

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Ernst & Young Faiz Mubashir Suler Hyder
Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of **Pakistan Kuwait Investment Company (Private) Limited (the Company)** as at 31 December 2009, and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement, together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. The financial statements for the half year ended 30 June 2008 and for the year ended 31 December 2008 were reviewed / audited by another firm of chartered accountants whose reports, dated 03 August 2008 and 05 March 2009 respectively, expressed an unqualified review report / audit opinion on those financial statements.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:

- (a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance 1984.
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 5.1 to the financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

Signature

- (c) In our opinion, and to the best of our information and according to the explanations given to us the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVI) of 1980).

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Omer Chughtai

08 March 2010

Karachi


Pakistan Kuwait Investment Company (Private) Limited

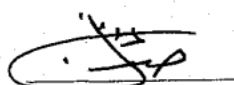
Unconsolidated Balance Sheet

As at December 31, 2009

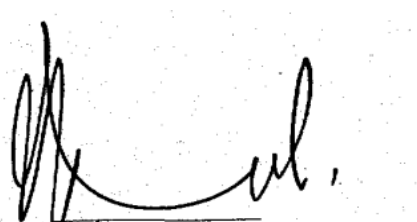
	Note	2009	2008
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	92,512	17,179
Balances with other banks	7	1,797,223	2,759,358
Lendings to financial institutions	8	800,000	500,000
Investments	9	17,091,939	8,436,921
Advances	10	3,607,442	3,358,935
Operating fixed assets	11	111,266	107,138
Deferred tax assets	12	382,183	126,230
Other assets	13	323,272	162,751
		24,205,837	15,468,512
LIABILITIES			
Bills payable		-	-
Borrowings	14	10,377,872	6,370,782
Deposits and other accounts	15	4,075,951	37,500
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	16	691,429	750,649
		15,145,252	7,158,931
NET ASSETS		9,060,585	8,309,581
REPRESENTED BY			
Share capital	17	6,000,000	6,000,000
Reserves	17	2,884,894	6,447,712
Accumulated loss		-	(4,079,185)
		8,884,894	8,368,527
Surplus / (deficit) on revaluation of 'available-for-sale' securities - net of tax	18	175,691	(58,946)
		9,060,585	8,309,581
CONTINGENCIES AND COMMITMENTS	19		

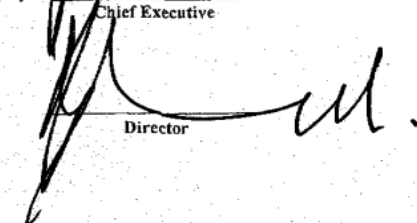
The annexed notes 1 to 42 and annexure I, II and III form an integral part of these financial statements.


Deputy General Manager


Director

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Chief Executive


Director


Pakistan Kuwait Investment Company (Private) Limited

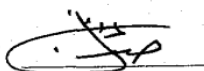
Unconsolidated Profit and Loss Account

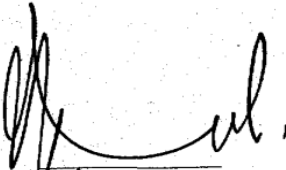
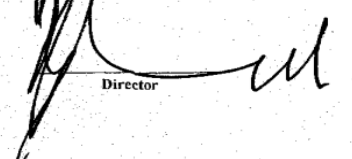
For the year ended December 31, 2009

	Note	2009 (Rupees in '000)	2008
Mark-up / return / interest earned	20	1,797,555	1,158,545
Mark-up / return / interest expensed	21	1,189,263	551,191
Net mark-up / interest income		608,292	607,354
Provision against non-performing loans and advances - net	10.4	527,226	571,642
Provision against non-performing lending to financial institutions	8.2	-	150,000
Provision for diminution / impairment in the value of investments	9.3	189,093	3,925,744
Bad debts written off directly		-	-
		716,319	4,647,386
Net mark-up / interest income after provisions		(108,027)	(4,040,032)
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		6,129	4,933
Dividend income		164,497	201,743
Income from dealing in foreign currencies		-	-
Gain on sale of securities	22	825,496	280,631
Unrealised gain / (loss) on revaluation of 'held-for-trading' securities	9.4	938	(266,208)
Other income	23	18,345	32,715
Total non mark-up / interest income		1,015,405	253,814
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	24	314,526	286,202
Other provisions / write offs		-	-
Other charges	25	203	50
Total non mark-up / interest expenses		314,729	286,252
Extra ordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		592,649	(4,072,470)
Taxation			
- Current	26	316,866	312,315
- Prior years		-	-
- Deferred	26	(240,584)	(282,716)
		76,282	29,599
PROFIT / (LOSS) AFTER TAXATION		516,367	(4,102,069)
Accumulated (loss) / profit brought forward		(4,079,185)	1,159,325
Accumulated loss carried forward		(3,562,818)	(2,942,744)
Basic earning / (loss) per share (On share of Rs. 25,000 each)	27	2,152	(17,092)
Diluted earning / (loss) per share (On share of Rs. 25,000 each)	28	2,152	(17,092)

The annexed notes 1 to 42 and annexure I, II and III form an integral part of these financial statements.


Deputy General Manager

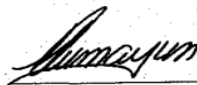
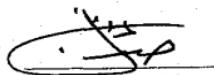

Director

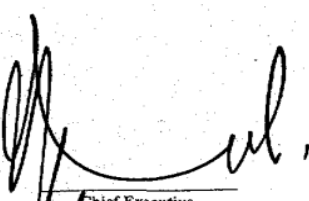
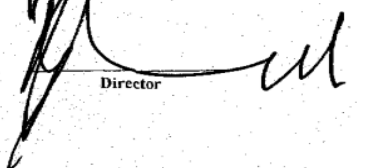
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Chief Executive

Director

Pakistan Kuwait Investment Company (Private) Limited
 Unconsolidated Statement of Changes in Equity
 For the year ended December 31, 2009

	Share capital	Reserves			Accumulated profit/ (loss)	Total
		Statutory	Tax	Revenue		
------(Rupees in '000)-----						
Balance as at December 31, 2008	6,000,000	3,288,822	80,045	2,422,404	1,159,325	12,950,596
Loss for the year ended December 31, 2008	-	-	-	-	(4,102,069)	(4,102,069)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(2,942,744)	8,848,527
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)	-
Balance as at December 31, 2008	6,000,000	3,288,822	-	3,158,890	(4,079,185)	8,368,527
Profit for the year ended December 31, 2009	-	-	-	-	516,367	516,367
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(3,562,818)	8,884,894
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	-
Transfer to statutory reserve	-	103,273	-	-	(103,273)	-
Transfer from statutory reserve to accumulated loss	-	(507,201)	-	-	507,201	-
Balance as at December 31, 2009	6,000,000	2,884,894	-	-	-	8,884,894

The annexed notes 1 to 42 and annexure I, II and III form an integral part of these financial statements.


 Deputy General Manager

 Director


 Chief Executive

 Director


Pakistan Kuwait Investment Company (Private) Limited

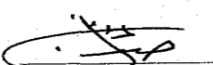
Unconsolidated Cash Flow Statement

For the year ended December 31, 2009


	Note	2009	2008
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		592,649	(4,072,470)
Less: Dividend income		(164,497)	(201,743)
		<u>428,152</u>	<u>(4,274,213)</u>
Adjustments for:			
Depreciation		11,885	15,776
Amortisation		40	-
Provision against non-performing advances		527,226	571,642
Provision against lending to financial institutions		-	150,000
Provision for diminution / impairment in the value of investments		189,093	3,925,744
Gain on sale of operating fixed assets		(1,106)	(3,028)
Unrealised (gain) / loss on revaluation of 'held-for-trading' securities		(938)	266,208
		<u>726,200</u>	<u>4,926,342</u>
		<u>1,154,352</u>	<u>652,129</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(300,000)	5,941,584
'Held-for-trading' securities		(118,483)	101,670
Advances		(775,733)	149,544
Others assets (excluding advance taxation)		(147,518)	(1,431)
		<u>(1,341,734)</u>	<u>6,191,367</u>
Increase / (decrease) in operating liabilities			
Borrowings		4,007,090	(2,273,218)
Deposits		4,038,451	(1,910,000)
Other liabilities (excluding current taxation)		166,063	(122,184)
		<u>8,211,604</u>	<u>(4,305,402)</u>
		<u>8,024,222</u>	<u>2,538,094</u>
Income tax paid		(542,149)	(83,672)
<i>Net cash flow from operating activities</i>		<u>7,482,073</u>	<u>2,454,422</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in 'available-for-sale' securities / subsidiaries		(8,506,824)	(4,778,009)
Dividend income		152,896	204,564
Investments in operating fixed assets		(18,240)	(9,550)
Sale proceeds from sale of operating fixed assets		3,293	11,252
<i>Net cash used in investing activities</i>		<u>(8,368,875)</u>	<u>(4,571,743)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		-	(480,000)
<i>Net cash used in financing activities</i>		<u>-</u>	<u>(480,000)</u>
Decrease in cash and cash equivalents		<u>(886,802)</u>	<u>(2,597,321)</u>
Cash and cash equivalents at beginning of the year		<u>2,776,537</u>	<u>5,373,858</u>
Cash and cash equivalents at end of the year	29	<u>1,889,735</u>	<u>2,776,537</u>

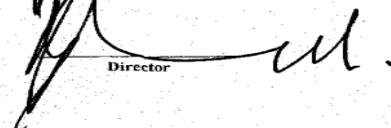
The annexed notes 1 to 42 and annexure I, II and III form an integral part of these financial statements.


Deputy General Manager


Director

Signature


Chief Executive



Director

Pakistan Kuwait Investment Company (Private) Limited
 Unconsolidated Statement of Comprehensive Income
 For the year ended December 31, 2009

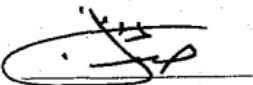
	Note	2009	2008
		----- (Rupees in '000) -----	
Profit / (loss) for the year		516,367	(4,102,069)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		<u>516,367</u>	<u>(4,102,069)</u>

The annexed notes 1 to 42 and annexure I, II and III form an integral part of these financial statements.

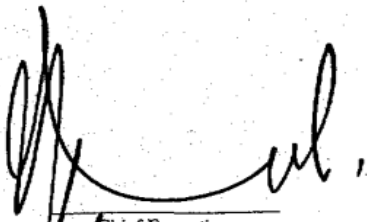
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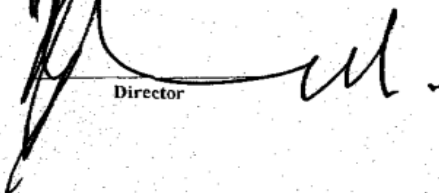
Deputy General Manager



Director



Chief Executive



Director

Pakistan Kuwait Investment Company (Private) Limited

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended December 31, 2009

1. STATUS AND NATURE OF BUSINESS

Pakistan Kuwait Investment Company (Private) Limited ("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 market 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. The Company has its representative offices in Islamabad and Lahore.

These 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 rather than on the basis of reported results. Consolidated financial statements are prepared separately.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the requirements of the format prescribed by the State Bank of Pakistan's BSD Circular No. 4 dated February 17, 2006.

3. STATEMENT OF COMPLIANCE

These 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 the State Bank of Pakistan (SBP). However, in case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and the directives issued by the SBP shall prevail.

The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Accordingly, the requirements of these International Accounting Standards (IAS) and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in preparation of these financial statements.

4. BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis as modified for revaluation of certain investments at market rates in accordance with the requirements of BSD Circular No. 10 dated July 13, 2004 as amended through BSD Circular No. 11 dated August 04, 2004 and BSD Circular No. 14 dated September 24, 2004.

The financial statements are presented in Pakistan Rupees which is Company's functional currency.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Change in accounting policy and disclosure

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's financial statements for the period ended 31 December 2008, except for the presentation and disclosure changes resulting from the adoption of IAS - 1 "Presentation of Financial Statements".

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line item in the statement of changes in equity. In addition, the standard introduces the statement of comprehensive income which presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Company has adopted a two statements approach.

The Company considers that the above change in the requirements relating to the presentation of the financial statements does not affect the Company's financial statements for the year due to the fact that currently all items of income and expense are being recognized in the profit and loss account other than surplus / deficit arising on the revaluation of fixed assets and available-for-sale investments which, in accordance with the requirements of the Companies Ordinance, 1984 and SBP directives, are reported under a separate account shown below equity. Accordingly, the Company does not have any item of other comprehensive income to report for the current year and prior year and therefore, total comprehensive income is equal to the net profit / (loss) reported for all years presented.

5.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury and other banks in current and deposit account.

5.3 Repurchase/resale agreements

The Company enters into securitised borrowing transactions of repurchase agreements (Repos) and reverse repurchase agreements (Reverse repos) at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase agreement

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement.

Purchase under resale agreement

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these agreements are included in reverse repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repos agreement.

5.4 Investments

The Company classifies its investments other than those in subsidiaries and associates as 'Available-for-sale', 'Held-for-trading' and 'Held-to-maturity', based on the criteria set out in BSD Circular Nos. 10, 11 and 14 dated July 13, 2004, August 04, 2004 and September 24, 2004 respectively.

Investments in government securities and quoted investments, categorised as 'Held-for-trading' and 'Available-for-sale' are valued at rates quoted on PKRV (Reuters Page) and market rates of Karachi Stock Exchange as at the balance sheet date respectively. Any surplus or deficit other than impairment arising as a result of revaluation of securities categorised as 'Held-for-trading' is taken to profit and loss account and that of 'Available-for-sale' is taken to the balance sheet, and shown below equity.

Furthermore, investments classified as 'Held-to-maturity' are stated at their amortised cost.

Unquoted investments are stated at lower of cost and break-up value based on latest available financial statements.

Investments in quoted subsidiaries and associates are stated at cost less impairment in value, if any. Unquoted associates and subsidiaries are stated at lower of cost and break-up value based on latest available financial statements.

Impairment loss is recognised whenever the carrying amount of an investment exceeds its recoverable amount. An impairment loss is recognised in income currently. Profit and loss on sale of investments during the year is included in income currently.

Premium or discount on acquisition of government securities is amortised over the period to maturity under effective interest method.

Companies where there are common directors but the Company does not have significant influence are classified as 'Investment in associated undertakings'. These are stated in accordance with their classification either as 'held-for-trading' or 'available-for-sale' securities.

5.5 Trade date accounting

All purchase and sale of investment that require delivery within the time frame established by regulations or market convention are recognized at trade date. Trade date is a date on which the Company commits to purchase and sell the investments.

5.6 Advances including net investment in finance leases

Advances are stated net of provision for doubtful debts. Provision for doubtful debts is determined on the basis of 'Prudential Regulations' issued by the State Bank of Pakistan and Credit policy of the Company. The provision is charged to the profit and loss account.

Advances are written off when there are no realistic prospects of recovery.

Leases, where substantially all risks and rewards incidental to ownership of an asset are transferred to the lessee, are classified as finance lease. A receivable is recognised at an amount equal to the present value of the lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

5.7 Operating fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss (if any) except leasehold land which is stated at cost.

Depreciation is charged to profit and loss account applying the straight line method whereby the cost of an asset is written off over its estimated useful life. Depreciation is charged in the month of purchase and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred.

Profit or loss on the sale or retirement of fixed assets is included in income currently.

5.8 Intangible assets

Intangible assets with definite useful lives are stated at cost less accumulated amortization and accumulated impairment loss (if any). Amortization is charged on a straight line basis over their estimated useful lives.

5.9 Revenue recognition

- i) Dividend income is recognised when the Company's right to receive payment is established.
- ii) Income from loans, term finance certificates, debentures, bank deposits, government securities and reverse repo transactions is recognised under effective interest method, except where recovery is considered doubtful, the income is recognised on receipt basis.
- iii) The Company follows the finance method in recognising income on lease contracts. Under this method the unearned income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased asset is deferred and then amortised over the term of the lease, so as to produce a constant rate of return on net investment in the lease.
- iv) Gain on sale of securities is recognised at the time of sale of relevant securities.
- v) Advisory income is recognised as the services are rendered.

5.10 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account the tax credits and tax rebates available, if any and any adjustments to any tax payable relating to prior years.

Deferred

The Company accounts for deferred taxation using the balance sheet liability method. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits will be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.11 Staff retirement benefits

Defined benefit plan

The Company operates a funded gratuity scheme for all its eligible permanent and contractual employees. 'Projected unit credit method' has been used for actuarial valuation. Actuarial gains or losses in excess of 10% of the actuarial liability or plan assets are recognised over the expected average working life of the employees.

Defined contribution plan

The Company also operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of the basic salary.

5.12 Employees' compensated absences

Liability in respect of employees' compensated absences is recognised on the basis of actuarial valuation and is accounted for in the period in which these are earned. The actuarial valuation is carried out using 'Projected unit credit method'.

The last actuarial valuation of the employees' compensated absences was conducted as of December 31, 2009.

5.13 Derivative financial instruments

Derivative financial instruments are initially measured at fair value and subsequently remeasured at fair value. The gain or loss on remeasurement to fair value is recognised in profit and loss account.

5.14 Impairment

The carrying amount of the assets, other than deferred tax asset, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

5.15 Foreign currency

Foreign currency transactions are recorded at the rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currency are reported in Pakistan Rupees at the rates of exchange prevailing on the balance sheet date. Exchange gains and losses are included in income currently.

5.16 Off-setting of financial assets and financial liabilities

'Financial assets' and 'financial liabilities' are only offset and the net amount is reported in the balance sheet if the Company has a legal right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.17 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

5.18 Segment information

A segment is distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format of reporting is based on business segments.

Business segments

Following are the main segments of the Company:

Corporate Finance	Includes loans, advances, leases and other transactions with corporate customers.
Treasury	Undertakes Company's fund management activities through leveraging and investing in liquid assets such as short term placements, government securities and reverse repo activities. It carries out spread based activities in the inter bank market and manages the interest rate risk exposure of the Company.
Capital Market	Includes trading in listed securities with a view to trade and earn the benefit of market fluctuations and to hold securities for dividend income and capital gain.
Investment Banking	Undertakes advisory services including mergers and acquisitions, listed debt syndication, trustee activities and other investment banking activities.

Geographical segments

All the Company's business segments operate in Pakistan only.

5.19 Accounting Estimates and Judgement

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgements about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods. Judgements made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 40.

5.20 Accounting Standards Not Yet Effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard or Interpretation	Effective date (accounting periods) beginning
IAS 27 - Consolidated and Separate Financial Statements (Amendment)	01 July 2009
IFRS 2 – Share-based Payments: Amendments relating to Group Cash-settled Share-based Payment Transactions	01 January 2010
IFRS 3 – Business Combinations (Revised)	01 July 2009
IFRIC 17 – Distributions of Non-cash Assets to owners	01 July 2009
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	01 July 2009

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not materially effect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 01 January 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

6 CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	2009	2008
		(Rupees in '000)	
Cash in hand in local currency		30	30
With State Bank of Pakistan in local currency current account	<i>6.1</i>	92,300	16,901
With National Bank of Pakistan in local currency current account		182	248
		<u>92,512</u>	<u>17,179</u>

6.1 This includes Rs.80 million (2008: Rs.10 million) held as minimum cash reserve required to be maintained with the SBP in accordance with its requirements issued from time to time. The balance amount is available to the Company for its operation.

7 BALANCES WITH OTHER BANKS		2009	2008
		(Rupees in '000)	
In Pakistan			
- current account		9,452	2,971
- deposit account	<i>7.1</i>	1,787,771	2,755,493
Outside Pakistan			
- current account		-	894
		<u>1,797,223</u>	<u>2,759,358</u>

7.1 This includes placements of Rs. 1,700 million (2008: Rs. 2,700 million). The return on these placements ranges between 12.80 and 13.00 (2008: 18.25 and 22.0) percent per annum and the placements mature between 15 days and 43 days (2008: 14 days and 92 days).

8 LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	2009	2008
		(Rupees in '000)	
Certificates of investment (COIs) in local currency	<i>8.1</i>	950,000	650,000
Provision against COI	<i>8.2</i>	(150,000)	(150,000)
		<u>800,000</u>	<u>500,000</u>

8.1 The return on these COIs ranges between 12.61 and 12.75 (2008: 17.9 to 23.00) percent per annum and are due for maturity by March 11, 2010 (2008: April 02, 2009).

8.2 This represents provision 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 has initiated legal proceedings for recovery of the outstanding amount. The Company, based on the principle of prudence the Company has fully provided the amount.

8.3 The Company does not hold any securities as collateral against lendings to financial institutions.

9 INVESTMENTS

9.1 Investments by type

	2009			2008		
	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	189,068	-	189,068	421,790	-	421,790
Pakistan investment bonds	49,202	-	49,202	-	-	-
Available-for-sale securities						
Market treasury bills	2,394,775	8,077,406	10,472,181	605,632	3,349,317	3,954,949
Pakistan investment bonds	1,670,908	-	1,670,908	-	-	-
Shares of listed companies	1,866,308	-	1,866,308	6,238,029	-	6,238,029
Shares of unlisted companies	119,968	-	119,968	151,546	-	151,546
Listed preference shares	93,489	-	93,489	96,003	-	96,003
Listed term finance certificates	364,765	-	364,765	124,341	-	124,341
Unlisted term finance certificates	136,111	-	136,111	93,958	-	93,958
	6,646,324	8,077,406	14,723,730	7,309,509	3,349,317	10,658,826
Associates	2,270,560	-	2,270,560	1,726,560	-	1,726,560
Subsidiaries	81,120	-	81,120	81,120	-	81,120
Total investments - at cost	9,236,274	8,077,406	17,313,680	9,538,979	3,349,317	12,888,296
Provision for diminution / impairment in the value of investments	(383,487)	-	(383,487)	(4,091,851)	-	(4,091,851)
Total investments - net of provisions	8,852,787	8,077,406	16,930,193	5,447,128	3,349,317	8,796,445
Surplus / (deficit) on revaluation of 'held-for-trading' securities	938	-	938	(301,064)	-	(301,064)
Surplus / (deficit) on revaluation of 'available-for-sale' securities	174,825	(14,017)	160,808	(59,621)	1,161	(58,460)
Total investments at market value	9,028,550	8,063,389	17,091,939	5,086,443	3,350,478	8,436,921

9.2 Investments by segments	Note	2009	2008
(Rupees in '000)			
Federal Government Securities			
- Market treasury bills	9.2.1	10,472,181	3,954,949
- Pakistan investment bonds	9.2.2	1,720,110	-
Fully paid up Ordinary Shares			
- Listed companies		2,055,376	6,659,819
- Unlisted companies		119,968	151,546
		2,175,344	6,811,365
Preference Shares			
- Listed companies		93,489	96,003
Term Finance Certificates (TFCs)			
- Listed TFCs		364,765	124,341
- Unlisted TFCs		136,111	93,958
		500,876	218,299
Investments in Associated Undertakings			
- Listed companies		-	-
Investments in Associates			
- Ordinary shares-listed companies	9.2.4	1,913,507	1,426,280
- Ordinary shares-unlisted companies		211,218	154,445
- Preference shares-unlisted company		145,835	145,835
		2,270,560	1,726,560
Subsidiaries - unlisted ordinary shares			
		81,120	81,120
Total investments - at cost		17,313,680	12,888,296
Provision for diminution / impairment in the value of investments	9.3 & 40.3	(383,487)	(4,091,851)
Total investments - net of provisions		16,930,193	8,796,445
Surplus / (deficit) on revaluation of 'held-for-trading' securities	9.4	938	(301,064)
Surplus / (deficit) on revaluation of 'available-for-sale' securities		160,808	(58,460)
		161,746	(359,524)
Total investments		17,091,939	8,436,921

- 9.2.1 The investments in market treasury bills are maturing between 28 January 2010 and 7 October 2010 (2008: 26 February 2009 and 12 March 2009) and the effective interest ranges between 11.20 and 13.30 percent per annum (2008: 13.81 and 13.85 percent per annum).
- 9.2.2 The investments in Pakistan investment bonds are maturing between 30 August 2013 and 3 September 2019 (2008: Nil) and the effective interest ranges between 11.45 and 13.18 percent per annum (2008: Nil).
- 9.2.3 The investments also include Faysal Management Services (Private) Limited, Al-Meezan Investment Management Limited and Orix Leasing Limited (formerly Orix Investment Bank Pakistan Limited) which can be sold only with prior permission of Securities and Exchange Commission of Pakistan.
- 9.2.4 Investments in associates includes shares of Meezan Bank Limited costing Rs. 1,520 million and market value of Rs. 3,140 million (2008: Cost Rs. 1,003 million, market value Rs.3,174 million) which are held as strategic investment in terms of Prudential Regulation applicable to Corporate / Commercial Banking.

9.3 Particulars for impairment / diminution in the value of investments	2009	2008
	(Rupees in '000)	
Opening balance	4,091,851	166,107
Charge for the year	189,093	3,937,863
Reversals	(3,897,457)	(12,119)
	(3,708,364)	3,925,744
Closing balance	383,487	4,091,851

9.3.1 Particulars of provision in respect of type and segment

'Available-for-sale' securities	306,017	4,025,122
Associates	77,470	65,804
Subsidiary	-	925
	383,487	4,091,851

9.4 Unrealized gain / (loss) on revaluation of 'held-for-trading' securities

Federal government securities	(901)	-
Fully paid up ordinary shares	1,839	(301,064)
	938	(301,064)

9.5 Information relating to quality of 'available-for-sale' securities and investments in shares of listed and unlisted companies, redeemable capital required to be disclosed as part of the financial statements under the SBP's BSD Circular No. 4 dated February 17, 2006, are given in Annexure "I" and "II", which are an integral part of these financial statements.

10 ADVANCES	<i>Note</i>	2009	2008
		(Rupees in '000)	
In Pakistan			
Advances		3,744,176	2,685,896
Net investment in finance leases	<i>10.2</i>	1,258,922	1,583,220
		5,003,098	4,269,116
Provision for non-performing advances	<i>10.4</i>	(1,395,656)	(910,181)
Advances net of provision		3,607,442	3,358,935

10.1 Particulars of gross advances

In local currency	5,003,098	4,246,521
In foreign currencies	-	22,595
	5,003,098	4,269,116
Short term (for upto one year)	1,377,787	1,240,050
Long term (for over one year)	3,625,311	3,029,066
	5,003,098	4,269,116

10.2 Net investment in finance leases

	2009				2008			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	----- (Rupees in '000) -----							
Lease rentals receivable	822,024	535,759	34,428	1,392,211	834,322	872,639	23,078	1,730,039
Residual value	58,223	51,289	-	109,512	68,311	57,973	4,684	130,968
Minimum lease payments	880,247	587,048	34,428	1,501,723	902,633	930,612	27,762	1,861,007
Financial charges for future periods	145,566	90,443	6,792	242,801	137,725	139,892	170	277,787
Present value of minimum lease payments	734,681	496,605	27,636	1,258,922	764,908	790,720	27,592	1,583,220

10.2.1 The Company has entered into lease agreements with various companies for lease of vehicles and plant and machinery. The amount recoverable under these arrangements are receivable by the year 2015 and are subject to finance income at rates ranging between 7.0 and 21.83 (2008: 7.0 and 21.83) percent per annum.

10.2.2 In respect of the aforementioned finance leases the Company holds an aggregate sum of Rs. 99.735 million (2008: Rs. 130.968 million) as security deposits on behalf of the lessees which are included under other liabilities (note 16).

10.3 Advances include Rs. 1,693.697 million (2008: Rs 1,278.058 million) which have been placed under non-performing status as detailed below:

Category of classification	2009			2008		
	Classified Advances	Provision Required	Provision Held	Classified Advances	Provision Required	Provision Held
	----- (Rupees in '000) -----					
Substandard	235,389	58,847	58,847	268,773	67,193	67,193
Doubtful	242,999	121,500	121,500	332,594	166,297	166,297
Loss	1,215,309	1,215,309	1,215,309	676,691	676,691	676,691
	1,693,697	1,395,656	1,395,656	1,278,058	910,181	910,181

10.4 Particulars of provision against non-performing advances - specific

	2009	2008
	(Rupees in '000)	
Opening balance	910,181	338,539
Charge for the year	598,945	607,032
Reversals	(71,719)	(35,390)
	527,226	571,642
Amounts written off	(41,751)	-
Closing balance	1,395,656	910,181

10.5 Local currency	1,395,656	887,586
Foreign currency	-	22,595
	1,395,656	910,181

10.6 Particulars of write offs

10.6.1 Against provisions	41,751	-
10.6.2 Write offs of Rs. 500,000 and above	39,079	-
Write offs of below Rs. 500,000	2,672	-
	41,751	-

10.7 The statement in respect of written off loans or any financial relief of five hundred thousand rupees or above allowed to persons during the year ended 31 December 2009 is given in Annexure III.

10.8 Particulars of loans and advances to directors and associated companies

	2009	2008
	(Rupees in '000)	
Debts due by directors, executives and officers of the Company or any of them severally or jointly with any other persons		
Balance at beginning of the year	12,500	61,852
Repayments	(12,500)	(49,352)
Balance at end of the year	-	12,500

	Note	2009 (Rupees in '000)	2008
11 OPERATING FIXED ASSETS			
Property and equipment	11.1	110,906	107,138
Intangible assets	11.2	360	-
		111,266	107,138

11.1 Property and equipment

	2009							Net book value as at December 31, 2009	Rate of depreciation %
	Cost			Depreciation			As at December 31, 2009		
	As at January 1, 2009	Additions / transfers/ (disposals)	As at December 31, 2009	As at January 1, 2009	Charge / (disposals)	Transfers			
----- (Rupees in '000)-----									
Leasehold land	100	-	100	-	-	-	-	100	
Building on lease hold land	112,149	-	112,149	28,186	2,806	-	30,992	81,157	2.50
Furniture and fixtures	31,254	171	23,318	29,643	339	(356)	22,977	341	20.00
Motor vehicles	65,808	(8,107) 15,846 (14,321)	67,333	46,755	(6,649) 7,219 (13,448)	-	40,526	26,807	20.00
Office equipment	32,833	2,160 (187)	34,806	31,001	1,316 (185)	270	32,402	2,404	33.33
Electrical appliances	4,931	109 (1,989)	3,051	4,352	205 (1,689)	86	2,954	97	20.00
	247,075	18,286 (24,604)	240,757	139,937	11,885 (21,971)	-	129,851	110,906	
----- (Rupees in '000)-----									
	2008							Net book value as at December 31, 2008	Rate of depreciation %
	Cost			Depreciation			As at December 31, 2008		
	As at January 1, 2008	Additions / (disposals)	As at December 31, 2008	As at January 1, 2008	Charge / (disposals)	Transfers			
----- (Rupees in '000)-----									
Leasehold land	100	-	100	-	-	-	-	100	
Building on lease hold land	112,149	-	112,149	25,382	2,804	-	28,186	83,963	2.50
Furniture and fixtures	31,324	430	31,254	27,577	2,366	-	29,643	1,611	20.00
Motor vehicles	79,420	(500) 8,180 (21,792)	65,808	53,830	(300) 7,958 (15,033)	-	46,755	19,053	20.00
Office equipment	32,871	504 (542)	32,833	29,140	2,396 (535)	-	31,001	1,832	33.33
Electrical appliances	7,820	437 (3,326)	4,931	6,167	252 (2,067)	-	4,352	579	20.00
	263,684	9,551 (26,160)	247,075	142,096	15,776 (17,935)	-	139,937	107,138	

11.1.1 Included in cost of property and equipment are fully depreciated items still in use having cost of:

(Rupees in '000)

Furniture and fixture	22,078
Motor vehicles	19,609
Office equipment	23,928
Electrical appliances	2,447

11.1.2 Details of disposals of fixed assets whose original cost or the book value exceeds Rs. 1 million or Rs. 250,000 whichever is less and assets disposed off to the chief executive or to a director or to executives or to any related party, irrespective of the value, are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particular of purchaser
------(Rupees in '000)-----						
Motor vehicles						
Toyota Estima	1,228	1,228	-	-	Surrendered	Custom Authority
Toyota Crown	1,564	1,564	-	-	-do-	Custom Authority
Honda Civic	1,043	853	190	190	Company policy	Karim Hatim (Former Employee)
Suzuki Cultus	560	560	-	56	-do-	Syed Aquib Hashmi (Employee)
Suzuki Cultus	560	560	-	56	-do-	Mohammad Rais (Employee)
Suzuki Cultus	560	560	-	56	-do-	Salman Khan (Employee)
Honda City	795	795	-	80	-do-	Ibrahim Sadiq (Former Employee)
Toyota Corolla	1,209	1,105	104	104	-do-	Wamiq Rizvi (Former Employee)
Honda City	886	641	245	245	-do-	Syed Zahid (Former Employee)

11.2 Intangible assets

	2009							Rate of amortization %
	Cost			Amortization		Net book value as at December 31, 2009		
	As at January 1, 2009	Additions / (disposals)	As at December 31, 2009	As at January 1, 2009	Charge / (disposals)			
------(Rupees in '000)-----								
Software	-	400	400	-	40	40	360	20
	-	400	400	-	40	40	360	

12 DEFERRED TAX ASSETS

	Balance January 01, 2009	Recognised in profit and loss	Recognised in equity	Balance December 31, 2009
------(Rupees in '000)-----				
Debit / (credit) balances arising on account of				
Accelerated tax depreciation allowance	4,236	(3,351)	-	885
Provision for staff retirement gratuity and compensated absences	5,229	1,350	-	6,579
Other staff benefits	4,970	-	-	4,970
Finance lease arrangements	(252,088)	58,056	-	(194,032)
Provision against non-performing advances	364,369	184,529	-	548,898
Surplus / (deficit) on revaluation of 'available-for-sale' securities	(486)	-	15,369	14,883
	<u>126,230</u>	<u>240,584</u>	<u>15,369</u>	<u>382,183</u>
	Balance January 01, 2008	Recognised in profit and loss	Recognised in equity	Balance December 31, 2008
------(Rupees in '000)-----				
Debit / (credit) balances arising on account of				
Accelerated tax depreciation allowance	5,821	(1,585)	-	4,236
Provision for staff retirement gratuity and compensated absences	3,793	1,436	-	5,229
Other staff benefits	4,970	-	-	4,970
Finance lease arrangements	(282,379)	30,291	-	(252,088)
Provision against non-performing advances	111,795	252,574	-	364,369
Surplus / (deficit) on revaluation of 'available-for-sale' securities	(22,166)	-	21,680	(486)
	<u>(178,166)</u>	<u>282,716</u>	<u>21,680</u>	<u>126,230</u>

13	OTHER ASSETS	Note	2009	2008
			(Rupees in '000)	
	Income / mark-up accrued in local currency		232,589	173,567
	Income / mark-up accrued in foreign currency		-	108
	Advances, deposits, prepayments and other receivables		90,683	13,153
	Central excise duty		-	2,077
			<u>323,272</u>	<u>188,905</u>
	Provision held against other assets	13.1	-	(26,154)
			<u>323,272</u>	<u>162,751</u>
13.1	Provision against other assets			
	Opening balance		26,154	26,154
	Charge for the year		-	-
	Reversal during the year		(2,077)	-
	Amount written off		(24,077)	-
	Closing balance		<u>-</u>	<u>26,154</u>
14	BORROWINGS			
	In Pakistan		<u>10,377,872</u>	<u>6,370,782</u>
14.1	Particulars of borrowings with respect to currencies			
	In local currency		<u>10,377,872</u>	<u>6,370,782</u>
14.2	Details of borrowings secured / unsecured			
	Secured			
	Repurchase agreement borrowings	14.2.1	8,067,577	3,351,634
	TFCs	14.2.2	1,450,000	1,650,000
	Borrowings from SBP			
	Under Long Term Facility - Export Oriented Project (LTF-EOP)	14.2.3	300,412	369,148
	Under Long Term Finance Facility (LTFF)	14.2.4	59,883	-
	Murabaha	14.2.5	500,000	-
	Unsecured			
	TFCs		-	1,000,000
			<u>10,377,872</u>	<u>6,370,782</u>

14.2.1 Repurchase agreement borrowings

The Company has arranged borrowings from various financial institutions against sale and repurchase of government securities. The mark-up on these finances range between 12.00 and 12.35 (2008: 11.00 and 14.90) percent per annum with maturity ranging from four days to sixty three days (2008: two days to six days).

14.2.2 TFCs (non-participatory)

This represents finance obtained through issue of privately placed TFC's of five years maturity. The mark-up is payable on quarterly basis and the principal is repayable in five equal semi annual installments 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 (2008: 65) basis points. As at December 31, 2009 the effective rate ranges between 13.02 and 13.24 (2008: 15.81 and 16.15) percent per annum.

14.2.3 LTF-EOP facility from SBP

This represent a one time swap facility option under the scheme LTF - EOP allowed by the SBP 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. 300.412 million as at December 31, 2009 (2008: Rs. 369.148 million).

14.2.4 Borrowings from SBP under LTFF

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 arrangement amounts to Rs. 59.833 million as at December 31, 2009 (2008: Nil).

14.2.5 Murabaha

This represents finance obtained from an Islamic bank. The profit rate on the finance is 11.65 (2008: Nil) percent per annum and is maturing on 15 January 2010 (2008: Nil).

15 DEPOSITS AND OTHER ACCOUNTS

2009 2008
(Rupees in '000)

Certificates of investment (COI) / deposits 4,075,951 37,500

15.1 Particulars of deposits

In local currency 4,075,951 37,500

The profit rates on these COIs / deposits ranges between 11.40 and 14.00 (2008: 9.75 and 14.03) percent per annum. The COIs / deposits are due for maturity between January 2, 2010 and May 5, 2012 (2008: January 19, 2009 and March 22, 2010). Included in COIs / deposits is an amount of Rs. 4,045.951 million (2008: Rs. 35 million) payable within twelve months.

16 OTHER LIABILITIES

Note 2009 2008
(Rupees in '000)

Mark-up / return / interest payable in local currency 134,295 66,979
Accrued liabilities 73,446 65,835
Retention money payable 22 22
Taxation 245,618 470,901
Staff retirement gratuity 31.1.4 10,471 5,393
Security deposits against finance lease 10.2.2 99,735 130,968
Employees' compensated absences 8,070 9,291
Payable on account of purchase of marketable securities 116,443 -
Other liabilities 3,329 1,260
691,429 750,649

17 SHARE CAPITAL

17.1 Authorised Share Capital

2009 2008
(Number of shares)

400,000 400,000 Ordinary shares of Rs. 25,000 each 10,000,000 10,000,000

17.2 Issued, Subscribed and Paid-up Share Capital

2009 2008
(Number of shares)

25,950 25,950 Ordinary shares of Rs. 25,000 each issued for cash 648,750 648,750
214,050 214,050 Ordinary shares of Rs. 25,000 each issued as bonus shares 5,351,250 5,351,250
240,000 240,000 6,000,000 6,000,000

The SBP on behalf of the Government of Pakistan (GOP) and Kuwait Investment Authority (KIA) on behalf of Government of Kuwait each hold 120,000 (2008 : 120,000) ordinary shares of the Company as at December 31, 2009.

17.3 Reserves	<i>Note</i>	2009	2008
		(Rupees in '000)	
Statutory reserve	<i>17.3.1</i>	2,884,894	3,288,822
Special reserve		-	-
Revenue reserves		-	3,158,890
		<u>2,884,894</u>	<u>6,447,712</u>

17.3.1 Statutory reserve - compulsory reserve

At beginning of the year	3,288,822	3,288,822
Add: Transfer during the year	103,273	-
Less: Transfer to accumulated loss	(507,201)	-
	<u>2,884,894</u>	<u>3,288,822</u>

According to BPD Circular No. 15 dated May 31, 2004 issued by the SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund till such time the reserve fund equals the amount of the paid-up capital and after that a sum not less than 5% of profit after tax shall be credited to the statutory reserve. The Company has transferred 20% of its after tax profit for the year to this reserve amounting to Rs. 103.273 million (2008: Nil).

At year end, the Company transferred Rs. 507.201 million to the accumulated loss in order to meet the Minimum Capital Requirement of Rs. 6,000 million.

18 SURPLUS / (DEFICIT) ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES-NET OF TAX	2009	2008
	(Rupees in '000)	
Federal and provincial government securities	(42,525)	1,387
Quoted shares	212,860	(59,956)
Other securities	(9,527)	108
	<u>160,808</u>	<u>(58,461)</u>
Deferred tax	14,883	(485)
	<u>175,691</u>	<u>(58,946)</u>

19 CONTINGENCIES AND COMMITMENTS**19.1 Direct Credit Substitute**

2009 **2008**
(Rupees in '000)

Direct credit substitute – guarantee issued	1,550	1,550
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19.2 Other Contingencies

The Income Tax Department has amended the deemed assessment orders for the tax years from 2004 to 2009, raising a tax demand of Rs. 1,412 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 2009. The total additions made in tax years 2004 to 2009 under this head amounts to Rs. 3,091 million.

In tax year 2003, the 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 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 payers for an easy and efficient resolution of disputes.

An appeal has been filed with the Commissioner of Income Tax (Appeal) for the tax years 2004 to 2009. The Company has already made provision of Rs. 618 million 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.

19.3 Other Commitments

Note **2009** **2008**
(Rupees in '000)

Commitment - acquisition of software	48,817	-
Undisbursed sanctions for financial assistance in the form of:		
- equity participation	166,220	1,135,100
- loans and advances	317,945	200,936
	532,982	1,336,036

20 MARK - UP / RETURN / INTEREST EARNED

On loans and advances to customers	400,372	387,178
On investments in:		
- 'Available-for-sale' securities	1,028,277	111,658
- 'Held-for-trading' securities	13,989	-
On lendings to financial institutions	331,956	406,084
On securities purchased under resale agreements	22,961	253,625
	1,797,555	1,158,545

21 MARK-UP / RETURN / INTEREST EXPENSED

Deposits / borrowings	569,211	486,850
Securities sold under repurchase agreement	619,187	63,716
Other short term borrowings	865	625
	1,189,263	551,191

	<i>Note</i>	2009	2008
		(Rupees in '000)	
22			
GAIN ON SALE OF SECURITIES			
Federal government securities			
- Market treasury bills		1,143	2
- Pakistan investment bonds		8,258	-
Shares - listed securities		816,095	279,579
Shares - unquoted securities		-	1,050
		825,496	280,631
23			
OTHER INCOME			
Profit on sale of operating fixed assets		1,106	3,028
Others		17,239	29,687
		18,345	32,715
24			
ADMINISTRATIVE EXPENSES			
Salaries, allowances and employees' benefits		158,726	118,360
Directors' remuneration (including remuneration of Chief Executive)		28,035	38,124
Provision for gratuity	<i>31.1.5</i>	10,929	6,972
Employer's contribution to the provident fund		5,477	5,785
Travelling and conveyance		4,971	9,074
Rent and rates		7,981	9,129
Utilities		2,248	3,168
Communication		7,360	7,409
Professional training and staff welfare		1,420	537
Advertisements, periodicals and membership dues		1,838	5,826
Printing and stationery		2,638	2,615
Depreciation	<i>11.1</i>	11,885	15,776
Amortization	<i>11.2</i>	40	-
Auditors' remuneration	<i>24.1</i>	3,642	4,928
Legal, consultancy and other professional services		19,671	20,739
Repairs and maintenance		14,686	16,260
Motor vehicle expenses		6,627	8,989
Insurance		2,162	2,758
Donations		200	-
Workers' Welfare Fund		11,853	-
Entertainment		408	1,516
Bank charges		184	220
Miscellaneous		11,545	8,017
		314,526	286,202
24.1			
Auditor's remuneration			
Audit fee		950	950
Fee for half yearly review		365	365
Special certifications and sundry advisory services		2,150	3,326
Out of pocket expenses		177	287
		3,642	4,928
25			
OTHER CHARGES			
Penalties imposed by the SBP		203	50

		2009	2008	
		(Rupees in '000)		
26	TAXATION			
	For the year			
	- Current	316,866	312,315	
	- Deferred	<u>(240,584)</u>	<u>(282,716)</u>	
		<u>76,282</u>	<u>29,599</u>	
26.1	Relationship between tax expense and accounting profit			
	Profit / (Loss) before taxation	<u>592,649</u>	<u>(4,072,470)</u>	
	Tax at the applicable rate of 35% (2008: 35%)	207,427	(1,425,365)	
	Net tax effect on income taxed at reduced rates	(41,125)	(50,436)	
	Net tax effect of expenses not subject to tax	(66,182)	1,480,815	
	Others	<u>(23,838)</u>	<u>24,585</u>	
		<u>76,282</u>	<u>29,599</u>	
27	BASIC EARNING / (LOSS) PER SHARE			
	Profit / (loss) for the year	<u>516,367</u>	<u>(4,102,069)</u>	
		(Number in '000)		
	Weighted average number of ordinary shares	<u>240</u>	<u>240</u>	
		(Rupees)		
	Basic earning / (loss) per share	<u>2,152</u>	<u>(17,092)</u>	
28	DILUTED EARNING / (LOSS) PER SHARE			
	Profit / (loss) for the year	<u>516,367</u>	<u>(4,102,069)</u>	
		(Number in '000)		
	Weighted average number of ordinary shares	<u>240</u>	<u>240</u>	
		(Rupees)		
	Diluted earning / (loss) per share	<u>2,152</u>	<u>(17,092)</u>	
28.1	There were no convertible diluted potential ordinary shares outstanding as on December 31, 2009 and December 31, 2008.			
29	CASH AND CASH EQUIVALENTS	<i>Note</i>		
			2009	
			2008	
			(Rupees in '000)	
	Cash and balances with treasury banks	6	92,512	17,179
	Balances with other banks	7	<u>1,797,223</u>	<u>2,759,358</u>
			<u>1,889,735</u>	<u>2,776,537</u>
30	STAFF STRENGTH		(Number)	
	Permanent		78	59
	Temporary / on contractual basis		<u>6</u>	<u>17</u>
	Own staff strength at the end of the year		<u>84</u>	<u>76</u>
	Outsourced		<u>33</u>	<u>32</u>
	Total staff strength		<u>117</u>	<u>108</u>

31 DEFINED BENEFIT PLAN

31.1 Staff retirement gratuity

31.1.1 The Company operates a funded gratuity scheme for all its eligible permanent and contractual employees. 'Projected unit credit method' has been used for actuarial valuation.

	<i>Note</i>	2009	2008
31.1.2 Principal actuarial assumptions		(% per annum)	
Discount rate		<u>12.75</u>	<u>15</u>
Expected rate of increase in salaries		<u>12.75</u>	<u>15</u>
Expected rate of return on investments		<u>12.75</u>	<u>15</u>
Normal retirement age		<u>60 years</u>	<u>60 years</u>
31.1.3 Reconciliation of payable to defined benefit plan		2009	2008
		(Rupees in '000)	
Present value of defined benefit obligations	<i>31.1.6</i>	<u>42,248</u>	40,136
Fair value of plan assets	<i>31.1.7</i>	<u>(14,111)</u>	(9,620)
		<u>28,137</u>	30,516
Unrecognised actuarial losses		<u>(17,666)</u>	(25,123)
		<u>10,471</u>	<u>5,393</u>
31.1.4 Movement in payable to defined benefit plan			
Opening balance		<u>5,393</u>	4,151
Expense charged in the current year	<i>31.1.5</i>	<u>10,929</u>	6,972
Company's contribution to gratuity fund		<u>(5,851)</u>	(5,730)
Closing balance		<u>10,471</u>	<u>5,393</u>
31.1.5 Charge for defined benefit plan			
Current service cost		<u>4,884</u>	3,864
Interest cost		<u>6,278</u>	2,790
Expected return on plan assets		<u>(1,741)</u>	(789)
Actuarial loss amortised		<u>1,508</u>	1,107
		<u>10,929</u>	<u>6,972</u>
31.1.6 Reconciliation of present value of defined benefit obligation			
Opening balance of defined benefit obligation		<u>40,136</u>	27,370
Current service cost		<u>4,884</u>	3,864
Interest cost		<u>6,278</u>	2,790
Actuarial benefits paid during the year		<u>(2,628)</u>	(4,223)
Actuarial gain on obligation		<u>(6,422)</u>	10,335
Closing balance of defined benefit obligation		<u>42,248</u>	<u>40,136</u>
31.1.7 Reconciliation of fair value of plan assets			
Opening fair value of plan assets		<u>9,620</u>	7,198
Expected return on plan assets during the year		<u>1,741</u>	789
Actual contributions made by the employer		<u>5,851</u>	5,730
Actual benefits paid during the year		<u>(2,628)</u>	(4,223)
Actuarial (loss) / gain on plan assets		<u>(473)</u>	126
Closing fair value of plan assets		<u>14,111</u>	<u>9,620</u>

Actual return on plan assets is 11.50 % as at December 31, 2009 (9.5% as at December 31, 2008).

31.1.8 Historical information of defined benefit plan

	Present value of the defined benefit plan	Fair value of the plan assets	Deficit in the plan	Gain / (loss) on plan liabilities due to experience	Gain / (loss) on plan assets due to experience
------(Rupees in '000)-----					
2009	42,248	14,111	(28,137)	3,655	(473)
2008	40,136	9,620	(30,516)	(10,335)	126
2007	27,370	7,198	(20,172)	(2,247)	(53)
2006	44,720	6,243	(38,477)	(3,461)	(221)
2005	35,320	2,427	(32,893)	(4,351)	(593)
2004	33,354	7,153	(26,201)	427	513

31.1.9 Break up of investments

	2009	2008
	%	
Bank balances	40	40
Musharika deposits	60	60
	<u>100</u>	<u>100</u>

31.1.10 The expected gratuity expense for the year ending December 31, 2010 works out to be Rs.9.745 million.

32. DEFINED CONTRIBUTION PLAN

The Company operates an approved funded contributory provident fund for all its permanent employees to which monthly contributions are made both by the Company (at 10 % of basic salary), and by the employees (at the rate of 10 % - 30 %) of basic salary.

33. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2009	2008	2009	2008	2009	2008
------(Rupees in '000)-----						
Fee	-	-	12,809	3,530	-	-
Managerial remuneration	11,722	19,395	-	-	56,832	55,228
Charge for defined benefit plan	-	652	-	-	4,305	3,393
Contribution to defined contribution plan	-	782	-	-	5,167	4,409
Rent and house maintenance	1,758	4,130	-	-	25,574	24,852
Utilities	1,238	142	-	-	5,683	5,523
Medical	35	198	-	-	4,061	4,009
Others	474	12,896	-	-	-	-
	<u>15,227</u>	<u>38,195</u>	<u>12,809</u>	<u>3,530</u>	<u>101,622</u>	<u>97,414</u>
No. of persons	<u>1</u>	<u>2</u>	<u>5</u>	<u>5</u>	<u>47</u>	<u>44</u>

33.1 The Chief Executive and certain executives are also provided with other facilities, including the free use of Company maintained car.

33.2 The compensation for 2008 includes remuneration and retirement benefits of outgoing Chief Executive till November 25, 2008.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

34.1 On balance sheet financial instruments

	2009		2008	
	Book value	Fair value	Book value	Fair value
------(Rupees in '000)-----				
Financial Assets				
- Cash balances with treasury banks	92,512	92,512	17,179	17,179
- Balances with other banks	1,797,223	1,797,223	2,759,358	2,759,358
- Lendings to financial institutions	800,000	800,000	500,000	500,000
- Investments	17,091,939	18,948,992	8,436,921	10,651,191
- Advances	3,607,442	3,607,442	3,358,935	3,358,935
- Other assets	232,589	232,589	149,598	149,598
	<u>23,621,705</u>	<u>25,478,758</u>	<u>15,221,991</u>	<u>17,436,261</u>
Financial Liabilities				
- Borrowings	10,377,872	10,377,872	6,370,782	6,370,782
- Deposits and other accounts	4,075,951	4,075,951	37,500	37,500
- Other liabilities	435,340	435,340	274,355	274,355
	<u>14,889,163</u>	<u>14,889,163</u>	<u>6,682,637</u>	<u>6,682,637</u>

The fair value of investments in listed securities is based on market rates of the Karachi Stock Exchange. Fair value of unquoted equity investments is determined on the basis of break-up value based on the latest available financial statements.

Fair value of fixed term loans and advances, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

35 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2009					Total
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	
	----- (Rupees in '000) -----					
Total income - gross	428,943	1,389,282	5,009	972,053	16,735	2,812,022
Total mark-up / return / interest expense	(252,290)	(936,973)	-	-	-	(1,189,263)
Segment provision / impairment / unrealised losses	(509,918)	(900)	-	(204,563)	-	(715,381)
	(762,208)	(937,873)	-	(204,563)	-	(1,904,644)
Net operating income	(333,265)	451,409	5,009	767,490	16,735	907,378
Administrative expenses and other charges						(314,729)
Profit before taxation						592,649
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) %	12.97	13.57	-	22.12	1.86	-
Segment cost of funds (%)	11.53	12.71	-	-	-	-

	2008					Total
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	
	----- (Rupee in '000) -----					
Total income - gross	436,364	786,727	3,697	436,742	15,037	1,678,567
Total mark-up / return / interest expense	(433,073)	(118,118)	-	-	-	(551,191)
Segment provision / impairment / unrealised gains	(634,088)	(150,000)	-	(4,129,506)	-	(4,913,594)
	(1,067,161)	(268,118)	-	(4,129,506)	-	(5,464,785)
Net operating income	(630,797)	518,609	3,697	(3,692,764)	15,037	(3,786,218)
Administrative expenses and other charges						(286,252)
Profit before taxation						(4,072,470)
Segment assets - net	3,908,126	7,732,843	-	3,384,138	443,405	15,468,512
Segment non-performing loans/financings	1,278,058	-	-	-	-	1,278,058
Segment provision required and held	910,181	-	-	-	-	910,181
Segment liabilities	3,019,148	3,389,134	-	-	750,649	7,158,931
Segment return on net assets (ROA) %	9.81	12.74	-	6.92	3.21	-
Segment cost of funds (%)	10.96	8.79	-	-	-	-

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

36. 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.

	2009	2008
	(Rupees in '000)	
Expenses charged to a related party	15,840	10,491
Expenses charged by		
- associates	3,269	3,058
- other related party	17,368	13,703
Dividend income from		
- associates	27,953	27,954
- other related parties	-	-
Placement / COI with an associate		
Balance as at January 1,	-	35,684
Matured during the year	-	(47,205)
Exchange gain	-	11,521
	-	(35,684)
Balance as at December 31,	-	-
Mark-up earned on placement with an associate	-	1,206
Mark-up earned on bank deposit with an associate	1,098	778
Mark-up receivable on placement / COI / leases & loans and advances		
- with associates	-	49
- other related parties	-	-
Mark-up earned on loans and advances		
- associates	1,088	4,238
- other related parties	-	-
Loans and advances to key management personnel		
Balance as at January 1,	6,704	17,768
Disbursement during the year	19,000	-
Recovery during the year	(3,181)	(11,064)
	15,819	(11,064)
Balance as at December 31,	22,523	6,704
Advances to associates / other related parties	-	12,500
Mark-up expense on COI of a related party	6,879	869
Deposits / COIs - associate & other related party	102,500	2,500
Bank balances with an associate	57,089	6,906
Mark-up receivable on bank deposit with an associate	297	63
Mark-up payable to other related party	4,160	97
Investments in		
- quoted, at market values		
- associates	3,721,029	3,591,019
- other related parties	-	-
- unquoted, at cost		
- subsidiary companies	81,120	81,120
- associates	357,053	300,280
- other related parties	500	500
Commitments for investment in equity of / loan to associates	166,220	1,135,100
Contribution made to provident fund	5,477	5,785
Contribution made to gratuity fund	5,851	5,730
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 Compliance, Head of Internal Audit, Head of Wealth Management and Head of Human Resources. Their salaries and other benefits amount to Rs. 53.349 million (2008: Rs. 68.348 million) and staff retirement benefits amount to Rs. 2.896 million (2008: Rs. 4.385 million).

37. ASSOCIATES AND ASSOCIATED UNDERTAKINGS

The investments in associates are valued as stated in note 5.3 above. The Company's associates are those companies in which it holds more than 20% of the equity or has significant influence and have common directorship. These include Al-Meezan Mutual Fund Limited (12%), Al-Meezan Investment Management Limited (30%), Meezan Bank Limited (30%), The General Tyre and Rubber Company of Pakistan Limited (28%), Plexus (Private) Limited (50%), Falcon Greenwood (Private) Limited (25%), Pak Kuwait Takaful Company Limited (30%), National Clearing Company of Pakistan Limited (18%) and National Commodity Exchange (9%). The Company also holds units in Meezan Balance Fund.

38. CAPITAL ADEQUACY

38.1 State Bank of Pakistan (SBP) sets and monitors capital requirements for the Company as a whole. In implementing current capital requirements, SBP requires to maintain a prescribed ratio of minimum 10% total capital to total risk-weighted assets on standalone as well as on consolidated basis based upon the Standardized approach of Basel-II.

The Company maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company has complied with all externally imposed capital requirements throughout the year.

The Company's regulatory capital is analyzed in following tiers:

-Tier 1 Capital which includes fully paid up capital (including the bonus shares), balances in share premium account, general reserves as the financial statements and net un-appropriated profits etc after deduction for deficit on revaluation of available for sale investments and 50% deduction for investment in the subsidiary companies and significant minority investments in entities engaged in banking and financial activities.

- Tier 2 Capital, which includes general provisions for loan losses (up to a maximum of 1.25% of risk weighted), reserves on revaluation of fixed assets and equity investments up to a maximum of 45% balance, foreign exchange translation reserves etc after 50% deduction for investment in the equity of subsidiary companies and significant minority investments in entities engaged in banking and financial activities.

The capital of the Company is managed keeping in view the minimum "Capital Adequacy Ratio" required by SBP. The adequacy of the capital is tested with reference to risk weighted assets of the Company. The total risk-weighted exposures comprise the credit, market and operational risk.

The calculation of capital adequacy enables the Company to assess the long-term soundness. It is crucial to continuously monitor the exposure across entire organization and aggregate risk so as to take an integrated approach/view. Maximization of the return on risk adjusted capital is the principal basis to be used in determining how capital is allocated within the Company to particular operations or activities. Pak Kuwait seeks to achieve the following goals by implementing an effective capital management framework:

- a) Maintain sufficient capital to support overall business strategy;
- b) Integrate capital allocation decisions with the strategic and financial planning process;
- c) Enhance Board and senior management's ability to understand how much capital flexibility exists to support the overall business strategy;
- d) Enhance understanding on capital requirements under different economic and stress scenarios;
- e) Build and support linkage between risks and capital and tie performance to both of them; and
- f) Meet the regulatory capital adequacy ratios and have a prudent buffer.

To comply with SBP guidelines on Internal Capital Adequacy Assessment Process (ICAAP) vis-à-vis BSD Circular no. 17 dated August 12, 2008, the Company submitted the major findings of ICAAP to the regulator within the due date. In the ICAAP document risks other than the pillar I risks were identified, measured and adjusted with the capital to arrive at revised CAR based on pillar I and pillar II risks.

The Company also stress tests its capital adequacy to various risks as per SBP stress testing guidelines.

38.2 Capital adequacy ratio

	2009	2008
	(Rupees in '000)	
CAP 1		
Tier 1 Capital		
Fully paid-up capital	6,000,000	6,000,000
General Reserves as disclosed on the balance sheet	2,884,894	6,447,712
Accumulated loss	-	(4,079,185)
Sub-Total	8,884,894	8,368,527
Deductions:		
Deficit on account of revaluation of investments held AFS category	-	59,956
Other deductions (50% of the amount as calculated on CAP 2)	871,688	773,155
Sub-Total	871,688	833,111
Total eligible Tier 1 Capital	8,013,206	7,535,416
Supplementary Capital		
Tier 2 Capital	72,364	-
Deductions		
Other deductions (50% of the amount as calculated on CAP 2)	871,688	773,155
Total deductions	871,688	773,155
Total supplementary capital eligible for capital adequacy ratio	(799,324)	(773,155)
(Maximum upto 100% of Total eligible Tier 1 capital)		
Total eligible capital	7,213,882	6,762,261

Risk weighted exposures	Capital Requirements		Risk Weighted Assets	
	2009	2008	2009	2008
	------(Rupees in '000)-----		------(Rupees in '000)-----	
Credit risk				
PSE's	2,699	-	26,987	-
Banks	40,270	50,907	402,702	565,635
Corporates	267,515	272,357	2,675,149	3,026,186
Retail portfolio	228	107	2,281	1,187
Secured by residential property	2,449	1,439	24,490	15,985
Past due loans	30,101	29,934	301,014	332,600
Listed equity investments	71,360	29,714	713,595	330,155
Unlisted equity investments	38,031	11,980	380,314	133,116
Investments in fixed assets	11,127	9,642	111,266	107,138
Other assets	47,289	12,545	472,886	139,384
	511,069	418,625	5,110,684	4,651,386
Credit risk on off balance sheet				
Non market related	46,890	120,264	468,898	1,336,268
Equity position risk	431,633	451,330	4,316,332	5,014,774
Operational risk	150,928	130,908	1,509,284	1,454,530
	1,140,520	1,121,127	11,405,198	12,456,958
Capital adequacy ratios				
Total eligible regulatory capital			7,213,882	6,762,261
Total risk weighted assets			11,405,198	12,456,958
TOTAL CAPITAL ADEQUACY RATIO			63.25%	54.29%

38.3 Types of exposures and ECAI's used

Exposures	JCR-VIS	PACRA
PSE's	-	-
Banks	✓	✓
Corporates	✓	✓
Sovereigns and GOP other than PKR	-	-

38.4 Credit exposures subject to standardised approach

Exposures	Rating Category	Amount Outstanding	Deduction CRM	Net amount
			------(Rupees in '000)-----	
GOP				
Banks	1	1,869,971	-	1,869,971
	2,3	57,386	-	57,386
	Unrated	31	-	31
Corporates	1	1,640,280	-	1,640,280
	2	126,573	-	126,573
	Unrated	2,283,806	-	2,283,806
		<u>5,978,047</u>	<u>-</u>	<u>5,978,047</u>

39. RISK MANAGEMENT

Risk taking is central to all financing activities. The Company evaluated business opportunities in terms of the risk-reward relationship. The risks that Company takes are reasonable and controlled within its financial resources and credit competence.

The following key principles form part of the approach to risk management:

- The Risk Management function acts independently
- The Board through its subcommittee reviews and approves risk policies and tolerance limits wherever required
- Various committees at functional level oversee the implementation of risk management polices.
- Market and Liquidity Risk are managed by a well-represented Asset and Liability Committee (ALCO). And the Credit Committee oversees Credit Risk.

Risk Management is a core function that performs critical activities of measuring, monitoring, controlling and reporting credit, market, operational and other risk in order to ensure sustained performance of the Company. The risk management framework is based on prudent risk identification, measurement, monitoring and management process which are closely aligned with all activities of the Company so as to ensure that risks are kept within an acceptable level. The risk management framework:

- 1) Risk Policies and limits structure,
- 2) Risk Infrastructure and
- 3) Risk measurement methodologies.

Risk policies are the main drivers of creating risk culture and it recognizes the commitment of management to promote the risk based decisions. The Company is in the process of developing new Risk Management Policy and Procedure Manual and had hired the services of external consultants who along with the Risk Management function are developing Risk Management Policy and Procedure Manual.

The risk infrastructure at the Company includes human resource with defined hierarchy of roles and responsibilities, risk culture, systems and procedures and management oversight. The Company has strengthened the risk management abilities to proactively manage market, credit and operational risks by allocating and hiring human resources for the risk management function during the year and expects to develop a risk culture where every employee is expected to be a risk manager at his work place. For this the Company has also introduced whistle blowing policy.

39.1 Credit risk

Credit risk is the risk of loss due to the failure of a borrower to meet its credit obligations in accordance with agreed contract terms.

Company's Credit process is guided by centrally established credit policies, rules and guidelines continuing to close to the market approach with an aim to maintain a well-diversified portfolio of credit risk which produces a reliable and consistent return.

Company has a system of checks and balances in place around the extension of credit that are:

- an independent risk management function;
- multiple credit approvers;
- independent audit & compliance functions.

Salient features of risk approval process are as follows:

- Every extension of credit to any counterparty requires approval by pre-defined level of authority;
- All business units must apply consistent standards in arriving at their credit decisions;
- Every material change to a credit facility requires approval at the appropriate / pre-defined level.

In order to restrict credit concentration risk the Company has developed internal risk rating system to monitor risk rating concentration of counterparties against different grades ranging from 1 – 12 (1 being best, 10 – 12 defaulters).

The Company is in the process of developing facility risk rating model in order to further strengthen credit risk monitoring.

The Company is using Basel-II standardized approach to calculate risk weighted assets against credit risk.

The Company performs stress testing on its credit portfolio according to SBP stress testing guidelines.

The disbursement, administration and monitoring of credit facilities is managed by Credit Administration Department (CAD) linked to various business units.

The Company monitors its credit portfolio on continuing basis. Procedures are in place to identify at an early stage, credit exposure for which there may be a risk of loss.

39.1.1 Segment by class of business

	2009					
	Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Agriculture, forestry, hunting and fishing	-	-	-	-	-	-
Textile	1,773,401	35.45	-	-	11,220	2.10
Chemical and pharmaceutical	926,143	18.51	65,000	1.59	100,000	18.71
Cement	103,783	2.07	200,000	4.91	-	-
Sugar	216,875	4.33	-	-	-	-
Footwear and leather garments	38,620	0.77	-	-	-	-
Automobile and transportation equipment	-	-	-	-	-	-
Electronics and electrical appliances	11,679	0.23	-	-	-	-
Construction	315,796	6.31	-	-	16,220	3.03
Transport, storage and communication	585,080	11.69	1,400,000	34.36	149,062	27.89
Financial and Insurance	-	-	186,000	4.56	150,000	28.06
Power	327,659	6.56	-	-	1,550	0.29
Trusts	-	-	2,010,451	49.32	-	-
Services	207,492	4.15	202,500	4.97	106,480	19.92
Individuals	73,014	1.46	-	-	-	-
Others	423,556	8.47	12,000	0.29	-	-
	5,003,098	100.00	4,075,951	100.00	534,532	100.00

	2008					
	Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Agriculture, forestry, hunting and fishing	114,286	2.68	-	-	-	-
Textile	1,778,679	41.66	-	-	-	-
Chemical and pharmaceutical	216,274	5.07	-	-	6,443	0.48
Cement	107,783	2.52	-	-	-	-
Sugar	259,375	6.08	-	-	-	-
Footwear and leather garments	160,380	3.76	35,000	93.33	-	-
Automobile and transportation equipment	40,760	0.95	-	-	-	-
Electronics and electrical appliances	14,164	0.33	-	-	-	-
Construction	395,747	9.27	-	-	16,220	1.21
Transport, storage and communication	271,354	6.36	-	-	-	-
Financial and Insurance	48,790	1.14	-	-	1,118,880	83.65
Power	250,000	5.86	-	-	1,550	0.12
Services	87,500	2.05	-	-	52,069	3.89
Individuals	49,928	1.17	-	-	-	-
Others	474,096	11.10	2,500	6.67	142,424	10.65
	4,269,116	100.00	37,500	100.00	1,337,586	100.00

39.1.2 Segment by sector

	2009					
	Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / government	102,659	2.05	1,300,000	31.89	1,550	0.29
Private	4,900,439	97.95	2,775,951	68.11	532,982	99.71
	5,003,098	100.00	4,075,951	100.00	534,532	100.00

	2008					
	Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / government	-	-	35,000	93.33	1,550	0.12
Private	4,269,116	100.00	2,500	6.67	1,336,036	99.88
	4,269,116	100.00	37,500	100.00	1,337,586	100.00

39.1.3 Details of non-performing advances and specific provisions by class of business segment

	2009		2008	
	Classified advances	Specific provision held	Classified advances	Specific provision held
	----- (Rupees in '000) -----			
Textile	1,080,412	911,091	799,144	431,267
Construction	252,027	189,840	169,110	169,110
Cement	93,333	93,333	-	-
Others	267,925	201,392	309,804	309,804
	1,693,697	1,395,656	1,278,058	910,181

39.1.4 Details of non-performing advances and specific provisions sector - wise

	2009		2008	
	Classified advances	Specific provision held	Classified advances	Specific provision held
	----- (Rupees in '000) -----			
Public / government	-	-	-	-
Private	1,693,697	1,395,656	1,278,058	910,181
	1,693,697	1,395,656	1,278,058	910,181

39.3 Market risk

It is the risk that the value of on and off – balance sheet positions of a financial institution will be adversely affected by movements in market variables, such as interest rates, foreign exchange rates, equity prices and credit spreads.

The Company is exposed to interest rate risk and equity price risk. Market Risk at the Company is managed by the Risk Management Function which makes sure that exposure in Money Market and Equity Market adheres with the risk tolerance level and matches with overall business goals set by Board of Directors (BOD), Risk Management Committee (RMC) and Assets & Liability Committee (ALCO).

Market Risk pertaining to the Trading Book consists of positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book. The trading book includes equity and money market securities classified as 'Held-for-trading'. These positions are actively managed by the capital market and money market desks.

All investments excluding trading book are considered as part of banking book. Banking book includes:

- Available-for-sale Securities
- Held-to-maturity Securities
- Other Strategic Investments
- Investments in Government Securities, bonds, etc.

Due to diversified nature of investments in banking book, it is subject to interest rate risk and equity price risk.

To manage and control market risk the Company has a well-defined limits structure in place. These limits are reviewed, adjusted and approved periodically.

The Company is using Basel-II Standardized approach to calculate risk weighted assets against market risk exposures.

To manage various types of Market Risk, the Company carries out stress testing of its balance sheet by varying sources of market risk as per SBP guidelines.

39.3.1 Interest rate risk

Interest Rate Risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specific period. The Company manages its interest rate risk by entering into floating rate agreements with its customers. To discuss the interest rate risk strategy ALCO conducts a meeting on monthly basis. The risk management function carries out stress testing to ascertain the interest rate risk on the balance sheet and also prepares the interest rate risk profile on periodic basis.

		2009									
Effective yield / interest rate %	Total	Exposed to yield / profit risk								Above ten years	Not exposed to yield / interest rate risk
		Upto one month	Over one to three months	Over three to six months	Over six months to one year	Over one to two years	Over two to three years	Over three to five years	Over five to ten years		
------(Rupees in '000)-----											
On balance sheet financial instruments											
Financial Assets											
Cash and balances with treasury banks	92,512	-	-	-	-	-	-	-	-	-	92,512
Balances with other banks	12.5	1,797,223	1,097,223	700,000	-	-	-	-	-	-	-
Lendings to financial institutions	12.68	800,000	-	800,000	-	-	-	-	-	-	-
Investments	12.26	17,091,939	-	6,069,787	2,070,953	2,613,799	512,174	512,174	362,788	462,428	4,487,836
Advances	14.22	3,607,442	323,312	96,619	234,923	710,001	390,431	1,322,328	24,211	432,603	73,014
Other assets		232,589	-	-	-	-	-	-	-	-	232,589
		23,621,705	1,420,535	7,666,406	2,305,876	3,323,800	902,605	1,834,502	386,999	895,031	4,885,951
Financial Liabilities											
Borrowings	12.03	10,377,872	5,605,142	3,067,253	28,958	168,133	1,413,532	52,153	24,522	18,179	-
Deposits and other accounts	12.33	4,075,951	2,045,470	723,981	21,500	1,255,000	-	30,000	-	-	-
Other liabilities		435,340	-	-	-	-	-	-	-	-	435,340
		14,889,163	7,650,612	3,791,234	50,458	1,423,133	1,413,532	82,153	24,522	18,179	435,340
On balance sheet gap		8,732,542	(6,230,077)	3,875,172	2,255,418	1,900,667	(510,927)	1,752,349	362,477	876,852	4,450,611

		2008									
Effective yield / interest rate %	Total	Exposed to yield / profit risk								Above ten years	Not exposed to yield / interest rate risk
		Upto one month	Over one to three months	Over three to six months	Over six months to one year	Over one to two years	Over two to three years	Over three to five years	Over five to ten years		
------(Rupees in '000)-----											
On balance sheet financial instruments											
Financial Assets											
Cash and balances with treasury banks	17,179	-	-	-	-	-	-	-	-	-	17,179
Balances with other banks	19.92	2,759,358	1,255,493	1,500,000	-	-	-	-	-	-	3,865
Lendings to financial institutions	23.00	500,000	-	-	500,000	-	-	-	-	-	-
Investments	13.76	8,436,921	25,063	3,979,123	10,417	33,728	-	-	124,917	-	4,263,673
Advances	15.14	3,358,935	695,421	183,678	91,645	225,458	306,287	727,236	596,540	470,414	47,256
Other assets		149,598	-	-	-	-	-	-	-	-	149,598
		15,221,991	1,975,977	5,662,801	102,062	759,186	306,287	727,236	721,457	470,414	4,481,571
Financial Liabilities											
Borrowings	13.51	6,370,782	3,351,731	1,033,422	33,852	64,076	400,000	1,250,000	231,047	-	6,654
Deposits and other accounts	10.09	37,500	15,000	20,000	-	-	2,500	-	-	-	-
Other liabilities		274,356	-	-	-	-	-	-	-	-	274,356
		6,682,638	3,366,731	1,053,422	33,852	64,076	402,500	1,250,000	231,047	-	6,654
On balance sheet gap		8,539,353	(1,390,754)	4,609,379	68,210	695,110	(96,213)	(522,764)	490,410	470,414	8,346

39.3.2 Currency risk

Foreign exchange risk arises in case of an on balance sheet / off balance sheet asset or liability position when there is adverse exchange rate movement. The Company's exposure to this category of market risk is negligible.

2009			
Assets	Liabilities	Off balance sheet items	Net currency exposure
------(Rupees in '000)-----			
Pakistan Rupees	24,204,056	15,145,252	534,532
United States Dollars	1,781	-	1,781
	<u>24,205,837</u>	<u>15,145,252</u>	<u>534,532</u>
		<u>8,524,272</u>	<u>8,526,053</u>
2008			
Assets	Liabilities	Off-balance sheet items	Net currency exposure
------(Rupees in '000)-----			
Pakistan Rupees	15,419,263	7,158,931	1,337,586
United States Dollars	49,249	-	49,249
	<u>15,468,512</u>	<u>7,158,931</u>	<u>1,337,586</u>
		<u>6,922,746</u>	<u>6,971,995</u>

39.3.3 Equity price risk

It is the risk to earnings or capital that results from adverse changes in the value/price of equity related portfolios.

The Asset and Liability Management Committee (ALCO) approves exposure limits applicable to investments and meets on regular basis to discuss equity investments related strategy. Portfolio, Sector and Scrip wise limits are assigned by the ALCO to guard against concentration risk and these limits are reviewed and revised periodically. Risk management function ensures compliance of portfolio, sector and scrip wise limits set by ALCO and regulatory authority.

39.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal process, people and system or from external events.

The Company is using Basic Indicator Approach to calculate Operational risk weighted assets as per Basel II requirements for capital adequacy calculation.

39.5 Internal Capital Adequacy Assessment Process (ICAAP)

To comply with SBP guidelines on Internal Capital Adequacy Assessment Process (ICAAP) vide their BSD Circular no 17 dated August 12, 2008, the Company submitted the major findings of ICAAP to the regulator within the due date. In the ICAAP document risks other than the pillar I risks were identified, measured and adjusted with the capital to arrive at revised CAR based on pillar I and pillar II risks. In addition to the Pillar I risks (Credit, Market and Operational) the Company has recognized following risks against which it has calculated its capital charge.

- 1) Strategic Risk
- 2) Liquidity Risk
- 3) Reputation Risk
- 4) Concentration Risk
- 5) Interest Rate Risk in Banking Book
- 6) Other Risks

Since ICAAP is an ongoing process therefore the Company is developing new Risk Management Policy and Procedure Manual and also implementing new Risk Management System which will strengthen the Company's overall Risk Management practices.

40. ACCOUNTING ESTIMATES AND JUDGEMENTS

40.1 Provision against non-performing advances

The management reviews the loan and lease portfolio to assess non-performing accounts and expected recovery on a quarterly basis. In determining the non-performing accounts and provision requirements, the relevant Prudential Regulations issued by the State Bank of Pakistan, payment status of mark-up and principal, expected future cash flows of the business, security position and personal wealth of the directors and owners are taken into account.

40.2 Classification of investments

In classifying investments as 'held-for-trading' the Company has determined securities which are acquired with the intention to trade by taking advantage of taking short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as 'held-to-maturity' the Company follows the guidance provided in SBP circulars on classifying non derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgement, the Company evaluates its intention and ability to hold such investment to maturity.

The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

40.3 Impairment of 'available-for-sale' equity instruments

The management determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in market value / fair value below its cost. In making this judgement, the management considers among other factors, the decline in market price below cost by 30% as significant and if the decline in market price persists for 9 months as prolonged.

40.4 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues as described in note 19 and the appeals of the department pending at various levels of authorities.

40.5 Gratuity

The Company has adopted certain actuarial assumptions as disclosed in note 31.1.2 to the financial statements for determining present value of defined benefit obligations and fair value of plan assets, based on actuarial advice. Any change in the assumptions from actual results would change the amount of unrecognised gains and losses.

40.6 Useful life and residual value of property and equipment

Estimates of useful life and residual value of property and equipment are based on the management's best estimate.

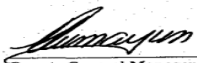

41. DATE OF AUTHORISATION FOR ISSUE

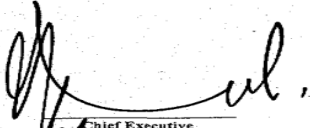
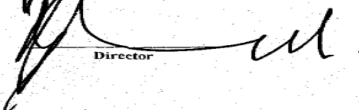
These financial statements were authorised for issue in the Board of Directors meeting held on March 08, 2010.

42. GENERAL

42.1 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 maintained the long-term entity rating of AA+ and the short term rating at A1+(A one plus).

42.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.


Deputy General Manager

Director

ajfroh

Chief Executive

Director

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

QUALITY OF AVAILABLE-FOR-SALE SECURITIES

As Referred to in Notes 9.5 to the financial statements

Sr. No.	Name of Company	2009		2008	
		Market Value	Rating	Market Value	Rating
		(Rupees in '000')		(Rupees in '000')	
AVAILABLE-FOR-SALE PORTFOLIO					
PKIC STRATEGIC PORTFOLIO					
1	MEEZAN BANK LIMITED	3,140,153	A+/A-1	3,174,290	A+/A1
	TOTAL	3,140,153		3,174,290	
PKIC GENERAL PORTFOLIO					
MODARABAS					
2	STANDARD CHARTERED MODARABA	-	-	5,378	AA+/A1+
3	PUNJAB MODARABA FIRST	114	A-/A2	1,873	A/A1
4	EQUITY MODARABA FIRST	-	-	1,548	Unrated
	TOTAL	114		8,799	
LEASING COMPANIES					
5	STANDARD CHARTERED LEASING LIMITED	-	-	1,892	A(P)
6	SME LEASING LIMITED	2,362	A-/A-2	3,375	A-/A2
7	ORIX LEASING LIMITED	969	AA+/A1+	-	
8	DADABHOY LEASING COMPANY LIMITED	13	Unrated	13	Unrated
	TOTAL	3,344		5,280	
INVESTMENT BANK/COS/SECURITIES					
9	ARIF HABIB SECURITIES	-	-	21,056	AA/A1
10	ORIX INVESTMENT BANK PAKISTAN LIMITED	-	-	9,093	A-/A2
11	JAHANGIR SIDDIQUI & COMPANY	3,618	AA+/A1+	6,290	AA+/A1+
12	CRESCENT STANDARD INVESTMENT BANK LIMITED	3,959	Unrated	3,959	Unrated
13	AMZ VENTURES LIMITED - CLASS 'A'	1,063	Unrated	1,283	Unrated
	TOTAL	8,640		41,681	
COMMERCIAL BANKS					
14	UNITED BANK LIMITED	102,287	AA+/A-1+	12,919	AA+/A1+
15	NATIONAL BANK OF PAKISTAN	130,148	AAA/A-1+	50,122	AAA/A1+
16	BANK ALFALAH LIMITED	-	-	5,019	AA/A1+
17	BANK AL-HABIB LIMITED	20,541	AA+/A1+	24,972	AA/A1+
18	BANKISLAMI PAKISTAN LIMITED	22,518	A/A1	60,358	A-/A2
19	ASKARI BANK LIMITED	-	-	34,829	AA/A1+
20	JS BANK LIMITED	-	-	22,466	A-/A2
21	THE BANK OF PUNJAB	-	-	8	AA-/A1+
22	NIB BANK LIMITED	-	-	49,613	AA-/A1+
23	SILK BANK (SAUDI PAK COMMERCIAL BANK) LIMITED	-	-	10,614	A-/A3
24	MYBANK LIMITED	-	-	5,707	A/A1
25	HABIB METROPOLITAN BANK LIMITED	-	-	5,103	AA+/A1+
26	SAMBA BANK (CRESCENT COMMERCIAL BANK LIMITED)	-	-	22,211	A/A1
27	MCB BANK LIMITED	-	-	25,162	AA+/A1+
	TOTAL	275,494		329,103	

Sr. No.	Name of Company	2009		2008	
		Market Value	Rating	Market Value	Rating
INSURANCE					
28	CENTURY INSURANCE LIMITED	-	-	8,629	A
	TOTAL	-		8,629	
TEXTILE SPINNING					
29	GADOON TEXTILE MILLS LIMITED	-	-	13,825	Unrated
30	SAIF TEXTILE MILLS LIMITED	-	-	8,465	BBB+/A3
31	ELLCOT SPINNING MILLS LIMITED	-	-	3,312	Unrated
32	DIN TEXTILE MILLS LIMITED	-	-	5,120	Unrated
33	GULISTAN SPINNING MILLS LIMITED	-	-	2,057	Unrated
34	NAGINA COTTON MILLS LIMITED	-	-	1,023	Unrated
	TOTAL	-		33,802	
TEXTILE WEAVING					
35	PROSPERITY WEAVING MILLS LIMITED	-	-	9,200	Unrated
	TOTAL	-		9,200	
TEXTILE COMPOSITE					
36	NISHAT MILLS LIMITED	24,465	A+/A1	-	
37	SURAJ COTTON MILLS LIMITED	-	-	13,567	Unrated
38	KOHINOOR TEXTILE MILLS LIMITED	-	-	40,809	Unrated
39	ARTISTIC DENIM MILLS LIMITED	-	-	16,000	Unrated
40	CHENAB LIMITED	-	-	15,901	Unrated
41	NISHAT (CHUNIAN) LIMITED	-	-	13,296	Unrated
42	GHAZI FABRICS INTERNATIONAL LIMITED	-	-	3,310	Unrated
43	MIAN TEXTILE INDUSTRIES LIMITED	-	-	188	Unrated
	TOTAL	24,465		103,071	
CEMENT SECTOR					
44	LUCKY CEMENT LIMITED	49,680	Unrated	14,072	Unrated
45	LAFARGE PAKISTAN CEMENT COMAPNY LIMITED	-	-	52,631	Unrated
46	CHERAT CEMENT COMPANY LIMITED	2,854	Unrated	5,905	Unrated
47	FAUJI CEMENT COMPANY LIMITED	-	-	46,325	Unrated
48	KOHAT CEMENT COMPANY LIMITED	-	-	45,775	BBB-/A3
49	DEWAN CEMENT LIMITED	-	-	25,115	BB/B
50	D.G.KHAN CEMENT COMPANY LIMITED	-	-	24,461	Unrated
51	ATTOCK CEMENT PAKISTAN LTD	-	-	18,817	Unrated
52	FLYING CEMENT COMPANY LIMITED	-	-	8,392	Unrated
53	AL-ABBAS CEMENT INDUSTRIES LIMITED	-	-	3,000	Unrated
54	MAPLE LEAF CEMENT FACTORY LIMITED	-	-	57,974	BBB-/A1
	TOTAL	52,534		302,467	
REFINERY					
55	NATIONAL REFINERY LIMITED	-	-	22,052	AAA/A1+
	TOTAL	-		22,052	
POWER GENERATION & DISTRIBUTION					
56	THE HUB POWER COMPANY LIMITED	217,560	Unrated	46,370	Unrated
57	NISHAT CHUNIAN POWER LTD	103,000	AA/A1+	-	
58	KOT ADDU POWER CO. LTD.	70,900	Unrated	-	
59	KARACHI ELECTRIC SUPPLY CORPORATION LIMITED	-	-	32,239	Unrated
60	JAPAN POWER GENERATION LIMITED	-	-	20,285	Unrated
	TOTAL	391,460		98,894	

Sr. No.	Name of Company	2009		2008	
		Market Value	Rating	Market Value	Rating
OIL & GAS MARKETTING COMPANIES					
61	PAKISTAN STATE OIL COMPANY LIMITED	118,381	AA+ / A1+	236	AAA / A1+
62	ATTOCK PETROLEUM LIMITED	19,119	Unrated	-	
63	SUI NORTHERN GAS PIPELINES LIMITED	-	-	18,196	AA / A1+
64	SUI SOUTHERN GAS COMPANY LIMITED	-	-	108,542	AA- / A1+
	TOTAL	137,500		126,974	
OIL & GAS EXPOLARATION COMPANIES					
65	OIL & GAS DEVELOPMENT COMPANY LIMITED	-	-	32,858	AAA / A1+
66	PAKISTAN PETROLEUM LIMITED	113,754	Unrated	90,206	Unrated
67	PAKISTAN OILFIELDS LIMITED	253,847	Unrated	45,856	Unrated
	TOTAL	367,601		168,920	
ENGINEERING					
68	INTERNATIONAL IND. LTD	-	-	298	Unrated
69	INTERNATIONAL IND. LTD (RIGHT)	-	-	-	
70	CRESCENT STEEL & ALLIED PRODUCTS LIMITED	-	-	48,289	A+ / A1
	TOTAL	-		48,587	
AUTOMOBILE ASSEMBLER					
71	DEWAN FAROQUE MOTORS LIMITED	-	-	2,412	Unrated
	TOTAL	-		2,412	
AUTOMOBILE PARTS & ACCESSORIES					
72	AGRIAUTOS INDUSTRIES LTD	-	-	18,641	Unrated
73	THE GENERAL TYRE & RUBBER COMPANY OF PAKISTAN LTD.	401,912	Unrated	278,453	Unrated
	TOTAL	401,912		297,094	
CABLE & ELECTRICAL GOODS					
74	PAK ELEKTRON LIMITED	-	-	16,181	A / A1
	TOTAL	-		16,181	
TRANSPORT					
74	PAKISTAN NATIONAL SHIPPING CORPORATION LTD	-	-	17,868	Unrated
	TOTAL	-		17,868	
TECHNOLOGY & COMMUNICATION					
75	PAKISTAN TELECOMMUNICATION COMPANY LIMITED (A)	70,600	Unrated	52,371	Unrated
76	EYE TELEVISION NETWORK	14,148	A / A1	24,283	Unrated
77	TRG PAKISTAN LIMITED - CLASS 'A'	-	-	9,500	BBB+ / A2
78	TELECARD LIMITED	-	-	6,219	Unrated
	TOTAL	84,748		92,373	

Sr. No.	Name of Company	2009		2008	
		Market Value	Rating	Market Value	Rating
FERTILIZER					
79	FAUJI FERTILIZER BIN QASIM LIMITED	235,170	Unrated	90,866	Unrated
80	FAUJI FERTILIZER COMPANY LIMITED	112,205	Unrated	23,944	Unrated
81	ENGRO CHEMICAL PAKISTAN	49,437	AA/A1+	-	
	TOTAL	396,812		114,810	
CHEMICALS					
82	PAKISTAN PTA LIMITED	-	-	29,007	Unrated
	TOTAL	-		29,007	
PAPER & BOARD					
83	PACKAGES LIMITED	43,200	AA/A1+	-	
84	CENTURY PAPER & BOARD MILLS LIMITED	-	-	51,620	A-/A2
	TOTAL	43,200		51,620	
MISCELLANEOUS					
85	TRI-PACK FILM LTD	-	-	31,160	A+/A1
86	SIDDIQSONS TIN PLATE LIMITED	-	-	3,815	Unrated
87	DADABHOY PADUBE LIMITED	200	Unrated	200	Unrated
	TOTAL	200		35,175	
MUTUAL FUNDS					
88	AL MEEZAN MUTUAL FUND LIMITED	111,512	Unrated	92,082	4-Star
89	MEEZAN BALANCED FUND	67,452	Unrated	78,510	5-Star
90	PICIC GROWTH FUND	-	-	17,333	MFR 2 STAR
91	PAK OMAN ADVANTAGE FUND	52,500	AA- (f)	37,600	AA- (f)
92	MEEZAN ISLAMIC INCOME FUND	-	-	33,892	A(f)
93	PAKISTAN STRATEGIC ALLOCATION FUND	-	-	2,280	4-Star
94	FIRST DAWOOD MUTUAL FUND	-	-	2,250	4-Star
95	ATLAS FUND OF FUNDS	-	-	2,625	Unrated
96	MCB DYNAMIC FUND	-	-	284,422	Unrated
97	KASB LIQUID FUND	-	-	175,881	Unrated
98	NAMCO BALANCED FUND	18,576	Unrated	46,623	Unrated
99	BMA CHUNDRIGAR ROAD SAVINGS FUND	-	-	10,537	A(f)
100	HBL MULTI ASSET FUND	-	-	13,040	AM3
101	PAK OMAN BANK OF PUNJAB ADVANTAGE PLUS FUND	-	-	9,895	A(f)
102	ATLAS ISLAMIC FUND	-	-	3,956	Unrated
103	FIRST HABIB INCOME FUND	-	-	5,523	Unrated
	TOTAL	250,040		816,449	
PREFERENCE SHARES					
104	MASOOD TEXTILE MILLS LIMITED (CUMULATIVE PREFERENCE SHARES) 12.1%	50,000	Unrated	50,000	Unrated
105	PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED (PREFERENCE) 10%	34,750	Unrated	20,000	Unrated
106	CHENAB LIMITED - NON VOTING CUMULATIVE PREFERENCE SHARES 9.25%	10,500	Unrated	12,255	Unrated
107	SECURITY LEASING CORPORATION LIMITED (PREF.SHARES) 9.1%	3,500	Unrated	6,893	Unrated
	PREFERENCE SHARES TOTAL	98,750		89,148	
	TOTAL STRAGETIC AND AVAILABLE-FOR-SALE PORTFOLIO	5,676,967		6,043,886	

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

AS REFERRED TO IN NOTES 9.5 TO THE FINANCIAL STATEMENTS

QUALITY OF AVAILABLE-FOR-SALE SECURITIES

Sr.No.	Name of TFCs	2009		2008	
		Market Value	Rating	Market Value	Rating
		(Rupees in '000)		(Rupees in '000)	
	Listed Term Finance Certificates				
1	STANDARD CHARTERED BANK (PAKISTAN) LIMITED (20-01-2004) Certificate of Rs. 5,000 each Mark up : 10.6416% (PIB 5 Years rate +0.75% with Floor 5.00% , Cap 10.75%,) Redemption : Half Yearly Installments commencing from Jan - 2004 Maturity : Dec , 2010	63,644	AAA	87,170	AAA
2	THE ROYAL BANK OF SCOTLAND LIMITED (ABN AMRO) -TFCs (10-02-2005) Certificate of Rs. 5,000 each Mark up : 14% (6-months KIBOR Ask Rate + 1.90%) Redemption : Half yearly Installments commencing from Feb -2005 Maturity : Dec , 2012	19,753	AA-	20,957	AA-
3	BANK AL FALAH - TFCs (23-11-2004) Certificate of Rs. 5,000 each Mark up : 14.16% (6-months KIBOR + 1.5) Redemption : Half Yearly from Nov-2011 Maturity : 23-Nov-2012	13,467	AA-	-	
4	BANK AL FALAH - TFCs (25-11-2005) Certificate of Rs. 5,000 each Mark up : 14.15% (6-months KIBOR + 1.5) Redemption : Half Yearly from Nov-2012 Maturity : 25-Nov-2013	72,797	AA-	-	
5	FAYSAL BANK LIMITED - TFCs (12-11-2007) Certificate of Rs. 5,000 each Mark up : 14.15% (6-months KIBOR + 1.4) Redemption : Half Yearly from May-2013 Maturity : 12-Nov-2014	38,201	AA-	-	
6	ASKARI COMMERCIAL BANK LIMITED -TFCs (04-02-2005) Certificate of Rs. 5,000 each Mark up : 13.50% (6-months KIBOR + 1.5) Redemption : Half Yearly from Feb-2013 Maturity : 04-Feb-2013	30,837	AA-	15,076	AA-
7	NIB BANK LIMITED - TFCs (05-03-2008) Certificate of Rs. 5,000 each Mark up : 13.71% (6-months KIBOR + 1.15) Redemption : Half Yearly from Sep-2013 Maturity : 05-Mar-2016	50,448	A+	-	
8	UNITED BANK LIMITED - TFCs (14-02-2008) Certificate of Rs. 5,000 each Mark up : 13.05% (6-months KIBOR + 0.85) Redemption : Half Yearly from Feb-2018 Maturity : 14-Feb-2018	66,091	AA	-	
9	TRUST LEASING & INVESTMENT BANK LIMITED - TFCs (17-7-2004) Certificate of Rs. 5,000 each Mark up : 10.00% (6-months KIBOR Ask Rate + 3.00% with Floor 6.00% , Cap 10.00%,) Redemption : Half yearly Installments commencing from Jan - 2005 Maturity : July , 2009	-		1,247	A
	Sub Total	355,238		124,450	

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

AS REFERRED TO IN NOTES 9.5 TO THE FINANCIAL STATEMENTS

QUALITY OF AVAILABLE-FOR-SALE SECURITIES

Sr. No	Name of Securities	2009		2008	
		Cost	Rating	Cost	Rating
		(Rupees in '000)		(Rupees in '000)	
	Unlisted Term Finance Certificates				
1	BANK AL FALAH LIMITED (02-12-2009) Certificate of Rs. 5,000 each Mark up : 15.25% (6-months KIBOR Ask Rate + 2.50%) Redemption : Half yearly from Dec - 2016 Maturity : Dec - 2017 CEO of the company : Mr. Sirajuddin Aziz	100,000	AA-	-	
2	NEW ALLIED ELECTRONICS INDUSTRIES (PRIVATE) LIMITED Certificate of Rs. 5,000 each Mark up : 14.95% (3-months KIBOR Ask Rate + 2.75%) Redemption : Quarterly Installments commencing from Aug - 2007 Maturity : May , 2011 CEO of the company : Mr. Mian Pervez Akhtar	23,611	D	45,833	D
3	DEWAN FAROOQUE SPINNING MILLS LIMITED Certificate of Rs. 5,000 each Mark up : 19.43% (6-months KIBOR Ask Rate + 3.75%) Redemption : Half yearly Installments commencing from Dec - 2004 Maturity : Dec , 2009 CEO of the company : Mr. Dewan M. Yousuf Farooqui	12,500	Unrated	18,750	Unrated
4	CRESCENT STEEL AND ALLIED PRODUCTS LIMITED Certificate of Rs. 5,000 each Mark up : 9.00 % (GOP M. T- Bills 6 Months + 2.50% with Cap of 9.00%,) Redemption : Half yearly Installments commencing from July - 2004 Maturity : January , 2009 CEO of the company : Mr. Ehsan M. Saleem	-		9,375	AA-
5	PAKISTAN MOBILE COMMUNICATIONS (PRIVATE) LIMITED Certificate of Rs. 5,000 each Mark up : 12% (6-months KIBOR Ask Rate + 1.60% with Floor 4.95 % , Cap 12.00%,) Redemption : Half yearly Installments commencing from Sep - 2004 Maturity : March , 2009 Redemption : Half year Installments commencing from Jan - 2006 Maturity : Jan - 2012 CEO of the company : Mr. Zohair A. Khalique	-		20,000	Unrated
	Sub Total	136,111		93,958	

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

PARTICULARS OF INVESTMENT HELD IN SHARES OF LISTED COMPANIES

Sr. No.	Name of Company	2009	2008	2009			2008		
		Total Shares		Cost	Impairment	Cost after Impairment	Cost	Impairment	Cost after Impairment
AVAILABLE-FOR-SALE PORTFOLIO									
PKIC STRATEGIC PORTFOLIO									
1	MEEZAN BANK LIMITED	199,501,442	147,778,846	1,519,905	-	1,519,905	1,002,679	-	1,002,679
	TOTAL	199,501,442	147,778,846	1,519,905	-	1,519,905	1,002,679	-	1,002,679
PKIC GENERAL PORTFOLIO									
MODARABAS									
2	PUNJAB MODARABA FIRST	64,896	960,500	551	441	110	8,164	6,291	1,873
3	STANDARD CHARTERED MODARABA	-	789,678	-	-	-	11,432	6,054	5,378
4	EQUITY MODARABA FIRST	-	1,312,000	-	-	-	4,920	3,372	1,548
	TOTAL	64,896	3,062,178	551	441	110	24,516	15,717	8,799
LEASING COMPANIES									
5	SME LEASING LIMITED	225,000	225,000	2,475	-	2,475	2,475	-	2,475
6	ORIX LEASING LIMITED	126,627	-	51,439	50,470	969	-	-	-
7	DADABHOY LEASING COMPANY LIMITED	10,750	10,750	13	-	13	13	-	13
8	STANDARD CHARTERED LEASING LIMITED	-	1,081,135	-	-	-	11,136	9,244	1,892
	TOTAL	362,377	1,316,885	53,927	50,470	3,457	13,624	9,244	4,380
INVESTMENT BANK/COS/SECURITIES									
9	JAHANGIR SIDDIQUI & COMPANY	120,322	120,322	25,740	22,950	2,790	25,740	19,450	6,290
10	AMZ VENTURES LIMITED - CLASS 'A'	1,833,000	1,833,000	7,699	6,728	971	7,699	6,416	1,283
11	CRESCENT STANDARD INVESTMENT BANK LIMITED	954,000	954,000	4,770	-	4,770	4,770	-	4,770
12	ARIF HABIB SECURITIES	-	500,625	-	-	-	71,931	50,875	21,056
13	ORIX INVESTMENT BANK PAKISTAN LIMITED	-	5,445,000	-	-	-	51,439	42,346	9,093
	TOTAL	2,907,322	8,852,947	38,209	29,678	8,531	161,579	119,087	42,492
COMMERCIAL BANKS									
14	UNITED BANK LIMITED	1,750,000	350,000	98,665	-	98,665	40,763	27,845	12,918
15	NATIONAL BANK OF PAKISTAN	1,750,000	996,061	141,144	-	141,144	222,538	172,416	50,122
16	BANK ALFALAH LIMITED	-	300,000	-	-	-	15,895	10,876	5,019
17	BANK AL-HABIB LIMITED	627,027	1,004,120	26,470	13,912	12,558	54,912	29,940	24,972
18	BANKISLAMI PAKISTAN LIMITED	3,836,206	8,325,240	61,342	38,823	22,519	133,122	72,763	60,359
19	ASKARI BANK LIMITED	-	2,390,445	-	-	-	175,175	140,346	34,829
20	JS BANK LIMITED	-	3,914,000	-	-	-	64,346	41,880	22,466
21	THE BANK OF PUNJAB	-	587	-	-	-	44	36	8
22	NIB BANK LIMITED	-	10,623,865	-	-	-	179,419	129,806	49,613
23	SILK BANK (SAUDI PAK COMMERCIAL BANK) LIMITED	-	2,118,600	-	-	-	39,472	28,858	10,614
24	MYBANK LIMITED	-	492,000	-	-	-	13,371	7,663	5,708
25	HABIB METROPOLITAN BANK LIMITED	-	193,800	-	-	-	12,485	7,383	5,102
26	SAMBA BANK (CRESCENT COMMERCIAL BANK LIMITED)	-	4,496,250	-	-	-	69,900	47,689	22,211
27	MCB BANK LIMITED	-	200,000	-	-	-	83,693	58,533	25,160
28	STANDARD CHARTERED LEASING LIMITED (RIGHT)	-	1,621,702	-	-	-	-	-	-
	TOTAL	7,963,233	37,026,670	327,621	52,735	274,886	1,105,135	776,034	329,101
INSURANCE									
28	CENTURY INSURANCE LIMITED	-	704,400	-	-	-	33,229	24,600	8,629
	TOTAL	-	704,400	-	-	-	33,229	24,600	8,629

Sr. No.	Name of Company	2009	2008	2009			2008		
		Total Shares		Cost	Impairment	Cost after Impairment	Cost	Impairment	Cost after Impairment
TEXTILE SPINNING									
29	GADOON TEXTILE MILLS LIMITED	-	294,800	-	-	-	19,593	-	19,593
30	SAIF TEXTILE MILLS LIMITED	-	891,000	-	-	-	11,984	3,520	8,464
31	ELLCOT SPINNING MILLS LIMITED	-	148,200	-	-	-	2,875	-	2,875
32	DIN TEXTILE MILLS LIMITED	-	222,600	-	-	-	5,676	-	5,676
33	GULISTAN SPINNING MILLS LIMITED	-	286,946	-	-	-	1,423	-	1,423
34	NAGINA COTTON MILLS LIMITED	-	66,000	-	-	-	1,241	218	1,023
	TOTAL	-	1,909,546	-	-	-	42,792	3,738	39,054
TEXTILE WEAVING									
35	PROSPERITY WEAVING MILLS LIMITED	-	1,149,940	-	-	-	15,754	7,187	8,567
	TOTAL	-	1,149,940	-	-	-	15,754	7,187	8,567
TEXTILE COMPOSITE									
36	NISHAT MILLS LIMITED	350,000	-	24,567	-	24,567	-	-	-
37	SURAJ COTTON MILLS LIMITED	-	328,900	-	-	-	12,712	-	12,712
38	KOHINOOR TEXTILE MILLS LIMITED	-	8,161,751	-	-	-	209,736	168,927	40,809
39	ARTISTIC DENIM MILLS LIMITED	-	500,000	-	-	-	31,002	15,002	16,000
40	CHENAB LIMITED	-	6,681,000	-	-	-	105,140	89,239	15,901
41	NISHAT (CHUNIAN) LIMITED	-	1,375,000	-	-	-	52,262	38,966	13,296
42	GHAZI FABRICS INTERNATIONAL LIMITED	-	494,000	-	-	-	3,211	-	3,211
43	NISHAT (CHUNIAN) LIMITED (RIGHT)	-	687,500	-	-	-	-	-	-
44	MIAN TEXTILE INDUSTRIES LIMITED	-	211,000	-	-	-	949	762	187
	TOTAL	350,000	18,439,151	24,567	-	24,567	415,012	312,896	102,116
CEMENT SECTOR									
45	LUCKY CEMENT LIMITED	750,000	450,000	52,168	-	52,168	54,783	40,712	14,071
46	CHERAT CEMENT COMPANY LIMITED	227,386	517,565	9,323	6,729	2,594	21,220	15,315	5,905
47	LAFARGE PAKISTAN CEMENT COMAPNY LIMITED	-	16,447,075	-	-	-	207,152	154,522	52,630
48	FAUJI CEMENT COMPANY LIMITED	-	9,856,483	-	-	-	168,817	122,491	46,326
49	KOHAT CEMENT COMPANY LIMITED	-	2,799,698	-	-	-	100,740	54,965	45,775
50	DEWAN CEMENT LIMITED	-	8,288,625	-	-	-	131,745	106,630	25,115
51	D.G.KHAN CEMENT COMPANY LIMITED	-	1,150,000	-	-	-	129,481	105,020	24,461
52	ATTOCK CEMENT PAKISTAN LTD	-	499,400	-	-	-	57,809	38,991	18,818
53	FLYING CEMENT COMPANY LIMITED	-	2,425,500	-	-	-	37,817	29,425	8,392
54	AL-ABBAS CEMENT INDUSTRIES LIMITED	-	779,100	-	-	-	10,124	7,124	3,000
55	MAPLE LEAF CEMENT FACTORY LIMITED	-	14,140,156	-	-	-	275,935	217,960	57,975
	TOTAL	977,386	57,353,602	61,491	6,729	54,762	1,195,623	893,155	302,468
REFINERY									
56	NATIONAL REFINERY LIMITED	-	231,740	-	-	-	89,583	67,531	22,052
	TOTAL	-	231,740	-	-	-	89,583	67,531	22,052

Sr. No.	Name of Company	2009	2008	2009			2008		
		Total Shares		Cost	Impairment	Cost after Impairment	Cost	Impairment	Cost after Impairment
POWER GENERATION & DISTRIBUTION									
57	THE HUB POWER COMPANY LIMITED	7,000,000	3,291,000	168,488	-	168,488	103,268	56,898	46,370
58	NISHAT CHUNIAN POWER LTD	10,000,000	-	100,000	-	100,000	-	-	-
59	KOT ADDU POWER CO. LTD.	1,545,662	-	65,153	-	65,153	-	-	-
60	KARACHI ELECTRIC SUPPLY CORPORATION LIMITED	-	15,574,500	-	-	-	112,575	80,336	32,239
61	JAPAN POWER GENERATION LIMITED	-	11,862,500	-	-	-	78,293	58,008	20,285
	TOTAL	18,545,662	30,728,000	333,641	-	333,641	294,136	195,242	98,894
OIL & GAS MARKETTING COMPANIES									
62	PAKISTAN STATE OIL COMPANY LIMITED	398,000	1,632	108,117	-	108,117	484	248	236
63	ATTOCK PETROLEUM LIMITED	55,000	-	18,414	-	18,414	-	-	-
64	SUI NORTHERN GAS PIPELINES LIMITED	-	847,880	-	-	-	55,995	37,799	18,196
65	SUI SOUTHERN GAS COMPANY LIMITED	-	10,327,500	-	-	-	295,399	186,859	108,540
	TOTAL	453,000	11,177,012	126,531	-	126,531	351,878	224,906	126,972
OIL & GAS EXPOLARATION COMPANIES									
66	PAKISTAN OILFIELDS LIMITED	1,100,000	447,420	224,869	-	224,869	102,431	56,575	45,856
67	PAKISTAN PETROLEUM LIMITED	600,000	896,500	97,207	11,851	85,356	198,193	107,987	90,206
68	OIL & GAS DEVELOPMENT COMPANY LIMITED	-	657,300	-	-	-	83,699	50,840	32,859
	TOTAL	1,700,000	2,001,220	322,076	11,851	310,225	384,323	215,402	168,921
ENGINEERING									
69	INTERNATIONAL IND. LTD	-	6,480	-	-	-	545	247	298
70	INTERNATIONAL IND. LTD (RIGHT)	-	1,350	-	-	-	-	-	-
71	CRESCENT STEEL & ALLIED PRODUCTS LIMITED	-	2,835,550	-	-	-	205,027	156,738	48,289
	TOTAL	-	2,843,380	-	-	-	205,572	156,985	48,587
AUTOMOBILE ASSEMBLER									
72	DEWAN FAROOQUE MOTORS LIMITED	-	1,200,000	-	-	-	18,600	16,188	2,412
	TOTAL	-	1,200,000	-	-	-	18,600	16,188	2,412
AUTOMOBILE PARTS & ACCESSORIES									
73	AGRIAUTOS INDUSTRIES LTD	-	603,840	-	-	-	48,285	29,644	18,641
74	THE GENERAL TYRE & RUBBER COMPANY OF PAKISTAN LTD	16,774,292	16,774,292	173,480	-	173,480	173,480	-	173,480
	TOTAL	16,774,292	17,378,132	173,480	-	173,480	221,765	29,644	192,121
CABLE & ELECTRICAL GOODS									
75	PAK ELEKTRON LIMITED	-	712,200	-	-	-	50,757	34,576	16,181
	TOTAL	-	712,200	-	-	-	50,757	34,576	16,181
TRANSPORT									
75	PAKISTAN NATIONAL SHIPPING CORPORATION	-	350,000	-	-	-	36,245	18,377	17,868
	TOTAL	-	350,000	-	-	-	36,245	18,377	17,868
TECHNOLOGY & COMMUNICATION									
76	PAKISTAN TELECOMMUNICATION COMPANY LIMITED (A)	4,000,000	3,100,744	84,838	-	84,838	146,674	94,303	52,371
77	EYE TELEVISION NETWORK	486,025	709,000	35,375	21,402	13,973	51,604	27,321	24,283
78	TRG PAKISTAN LIMITED - CLASS 'A'	-	5,337,000	-	-	-	62,535	53,035	9,500
79	TELECARD LIMITED	-	3,125,000	-	-	-	39,798	33,579	6,219
	TOTAL	4,486,025	12,271,744	120,213	21,402	98,811	300,611	208,238	92,373

Sr. No.	Name of Company	2009	2008	2009			2008		
		Total Shares		Cost	Impairment	Cost after Impairment	Cost	Impairment	Cost after Impairment
FERTILIZER									
80	FAUJI FERTILIZER BIN QASIM LIMITED	9,000,000	7,043,845	182,392	-	182,392	285,790	194,924	90,866
81	FAUJI FERTILIZER COMPANY LIMITED	1,090,107	407,694	87,627	-	87,627	49,645	25,701	23,944
82	ENGRO CHEMICAL LIMITED	269,750	-	50,123	-	50,123	-	-	-
	TOTAL	10,359,857	7,451,539	320,142	-	320,142	335,435	220,625	114,810
CHEMICALS									
83	PAKISTAN PTA LIMITED	-	18,243,500	-	-	-	92,129	63,123	29,006
	TOTAL	-	18,243,500	-	-	-	92,129	63,123	29,006
PAPER & BOARD									
84	PACKAGES LIMITED	300,000	-	47,780	-	47,780	-	-	-
85	CENTURY PAPER & BOARD MILLS LIMITED	-	1,789,250	-	-	-	98,824	47,204	51,620
	TOTAL	300,000	1,789,250	47,780	-	47,780	98,824	47,204	51,620
MISCELLANEOUS									
86	DADABHOY PADUBE LIMITED	100,000	100,000	201	-	201	200	-	200
87	TRI-PACK FILM LTD	-	250,000	-	-	-	65,965	34,805	31,160
88	SIDDIQSONS TIN PLATE LIMITED	-	500,000	-	-	-	17,976	14,161	3,815
	TOTAL	100,000	850,000	201	-	201	84,141	48,966	35,175
MUTUAL FUNDS									
89	AL MEEZAN MUTUAL FUND LIMITED	16,895,690	16,895,690	109,546	17,463	92,083	109,544	17,463	92,081
90	MEEZAN BALANCED FUND	11,057,791	11,057,791	110,578	32,068	78,510	110,578	32,068	78,510
91	PAK OMAN ADVANTAGE FUND	5,000,000	5,000,000	50,000	12,400	37,600	50,000	12,400	37,600
92	NAMCO BALANCED FUND	3,935,667	4,933,667	39,356	20,780	18,576	49,336	-	49,336
93	PICIC GROWTH FUND	-	3,100,650	-	-	-	95,580	78,247	17,333
94	MEEZAN ISLAMIC INCOME FUND	-	702,139	-	-	-	30,000	-	30,000
95	PAKISTAN STRATEGIC ALLOCATION FUND	-	1,000,000	-	-	-	10,000	7,720	2,280
96	FIRST DAWOOD MUTUAL FUND	-	1,041,500	-	-	-	6,613	4,364	2,249
97	ATLAS FUND OF FUNDS	-	525,000	-	-	-	5,000	2,375	2,625
98	MCB DYNAMIC FUND	-	2,881,974	-	-	-	300,000	-	300,000
99	KASB LIQUID FUND	-	1,980,198	-	-	-	200,000	-	200,000
100	BMA CHUNDRIGAR ROAD SAVINGS FUND	-	1,088,494	-	-	-	10,065	-	10,065
101	HBL MULTI ASSET FUND	-	200,000	-	-	-	20,000	-	20,000
102	PAK OMAN BANK OF PUNJAB ADVANTAGE PLUS FUND	-	212,305	-	-	-	10,000	-	10,000
103	ATLAS ISLAMIC FUND	-	10,483	-	-	-	5,000	-	5,000
104	FIRST HABIB INCOME FUND	-	56,901	-	-	-	5,000	-	5,000
	TOTAL	36,889,148	50,686,792	309,480	82,711	226,769	1,016,716	154,637	862,079
PREFERENCE SHARES									
105	MASOOD TEXTILE MILLS LIMITED (CUMULATIVE PREFERENCE SHARES) 12.1%	5,000,000	5,000,000	50,000	-	50,000	50,000	-	50,000
106	PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED (PREFERENCE) 10%	2,500,000	2,500,000	25,000	-	25,000	25,000	-	25,000
107	NAGINA COTTON MILLS LIMITED (REDEEMABLE PREFERENCE SHARES) 13%	-	-	-	-	-	-	-	-
108	CHENAB LIMITED - NON VOTING CUMULATIVE PREFERENCE SHARES 9.25%	1,500,000	1,500,000	13,460	8,705	4,755	13,460	-	13,460
109	SECURITY LEASING CORPORATION LIMITED (PREF.SHARES) 9.1%	500,000	750,000	5,029	1,529	3,500	7,543	-	7,543
	PREFERENCE SHARES TOTAL	9,500,000	9,750,000	93,489	10,234	83,255	96,003	-	96,003
	TOTAL STRAGETIC AND AVAILABLE FOR SALE PORTFOLIO	311,234,640	445,258,674	3,873,304	266,251	3,607,055	7,686,660	3,863,298	3,823,362

Sr. No.	Name of Company	2009	2008	2009			2008		
		Total Shares		Cost	Impairment	Cost after Impairment	Cost	Impairment	Cost after Impairment
HELD-FOR-TRADING PORTFOLIO									
INVESTMENT BANK/COS/SECURITIES									
	JAHANGIR SIDDIQUI & COMPANY	100,000	223,456	3,096	-	3,096	39,075	-	39,075
	TOTAL	100,000	223,456	3,096	-	3,096	39,075	-	39,075
COMMERCIAL BANKS									
1	MCB BANK LIMITED	-	220,600	-	-	-	84,452	-	84,452
2	NATIONAL BANK OF PAKISTAN LIMITED	-	50,000	-	-	-	6,058	-	6,058
3	HABIB BANK LIMITED	-	100,000	-	-	-	22,876	-	22,876
4	THE BANK OF PUNJAB	-	1,300,000	-	-	-	74,271	-	74,271
5	NIB BANK LIMITED	-	1,441,500	-	-	-	28,340	-	28,340
	TOTAL	-	3,112,100	-	-	-	215,997	-	215,997
INSURANCE									
6	EFU GENERAL INSURANCE COMPANY	-	3,750	-	-	-	2,342	-	2,342
	TOTAL	-	3,750	-	-	-	2,342	-	2,342
CEMENT SECTOR									
7	D.G.KHAN CEMENT COMPANY LIMITED	-	1,000,000	-	-	-	104,567	-	104,567
8	LUCKY CEMENT LIMITED	-	100,000	-	-	-	7,011	-	7,011
	TOTAL	-	1,100,000	-	-	-	111,578	-	111,578
REFINERY									
9	BOSICOR PAKISTAN LIMITED	-	500,000	-	-	-	10,651	-	10,651
	TOTAL	-	500,000	-	-	-	10,651	-	10,651
POWER GENERATION & DISTRIBUTION									
10	NISHAT CHUNIAN POWER LTD.	9,819,385	-	98,194	-	98,194	-	-	-
	TOTAL	9,819,385	-	98,194	-	98,194	-	-	-
OIL & GAS MARKETTING COMPANIES									
11	PAKISTAN STATE OIL COMPANY LTD.	75,000	-	22,409	-	22,409	-	-	-
	TOTAL	75,000	-	22,409	-	22,409	-	-	-
OIL & GAS EXPLORATION COMPANIES									
12	PAKISTAN PETROLEUM LIMITED	75,000	104,610	14,270	-	14,270	20,127	-	20,127
13	PAKISTAN OILFIELDS LTD	824	-	174	-	174	-	-	-
14	OIL & GAS DEVELOPMENT COMPANY LIMITED	-	150,000	-	-	-	16,774	-	16,774
	TOTAL	75,824	254,610	14,444	-	14,444	36,901	-	36,901
TECHNOLOGY & COMMUNICATION SECTOR									
15	PAKISTAN TELECOMMUNICATION LIMITED (A)	500,000	127,100	8,954	-	8,954	5,248	-	5,248
	TOTAL	500,000	127,100	8,954	-	8,954	5,248	-	5,248
FERTILIZER									
16	ENGRO CHEMICAL LTD.	175,000	-	32,791	-	32,791	-	-	-
17	FAUJI FERTILIZER BIN QASIM LTD.	350,000	-	9,180	-	9,180	-	-	-
	TOTAL	525,000	-	41,971	-	41,971	-	-	-
	TOTAL - HELD-FOR-TRADING PORTFOLIO	11,095,209	5,321,016	189,068	-	189,068	421,792	-	421,792

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

Annexure II

AS REFERRED TO IN NOTES 9.5 TO THE FINANCIAL STATEMENTS

PARTICULARS OF INVESTMENT IN TERM FINANCE CERTIFICATES

Sr. No	Name of TFCs	2009	2008	2009	2008
		NUMBER OF TFCs		COST (Rupees in '000)	
	Particulars of investments held in listed term finance certificates (TFCs)				
1	STANDARD CHARTERED BANK (PAKISTAN) LIMITED (20-01-2004) Certificate of Rs. 5,000 each Mark up : 10.6416% (PIB 5 Years rate +0.75% with Floor 5.00% , Cap 10.75%,) Redemption : Half Yearly Installments commencing from Jan - 2004 Maturity : Dec , 2010	18,587	18,587	64,980	88,139
2	THE ROYAL BANK OF SCOTLAND LIMITED (ABN AMRO) -TFCs (10-02-2005) Certificate of Rs. 5,000 each Mark up : 14.00% (6-Months KIBOR Ask Rate + 1.90%) Redemption : Half yearly Installments commencing from Feb -2005 Maturity : Dec , 2012	4,000	4,000	19,964	19,972
3	BANK AL FALAH - TFCs (23-11-2004) Certificate of Rs. 5,000 each Mark up : 14.16% (6-Months KIBOR + 1.5) Redemption : Half Yearly from Nov-2011 Maturity : 23-Nov-2012	2,760	-	13,613	-
4	BANK AL FALAH - TFCs (25-11-2005) Certificate of Rs. 5,000 each Mark up : 14.15% (6-Months KIBOR + 1.5) Redemption : Half Yearly from Nov-2012 Maturity : 25-Nov-2013	15,127	-	74,847	-
5	FAYSAL BANK LIMITED - TFCs (12-11-2007) Certificate of Rs. 5,000 each Mark up : 14.15% (6-Months KIBOR + 1.4) Redemption : Half Yearly from May-2013 Maturity : 12-Nov-2014	8,000	-	39,183	-
6	ASKARI COMMERCIAL BANK LIMITED -TFCs (04-02-2005) Certificate of Rs. 5,000 each Mark up : 13.50% (6-Months KIBOR + 1.5) Redemption : Half Yearly from Feb-2013 Maturity : 04-Feb-2013	6,400	3,000	31,705	14,979
7	NIB BANK LIMITED - TFCs (05-03-2008) Certificate of Rs. 5,000 each Mark up : 13.71% (6-Months KIBOR + 1.15) Redemption : Half Yearly from Sep - 2013 Maturity : 05-Mar-2016	11,000	-	50,271	-
8	UNITED BANK LIMITED - TFCs (14-02-2008) Certificate of Rs. 5,000 each Mark up : 13.05% (6-Months KIBOR + 0.85) Redemption : Half Yearly from Feb-2018 Maturity : 14-Feb-2018	15,000	-	70,202	-
9	TRUST LEASING & INVESTMENT BANK LIMITED - TFCs (17-7-2004) Certificate of Rs. 5,000 each Mark up : 10.00% (6-Months KIBOR Ask Rate + 3.00% with Floor 6.00% , Cap 10.00%,) Redemption : Half yearly Installments commencing from Jan - 2005 Maturity : July , 2009	-	1,251	-	1,251
	TOTAL	80,874	26,838	364,765	124,341

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

Annexure II

AS REFERRED TO IN NOTES 9.5 TO THE FINANCIAL STATEMENTS

PARTICULARS OF INVESTMENT IN TERM FINANCE CERTIFICATES

Sr. No	Name of TFCs	2009	2008	2009	2008
		NUMBER OF TFCs		COST (Rupees in '000)	
	Particulars of investments held in unlisted term finance certificates (TFCs)				
1	BANK AL FALAH LIMITED (02-12-2009) Certificate of Rs. 5,000 each Mark up : 15.25% (6-Months KIBOR + 2.50%) Redemption : Half yearly from Dec - 2016 Maturity : Dec - 2017	20,000	-	100,000	-
2	NEW ALLIED ELECTRONICS INDUSTRIES (PRIVATE) LIMITED Certificate of Rs. 5,000 each Mark up : 14.95% (3-Months KIBOR Ask Rate + 2.75%) Redemption : Quarterly Installments commencing from Aug - 2007 Maturity : July , 2011	10,000	10,000	23,611	45,833
3	DEWAN FAROOQUE SPINNING MILLS LIMITED Certificate of Rs. 5,000 each Mark up : 19.43% (6-Months KIBOR Ask Rate + 3.75%) Redemption : Half yearly Installments commencing from Dec - 2004 Maturity : Dec , 2009	10,000	10,000	12,500	18,750
4	CRESCENT STEEL AND ALLIED PRODUCTS LIMITED Certificate of Rs. 5,000 each Mark up : 9.00% (GOP M. T- Bills 6 Months + 2.50% with Cap of 9.00%,) Redemption : Half yearly Installments commencing from July - 2004 Maturity : January , 2009	-	15,000	-	9,375
5	PAKISTAN MOBILE COMMUNICATIONS (PRIVATE) LIMITED Certificate of Rs. 5,000 each Mark up : 12.00% (6-Months KIBOR Ask Rate + 1.60% with Floor 4.95% , Cap 12.00%,) Redemption : Half yearly Installments commencing from Sep - 2004 Maturity : March , 2009	-	20,000	-	20,000
	TOTAL	40,000	55,000	136,111	93,958

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED
DURING THE YEAR ENDED 31 December 2009**

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with NIC No.)	NIC / CNIC Nos.	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Other financial relief provided	Total (9+10+11)
					Principal	Interest/ Mark-up	Others	Total				
1	2	3		4	5	6	7	8	9	10	11	12
Rupees in '000												
2009												
1	Masudsons Inds. Ltd. Imperial Hotel, M.T. Khan Road Karachi	Mrs. Asmat Ara Masood Shaikh Masood Idris Sarshar Ahmed Khan	Not available	W/o Mian Masood Ahmed Shaikh Mian Masood Ahmed Shaikh Abdul Wahab Khan	694	81	-	775	694	81	-	775
2	Highland Shoes Ltd. 2nd Floor, Karachi House, I.I. Chundrigar Road Karachi	Mian Nisar Akhtar Mrs. Ismat Vaqar Mrs. Shehzana Nisar Mrs. Maryam Absar Absar Akhtar Vaqar Akhtar Mrs. Kaniz Akhtar	517-57-259200 514-56-096581 4220139795650 4200037316660 4220149907305 514-89-002262 4220158448418	Mian Muhammad Akhtar W/o Mian Vaqar Akhtar W/o Mian Nisar Akhtar W/o Mian Absar Akhtar Mian Muhammad Akhtar Mian Muhammad Akhtar W/o Mian Muhammad Akhtar	10,000	6,570	-	16,570	10,000	6,570	-	16,570
3	Ferro Alloys (Pakistan) Ltd. 305, Al Faisal Plaza, 49 Shahra-e-Quaid-e-Azam, Lahore	Mrs. Naseem Sarwar Khan Mahmood Saeed Khan Mahboob Sarwar Khan Maqsood Sarwar Khan Rana Mohammad Sarwar Khan	Not available	W/o Rana Mohammad Sarwar Khan Rahman Ali Rana Mohammad Sarwar Khan Rana Mohammad Sarwar Khan Al-Haj Ali Mohammad Khan	22,595	18,733	-	41,328	22,595	18,733	-	41,328
4	Chaudhry Cables (Pvt.) Ltd. 3-C, Zafar Ali Road, Gulberg V, Lahore	Chaudhry Mohamad Azam Chaudhry Mohammad Qasim Mrs. Salamat Qasim	271-45-102927 271-34-105164 271-50-105027	Chaudhry Sirajuddin Chaudhry Sirajuddin W/o Chaudhry Mohammad Qasim	5,790	1,851	-	7,641	5,790	1,851	-	7,641
Sub Total (2009):					39,079	27,235	-	66,314	39,079	27,235	-	66,314