



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED


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

For the nine months period ended September 30, 2011

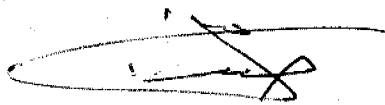
Pakistan Kuwait Investment Company (Private) Limited
 Unconsolidated Condensed Interim Statement of Financial Position
 As at September 30, 2011

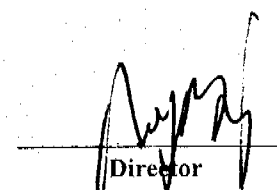
	Note	September 30, 2011 (Un -Audited)	December 31, 2010 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		29,855	51,424
Balances with other banks		3,221	1,363,207
Lendings to financial institutions	6	-	250,000
Investments	7	11,102,915	15,207,224
Advances	8	6,173,261	4,969,190
Operating fixed assets		223,098	220,636
Deferred tax assets		248,473	279,633
Other assets		799,936	556,665
		18,580,759	22,897,979
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		-	-
Other liabilities		424,724	334,007
		8,787,043	13,279,888
NET ASSETS			
		9,793,716	9,618,091
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		2,992,287	2,992,287
Unappropriated profit		734,201	429,576
		9,726,488	9,421,863
Surplus on revaluation of 'available-for-sale' securities - net of tax	11	67,228	196,228
		9,793,716	9,618,091
CONTINGENCIES AND COMMITMENTS			
	12		

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


 Deputy General Manager / Chief Financial Officer


 Chief Executive


 Director


 Director


Pakistan Kuwait Investment Company (Private) Limited
Unconsolidated Condensed Interim Profit and Loss Account - (Un-audited)

For the nine months period ended September 30, 2011

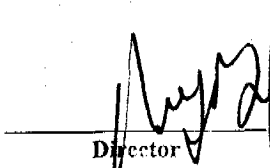
	Quarter ended September 30, 2011	Nine months ended September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2010
(Rupees in '000)				
Mark-up / return / interest earned	588,782	1,593,605	571,501	1,592,044
Mark-up / return / interest expensed	385,410	1,065,336	421,063	1,114,634
Net mark-up / interest income	203,372	528,269	150,438	477,410
(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	204,744	527,114	106,790	420,641
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	1,655	3,035	2	41
Dividend income	350,249	443,576	56,668	139,935
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	15,859	245,046	54,440	233,212
Unrealised gain on revaluation of 'held-for-trading' securities	-	-	-	-
Other income	6,829	16,700	8,026	18,122
Total non mark-up / interest income	374,592	708,357	119,136	391,310
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	121,765	320,528	94,025	253,429
Other provisions / write offs	-	-	-	1,149
Other charges	-	-	-	-
Total non mark-up / interest expenses	121,765	320,528	94,025	254,578
Extra ordinary / unusual items	-	-	-	-
	457,571	914,943	131,901	557,373
PROFIT BEFORE TAXATION				
Taxation				
- Current	133,205	243,199	14,321	150,945
- Prior years	-	-	-	-
- Deferred	(38,081)	7,119	44,784	30,411
	95,124	250,318	59,105	181,356
PROFIT AFTER TAXATION	362,447	664,625	72,796	376,017
Unappropriated profit brought forward	731,754	429,576	303,221	-
Unappropriated profit carried forward	1,094,201	1,094,201	376,017	376,017
	1,510	2,769	303	1,567

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


Deputy General Manager / Chief Financial Officer


Chief Executive


Director


Director

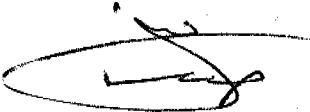
Pakistan Kuwait Investment Company (Private) Limited
Unconsolidated Condensed Interim Statement of Changes in Equity - (Un-audited)
For the nine months period ended September 30, 2011

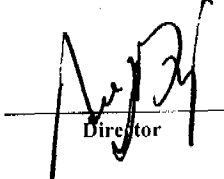
	Share capital	Reserves		Unappropriated profit	Total
		Statutory	Revenue		
(Rupees in '000)					
Balance as at January 01, 2010	6,000,000	2,884,894	-	-	8,884,894
Profit for the nine months period ended September 30, 2010	-	-	-	376,017	376,017
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	376,017	376,017
Balance as at September 30, 2010	6,000,000	2,884,894	-	376,017	9,260,911
Balance as at January 01, 2011	6,000,000	2,992,287	-	429,576	9,421,863
Profit for the nine months period ended September 30, 2011	-	-	-	664,625	664,625
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	664,625	664,625
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	-	734,201	9,726,488

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


 Deputy General Manager / Chief Financial Officer


 Chief Executive


 Director


 Director

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

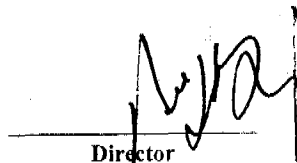
	September 30, 2011	September 30, 2010
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	914,943	557,373
Less: Dividend income	443,576	139,935
	<u>471,367</u>	<u>417,438</u>
Adjustments for:		
Depreciation	10,909	11,180
Amortization	1,173	190
Reversal of provision against 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)	-
Gain on sale of operating fixed assets	(25)	(4,395)
	<u>13,212</u>	<u>63,744</u>
	484,579	481,182
(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)	(172,696)	44,399
	<u>(1,033,155)</u>	<u>(2,257,040)</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)	456,910	(131,124)
	<u>(4,126,652)</u>	<u>(1,623,682)</u>
	(4,675,228)	(3,399,540)
Income tax paid	(609,392)	(453,595)
Net cash (outflow) from operating activities	<u>(5,284,620)</u>	<u>(3,853,135)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities / subsidiaries	3,904,584	1,936,128
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>4,263,065</u>	<u>2,022,390</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	(1,381,555)	(1,830,745)
Cash and cash equivalents at beginning of the period	1,414,631	1,889,735
Cash and cash equivalents at end of the period	<u>33,076</u>	<u>58,990</u>

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


 Deputy General Manager / Chief Financial Officer


 Chief Executive


 Director



 Director

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

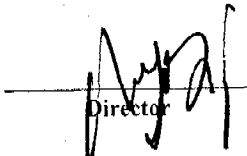
	Quarter ended September 30, 2011	Nine months ended September 30, 2011	Quarter ended September 30, 2010	Nine months ended September 30, 2010
	(Rupees in '000)			
Profit for the period	362,447	664,625	72,796	376,017
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	362,447	664,625	72,796	376,017
Component of comprehensive income not transferred to equity				
Surplus / (Deficit) on revaluation of 'available-for-sale' securities - net of tax	79,224	(129,000)	8,648	(238,518)
Total Comprehensive Income for the period	441,671	535,625	81,444	137,499

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


 Deputy General Manager / Chief Financial Officer


 Chief Executive


 Director


 Director

Pakistan Kuwait Investment Company (Private) Limited

Notes to the Unconsolidated 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 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 Company is a 50:50 joint venture between the Governments of Pakistan and Kuwait. The objective of the Company is to profitably promote industrial investments in Pakistan.
- 1.2 As at 1 January 2011, the Company 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 principal business of PKFSL was to provide Asset Management Services.
- 1.3 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest.

2. BASIS OF PRESENTATION

These unconsolidated 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 unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2010.

3. STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, and directives issued by the SBP shall prevail. The disclosures in these accounts have, however, been limited based on the requirements of International Accounting Standard 34, Interim Financial Reporting.
- 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 unconsolidated 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 unconsolidated condensed interim financial statements are the same as those applied in preparation of annual financial statements for the year ended December 31, 2010.

The Company 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 Company for the year ended December 31, 2010.

6. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	September 30, 2011 (Un-audited)	December 31, 2010 (Audited)
Certificates of investment (COIs) in local currency		7,322	270,822
Provision against COI	6.1	(7,322)	(20,822)
		<u>-</u>	<u>250,000</u>

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 Company had initiated legal proceedings for recovery of the outstanding amount. Based on the principle of prudence the Company had fully provided the amount.

During the period, the 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 Company	Given as collateral	Total	Held by the Company	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	1,955,145	3,407,212	5,362,357	3,547,284	5,008,370	8,555,654
Pakistan Investment Bonds	1,626,360	-	1,626,360	449,199	1,175,573	1,624,772
Shares of listed companies	1,128,776	-	1,128,776	1,921,289	-	1,921,289
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
	<u>5,663,147</u>	<u>3,407,212</u>	<u>9,070,359</u>	<u>6,748,578</u>	<u>6,183,943</u>	<u>12,932,521</u>
Associates	<u>2,198,560</u>	<u>-</u>	<u>2,198,560</u>	<u>2,270,560</u>	<u>-</u>	<u>2,270,560</u>
Subsidiaries	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>81,120</u>	<u>-</u>	<u>81,120</u>
Total investments - at cost	<u>7,921,707</u>	<u>3,407,212</u>	<u>11,328,919</u>	<u>9,136,850</u>	<u>6,183,943</u>	<u>15,320,793</u>
Less: Provision for diminution / impairment in the value of investments	<u>(275,975)</u>	<u>-</u>	<u>(275,975)</u>	<u>(267,620)</u>	<u>-</u>	<u>(267,620)</u>
Total investments - net of provisions	<u>7,645,732</u>	<u>3,407,212</u>	<u>11,052,944</u>	<u>8,869,230</u>	<u>6,183,943</u>	<u>15,053,173</u>
(Deficit) on revaluation of 'held-for-trading' securities	-	-	-	(880)	-	(880)
Surplus / (deficit) on revaluation of 'available-for-sale' securities	<u>50,256</u>	<u>(285)</u>	<u>49,971</u>	<u>274,909</u>	<u>(119,978)</u>	<u>154,931</u>
Total investments	<u>7,695,988</u>	<u>3,406,927</u>	<u>11,102,915</u>	<u>9,143,259</u>	<u>6,063,965</u>	<u>15,207,224</u>

8. ADVANCES

	September 30, 2011 (Un-audited)	December 31, 2010 (Audited)
	(Rupees in '000)	
In Pakistan		
Advances	5,996,340	4,735,906
Net investment in finance leases	1,575,731	1,653,899
	<u>7,572,071</u>	<u>6,389,805</u>
Provision for non-performing advances	<u>(1,398,810)</u>	<u>(1,420,615)</u>
Advances - net of provision	<u>6,173,261</u>	<u>4,969,190</u>

- 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	Provision
				Required	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,	December 31,
		2011	2010
		(Un-audited)	(Audited)
(Rupees in '000)			
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,	December 31,
		2011	2010
		(Un-audited)	(Audited)
(Rupees in '000)			
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 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 October 3, 2011 and October 11, 2011 (December 31, 2010: January 3, 2011 and January 14, 2011).

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

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)	December 31, 2010 (Audited)
(Rupees in '000)		
Federal and provincial government securities	(40,966)	(167,798)
Quoted shares	89,721	323,793
Other securities	1,216	(1,065)
	49,971	154,930
Deferred Tax	17,257	41,298
	67,228	196,228

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 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 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 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 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)	December 31, 2010 (Audited)
(Rupees in '000)		
Commitment - acquisition of software	10,452	15,634
Undisbursed sanctions for financial assistance in the form of:		
- equity participation	-	16,220
- loans and advances	1,550,000	161,287
	1,560,452	193,141

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	679,576	923,534	860	684,518	13,474	2,301,962
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)	665,275	(74,040)	860	629,902	13,474	1,235,471
Administrative expenses and other charges						(320,528)
Profit before taxation						914,943
Period ended September 30, 2011 - (Un-audited)						
Segment assets - net	6,904,337	7,008,167	-	2,986,888	1,681,367	18,580,759
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	-	-	332,130	8,787,043
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	429,557	1,166,970	-	370,902	15,925	1,983,354
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	280,921	205,614	-	309,491	15,925	811,951
Administrative expenses and other charges						(254,578)
Profit before taxation						557,373
Year ended December 31, 2010 - (Audited)						
Segment assets - net	5,689,274	11,820,169	-	4,142,823	1,245,713	22,897,979
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	-	-	98,269	13,279,888
Segment return on net assets (ROA) %	13.67%	12.34%	-	13.22%	2.24%	
Segment cost of funds (%)	11.92%	12.00%	-	-	-	

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

14. RELATED PARTY TRANSACTIONS

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

The Company 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	42,447	22,523
Balance as at January 1	2,175	29,043
Disbursement during the period / year	(4,512)	(9,119)
Recovery during the period / year	(2,337)	19,924
Balance as at	<u>40,110</u>	<u>42,447</u>
Bank balances with an associate	956	11,611
Mark-up receivable on bank deposit with an associate	50	75
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)
	(65,000)	25,000
Balance as at	<u>62,500</u>	<u>127,500</u>
Mark-up payable to associate & other related party	1,859	5,280
Investments in		
- quoted, at market values		
- associates	5,468,591	4,142,589
- unquoted, at cost		
- subsidiary companies	60,000	81,120
- associates	285,053	357,053
- 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 unconsolidated 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 Company. The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating 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