14. RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, associated undertakings, subsidiary companies, employee benefit plans, key management personnel and its directors.

The Group enters into transactions with related parties in the normal course of business. These transactions were carried out on commercial terms and at market rates.

	Nine months period ended September 30, 2011 (Un-audited) (Rupees in '000)	Nine months period ended September 30, 2010 (Un-audited) (Rupees in '000)
Expenses charged to an associate	11,802	11,241
Expenses charged by		
- associates	1,047	1,980
- other related party	12,744	9,635
Dividend income from related parties	340,200	33,549
Mark-up earned on bank deposit with an associate	725	814
Mark-up earned on loans and advances		
- key management personnel	850	181
Mark-up expense on COIs of related parties	9,407	11,573
Contribution made to provident fund	11,107	5,247
Contribution made to gratuity fund	8,546	7,976
	September 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited) (Rupees in '000)
Loans and advances to key management personnel	41,959	22,523
Balance as at January 1	2,175	28,043
Disbursement during the period / year	(4,512)	(8,607)
Recovery during the period / year	(2,337)	19,436
Balance as at	<u>39,622</u>	<u>41,959</u>
Bank balances with an associate	956	542
Mark-up receivable on bank deposit with an associate	50	50
Deposits / COIs from associate & other related party		
Balance as at January 1	127,500	102,500
Deposits / COIs issued during the period / year	110,000	107,500
Matured during the period / year	(175,000)	(82,500)
Balance as at	<u>(65,000)</u>	<u>25,000</u>
	<u>62,500</u>	<u>127,500</u>
Mark-up payable to associate & other related party	1,859	2,802
Investments in		
- associates	5,179,809	4,494,656
- other related parties	500	500
Commitments for investment in equity of / loan to associates	-	16,220

Key management personnel

Key management personnel include the Managing Director, Deputy General Manager / Chief Financial Officer, Head of Corporate Finance & Investment Banking, Head of Risk Management, Head of Capital Markets & Treasury, Head of Wealth Management, Head of Compliance, Head of Internal Audit and the Head of Human Resources. Their salaries and other benefits amount to Rs. 54.100 million (September 30, 2010: Rs. 43.277 million) and staff retirement benefits amount to Rs. 5.761 million (September 30, 2010: Rs. 3.108 million).

15. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors meeting held on ~~13 OCT 2011~~.

16. GENERAL

16.1. The figures have been rounded off to nearest thousand rupees.

16.2. The JCR-VIS Credit Rating Company Limited has reaffirmed long term credit ratings of AAA (Triple A) and the short term rating of A1+ (A one plus) for the holding company. The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating of holding company to AAA (Triple A) and maintained the short term rating at A1+ (A one plus), the highest level.



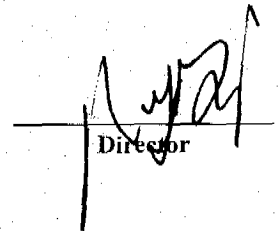
Deputy General Manager / Chief Financial Officer



Chief Executive



Director



Director