

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

**FOR THE THREE MONTHS PERIOD ENDED  
MARCH 31, 2009**



Pak Kuwait

Pakistan Kuwait Investment Company (Private) Limited

الشركة الباكستانية الكويتية للاستثمار الخاصة (الحدودة)

**Pakistan Kuwait Investment Company (Private) Limited**  
**Consolidated Condensed Interim Balance Sheet - (Un-audited)**


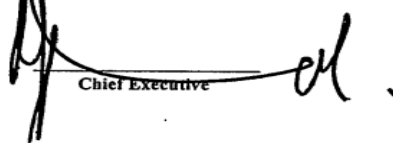
As at March 31, 2009


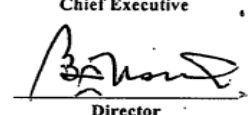
|   | Note | March 31,<br>2009 | December 31,<br>2008<br>Audited |
|---|------|-------------------|---------------------------------|
| (Rupees in '000)  |      |                   |                                 |
| <b>ASSETS</b>   |      |                   |                                 |
| Cash and balances with treasury banks   |      | 40,646            | 17,179                          |
| Balances with other banks   |      | 1,401,041         | 2,801,102                       |
| Lendings to financial institutions  |      | 919,122           | 500,000                         |
| Investments   | 6    | 11,701,105        | 9,417,329                       |
| Advances  | 7    | 3,119,236         | 3,358,935                       |
| Other assets  |      | 257,141           | 163,113                         |
| Intangible assets   |      | 37,750            | 37,750                          |
| Operating fixed assets  | 8    | 113,594           | 109,488                         |
| Deferred tax asset  |      | 40,649            | 1,820                           |
|   |      | <b>17,630,284</b> | <b>16,406,716</b>               |
| <b>LIABILITIES</b>  |      |                   |                                 |
| Bills payable   |      | -                 | -                               |
| Borrowings from financial institutions  | 9    | 5,910,343         | 6,370,782                       |
| Deposits and other accounts   | 10   | 1,140,951         | 37,500                          |
| Subordinated loans  |      | -                 | -                               |
| Liabilities against assets subject to finance lease                                   |      | -                 | -                               |
| Deferred tax liability  |      | -                 | -                               |
| Other liabilities   |      | 811,333           | 752,459                         |
|   |      | <b>7,862,627</b>  | <b>7,160,741</b>                |
| <b>NET ASSETS</b>   |      | <b>9,767,657</b>  | <b>9,245,975</b>                |
| <b>REPRESENTED BY</b>   |      |                   |                                 |
| Share capital   |      | 6,000,000         | 6,000,000                       |
| Reserves  |      | 3,288,822         | 6,447,712                       |
| Unappropriated profit / (accumulated loss)  |      | 237,641           | (3,142,880)                     |
|   |      | <b>9,526,463</b>  | <b>9,304,832</b>                |
| Surplus / (deficit) on revaluation of 'available-for-sale'<br>securities - net of tax |      | 241,194           | (58,857)                        |
|   |      | <b>9,767,657</b>  | <b>9,245,975</b>                |

**CONTINGENCIES AND COMMITMENTS**

11

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

  
 Deputy General Manager  
  
 Chief Executive

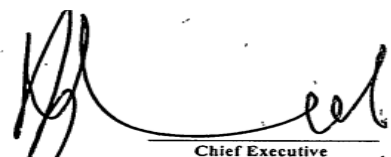
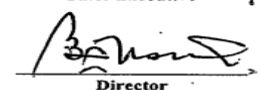
  
 Chief Executive  
  
 Director

**Pakistan Kuwait Investment Company (Private) Limited**  
**Consolidated Condensed Interim Profit and Loss Account (Un-audited)**  
*For the three months period ended March 31, 2009*

|  | <b>Three months<br/>period ended<br/>March 31,<br/>2009</b> | Three months<br>period ended<br>March 31,<br>2008 |
|--|---|---|
|  | <b>(Rupees in '000)</b>                                     |   |
| Mark-up / return / interest earned   | 396,252   | 326,419   |
| Mark-up / return / interest expensed   | <u>188,480</u>  | <u>181,603</u>                                    |
| Net mark-up / interest income  | 207,772   | 144,816   |
| Provision against non-performing advances - net                                | <u>85,181</u>   | <u>16,809</u>                                     |
| Provision for diminution / impairment in the value of investments              | <u>147,032</u>  | <u>-</u>  |
|  | <u>232,213</u>  | <u>16,809</u>                                     |
| Net mark-up / interest (loss) / income after provisions                        | (24,441)  | 128,007   |
| <b>NON MARK-UP / INTEREST INCOME</b>   |   |   |
| Fee, commission and brokerage income   | <u>213</u>  | <u>1,282</u>                                      |
| Dividend income  | <u>24,226</u>   | <u>31,290</u>                                     |
| Gain on sale of securities - net   | <u>186,241</u>  | <u>188,652</u>                                    |
| Income from dealing in foreign currencies                                      | -   | -   |
| Unrealised (deficit) / surplus on revaluation of 'held for trading' securities | <u>(1,574)</u>  | <u>27,305</u>                                     |
| Unrealised deficit on revaluation of 'derivative instruments'                  | -   | <u>(1,168)</u>                                    |
| Share in results of associates - net   | <u>165,141</u>  | <u>113,546</u>                                    |
| Other income   | <u>7,072</u>  | <u>5,056</u>                                      |
| Total non mark-up / interest income  | 381,319   | 365,963   |
| <b>NON MARK-UP / INTEREST EXPENSES</b>   |   |   |
| Administrative expenses  | <u>63,591</u>   | <u>77,832</u>                                     |
| Other charges  | <u>203</u>  | <u>-</u>  |
| Total non mark-up / interest expenses  | <u>63,794</u>   | <u>77,832</u>                                     |
| Extra ordinary / unusual items   | -   | -   |
| <b>PROFIT BEFORE TAXATION</b>  | <u>293,084</u>  | <u>416,138</u>                                    |
| Taxation   |   |   |
| - Current  | <u>103,356</u>  | <u>105,854</u>                                    |
| - Prior years  | -   | -   |
| - Deferred   | <u>(31,903)</u>   | <u>19,577</u>                                     |
|  | <u>71,453</u>   | <u>125,431</u>                                    |
| <b>PROFIT AFTER TAXATION</b>   | <u>221,631</u>  | <u>290,707</u>                                    |
| <b>Basic and diluted earnings per share</b>                                    | <b>(Rupees)</b>   |   |
| <b>(On share of Rs. 25,000 each)</b>   | <u>923</u>  | <u>1,211</u>                                      |

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Deputy General Manager  
  
Chief Executive

  
Chief Executive  
  
Director

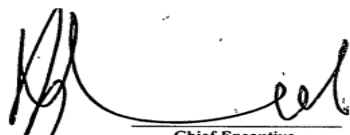
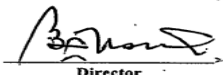
Pakistan Kuwait Investment Company (Private) Limited  
Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended March 31, 2009

|   | Three months<br>period ended<br>March 31,<br>2009 | Three months<br>period ended<br>March 31,<br>2008 |
|---|---|---|
|   | (Rupees in '000)                                  |   |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |   |   |
| Profit before taxation  | 293,084   | 416,138   |
| Less: Dividend income   | (24,226)  | (31,290)  |
|   | 268,858   | 384,848   |
| Adjustments for:  |   |   |
| Depreciation  | 2,663   | 4,464   |
| Unrealised deficit / (surplus) on revaluation of<br>'held for trading' securities | 1,574   | (27,305)  |
| Provision against non-performing advances - net                                   | 85,181  | 16,809  |
| Provision for diminution in the value of investments                              | 147,032   | -   |
| Gain on sale of operating fixed assets  | (1,067)   | (94)  |
|   | 235,383   | (6,126)   |
|   | 504,241   | 378,722   |
| Decrease / (increase) in operating assets   |   |   |
| Lendings to financial institutions  | (419,122)   | 2,103,366   |
| 'Held for trading' securities   | 75,608  | (87,958)  |
| Advances  | 154,518   | 78,237  |
| Others assets   | (78,932)  | (65,173)  |
|   | (267,928)   | 2,028,472   |
| (Decrease) / increase in operating liabilities                                    |   |   |
| Borrowings from financial institutions  | (460,439)   | (3,180,756)                                       |
| Deposits  | 1,103,451   | (1,870,000)                                       |
| Other liabilities (excluding current taxation)                                    | (25,368)  | 115,744   |
|   | 617,644   | (4,935,012)                                       |
|   | 853,957   | (2,527,818)                                       |
| Income tax paid   | (19,114)  | (11,535)  |
| <i>Net cash inflows / (outflows) from operating activities</i>                    | 834,843   | (2,539,353)                                       |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |   |   |
| Net investment in 'available-for-sale' securities / subsidiaries                  | (2,214,865)                                       | (109,571)   |
| Dividend received   | 9,130   | 9,971   |
| Investments in operating fixed assets   | (16,954)  | (1,279)   |
| Sale proceeds from sale of operating fixed assets                                 | 11,252  | 94  |
| <i>Net cash inflows / (outflows) from investing activities</i>                    | (2,211,437)                                       | (100,785)   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |   |   |
| Dividend paid   | -   | -   |
| <i>Net cash inflows / outflows from financing activities</i>                      | -   | -   |
| <b>Decrease in cash and cash equivalents</b>                                      | (1,376,594)                                       | (2,640,138)                                       |
| Cash and cash equivalents at beginning of the year                                | 2,818,281   | 5,388,439   |
| Cash and cash equivalents at end of the year                                      | 1,441,687   | 2,748,301   |

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

  
Deputy General Manager  
  
Chief Executive


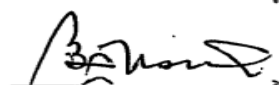
  
Chief Executive  
  
Director

Pakistan Kuwait Investment Company (Private) Limited  
 Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)  
 For the three months period ended March 31, 2009

|   | Share capital    | Reserves         |          |                  | Unappropriated profit/(Accumulated loss) | Total             |
|---|------------------|------------------|----------|------------------|--|-------------------|
|   |                  | Statutory        | Tax      | Revenue          |  |                   |
| ------(Rupees in '000)-----   |                  |                  |          |                  |  |                   |
| Balance as at January 01, 2008  | 6,000,000        | 3,288,822        | 80,045   | 2,422,404        | 2,462,154                                | 14,253,425        |
| Profit for the three months period January 01 to March 31, 2008   | -                | -                | -        | -                | 290,707                                  | 290,707           |
| Transfer to statutory reserve   | -                | 38,369           | -        | -                | (38,369)                                 | -                 |
| Final dividend for the year ended December 31, 2007 @ Rs. 2,000 per share approved subsequent to year end | -                | -                | -        | -                | (480,000)                                | (480,000)         |
| Transfer to contingencies reserve   | -                | -                | -        | 42,086           | (42,086)                                 | -                 |
| Transfer to marketable and government securities reserve  | -                | -                | (80,045) | 694,400          | (614,355)                                | -                 |
| <b>Balance as at March 31, 2008</b>   | <u>6,000,000</u> | <u>3,327,191</u> | <u>-</u> | <u>3,158,890</u> | <u>1,578,051</u>                         | <u>14,064,132</u> |
| Balance as at January 01, 2009  | 6,000,000        | 3,288,822        | -        | 3,158,890        | (3,142,880)                              | 9,304,832         |
| Profit for the three months period January 01 to March 31, 2009   | -                | -                | -        | -                | 221,631                                  | 221,631           |
| 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 March 31, 2009</b>   | <u>6,000,000</u> | <u>3,288,822</u> | <u>-</u> | <u>-</u>         | <u>237,641</u>                           | <u>9,526,463</u>  |

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

  
 Deputy General Manager  
  
 Chief Executive

  
 Chief Executive  
  
 Director

# Pakistan Kuwait Investment Company (Private) Limited

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

*For the three months period ended March 31, 2009*

### **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 Group comprises of the holding company and two 100% owned subsidiaries, First Choice Securities Limited (FCSL) and Pak Kuwait Financial Services Limited (PKFSL) and associates namely, Meezan Bank Limited, Plexus (Private) Limited, Pak Kuwait Takaful Company Limited, Falcon Greenwood (Private) Limited, The General Tyre and Rubber Company of Pakistan Limited, Al Meezan Investment Management Limited, Al Meezan Mutual Fund Limited, Meezan Islamic Income Fund, Meezan Balance Fund, National Commodity Exchange Limited, and National Clearing Company Limited.

### **2. BASIS OF PRESENTATION**

These consolidated interim financial statements are presented in a condensed form in accordance with the requirements of Approved Accounting Standards as applicable in Pakistan for Interim Financial Reporting. These consolidated condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the financial statements of the company for the year ended December 31, 2008.

### **3. ESTIMATES**

The preparation of consolidated condensed interim financial statements requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and key sources of estimation uncertainty were the same as those applied to financial statements for the year ended December 31, 2008. With respect to impairment of available for sale equity investments, had the decline in the market value of all 'available for sale securities below cost considered as impairment, the company would be required to make an additional provision of Rs.36.156 million at the period end.

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the purpose of these condensed interim financial statement are the same as those applied in preparation of annual financial statements for the year ended December 31, 2008

### **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, 2008.

## 6. INVESTMENTS

### 6.1 Investments by type

|   | March 31, 2009      |                     |                   | December 31, 2008   |                     |             |
|---|---------------------|---------------------|-------------------|---------------------|---------------------|-------------|
|   | 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  | 46,692              | -                   | 46,692            | 421,790             |                     | 421,790     |
| <b>Available-for-sale securities</b>                                  |                     |                     |                   |                     |                     |             |
| Market treasury bills   | 2,184,157           | 3,908,206           | 6,092,363         | 605,632             | 3,349,317           | 3,954,949   |
| Shares of listed companies  | 4,386,723           | -                   | 4,386,723         | 6,238,617           | -                   | 6,238,617   |
| Shares of unlisted companies  | 119,573             | -                   | 119,573           | 151,546             | -                   | 151,546     |
| Listed preference shares  | 92,283              | -                   | 92,283            | 96,003              | -                   | 96,003      |
| Listed term finance certificates                                      | 410,087             | -                   | 410,087           | 124,341             | -                   | 124,341     |
| Unlisted term finance certificates                                    | 58,333              | -                   | 58,333            | 93,958              | -                   | 93,958      |
| <b>Associates</b>   | 2,886,836           | -                   | 2,886,836         | 2,721,695           | -                   | 2,721,695   |
| <b>Total investments - at cost</b>                                    | <b>10,184,684</b>   | <b>3,908,206</b>    | <b>14,092,890</b> | 10,453,582          | 3,349,317           | 13,802,899  |
| Less: Provision for diminution in the value of investments            | (2,624,875)         | -                   | (2,624,875)       | (4,026,046)         | -                   | (4,026,046) |
| Total investments - net of provisions                                 | 7,559,809           | 3,908,206           | 11,468,015        | 6,427,536           | 3,349,317           | 9,776,853   |
| (Deficit) on revaluation of 'held for trading' securities             | (1,574)             | -                   | (1,574)           | (301,064)           | -                   | (301,064)   |
| Surplus / (deficit) on revaluation of 'available-for-sale' securities | 250,396             | (15,732)            | 234,664           | (59,621)            | 1,161               | (58,460)    |
| <b>Total investments</b>  | <b>7,808,631</b>    | <b>3,892,474</b>    | <b>11,701,105</b> | 6,066,851           | 3,350,478           | 9,417,329   |

### 6.1 Investments by segments

March 31, 2009      December 31, 2008

(Rupees in '000)

|                       |                   |                  |
|-----------------------|-------------------|------------------|
| Government securities | 6,073,962         | 3,956,336        |
| Quoted securities     | 5,185,357         | 4,988,996        |
| Unquoted securities   | 441,786           | 471,997          |
|                       | <b>11,701,105</b> | <b>9,417,329</b> |

## 7 ADVANCES

### In Pakistan

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Advances                              | 2,576,596        | 2,685,896        |
| Net investment in finance leases      | 1,496,250        | 1,583,220        |
|                                       | <b>4,072,846</b> | <b>4,269,116</b> |
| Provision for non-performing advances | (953,610)        | (910,181)        |
| Advances net of provision             | <b>3,119,236</b> | <b>3,358,935</b> |

- 7.1 Advances include Rs.1,507.510 million (December 31, 2008: Rs 1,278.058 million) which have been placed under under non performing status as detailed below:

| Category of classification | Domestic         | Overseas | Total            | Provision      | Provision      |
|----------------------------|------------------|----------|------------------|----------------|----------------|
|                            |                  |          |                  | Required       | Held           |
| (Rupees in '000)           |                  |          |                  |                |                |
| Substandard                | 453,306          | -        | 453,306          | 113,327        | 113,327        |
| Doubtful                   | 427,841          | -        | 427,841          | 213,920        | 213,920        |
| Loss                       | 626,363          | -        | 626,363          | 626,363        | 626,363        |
|                            | <u>1,507,510</u> | <u>-</u> | <u>1,507,510</u> | <u>953,610</u> | <u>953,610</u> |

7.2 Particulars of provision for non-performing advances - Specific

|  | March 31,<br>2009 | December 31,<br>2008 |
|--|-------------------|----------------------|
| (Rupees in '000)                       |                   |                      |
| Opening balance                        | 910,181           | 338,539              |
| Charge for the quarter                 | 100,493           | 607,032              |
| Reversals                              | (15,312)          | (35,390)             |
|  | 85,181            | 571,642              |
| Amounts written off against provisions | (41,752)          | -                    |
| Closing balance                        | <u>953,610</u>    | <u>910,181</u>       |

8. OPERATING FIXED ASSETS

Following additions have been made to tangible fixed assets:-

|  | Three Months<br>period ended<br>March 31,<br>2009 | Three Months<br>period ended<br>March 31,<br>2008 |
|--|---|---|
| (Rupees in '000)                                   |   |   |
| Office furniture, fixture, equipment and computers | 151   | 704   |
| Vehicles   | 6,876   | 576   |
|  | <u>7,027</u>                                      | <u>1,280</u>                                      |

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

|                                  | March 31,<br>2009 | December 31,<br>2008 |
|----------------------------------|-------------------|----------------------|
| (Rupees in '000)                 |                   |                      |
| <b>Secured</b>                   |                   |                      |
| Repurchase agreement borrowings  | 9.1 4,014,343     | 3,351,634            |
| Term finance certificates (TFCs) | 9.2 1,550,000     | 1,650,000            |
| Borrowing from SBP under LTF-EOP | 9.3 346,000       | 369,148              |
| <b>Unsecured</b>                 |                   |                      |
| Term finance certificates (TFCs) | -                 | 1,000,000            |
|                                  | <u>5,910,343</u>  | <u>6,370,782</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 is 10.25 to 14.95 (December 31, 2008: 11% to 14.9%) percent per annum with maturity of one day to thirty two days (December 31, 2008 : three days to six days).

- 9.2 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 basis points ranges from 50 to 65 (December 31, 2008: 65) basis points. As at March 31, 2009 the effective rate ranges between 12.90 to 16.15 (December 31, 2008: 15.81 and 16.15) percent per annum.



**9.3** 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 sanctioned limit was Rs. 1,000 million. The outstanding balance under swap arrangement amounts to Rs 345.999 million as at March 31, 2009 (December 31, 2008: Rs 369.148 million).

| <b>10. DEPOSITS AND OTHER ACCOUNTS</b>              |             | <b>March 31,<br/>2009</b> | December 31,<br>2008 |
|---|-------------|---------------------------|----------------------|
|   |             | <b>(Rupees in '000)</b>   |                      |
| <b>Certificates of investment (COIs) / deposits</b> |             |                           |                      |
| Financial institutions                              | <i>10.1</i> | <b>1,000,000</b>          | -                    |
| Others  | <i>10.1</i> | <b>140,951</b>            | 37,500               |
|   |             | <b><u>1,140,951</u></b>   | <b><u>37,500</u></b> |

**10.1** The profit rates on these COIs range between 11.75 to 14.03 (December 31, 2008: 9.75 to 14.03) percent per annum. The COIs are due for maturity between April 02, 2009 and March 22, 2010 (December 31, 2008: January 19, 2009 and March 22, 2010). Included in COIs is an amount of Rs. 140.951 million (December 31, 2008 :Rs. 35 million) payable within twelve months. All COIs /deposits are in local currency.

**11. CONTINGENCIES AND COMMITMENTS**

| <b>11.1 Other contingencies</b>             |  | <b>March 31,<br/>2009</b> | December 31,<br>2008 |
|---|--|---------------------------|----------------------|
|   |  | <b>(Rupees in '000)</b>   |                      |
| Direct credit substitute – guarantee issued |  | <b><u>1,550</u></b>       | <b><u>1,550</u></b>  |

**11.2** There is no change in status of other contingencies as disclosed in the financial statements for the year ended December 31, 2008

| <b>11.3 Other commitments</b>                                 |  | <b>March 31,<br/>2008</b> | December 31,<br>2008    |
|---|--|---------------------------|-------------------------|
|   |  | <b>(Rupees in '000)</b>   |                         |
| Undisbursed sanctions for financial assistance in the form of |  |                           |                         |
| - equity participation  |  | <b>683,220</b>            | 1,135,100               |
| - loans and advances  |  | <b>186,508</b>            | 200,936                 |
|   |  | <b><u>869,728</u></b>     | <b><u>1,336,036</u></b> |

## 12. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

|  | Corporate<br>Finance        | Treasury  | Investment<br>Banking | Capital<br>Markets | Others  | Total      |
|--|-----------------------------|-----------|-----------------------|--------------------|---------|------------|
|  | ----- (Rupee in '000) ----- |           |                       |                    |         |            |
| <b>Three months period ended March 31, 2009</b>    |                             |           |                       |                    |         |            |
| Total income - gross                               | 154,543                     | 285,668   | -                     | 333,098            | 5,836   | 779,145    |
| Total mark-up / return / interest expense          | (86,169)                    | (102,311) | -                     | -                  | -       | (188,480)  |
| Segment provision / impairment / unrealised losses | (79,583)                    | -         | -                     | (154,204)          | -       | (233,787)  |
|  | (165,752)                   | (102,311) | -                     | (154,204)          | -       | (422,267)  |
| Net operating (loss) / income                      | (11,209)                    | 183,357   | -                     | 178,894            | 5,836   | 356,878    |
| Administrative expenses and other charges          |                             |           |                       |                    |         | 63,794     |
| Profit before taxation                             |                             |           |                       |                    |         | 293,084    |
| Segment assets - net                               | 3,857,396                   | 9,183,634 | -                     | 3,981,081          | 608,173 | 17,630,284 |
| Segment non-performing loans                       | 1,508,134                   | -         | -                     | -                  | -       | 1,508,134  |
| Segment provision required and held                | 953,610                     | -         | -                     | -                  | -       | 953,610    |
| Segment liabilities                                | 1,898,187                   | 5,155,294 | -                     | -                  | 809,146 | 7,862,627  |
| Segment return on net assets (ROA) %               | 13.23                       | 15.26     | -                     | 22.05              | 2.53    | -          |
| Segment cost of funds (%)                          | 13.20                       | 11.01     | -                     | -                  | -       | -          |
| <br>   |                             |           |                       |                    |         |            |
|  | Corporate<br>Finance        | Treasury  | Investment<br>Banking | Capital<br>Markets | Others  | Total      |
|  | ----- (Rupee in '000) ----- |           |                       |                    |         |            |
| <b>Three months period ended March 31, 2008</b>    |                             |           |                       |                    |         |            |
| Total income - gross                               | 152,435                     | 206,069   | 650                   | 304,331            | 2,760   | 666,245    |
| Total mark-up / return / interest expense          | (131,653)                   | (49,950)  | -                     | -                  | -       | (181,603)  |
| Segment provision / impairment / unrealised gains  | (16,809)                    | (1,168)   | -                     | 27,305             | -       | 9,328      |
|  | (148,462)                   | (51,118)  | -                     | 27,305             | -       | (172,275)  |
| Net operating income                               | 3,973                       | 154,951   | 650                   | 331,636            | 2,760   | 493,970    |
| Administrative expenses and other charges          |                             |           |                       |                    |         | (77,832)   |
| Profit before taxation                             |                             |           |                       |                    |         | 416,138    |
| <br>   |                             |           |                       |                    |         |            |
| <b>Year ended December 31, 2008</b>                |                             |           |                       |                    |         |            |
| Segment assets - net                               | 4,066,535                   | 7,732,843 | -                     | 4,247,881          | 359,457 | 16,406,716 |
| Segment non-performing loans                       | 1,278,058                   | -         | -                     | -                  | -       | 1,278,058  |
| Segment provision required and held                | 910,181                     | -         | -                     | -                  | -       | 910,181    |
| Segment liabilities                                | 3,019,148                   | 3,389,134 | -                     | -                  | 752,459 | 7,160,741  |
| Segment return on net assets (ROA) %               | 11.55                       | 10.56     | -                     | 12.04              | 1.16    | -          |
| Segment cost of funds (%)                          | 10.11                       | 9.69      | -                     | -                  | -       | -          |

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>Three Months<br/>period ended<br/>March 31,<br/>2009<br/>(Rupees in '000)</b> | Three Months<br>period ended<br>March 31,<br>2008 |
|--|--|---|
| <b>Expenses charged to an associate</b>  | <b>4,150</b>   | 2,566   |
| <b>Expenses charged by</b>   |  |   |
| - associates   | <b>639</b>   | 171   |
| - other related party  | <b>4,978</b>   | 5,642   |
| <b>Dividend income from other related parties</b>                              | -  | 8,681   |
| <b>Mark-up earned on placement/COI/with an associates</b>                      | -  | 275   |
| <b>Mark-up earned on loans and advances</b>                                    |  |   |
| - associates   | <b>563</b>   | 1,175   |
| - other related party  | -  | 3,498   |
| <b>Mark-up expense on COIs of related parties</b>                              | <b>174</b>   | 63  |
| <b>Contribution made to provident fund</b>                                     | <b>1,300</b>   | 1,318   |
| <b>Contribution made to gratuity fund</b>                                      | <b>2,733</b>   | 1,743   |
|  | <b>March 31,<br/>2009</b>  | December 31,<br>2008                              |
| <b>Placements / COIs with an associate</b>                                     |  |   |
| Balance as at January 1  | -  | 35,684  |
| Deletion during the year   | -  | (47,205)  |
| Recovery during the year   | -  | 11,521  |
| <b>Balance as at</b>   | <b>-</b>   | <b>(35,684)</b>                                   |
| <b>Loans and advances to key management personnel</b>                          |  |   |
| Balance as at January 1  | <b>3,754</b>   | 14,618  |
| Disbursement during the period / year  | -  | -   |
| Recovery during the period / year  | <b>(3,754)</b>   | (10,864)  |
| <b>Balance as at</b>   | <b>-</b>   | <b>3,754</b>                                      |
| <b>Advances to associates / other related parties / subsidiaries</b>           | <b>12,500</b>  | 12,500  |
| <b>Mark-up receivable on placement / COI / leases &amp; loans and advances</b> |  |   |
| - with associates  | <b>612</b>   | 49  |
| - other related parties  | -  | -   |
| <b>Bank balances with an associate</b>   | <b>6,021</b>   | 6,906   |
| <b>Mark-up payable to other related party</b>                                  | <b>9</b>   | 97  |
| <b>Investments in associates</b>   |  |   |
| - associates   | <b>2,886,836</b>   | 2,721,695   |
| - other related parties  | <b>500</b>   | 500   |
| <b>Commitments for investment in equity of subsidiaries / associates</b>       | <b>683,220</b>   | 1,135,100   |

**Key management personnel**


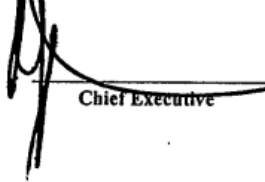
Key management personnel include the Managing Director, Deputy General Manager, Chief Financial Officer, Head of Corporate Finance & Investment Banking, Head of Risk Management, Head of Capital Market & Treasury, Head of Compliance, Head of Internal Audit and the Head of Human Resources. Their salaries and other Benefits amount to Rs.11.065 million (March 31, 2008: Rs.9.617 million) and staff retirement benefits amounted to Rs. 0.471 million (March 31, 2008: Rs.0.864 million)


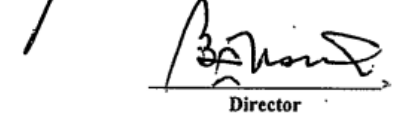
**14. DATE OF AUTHORISATION FOR ISSUE**

These Consolidated condensed interim financial information were authorised for issue in the Board of Directors meeting held on April 26, 2009.

**15. GENERAL**

The JCR-VIS Credit Rating Company Limited has maintained 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 made an adjustment in the long-term entity rating to AA+, while maintained the short term rating at A1+(A one plus).

  
Deputy General Manager  
  
Chief Executive

  
Chief Executive  
  
Director