



**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**

**UNCONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS**

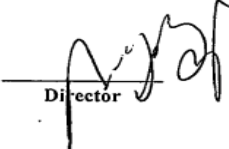
**For the nine months period ended September 30, 2010**

Pakistan Kuwait Investment Company (Private) Limited  
 Unconsolidated Interim Statement of Financial Position  
 As at September 30, 2010

	Note	September 30, 2010 (Un -Audited) (Rupees in '000)	December 31, 2009 (Audited)
<b>ASSETS</b>			
Cash and balances with treasury banks		56,027	92,512
Balances with other banks		2,963	1,797,223
Lendings to financial institutions		2,892,479	800,000
Investments	6	14,582,511	17,091,939
Advances	7	4,060,606	3,607,442
Operating fixed assets		124,712	111,266
Deferred tax assets		385,579	382,183
Other assets		312,127	323,272
		<b>22,417,004</b>	<b>24,205,837</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	8	10,294,931	10,377,872
Deposits and other accounts	9	2,666,334	4,075,951
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		257,655	691,429
		<b>13,218,920</b>	<b>15,145,252</b>
<b>NET ASSETS</b>		<b>9,198,084</b>	<b>9,060,585</b>
<b>REPRESENTED BY</b>			
Share capital		6,000,000	6,000,000
Reserves		2,884,894	2,884,894
Accumulated profit		376,017	-
		<b>9,260,911</b>	<b>8,884,894</b>
(Deficit) / surplus on revaluation of 'available-for-sale' securities - net of tax	10	(62,827)	175,691
		<b>9,198,084</b>	<b>9,060,585</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		

The annexed notes 1 to 15 form an integral part of these unconsolidated interim condensed financial statements.

  
 Deputy General Manager / Chief Financial Officer

  
 Director

  
 Chief Executive

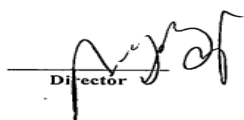
  
 Director


Pakistan Kuwait Investment Company (Private) Limited  
 Unconsolidated Interim Condensed Profit and Loss Account - (Un-audited)  
 For the nine months period ended September 30, 2010

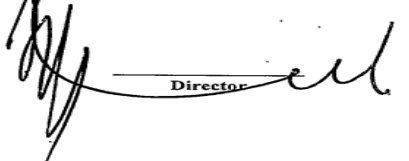
	Three months period ended September 30 2010	Nine months period ended September 30 2010	Three months period ended September 30 2009	Nine months period ended September 30 2009
------(Rupees in '000)-----				
Mark-up / return / interest earned	571,501	1,592,044	447,338	1,249,829
Mark-up / return / interest expensed	421,063	1,114,634	319,699	777,344
Net mark-up / interest income	150,438	477,410	127,639	472,485
Provision / (reversal) against non-performing advances - net	5,429	(4,995)	62,454	340,505
Provision for diminution / impairment in the value of investments	38,219	61,764	516	166,329
Bad debts written off directly	-	-	-	-
	43,648	56,769	62,970	506,834
Net mark-up / interest income / (expense) after provisions	106,790	420,641	64,669	(34,349)
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	2	41	301	744
Dividend income	56,668	139,935	37,162	85,069
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	54,440	233,212	328,727	723,235
Unrealised loss on revaluation of held-for-trading securities	-	-	(6,220)	(7,373)
Other income	8,026	18,122	4,068	14,100
Total non mark-up / interest income	119,136	391,310	364,038	815,775
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	94,025	253,429	67,808	195,709
Other provisions / write offs	-	-	-	-
Other charges	-	1,149	-	203
Total non mark-up / interest expenses	94,025	254,578	67,808	195,912
Extra ordinary / unusual items	-	-	-	-
	131,901	557,373	360,899	585,514
<b>PROFIT BEFORE TAXATION</b>				
Taxation				
- Current	14,321	150,945	75,844	247,148
- Prior years	-	-	-	-
- Deferred	44,784	30,411	(38,419)	(163,237)
	59,105	181,356	37,425	83,911
<b>PROFIT AFTER TAXATION</b>	<b>72,796</b>	<b>376,017</b>	<b>323,474</b>	<b>501,603</b>
Accumulated profit / (loss) brought forward	303,221	-	(3,901,056)	(4,079,185)
Accumulated profit / (loss) carried forward	376,017	376,017	(3,577,582)	(3,577,582)
------(Rupees)-----				
<b>Basic and diluted earning per share (On share of Rs. 25,000 each)</b>	<b>303</b>	<b>1,567</b>	<b>1,348</b>	<b>2,090</b>

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Pakistan Kuwait Investment Company (Private) Limited  
 Unconsolidated Interim Condensed Statement of Changes in Equity - (Un-audited)  
 For the nine months period ended September 30, 2010

	Share capital	Reserves		Unappropriated profit /(Accumulated loss)	Total
		Statutory	Revenue		
------(Rupees in '000)-----					
Balance as at January 01, 2009	6,000,000	3,288,822	3,158,890	(4,079,185)	8,368,527
Profit for the nine months period ended September 30, 2009	-	-	-	501,603	501,603
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(3,577,582)	8,870,130
Transfer from contingencies reserve to accumulated loss	-	-	(274,837)	274,837	-
Transfer from marketable and government securities reserve to accumulated loss	-	-	(2,884,053)	2,884,053	-
<b>Balance as at September 30, 2009</b>	<u>6,000,000</u>	<u>3,288,822</u>	<u>-</u>	<u>(418,692)</u>	<u>8,870,130</u>
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	9,260,911
<b>Balance as at September 30, 2010</b>	<u>6,000,000</u>	<u>2,884,894</u>	<u>-</u>	<u>376,017</u>	<u>9,260,911</u>

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Pakistan Kuwait Investment Company (Private) Limited  
 Unconsolidated Interim Condensed Cash Flow Statement (Un-audited)  
 For the nine months period ended September 30, 2010


	September 30, 2010	September 30, 2009
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	557,373	585,514
Less: Dividend income	139,935	85,069
	<u>417,438</u>	<u>500,445</u>
Adjustments for:		
Depreciation	11,180	8,648
Amortization	190	-
(Reversal) / Provision against non-performing advances - net	(4,995)	340,505
Provision for diminution / impairment in the value of investments	61,764	166,329
Gain on sale of operating fixed assets	(4,395)	(766)
Unrealised loss on revaluation of 'held-for-trading' securities	-	7,373
	<u>63,744</u>	<u>522,089</u>
	<u>481,182</u>	<u>1,022,534</u>
Increase in operating assets		
Lendings to financial institutions	(2,092,479)	(3,434,491)
'Held-for-trading' securities	239,209	(82,164)
Advances	(448,169)	(107,462)
Others assets (excluding advance taxation)	44,399	(167,289)
	<u>(2,257,040)</u>	<u>(3,791,406)</u>
Increase in operating liabilities		
Borrowings from financial institutions	(82,941)	2,426,681
Deposits	(1,409,617)	4,622,371
Other liabilities (excluding current taxation)	(131,124)	47,407
	<u>(1,623,682)</u>	<u>7,096,459</u>
	<u>(3,399,540)</u>	<u>4,327,587</u>
Income tax paid	(453,595)	(529,753)
<i>Net cash (outflows) / inflows from operating activities</i>	<u>(3,853,135)</u>	<u>3,797,834</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in 'available-for-sale' securities / subsidiaries	1,936,128	(6,497,177)
Dividend income	106,702	68,923
Investments in operating fixed assets	(25,515)	(13,827)
Sale proceeds from sale of operating fixed assets	5,075	2,385
<i>Net cash inflow / (outflow) from investing activities</i>	<u>2,022,390</u>	<u>(6,439,696)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	-
<i>Net cash (outflow) / inflow from financing activities</i>	<u>-</u>	<u>-</u>
<b>Decrease in cash and cash equivalents</b>	<u>(1,830,745)</u>	<u>(2,641,862)</u>
Cash and cash equivalents at beginning of the period	<u>1,889,735</u>	<u>2,776,537</u>
Cash and cash equivalents at end of the period	<u>58,990</u>	<u>134,675</u>

The annexed notes 1 to 15 form an integral part of these unconsolidated interim condensed financial statements.

  
 Deputy General Manager / Chief Financial Officer

  
 Director

  
 Chief Executive


  
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Pakistan Kuwait Investment Company (Private) Limited  
 Unconsolidated Interim Condensed Statement of Comprehensive Income (Un-audited)  
 For the nine months period ended September 30, 2010


	Three months period ended September 30, 2010	Nine months period ended September 30, 2010	Three months period ended September 30, 2009	Nine months period ended September 30, 2009
	----- (Rupees in '000) -----			
Profit for the period	72,796	376,017	323,474	501,603
Other comprehensive income		-		-
<b>Comprehensive income transferred to equity</b>	<u>72,796</u>	<u>376,017</u>	<u>323,474</u>	<u>501,603</u>
<b>Component of comprehensive income not transferred to equity</b>				
(Deficit) / surplus on revaluation of 'available-for-sale' securities- net of tax	8,648	(238,518)	169,464	303,099
<b>Total comprehensive income</b>	<u><u>81,444</u></u>	<u><u>137,499</u></u>	<u><u>492,938</u></u>	<u><u>804,702</u></u>

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# Pakistan Kuwait Investment Company (Private) Limited

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

*For the nine months period ended September 30, 2010*

### **1. STATUS AND NATURE OF BUSINESS**

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. The Company has two 100% owned subsidiaries, First Choice Securities Limited (FCSL) and Pak Kuwait Financial Services Limited (PKFSL). FCSL principal business includes equity brokerage, money markets and foreign exchange brokerage, equity research and corporate financial advisory services. The principal business of PKFSL is to provide Assets Management Services. Both FCSL and PKFSL have not started their operations.

These unconsolidated interim condensed 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 interim condensed 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 interim condensed financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2009.

### **3. STATEMENT OF COMPLIANCE**

**3.1** These unconsolidated interim condensed 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 interim condensed 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 uncolidated interim condensed financial statements are the same as those applied in preparation of annual financial statements for the year ended December 31, 2009.

### **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, 2009.

## 6. INVESTMENTS

### 6.1 Investments by type

	September 30, 2010			December 31, 2009		
	Held by the company	Given as collateral	Total	Held by the company	Given as collateral	Total
------(Rupees in '000)-----						
<b>Held for trading securities</b>						
Shares of listed companies	-	-	-	189,068	-	189,068
Pakistan Investment Bonds	-	-	-	49,202	-	49,202
<b>Available-for-sale securities</b>						
Market treasury bills	2,233,357	6,574,570	8,807,927	2,394,775	8,077,406	10,472,181
Pakistan Investment Bonds	1,624,356	-	1,624,356	1,670,908	-	1,670,908
Shares of listed companies	1,762,509	-	1,762,509	1,866,308	-	1,866,308
Shares of unlisted companies	120,163	-	120,163	119,968	-	119,968
Listed preference shares	93,399	-	93,399	93,489	-	93,489
Listed term finance certificates	153,634	-	153,634	364,765	-	364,765
Unlisted term finance certificates	136,090	-	136,090	136,111	-	136,111
<b>Associates</b>	2,270,558	-	2,270,558	2,270,560	-	2,270,560
<b>Subsidiaries</b>	81,120	-	81,120	81,120	-	81,120
<b>Total investments - at cost</b>	<b>8,475,186</b>	<b>6,574,570</b>	<b>15,049,756</b>	9,236,274	8,077,406	17,313,680
Less: Provision for diminution / impairment in the value of investments	(355,726)	-	(355,726)	(383,487)	-	(383,487)
<b>Total investments - net of provisions</b>	<b>8,119,460</b>	<b>6,574,570</b>	<b>14,694,030</b>	8,852,787	8,077,406	16,930,193
Surplus on revaluation of 'held-for-trading' securities	-	-	-	938	-	938
(Deficit) / surplus on revaluation of 'available-for-sale' securities	(73,644)	(37,875)	(111,519)	174,825	(14,017)	160,808
<b>Total investments</b>	<b>8,045,816</b>	<b>6,536,695</b>	<b>14,582,511</b>	9,028,550	8,063,389	17,091,939

### 6.2 Investments by segments

September 30, 2010      December 31, 2009

(Rupees in '000)

Government securities	10,292,886	12,148,866
Quoted securities	3,712,789	4,366,060
Unquoted securities	576,836	577,013
	<b>14,582,511</b>	<b>17,091,939</b>

## 7 ADVANCES

### In Pakistan

Advances	3,989,554	3,744,176
Net investment in finance leases	1,461,713	1,258,922
	<b>5,451,267</b>	<b>5,003,098</b>
Provision for non-performing advances	(1,390,661)	(1,395,656)
<b>Advances - net of provision</b>	<b>4,060,606</b>	<b>3,607,442</b>



- 7.1 Advances include Rs.1,676.525 million (December 31, 2009: Rs 1,693.697 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	171,697	-	171,697	42,924	42,924
Doubtful	314,183	-	314,183	157,092	157,092
Loss	1,190,645	-	1,190,645	1,190,645	1,190,645
	<u>1,676,525</u>	<u>-</u>	<u>1,676,525</u>	<u>1,390,661</u>	<u>1,390,661</u>

7.2 Particulars of provision for non-performing advances - specific

	September 30, 2010	December 31, 2009
	(Rupees in '000)	
Opening balance	1,395,656	910,181
Charge for the period	39,092	598,945
Reversals	(44,087)	(71,719)
	(4,995)	527,226
Amounts written off against provisions	-	(41,751)
Closing balance	<u>1,390,661</u>	<u>1,395,656</u>

8. BORROWINGS FROM FINANCIAL INSTITUTIONS

	September 30, 2010	December 31, 2009
	(Rupees in '000)	
<b>Secured</b>		
Repurchase agreement borrowings	8.1 6,554,527	8,067,577
Term finance certificates (TFCs)	8.2 1,250,000	1,450,000
Borrowing from SBP under LTF-EOP	8.3 218,136	300,412
Borrowing from SBP under LTFF	8.4 272,268	59,883
Murabaha	8.5 2,000,000	500,000
	<u>10,294,931</u>	<u>10,377,872</u>

- 8.1 The company has arranged borrowings from various financial institutions against sale and repurchase of government securities. The mark-up on these finances ranges between 12.02 to 12.75 (December 31, 2009: 12 to 12.35) percent per annum with maturity of six days to eighty four days (December 31, 2009 : four days to sixty three days).

- 8.2 This represents finance obtained through issue of privately placed term finance certificates of five years maturity. The mark-up is payable on quarterly basis and the principal is repayable in five equal semi annual instalments commencing 36 months from the date of disbursement. The facility is secured by first hypothecation charge ranking pari passu, on existing and future assets of the company. The rate of profit is 3 months KIBOR ask rate plus 65 (December 31, 2009: 65) basis points. As at September 30, 2010 the effective rate ranges between 13.34 to 13.47 (December 31, 2009: 13.02 and 13.24) percent per annum.

8.3 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.

The outstanding balance under swap arrangement amounts to Rs 218.136 million as at September 30, 2010 (December 31, 2009: Rs 300.412 million).

8.4 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. SBP allocates an overall yearly limit under the facility to individual PFI. The sanctioned limit was Rs. 500 million. The outstanding balance under the arrangements amounts to Rs 272 268 million as at September 30 2010 (December 31 2009: 59 833 million)

#### 8.5 Murabaha

This represents finance obtained from an Islamic bank. The profit rate on the finance is 12.25 (2009: 11.65) percent per annum and is maturing between October 4, 2010 and October 11, 2010 (December 31, 2009: 15 January 2010).

9. DEPOSITS AND OTHER ACCOUNTS	September 30, 2010	December 31, 2009
	(Rupees in '000)	
<b>Certificates of investment (COIs) / deposits</b>		
Financial institutions	-	-
Others	9.1	4,075,951
	<u>2,666,334</u>	<u>4,075,951</u>
	<u>2,666,334</u>	<u>4,075,951</u>

9.1 The profit rates on these COIs / deposits range between 11.50 to 13.65 (December 31, 2009: 11.40 to 14.00) percent per annum. The COIs are due for maturity between October 1, 2010 and March 22, 2015 (December 31, 2009: January 2, 2010 and May 5, 2012).

10. SURPLUS / (DEFICIT) ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES-NET OF TAX	September 30, 2010	December 31, 2009
	(Rupees in '000)	
Federal and provincial government securities	(139,397)	(42,525)
Quoted shares	29,735	212,860
Other securities	(1,857)	(9,527)
	<u>(111,519)</u>	<u>160,808</u>
Deferred Tax	48,692	14,883
	<u>(62,827)</u>	<u>175,691</u>

## 11. CONTINGENCIES AND COMMITMENTS

11.1 Direct Credit Substitute	September 30, 2010	December 31, 2009
	(Rupees in '000)	

Direct credit substitute – guarantee issued	-	1,550
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### 11.2 Other contingencies

The Income Tax Department has amended the deemed assessment orders for the tax year 2004 to 2009, raising a tax demand of Rs 1.412 billion, 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 2009. The total additions made in tax years 2004 to 2009 under this head amounts to Rs 3.091 billion.

In tax year 2003 same issue has been set aside by the Income Tax Appellate Tribunal (ITAT), 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 with the Commissioner of Income Tax (Appeals) for the tax years 2004 to 2009. The company has already made provision of Rs.618 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.

### 11.3 Other commitments

	September 30, 2010	December 31, 2009
	(Rupees in '000)	
Commitment - acquisition of software	27,744	48,817
Undisbursed sanctions for financial assistance in the form of:		
- equity participation	16,220	166,220
- loans and advances	1,536,481	317,945
	1,580,445	532,982





## 12. 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) -----					
<b>Nine months period ended September 30, 2010</b>						
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 losses	4,642	-	-	(61,411)	-	(56,769)
	(148,636)	(961,356)	-	(61,411)	-	(1,171,403)
Net operating income	<u>280,921</u>	<u>205,614</u>	<u>-</u>	<u>309,491</u>	<u>15,925</u>	<u>811,951</u>
Administrative expenses and other charges						(254,578)
Profit before taxation						<u>557,373</u>
<b>Period ended September 30, 2010</b>						
Segment assets - net	4,532,801	13,463,166	-	3,612,320	808,717	22,417,004
Segment non-performing loans	1,676,525	-	-	-	-	1,676,525
Segment provision required and held	1,390,661	-	-	-	-	1,390,661
Segment liabilities	1,841,445	11,304,873	-	-	72,602	13,218,920
Segment return on net assets (ROA) % *	13.67%	12.34%	-	13.22%	2.24%	
Segment cost of funds (%) *	11.92%	12.00%	-	-	-	

\* Based on daily average assets and funds.

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	----- (Rupee in '000) -----					
<b>Nine months period ended September 30, 2009</b>						
Total income - gross	295,950	968,713	168	796,301	11,844	2,072,976
Total mark-up / return / interest expense	(199,617)	(577,727)	-	-	-	(777,344)
Segment provision / impairment / unrealised gains	(313,321)	(3,397)	-	(197,488)	-	(514,206)
	(512,938)	(581,124)	-	(197,488)	-	(1,291,550)
Net operating (loss) / income	<u>(216,988)</u>	<u>387,589</u>	<u>168</u>	<u>598,813</u>	<u>11,844</u>	<u>781,426</u>
Administrative expenses and other charges						(195,912)
Profit before taxation						<u>585,514</u>
<b>Year ended December 31, 2009</b>						
Segment assets - net	4,308,612	14,972,506	-	4,029,573	895,146	24,205,837
Segment non-performing loans	1,693,697	-	-	-	-	1,693,697
Segment provision required and held	1,395,656	-	-	-	-	1,395,656
Segment liabilities	1,930,019	12,757,835	-	-	457,398	15,145,252
Segment return on net assets (ROA) %	12.58%	13.42%	-	27.41%	-	-
Segment cost of funds (%)	11.87%	12.99%	-	-	-	-

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

### 13. 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.

	<b>Nine months period ended September 30, 2010</b>	Nine months period ended September 30, 2009
	(Rupees in '000)	
<b>Expenses charged to an associate</b>	<b>11,241</b>	11,944
<b>Expenses charged by</b>		
- associates	<b>1,980</b>	2,935
- other related party	<b>9,635</b>	13,533
<b>Mark-up earned on bank deposit with an associate</b>	<b>814</b>	507
<b>Dividend income from related parties</b>	<b>33,549</b>	-
<b>Mark-up earned on loans and advances</b>		
- associates	-	1,088
- key management personnel	<b>181</b>	-
<b>Mark-up expense on COIs of related parties</b>	<b>11,573</b>	454
<b>Contribution made to provident fund</b>	<b>5,247</b>	3,996
<b>Contribution made to gratuity fund</b>	<b>7,976</b>	8,197

	<b>September 30, 2010</b>	December 31, 2009
	(Rupees in '000)	
<b>Loans and advances to key management personnel</b>		
Balance as at January 1	22,523	6,704
Disbursement during the period / year	<b>28,043</b>	19,000
Recovery during the period / year	<b>(8,607)</b>	(3,181)
<b>Balance as at</b>	<b>19,436</b>	15,819
	<b>41,959</b>	22,523
<b>Bank balances with an associate</b>	<b>542</b>	57,089
<b>Mark-up receivable on bank deposit with an associate</b>	<b>50</b>	297
<b>Deposits / COIs from associate &amp; other related party</b>	<b>127,500</b>	102,500
<b>Mark-up payable to associate &amp; other related party</b>	<b>2,802</b>	4,160
<b>Investments in</b>		
- quoted, at market values		
- associates	<b>3,618,966</b>	3,721,029
- unquoted, at cost		
- subsidiary companies	<b>81,120</b>	81,120
- associates	<b>357,053</b>	357,053
- other related parties	<b>500</b>	500
<b>Commitments for investment in equity of / loan to associates</b>	<b>16,220</b>	166,220

## **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. 43.277 million (September 30, 2009: Rs. 39.735 million) and staff retirement benefits amount to Rs. 3.108 million (September 30 2009: Rs. 2.100 million).

### **14. DATE OF AUTHORISATION FOR ISSUE**

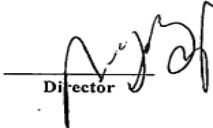
These unconsolidated interim condensed financial statements were authorised for issue in the Board of Directors meeting held on October 17, 2010.

### **15. GENERAL**

**15.1.** The figures have been rounded off to nearest thousand rupees.

**15.2.** The JCR-VIS Credit Rating Company Limited has maintained long term credit ratings of AAA one plus) for the company. The Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity rating of AA+ and the short term rating at A1+(A one plus).

  
Deputy General Manager / Chief Financial Officer

  
Director

  
Chief Executive

  
Director