

Annexure I

As referred to in Note 9.2.7 to the Financial Statements

1. Detail of Investment in Shares - Listed

(Amount in Rs)

S.No.	Company Name	No. of Shares	Paid-up value per share	Total paid-up value	Market Price
1	ADAMJEE INSURANCE COMPANY LTD.	320,000.00	10.00	3,200,000.00	137.00
2	ASKARI COMMERCIAL BANK LTD.	10,010.00	10.00	100,100.00	126.80
3	AYAZ TEXTILE MILLS LTD.	149,730.00	10.00	1,497,300.00	0.20
4	AZGARD NINE LTD.	448,000.00	10.00	4,480,000.00	46.50
5	BANK ALFALAH LTD.	220,000.00	10.00	2,200,000.00	73.75
6	BANK OF PUNJAB LTD.	210,000.00	10.00	2,100,000.00	102.45
7	D.G. KHAN CEMENT COMPANY LTD.	563,900.00	10.00	5,639,000.00	106.70
8	DADABHOY LEASING LTD.	47,300.00	10.00	473,000.00	1.40
9	ENGRO CHEMICALS LTD.	160,000.00	10.00	1,600,000.00	164.45
10	FAUJI CEMENT LTD.	550,000.00	10.00	5,500,000.00	23.00
11	FAUJI FERTILIZER CO. LTD.	463,962.00	10.00	4,639,620.00	137.00
12	FAYSAL BANK LTD.	100,115.00	10.00	1,001,150.00	74.10
13	FF BIN QASIM	2,359,000.00	10.00	23,590,000.00	38.15
14	FIRST DADABHOY MODARABA LTD.	568,000.00	10.00	5,680,000.00	1.40
15	HUB POWER COMPANY LTD.	375,000.00	10.00	3,750,000.00	24.00
16	I.C.I. PAKISTAN LTD.	20,000.00	10.00	200,000.00	140.50
17	KAISER ART & KRAFT LTD.	766,500.00	10.00	7,665,000.00	0.55
18	KAPCO	290,000.00	10.00	2,900,000.00	48.50
19	LUCKY CEMENT COMPANY LTD.	792,000.00	10.00	7,920,000.00	83.90
20	MCB BANK LTD.	715,008.00	10.00	7,150,080.00	167.80
21	MEEZAN BALANCED FUND	5,000,000.00	10.00	50,000,000.00	9.75
22	MOHIB EXPORT LTD.	21,275.00	10.00	212,750.00	0.15
23	NATIONAL BANK OF PAKISTAN LTD.	862,000.00	10.00	8,620,000.00	199.45
24	NISHAT MILLS LTD.	178,700.00	10.00	1,787,000.00	113.50
25	OGDC	445,000.00	10.00	4,450,000.00	118.00
26	PAKISTAN CAPITAL MARKET FUND	6,700,000.00	10.00	67,000,000.00	14.83
27	PAKISTAN PETROLEUM LTD.	252,000.00	10.00	2,520,000.00	210.25
28	PAKISTAN STATE OIL COMPANY LTD.	75,000.00	10.00	750,000.00	416.85
29	PAKISTAN STRATEGIC ALLOCATION FUND	1,000,000.00	10.00	10,000,000.00	11.70
30	PAKISTAN OIL FIELDS LTD.	280,000.00	10.00	2,800,000.00	428.00
31	PICIC COMMERCIAL BANK LTD.	116,900.00	10.00	1,169,000.00	36.10
32	PICIC GROWTH FUND	692,000.00	10.00	6,920,000.00	49.60
33	PICIC INVESTMENT FUNDS	227,000.00	10.00	2,270,000.00	18.20
34	REDCO TEXTILE MILLS LTD.	629,300.00	10.00	6,293,000.00	2.50
35	S. G. FIBER LTD.	788,800.00	10.00	7,888,000.00	52.80
36	SAFA TEXTILE MILLS LTD.	889,700.00	10.00	8,897,000.00	10.00
37	SNGPL	600,000.00	10.00	6,000,000.00	68.00
38	TRI STAR SHIPPING LINES LTD.	150,000.00	10.00	1,500,000.00	0.90
39	UNITED BANK LTD.	55,000.00	10.00	550,000.00	109.75
40	UNION BANK LTD.	20,000.00	10.00	200,000.00	68.85

2. Detail of Investment in Shares - Unlisted

S.No.	Company Name	Percentage of Holding	No. of Shares Held	Break-up value / Share (Rupees)	Break-up Value as per Audited Accounts	Total paid-up Name of Chief Executive M.D. / Chairman
1	ALLIED MANAGEMENT SERVICES LTD.	99.98	6,248,800	7.13	30.06.2005	Mr. Sharique Umar Farooqui
2	ICP LTD.	5.00	100,000	10.00	30.06.2004	Mr. Abdul Latif Uqaili
3	EASTERN CAPITAL LTD.	16.13	500,000	11.16	30.06.2005	Mr. Munir M. Ladha
4	FIRST WOMEN BANK LTD.	8.97	2,544,000	20.04	31.12.2004	Ms. Zarine Aziz
5	HABIB ALLIED INTERNATIONAL BANK	9.50	2,375,000	104.93	31.12.2004	Mr. Zakir Mahmood
6	KHUSHALI BANK LTD.	11.73	200	1,020,124.48	31.12.2004	Mr. Ghalib Nishtar
7	NIFT	6.13	472,744	39.28	30.06.2005	Mr. Muzaffar M. Khan
8	SME BANK LTD.	1.59	580,778	14.79	31.12.2004	Mr. Mansur Khan
9	ATTOCK TEXTILE MILLS LTD.	-	55,500	-	-	-
10	NATIONAL WOOLEN MILLS LTD.	-	6,900	-	-	-
11	PHALIA SUGAR MILLS LTD.	4.64	2,566,000	8.30	30.09.2004	Mr. Moonis Elahi
12	PASSCO	3.30	1,000	5,390.87	31.03.2005	Mr. Muhammad Ismail Qureshi
13	ARABIAN SEA ENTERPRISES	6.45	500,000	4.86	30.06.2005	Mr. Arif Ali Khan Abbasi
14	RUBI RICE & GENERAL MILLS LTD.	-	14,500	-	-	-
15	EQUITY PARTICIPATION FUND	0.97	15,000	466.11	30.06.2005	Mr. Jamal Nasim

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As referred to in Note 9.2.7 to the Financial Statements

3. Detail of Government Guaranteed Bonds as on December 31, 2005

S.No.	Name of Bonds	Balance as on December 31, 2005	Coupon Rate	Date of issue	Date of maturity	Coupon due	Redemption Period
1	GOVT. COMPENSATION BONDS	11,650,000	6.0000%	1-Mar-89	1-Mar-09	Yearly	After 20 year
2	GOVT. COMPENSATION BONDS	280,117,000	6.0000%	1-Jun-89	1-Jun-09	Yearly	After 20 year
3	GOVT. COMPENSATION BONDS	118,513,000	9.0000%	1-Jul-90	1-Jul-10	Yearly	After 20 year
4	RICE EXPORT CORPORATION OF PAKISTAN (PVT) LTD.	406,035,000	15.0000%	1-Jul-98	1-Jul-08	Half Yearly	Half Yearly
5	SAINDAK BOND	157,072,532	15.0000%	1-Jul-98	1-Jul-08	Half Yearly	Half Yearly
6	SAINDAK BOND	241,990,741	4.2848%	1-Jul-04	1-Jan-07	Half Yearly	Half Yearly
7	GHEE CORPORATION OF PAKISTAN (PVT) LTD.	268,485,000	15.0000%	1-Jul-98	1-Jul-08	Half Yearly	Half Yearly
8	WAPDA BONDS	199,997,500	9.5000%	29-Jun-01	29-Jun-06	Half Yearly	Yearly
9	US DOLLAR BOND (\$4,349,750)	260,075,902	5.0236%	1-Jul-90	1-Jul-10	Yearly	Yearly
	TOTAL	1,943,936,675	10.0489%				

4. Detail of Unlisted / Listed Term Finance Certificate (TFCs) as on December 31, 2005

Unlisted

S.No.	Company Name	No. of certificate	certificate (Rupees)	Paid-up value / value of TFCs (Rupees)	Total paid-up Name of Chief Executive M.D. / Chairman
1	Agro Dairies Ltd.	15	26,721	400,815	S.A. Faruqi
	Agro Dairies Ltd.	1	26,724	26,724	S.A. Faruqi
	Agro Dairies Ltd.	1	1,629,007	1,629,007	S.A. Faruqi
	Agro Dairies Ltd.	3	153,009	459,027	S.A. Faruqi
2	Apex Fabrics	15	129,300	1,939,500	Iftikhar Ahmed
	Apex Fabrics	1	130,403	130,403	Iftikhar Ahmed
	Apex Fabrics	1	976,540	976,540	Iftikhar Ahmed
3	Aruj Textile Mills Ltd.	4	260,370	1,041,480	Sh.Muhammad Tahir
	Aruj Textile Mills Ltd.	1	2,233,370	2,233,370	Sh.Muhammad Tahir
4	Bankers Equity Ltd.	10	4,235,300	42,353,000	Amjad Aziz
5	Bachani Sugar Mills Ltd.	23	135,227	3,110,221	Noor-ul-Amin Bachani
	Bachani Sugar Mills Ltd.	1	135,236	135,236	Noor-ul-Amin Bachani
6	Baluchistan Coaters	5	121,627	608,135	Rafiq A. Qamar
	Baluchistan Coaters	1	1,141,627	1,141,627	Rafiq A. Qamar
	Baluchistan Coaters	15	23,510	352,650	Rafiq A. Qamar
	Baluchistan Coaters	1	23,648	23,648	Rafiq A. Qamar
7	Bela Chemical Ind. Ltd.	16	789,590	12,633,440	Ghulam Ali
	Bela Chemical Ind. Ltd.	8	726,407	5,811,256	Ghulam Ali
8	Bentonite Pak. Ltd.	1	470,440	470,440	Khalid Shakeel
	Bentonite Pak. Ltd.	15	20,100	301,500	Khalid Shakeel
	Bentonite Pak. Ltd.	1	107,619	107,619	Khalid Shakeel
	Bentonite Pak. Ltd.	1	20,680	20,680	Khalid Shakeel
	Bentonite Pak. Ltd.	13	107,610	1,398,930	Khalid Shakeel
9	Blue Star Spinning Mills	17	3,382,086	3,382,091	Ch. Sardar Mohammad
10	Cast-N-Link Product Ltd.	16	147,680	2,362,880	Nisar Ahmed
11	Chaudhary Wire Rope Ltd.	13	217,000	2,821,000	Ch. Muhammad Akram
	Chaudhary Wire Rope Ltd.	1	228,902	228,902	Ch. Muhammad Akram
12	Chiragh Sun Engg. Ltd.	5	165,588	827,940	Rana Mushtaq Ahmed
	Chiragh Sun Engg. Ltd.	1	1,555,588	1,555,588	Rana Mushtaq Ahmed
13	Danneman Fabrics Ltd.	13	247,449	3,216,837	Muzafar Hussain
	Danneman Fabrics Ltd.	1	247,452	247,452	Muzafar Hussain
14	Frontier Ceramics	13	113,000	1,469,000	Shamsul Hassan
	Frontier Ceramics	1	113,960	113,960	Shamsul Hassan
	Frontier Ceramics	15	117,000	1,755,000	Shamsul Hassan
	Frontier Ceramics	1	118,846	118,846	Shamsul Hassan
	Frontier Ceramics	13	224,000	2,912,000	Shamsul Hassan
	Frontier Ceramics	1	217,721	217,721	Shamsul Hassan
15	Faruki Pulp Mills Ltd.	13	1,050,900	13,661,700	Salim Akbar Faruki
	Faruki Pulp Mills Ltd.	1	1,050,993	1,050,993	Salim Akbar Faruki
16	General Dairies & Food	5	87,172	435,860	Qamar Ahmed
	General Dairies & Food	1	837,172	837,172	Qamar Ahmed
17	Glorex Textile	5	289,633	1,448,165	Amanullah Mir
	Glorex Textile	1	2,545,633	2,545,633	Amanullah Mir

Detail of Unlisted / Listed Term Finance Certificate (TFCs)

as on December 31, 2005

Unlisted

S.No.	Company Name	No. of certificate	certificate (Rupees)	Paid-up value / value of TFCs (Rupees)	Total paid-up Name of Chief Executive M.D. / Chairman
18	Hospitex International	15	26,205	393,075	Aman-ullah Khan
	Hospitex International	1	26,198	26,198	Aman-ullah Khan
19	Hub Textile Mills Ltd.	23	34,000	782,000	Aqueel Hassan
	Hub Textile Mills Ltd.	13	189,061	2,457,793	Aqueel Hassan
	Hub Textile Mills Ltd.	1	39,017	39,017	Aqueel Hassan
	Hub Textile Mills Ltd.	1	189,071	189,071	Aqueel Hassan
20	Kashmir Polytex	16	143,228	2,291,648	Mohd. Ashraf Khan
21	Khairpur Sugar Mills Ltd.	13	55,536	721,968	Muhammad Mubeen Jumani
	Khairpur Sugar Mills Ltd.	1	55,538	55,538	Muhammad Mubeen Jumani
	Khairpur Sugar Mills Ltd.	5	337,000	1,685,000	Muhammad Mubeen Jumani
	Khairpur Sugar Mills Ltd.	1	337,077	337,077	Muhammad Mubeen Jumani
22	Kiran Sugar Mills Ltd.	23	259,620	5,971,260	Islamuddin Shaikh
	Kiran Sugar Mills Ltd.	1	259,631	259,631	Islamuddin Shaikh
23	Larr Sugar Mills Ltd.	13	207,774	2,701,062	Abdul Rauf
	Larr Sugar Mills Ltd.	1	207,775	207,775	Abdul Rauf
	Larr Sugar Mills Ltd.	13	601,916	7,824,908	Abdul Rauf
	Larr Sugar Mills Ltd.	1	601,918	601,918	Abdul Rauf
24	Minaco Fabrics	13	155,340	2,019,420	Akhtar Nazir Khan
	Minaco Fabrics	1	155,365	155,365	Akhtar Nazir Khan
25	Manawar Engineering	13	88,180	1,146,340	Munawar Hussain
	Manawar Engineering	1	88,238	88,238	Munawar Hussain
	Manawar Engineering	13	88,180	1,146,340	Munawar Hussain
	Manawar Engineering	1	88,238	88,238	Munawar Hussain
	Manawar Engineering	13	32,410	421,330	Munawar Hussain
	Manawar Engineering	1	32,517	32,517	Munawar Hussain
26	Malik Food Industries Ltd.	1	826,545	826,545	Khalid Aziz Malik
	Malik Food Industries Ltd.	9	65,800	592,200	Khalid Aziz Malik
	Malik Food Industries Ltd.	1	66,231	66,231	Khalid Aziz Malik
27	National Fructos	13	101,140	1,314,820	Shakirullah Durrani
	National Fructos	1	101,243	101,243	Shakirullah Durrani
28	Novelty Fabric & Pro.	23	59,830	1,376,090	Zubair Mohsin Khan
	Novelty Fabric & Pro.	1	60,066	60,066	Zubair Mohsin Khan
	Novelty Fabric & Pro.	13	829,240	10,780,120	Zubair Mohsin Khan
	Novelty Fabric & Pro.	1	829,290	829,290	Zubair Mohsin Khan
29	Dewan Cement Ltd.	12	3,776,615	45,319,380	Farrukh Junaidy
	Dewan Cement Ltd.	1	3,776,620	3,776,620	Farrukh Junaidy
	Dewan Cement Ltd.	1	6,096,750	6,093,750	Farrukh Junaidy
	Dewan Cement Ltd.	2	6,250,000	12,500,000	Farrukh Junaidy
	Dewan Cement Ltd.	4	9,375	37,500	Farrukh Junaidy
	Dewan Cement Ltd.	6	10,156,250	60,937,500	Farrukh Junaidy
30	Pangrio Sugar Mills Ltd.	14	128,600	1,800,400	Sajid Hussian Naqvi
	Pangrio Sugar Mills Ltd.	13	154,000	2,002,000	Sajid Hussian Naqvi
	Pangrio Sugar Mills Ltd.	1	163,000	163,000	Sajid Hussian Naqvi
31	Pirjee Weaving Mills	16	49,865	797,840	Zia-Ur-Rehman
32	Pakpattan Dairies	13	180,000	2,340,000	Farooq Ahmed Khan Maneka
	Pakpattan Dairies	1	191,187	191,187	Farooq Ahmed Khan Maneka
33	Promotals Ltd.	5	49,710	248,550	M.Y. Chaudhary
	Promotals Ltd.	1	368,710	368,710	M.Y. Chaudhary
	Promotals Ltd.	15	108,839	1,632,585	M.Y. Chaudhary
	Promotals Ltd.	1	108,845	108,845	M.Y. Chaudhary
34	Qandghar Ltd.	13	435,500	5,661,500	Kh. Akhtar Ali Khan
	Qandghar Ltd.	1	435,576	435,576	Kh. Akhtar Ali Khan
	Qandghar Ltd.	2	900,041	1,800,082	Kh. Akhtar Ali Khan
	Qandghar Ltd.	1	905,014	905,014	Kh. Akhtar Ali Khan
	Qandghar Ltd.	3	914,959	2,744,877	Kh. Akhtar Ali Khan
	Qandghar Ltd.	1	9,164,959	9,164,959	Kh. Akhtar Ali Khan
	Qandghar Ltd.	1	443,610	443,610	Kh. Akhtar Ali Khan
35	Rai Textile Mills Ltd.	5	179,187	895,935	Sheikh Muhammad Tahir
	Rai Textile Mills Ltd.	1	1,454,187	1,454,187	Sheikh Muhammad Tahir
36	Raja Weaving Mills Ltd.	13	206,700	2,687,100	Munaf Riaz
	Raja Weaving Mills Ltd.	1	206,733	206,733	Munaf Riaz
37	Regency Textile	23	43,580	1,002,340	Mohd. Iqtidar Pervaiz
	Regency Textile	1	43,811	43,811	Mohd. Iqtidar Pervaiz
	Regency Textile	15	222,250	3,333,750	Mohd. Iqtidar Pervaiz
	Regency Textile	1	222,397	222,397	Mohd. Iqtidar Pervaiz
38	Rehman Sharif Textile	13	49,690	645,970	Muhammad Sharif
	Rehman Sharif Textile	1	49,819	49,819	Muhammad Sharif

Annexure I

As referred to in Note 9.2.7 to the Financial Statements

Detail of Unlisted / Listed Term Finance Certificate (TFCs)

as on December 31, 2005

Unlisted

S.No.	Company Name	No. of certificate	certificate (Rupees)	Paid-up value / value of TFCs (Rupees)	Total paid-up Name of Chief Executive M.D. / Chairman
39	Scan Recycling	15	17,200	258,000	Mazhar-ul-Haq
	Scan Recycling	1	17,300	17,300	Mazhar-ul-Haq
40	Sialkot Dairies Ltd.	1	742,320	742,320	Ch. Javed Mehdi
	Sialkot Dairies Ltd.	11	46,000	506,000	Ch. Javed Mehdi
	Sialkot Dairies Ltd.	1	46,709	46,709	Ch. Javed Mehdi
41	Solve-Tech Industries	13	798,244	10,377,172	A.R. Baig
42	Shahjewana Textile Mills	13	40,010	520,130	Mrs. Shahida Faisal Saleh Hayat
	Shahjewana Textile Mills	11	120,090	1,320,990	Mrs. Shahida Faisal Saleh Hayat
	Shahjewana Textile Mills	1	120,127	120,127	Mrs. Shahida Faisal Saleh Hayat
	Shahjewana Textile Mills	1	40,069	40,069	Mrs. Shahida Faisal Saleh Hayat
43	Silver Land Textile	1	744,866	744,866	Tanveer Iftikhar
	Silver Land Textile	5	84,866	424,330	Tanveer Iftikhar
44	Shaduja Textile Ltd.	3	278,772	836,772	Ali Asghar
	Shaduja Textile Ltd.	2	274,376	548,752	Ali Asghar
	Shaduja Textile Ltd.	1	2,790,892	2,790,892	Ali Asghar
	Shaduja Textile Ltd.	1	137,946	137,946	Ali Asghar
45	Sunflow Citrus Ltd.	13	240,000	3,120,000	Sardar Fida Hussain
	Sunflow Citrus Ltd.	23	53,218	1,224,014	Sardar Fida Hussain
	Sunflow Citrus Ltd.	1	55,255	55,255	Sardar Fida Hussain
	Sunflow Citrus Ltd.	1	251,689	251,689	Sardar Fida Hussain
46	Tanocraft Ltd.	15	59,500	892,500	Kanwer Furqan Ali
	Tanocraft Ltd.	1	60,942	60,942	Kanwer Furqan Ali
	Tanocraft Ltd.	5	69,900	349,500	Kanwer Furqan Ali
	Tanocraft Ltd.	1	70,385	70,385	Kanwer Furqan Ali
47	Turbotec Ltd.	1	98,771	98,771	Haiderudin Tipu
	Turbotec Ltd.	1	223,156	223,156	Haiderudin Tipu
48	Ultra Engineering Works Ltd.	15	74,534	1,118,010	Sultan Ahmed
	Ultra Engineering Works Ltd.	1	74,546	74,546	Sultan Ahmed
49	Reliance Export Ltd.	320,000	5,000	1,600,000,000	Fawad Ahmed Shaikh
50	Pakistan Mobile Comm. Ltd.	40,000	5,000	200,000,000	Javed Saifullah Khan
51	Bosicar pakistan Ltd.	10,000	5,000	50,000,000	Pervez Abbasi
52	Dewan Farooq Spp. Mills Ltd.	25,000	5,000	125,000,000	Dewan M. Yousuf Farooqi

Listed

53	Askari Commercial Bank Ltd.	33,000	5,000	165,000,000
54	Bank Alfalah Ltd.	50,000	5,000	250,000,000
55	Prime Commercial Bank Ltd.	11,000	5,000	55,000,000
56	Telecard Limited	76,000	5,000	380,000,000
57	Security Leasing	20,000	5,000	100,000,000
58	Soneri Bank Ltd.	30,000	5,000	150,000,000
59	Union Bank Ltd.	30,000	5,000	150,000,000
60	Azgard Nine Ltd.	20,000	5,000	100,000,000
61	Chanda Oil & Gas Ltd.	16,000	5,000	80,000,000
62	Niamat Basal Oil & Gas Ltd.	20,000	5,000	100,000,000

**5. Detail of Investment in Participation Term Certificates (PTCs)
as on December 31, 2005**

S.No.	Company Name	No. of certificate	Paid-up value / certificate (Rupees)	Total paid-up value of PTCs (Rupees)	Name of Chief Executive M.D. / Chairman
1	Ali Paper Board Ind. Ltd.	12	50,000	600,000	Frooq Alam Butt
	Ali Paper Board Ind. Ltd.	1	756,000	756,000	Frooq Alam Butt
2	American Marble Ltd.	23	60,400	1,389,200	A. Karim A. Latif
	American Marble Ltd.	1	60,600	60,600	A. Karim A. Latif
3	Baluchistan Clay Product Ltd.	15	46,000	690,000	Sajjad Ali Saganwala
	Baluchistan Clay Product Ltd.	1	55,000	55,000	Sajjad Ali Saganwala
	Baluchistan Clay Product Ltd.	1	687,246	687,246	Sajjad Ali Saganwala
	Baluchistan Clay Product Ltd.	1	112,754	112,754	Sajjad Ali Saganwala
4	Crystal Chemical Ltd.	1	750,000	750,000	Maqsood A. Shaikh
	Crystal Chemical Ltd.	13	62,000	806,000	Maqsood A. Shaikh
	Crystal Chemical Ltd.	1	59,000	59,000	Maqsood A. Shaikh
5	Delta Tyre & Rubber Co. Ltd.	1	679,000	679,000	Iqtidar Ahmed Ch.
	Delta Tyre & Rubber Co. Ltd.	4	13,090	52,360	Iqtidar Ahmed Ch.
	Delta Tyre & Rubber Co. Ltd.	1	13,128	13,128	Iqtidar Ahmed Ch.
6	Fibretext Industries Ltd.	5	8,504	42,520	Sheikh Najmuddin S. Zakiuddin
	Fibretext Industries Ltd.	1	8,506	8,506	Sheikh Najmuddin S. Zakiuddin
7	Gem Ind.Ltd.	11	39,000	429,000	Wali Imam
	Gem Ind.Ltd.	1	38,000	38,000	Wali Imam
	Gem Ind.Ltd.	1	140,000	140,000	Wali Imam
8	Ittehad Ind. Ltd.	1	240,000	240,000	Hazrat Dayan
9	Jubilee Papers Mills Ltd.	13	98,000	1,274,000	Shafqat Rasool
	Jubilee Papers Mills Ltd.	1	97,600	97,600	Shafqat Rasool
	Jubilee Papers Mills Ltd.	11	37,000	407,000	Shafqat Rasool
	Jubilee Papers Mills Ltd.	3	38,000	114,000	Shafqat Rasool
	Jubilee Papers Mills Ltd.	1	318,650	318,650	Shafqat Rasool
	Jubilee Papers Mills Ltd.	1	346,350	346,350	Shafqat Rasool
	Jubilee Papers Mills Ltd.	1	207,000	207,000	Shafqat Rasool
10	Kamal Enterprises Ltd.	10	5,000	50,000	Khuda Bakhsh Mari
	Kamal Enterprises Ltd.	6	4,000	24,000	Khuda Bakhsh Mari
	Kamal Enterprises Ltd.	15	12,000	180,000	Khuda Bakhsh Mari
	Kamal Enterprises Ltd.	1	10,000	10,000	Khuda Bakhsh Mari
	Kamal Enterprises Ltd.	1	172,000	172,000	Khuda Bakhsh Mari
11	Khaleel Jute Mills Ltd.	9	68,000	612,000	Ch. Habib-ur-Rehman
	Khaleel Jute Mills Ltd.	1	73,000	73,000	Ch. Habib-ur-Rehman
12	Leatherite Ltd.	1	90,000	90,000	Ahmed Raza Maneka
	Leatherite Ltd.	13	21,400	278,200	Ahmed Raza Maneka
	Leatherite Ltd.	1	21,800	21,800	Ahmed Raza Maneka
13	Mas Dairies Ltd.	9	51,000	459,000	Mian Nisar Akhtar
	Mas Dairies Ltd.	1	50,000	50,000	Mian Nisar Akhtar
	Mas Dairies Ltd.	1	500,000	500,000	Mian Nisar Akhtar
	Mas Dairies Ltd.	1	2,526	2,526	Mian Nisar Akhtar
14	Meditex International Ltd.	13	14,100	183,300	Riaz Ahmed Malik
	Meditex International Ltd.	1	14,700	14,700	Riaz Ahmed Malik
	Meditex International Ltd.	1	328,000	328,000	Riaz Ahmed Malik
15	Morgah Valley Ltd.	16	11,750	188,000	Abdul Jabbar Khan
16	National Fructose Co Ltd.	10	139,000	1,399,000	Shakirullah Durrani
	National Fructose Co Ltd.	1	969,600	969,600	Shakirullah Durrani
	National Fructose Co Ltd.	1	55,400	55,400	Shakirullah Durrani

Detail of Investment in Participation Term Certificates (PTCs)
as on December 31, 2005

S.No.	Company Name	No. of certificate	certificate (Rupees)	Paid-up value / value of PTCs (Rupees)	Total paid-up Name of Chief Executive M.D. / Chairman
17	Pangrio Sugar Mills Ltd.	10	236,000	2,360,000	Sajid Hussain Naqvi
	Pangrio Sugar Mills Ltd.	1	240,000	240,000	Sajid Hussain Naqvi
	Pangrio Sugar Mills Ltd.	9	169,000	1,521,000	Sajid Hussain Naqvi
18	Rainbow Packages Ltd.	5	28,728	143,640	Syed Bashir Ahmed
	Rainbow Packages Ltd.	1	28,733	28,733	Syed Bashir Ahmed
	Rainbow Packages Ltd.	16	30,000	480,000	Syed Bashir Ahmed
	Rainbow Packages Ltd.	1	475,000	475,000	Syed Bashir Ahmed
19	Sethi Ind. Ltd.	13	23,000	299,000	Abdul Wajid Sethi
	Sethi Ind. Ltd.	1	20,000	20,000	Abdul Wajid Sethi
	Sethi Ind. Ltd.	5	12,000	60,000	Abdul Wajid Sethi
	Sethi Ind. Ltd.	1	12,493	12,493	Abdul Wajid Sethi
	Sethi Ind. Ltd.	1	1,125,000	1,125,000	Abdul Wajid Sethi
	Sethi Ind. Ltd.	6	3,426	20,556	Abdul Wajid Sethi
20	United Wood (Veneer) Ltd.	13	13,200	171,600	Kaleemullah Khan
	United Wood (Veneer) Ltd.	1	13,400	13,400	Kaleemullah Khan
	United Wood (Veneer) Ltd.	1	120,000	120,000	Kaleemullah Khan

Annexure I

As referred to in Note 9.2.7 to the Financial Statements

6. Detail of Debentures

Company Name	Terms of redemption		Rate of interest	Amount outstanding as on December 31, 2005 (Rupees in 000s)
	Principal	Interest		
PUBLIC SECTOR				
Ghazi Textile Mills Ltd.	Overdue	Overdue	12.50%	1,625
Haripur Cold Storage	Overdue	Overdue	12.50%	480
Haripur Cold Storage	Overdue	Overdue	12.00%	20
Haripur Cold Storage	Overdue	Overdue	12.00%	515
Karachi Development Authority	Overdue	Overdue	12.50%	2,200
Karachi Development Authority	Overdue	Overdue	12.50%	5,000
Karachi Development Authority	Overdue	Overdue	12.50%	4,800
Karachi Development Authority	Overdue	Overdue	12.50%	8,400
Karachi Development Authority	Overdue	Overdue	12.50%	6,780
Karachi Development Authority	Overdue	Overdue	12.50%	4,875
Karachi Development Authority	Overdue	Overdue	12.50%	14,300
Karachi Development Authority	Overdue	Overdue	12.50%	8,000
Karachi Development Authority	Overdue	Overdue	12.50%	8,000
Leather Tannery	Overdue	Overdue	12.00%	106
Mardan Cold Storage	Overdue	Overdue	12.50%	351
Mardan Cold Storage	Overdue	Overdue	12.00%	149
Mardan Cold Storage	Overdue	Overdue	12.00%	300

Company Name	Terms of redemption		Rate of interest	Amount outstanding as on December 31, 2005 (Rupees in 000s)
	Principal	Interest		
PRIVATE SECTOR				
Ajex Industries Ltd.	Overdue	Overdue	11.00%	112
Ajex Industries Ltd.	Overdue	Overdue	14.00%	158
Ajex Industries Ltd.	Overdue	Overdue	11.00%	600
Allied Ghee Industries Ltd.	Overdue	Overdue	14.00%	63
Consolidated Spinning & Textile Mills Ltd.	Overdue	Overdue	14.00%	100
Consolidated Sugar Mills Ltd.	Overdue	Overdue	14.00%	600
Daman Oil Mills Ltd.	Overdue	Overdue	14.00%	255
Daman Oil Mills Ltd.	Overdue	Overdue	11.00%	70
Effef Industries Ltd.	Overdue	Overdue	14.00%	109
Electric Lamp Manuf. Corp. of Pakistan	Overdue	Overdue	14.00%	60
Electric Lamp Manuf. Corp. of Pakistan	Overdue	Overdue	14.00%	30
Junaid Cotton Mills Ltd.	Overdue	Overdue	14.00%	57
Morgah Valley Ltd.	Overdue	Overdue	11.00%	170
Morgah Valley Ltd.	Overdue	Overdue	14.00%	65
Pakistan Polypropylene Pkg. Ltd.	Overdue	Overdue	14.00%	80
Shayar Textile Mills Ltd.	Overdue	Overdue	14.00%	103

Annexure II

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sl. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Outstanding liabilities at the Beginning of year				Rupees in Million			
			Principal Mark-up	Interest/ Other	Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11	
			5	6	7	8	9	10	11	12
1	FAROOQ HABIB TEXTILE MILLS LTD. 74-B/3, GULBERG-III, LAHORE. 46 Km, LAHORE, MULTAN ROAD DIST. KASUR	MIAN HABIBULLAH ZAFARULLAH KHAN FAROOQ HABIB MRS. YASMEEN ZAFAR MRS. SABINA FAROOQ IFTIKHAR HABIB ABDUL HAFIZ MR. QAYYUM JAVED KHAN	401.506	-	581.554	983.060	245.595	-	581.554	827.149
2	MUGHAL ENTERPRISES KARIMPURA ROAD, SIALKOT	AMJAD GHOURI MUKHTAR BEGUM	0.064	-	0.694	0.758	0.064	-	0.694	0.758
3	HASHT NAGAR INDUSTRIES LTD. NO.13, 3RD FLOOR MOSCO PLAZA BLUE AREA, ISLAMABAD	FAWADUL HAQ DR. MUHAMMAD SHIBLI MUHAMMAD JUNAID AHMED DAWOOD AHMED MUBASHIR AHMED IFTIKHAR AHMED MUSHTAQ AHMED ZULFIQAR AHMED	1.165	-	2.974	4.139	1.165	-	2.974	4.139
4	STAR SALICA INDUSTRIES LTD. F-2 DAWOOD COLONY STADIUM ROAD, KARACHI	ZAKRIA GHANI A.RAUF DIWAN ABDUL WAHAB IDREES GHANI S.M.T HASSAN SARFARAZ RANA NAZIR UDDIN MATIUR REHMAN	1.463	-	7.978	9.441	1.463	-	7.978	9.441
5	NEPHEW & NEPHEW LTD. 1. P/2, SITE, HYDERABAD 2. AKBAR JEE VILLA UNIT # 3 LATIFABAD, HYDERABAD	MUHAMMAD HABIB ABDUL WAHEED MUHAMMAD SHARIF MUHAMMAD ASHFAQ MRS. RUKHSANA MRS. SUMERA WAHEED HAJI ABDUL MAJED	28.330	-	0.429	28.759	18.830	-	0.429	19.259
6	KASHIF OIL MILLS SURAJ KUND ROAD, MULTAN	HAJI ABDUL MAJED	3.075	-	0.559	3.634	0.375	-	0.559	0.934

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year			Rupees in Million				
				Principal	Interest/ Mark-up	Other	Total	Principal written-off	Interest/ mark-up written-off	Other financial relief provided	Total 9+10+11
1	2	3	4	5	6	7	8	9	10	11	12
7	CRESCENT BOARDS LTD. NEW LAHORE ROAD, NISHATABAD FAISALABAD	MIAN MAQBOOL AHMED MIAN RIAZ MASOOD MIAN KHALID BASHIR MIAN NADEEM MAQBOOL HUMAYUN MAQBOOL ASGHAR QURESHI	MIAN BAKHSH ELAHI MIAN BAKHSH ELAHI MIAN MUHAMMAD BASHIR MIAN MAQBOOL AHMED MIAN MAQBOOL AHMED NOT AVAILABLE	2,202	-	1,522	3,724	0,702	-	2,224	2,926
8	DIGITAL COMMUNICATION PVT. LTD. I/C, STADIUM LANE NO.1 PHASE V DHA, KARACHI	SALEEM REHMAN (EXPIRED) MRS.SARAH REHMAN MRS.TASNEEM REHMAN SYED TARIQ ALI NIAZI MUHAMMAD AKHTAR	NOT AVAILABLE	2,860	-	0,359	3,219	2,815	-	0,359	3,174
9	DIGITAL RATIO PAGING PVT. LTD. MEZZANINE FLOOR, FAYAZ CENTRE PLOT # 3 BLOCK A, SURVEY, NO.176 SHAHRA-E-FAISAL, KARACHI.	MRS.TASNEEM REHMAN MUHAMMAD ALI PASHA (LATE) JAMEEL UR REHMAN SARAH REHMAN ABDUL AZIZ KHAN SYED AFTAB ALI RIZVI MOHSIN N. NUKKI	N.A.	42,029	-	56,160	98,189	36,624	-	56,160	92,784
10	AL-MANSOOR INDUSTRIES PVT. LTD. 186, I/E GADDOON AMAZAI H.O.AL-MANSOOR PLAZA MEWA	ABDUL HANAN MANSOOR TARIQ MUHAMMAD AKBAR SYED AHSAN IMAM	N.A.	3,700	-	1,426	5,126	1,458	-	1,426	2,884
11	SYED AHSAN IMAM A-916 BLOCK 12, FB-AREA KARACHI	501-51-194988	SYED ALI IMAM	0,405	-	0,212	0,617	0,405	-	0,212	0,617
12	KAMRAN INDUSTRIES (PVT.) LTD. 25-A/II, INDUSTRIAL ESTATE, MULTAN	M. ARSHAD CHAUDHARY MST. ZAHIDA NASREEN	CH.ALI MUHAMMAD W/O M.ARSHAD CH.	20,489	-	10,870	31,359	20,489	-	10,870	31,359
13	MALIKWAL TEXTILE MILLS LTD. 20/E-1, GULBERG-III, LAHORE	M.JAMIL ANWAR AFTAB AHMED MUHAMMAD FAYYAZ	AHMED DIN MUHAMMAD MOHSIN REHMAT ULLAH	419,986	-	182,820	602,806	100,828	-	182,820	283,648
14	ACHEE ENTERPRISES G-15/E-2, BLOCK 9, SCHEME-5 CLIFTON, KARACHI	AKBAR ALI HASHMI MRS.ZAHIDA ASHRAF	MUHAMMAD FAZAL HASHMI W/O ASHRAF PERVAZ	0,892	-	1,124	2,016	-	-	1,124	1,124

Annexure II

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal Mark-up	Interest /	Other	Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11
				5	6	7	8	9	10	11	12
1											
2											
15	GANDHARA NISSAN LIMITED GHANDARA HOUSE, 109/2, CLIFTON KARACHI	RAZA KULI KHAN KHATTAK LT.GEN./RAJI KULI KHAN AHMED KULI KHAN KHATTAK BEGUM TEHMINA H.KHAN MUSHTAQ AHMED KHAN JAMIL A. SHAH MAHMOOD TRUNKWALA	N.A.	66.717	-	11.518	78.235	4.872	-	11.518	16.390
16	STAR SALICA INDUSTRIES LTD. F-2 DAWOOD COLONY STADIUM ROAD, KARACHI	ZAKRIA GHANI SARFARAZ RANA ABDUL WAHAB GHANI YOUSUF DADA M.UMER HAJI GHANI MUHAMMAD NAZEER RAO BULAND IQBAL M.QASIM SIDDIQUI SIDDIQUE BUDHANI	OMER HAJI GHANI SARWAR RANA OMER HAJI GHANI	0.736	-	7.148	7.884	0.736	-	7.148	7.884
17	AHMED CHEMICALS LTD. ADDA BAWA CHAK SARGODHA ROAD FAISALABAD	CH.BASHIR AHMED M.JAVED CHAUDHERY M.AHMED MST.REHMAT BEGUM M.SHARIF MST.SHAMIM AKHTAR MST.FREAHAT JAVED TARIQ BASHIR	DIN MUHAMMAD BASHIR AHMED BASHIR AHMED BASHIR AHMED DIN MUHAMMAD W/O MUHAMMAD SHARIF W/O MUHAMMAD JAVED BASHIR AHMED	77.534	-	63.305	140.839	27.534	-	63.305	90.839
18	MUMTAZ SHAHBAZ TEXTILE MILLS PVT. LTD. 3RD FLOOR MUMTAZ CENTRE 15-A SHAHRA-E-FATIMA JINNAH, LAHORE	MIRZA MUMTAZ BAIG MIRZA IFTIKHAR BAIG MIRZA ASRAR BAIG SALAHUDDIN GONDAL KHAN ALJAHYAR RATH MST. ANWAR FATIMA MIRZA NAWAZ BAIG QAMAR UZ ZAMAN KHAN	N.A.	22.657	-	1.103	23.760	20.478	-	1.103	21.581
19	ROSE TEXTILE MILLS LTD AHMEDPUR EAST ROAD, P.O.BOX NO.80, BAHAWALPUR off: 301-QAMAR HOUSE M.A.JINNAH ROAD, P.O.BOX 5988 KARACHI.	CH.MUHAMMAD SALEEM CH.MUMTAZ UL HASSAN CH.JAHANGEER QAMAR MIAN MUHAMMAD ARSHAD CH.MUHAMMAD AMIN CH.MUHAMMAD AFZAL MIAN AHSAN AHMED CH.MUHAMMAD TUFIAQ ALEEM UDDIN	N.A.	2.336	-	21.249	23.585	2.336	-	21.249	23.585

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal Mark-up	Interest / Other	Total	Principal written-off	Interest/ mark-up written-off	financial relief provided	Total 9+10-11	
1	2	3	4	5	6	7	8	9	10	11	12
20	BEDIAN HOSPITAL PVT.LTD. LUDHAR VILLAGE BEDIAN ROAD, LAHORE	MAZHAR ABBAS KHAN (EFP NOMINEE) S.MUHTARAM (ICP NOMINEE) DR. SAJILA ASHRAF DR. ZAFAR AMIN	W/O CH.MUHAMMAD ASHRAF MUHAMMAD AMIN NIAZI	3,000	-	0.912	3,912	0.100	-	0.912	1,012
21	FLORA TEXTILE MILLS LTD. KHURRIANWALA, FAISALABAD	SHAHID HASSAN KHAN MRS.SHAHEENA HASSAN KHAN ZAFAR HASSAN KHAN MRS. ROMANA ZAFAR KHAN IFTIKHAR H. MEMON MUHAMMAD MEHFOOZ	M.HASSAN KHAN W/O SHAHID HASSAN KHAN M.HASSAN KHAN W/O. ZAFAR HASSAN KHAN INTISAR H. MEMON MUHAMMAD JAMIL	1,080	-	4,957	6,037	1,080	-	4,957	6,037
22	HAND TOOLS LIMITED 5TH FLOOR, JUBILILEE INSURANCE HOUSE, I.I.CHUNDRIGAR ROAD KAPACHI	AMIR ALI H.FANCY(LATE) MUHAMAD YOUSUF A.D.PATEL M.A.SAMI COL(R) MUHAMMAD YAQOOB SHER ALI		0.090	-	0.710	0.800	0.090	-	0.710	0.800
23	PRINTING CORPORATION OF FRONTIER , 105, INDUSTRIAL ESTATE JAMRUD ROAD, PESHAWAR	MUHAMMAD ALI KHAN NOMAN ALI KHAN ZAFARYAB ALI KHAN RAFAT ALI KHAN WISALM KHAN MUHAMMAD RAZAQ KHAN MRS. MUNIZA KHAN		0.216	-	0.499	0.715	0.216	-	0.499	0.715
24	SHAHDIN LIMITED 30-NICHOLSON ROAD, LAHORE	SALAHUDDIN WAHEED UDDIN MUHAMAD QAMAR JAVAD BOKHARI AMIR KHUSHID MIRZA SHAMIM AKHTAR QURESHI MUHAMMAD FAROOQ KHAN ABDUL LATIF KHAN		1,012	-	2,562	3,574	1,012	-	2,562	3,574
25	PROGRESSIVE TOBACCO LTD. 43-5, C-6, PECHS KARACHI	MUSHTAQ ALI KHAN MRS.AYESHA AZIZ YOUSUF SIDDIQUI KARIMUDDIN M.GHOUSE		0.180	-	0.422	0.602	0.180	-	0.422	0.602

Annexure II

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sl. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11+12
				Principal	Mark-up / Interest	Other	Total					
1	2	3	4	5	6	7	8	9	10	11	12	
25	GANDHARA INDUSTRIES (FORMER NATIONAL MOTORS LTD.),	RAZA KULI KHAN KHATTACK AHMED KULI KHAN KHATAK LT.GEN.(R) ALI KULI KHAN KHTK DR.PERVAZ HASSAN MUSHTAQ AHMED KHAN JAMIL AHMED SHAH	LT.GEN.(R)M.HABBULLAH LT.GEN.(R)M.HABBULLAH LT.GEN.(R)M.HABBULLAH SHEIKH AHMED HASSAN MUHAMMAD RAMZAN KHAN SYED AHMED SHAH	143,297	-	101,726	245,023	4,749	-	101,726	106,475	
26	STEEL VENTURE (PVT.) LTD. SHARIF CHAMBER, 68-MOZANG ROAD, LAHORE	MUHAMMAD NAZIR MUHAMMAD WAKEEL	IMAM DIN MUHAMMAD SIDDIQUE	12,002	-	7,019	19,021	10,142	-	7,019	17,161	
27	MIAN NOOR ENTERPRISES 1304/3, FB, AREA, KARACHI	MUHAMMAD ADIL MIAN NOOR	ABDUL GHAFUOR	0,791	-	1,454	2,245	0,101	-	1,454	1,555	
28	SAKRAND SUGAR MILLS LTD. H.O.41-K BLOCK 6 PECHS, KARACHI DEH, THARO UNAR KAZI AHMED 384-7 TALUKA SAKRAND DIST. N/SHAH	SYED ALI BAQAR NAQVI HAMID BANO ZAHIDA KERIO SHAHIDA KERIO WASEEM KERIO JAMSHED HOSHANG	S.AKHITAR HUSSAIN NAQVI D/O MUHAMMAD BUX KERIO D/O MUHAMMAD BUX KERIO D/O MUHAMMAD BUX KERIO S/O MUHAMMAD BUX KERIO HOSHANG SOHRAB	35,290	-	12,822	48,112	11,790	-	12,822	24,612	
29	NATIONAL IMPORT & EXPORT 397-TARIQ BLOCK, NEW GARDAN TOWN, LAHORE	MUHAMMAD IQBAL	MOULA BUKHSH	13,897	-	2,424	16,321	13,897	-	2,424	16,321	
30	BELA CHEMICAL INDUSTRIES LTD. 12-A, MUHAMMAD ALI HOUSING SOCIETY, KARACHI	GHULAM ALI IQBAL RETA MUSHTAQ H. QURESHI MERAN ELAHI	N.A.	57,812	-	9,199	67,011	57,812	-	9,199	67,011	
31	CHEEMA RICE MILLS LTD. MOTI BAZAR WAZIRABAD	CHAUDHARY MUHAMMAD HUSSAIN RASHID AHMED NASEER AHMED IQBAL AHMED	N.A.	0,229	-	0,412	0,641	0,229	-	0,412	0,641	
32	TRISTAR SHIPPING LINES LTD. 4-BANGLORE TOWN, SHAHRA-E-FAISAL KARACHI	MASOOD TARIQ BAGHPATI S.M.SHAFI BAGHPATI S.M.MOHSIN BAGHPATI MANSOOR KHALID BAGHPATI S.M.SHOAIB BAGHPATI S.M.NADEEM BAGHPATI	HAJI M.SHAFI BAGHPATI HAJI . MAJEEB(LATE) HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI	322,624	-	68,802	391,426	282,367	-	68,802	351,169	

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year			Rupees in Million				
				Principal Mark-up	Interest/ Other	Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11	
				5	6	7	8	9	10	11	12
33	B.BROTHERS & CO. 4-BAGHPATEE BUILDING, SHAHRA-E-FAISAL KARACHI	MASOOD TARIQ BAGHPATI S.M.SHAFI BAGHPATI S.M.MOHSIN BAGHPATI MANSOOR KHALID BAGHPATI S.M.SHOAIB BAGHPATI S.M.NADEEM BAGHPATI	HAJI M.SHAFI BAGHPATI HAJI MAJEED(LATE) HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI	16.437	-	2.721	45.526	13.467	-	2.721	16.188
34	BAGHPATEE SERVICES(PVT) LTD. 4-BAGHPATEE, CENTRE, SHAHRA-E-FAISAL, KARACHI.	MASOOD TARIQ BAGHPATI S.M.SHAFI BAGHPATI S.M.MOHSIN BAGHPATI MANSOOR KHALID BAGHPATI S.M.SHOAIB BAGHPATI S.M.NADEEM BAGHPATI	HAJI M.SHAFI BAGHPATI HAJI MAJEED(LATE) HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI	20.017	-	2.647	22.664	16.387	-	2.647	19.034
35	ZULSHAM ENGINEERING WORKS LTD. MUHAMMADI PLAZA, BLUE AREA, ISLAMABAD	SAEED AHMED SHAHID LATIF SYED ZULFIQAR ALI SHAH ASAD MURTUZA QURESHI YOUSUF QURESHI SALEEM MURTAZA QURESHI	N.A N.A N.A N.A N.A N.A	0.468	-	1.328	1.796	0.468	-	1.328	1.796
36	WEST PAKISTAN TANK TERMINAL PVT. LTD. 21-OIL INSTALLATION AREA, KEAMARI, KARACHI, H.O.3RD FLOOR, NUJI KYC.	SADRUDDIN GANGJI HASHAM A. H. GANGJI	ABDULLAH GANGJI SADRUDDIN GANGJI	659.659	-	1317.718	1977.377	659.659	-	1317.718	1977.377
37	AXLE PRODUCT LIMITED 2ND FLOOR, TOWER B FTC, KARACHI. FACTORY: DS4-24-25, SECTOR 2 PAKISTAN STEEL INDUSTRIAL ESTATE, BIN QASIM, KARACHI	MUZAMMIL NIAZI (NOMINEE) PERVAIZ I.KHAN (NOMINEE) JAVED BROOHO (NOMINEE) SAFDAR RASHEED(NOMINEE) HAFAZ A. PASHA (NOMINEE) ABDUL BARI KHAN (NOMINEE) FAROOQ A. HASHMI MUHAMMAD AZHAR (NOMINEE)	ANIAZ AHMED KHAN NIAZI IFTIKHAR AHMED KHAN AKBAR PASHA	17.907	-	8.656	26.563	17.907	-	8.656	26.563
38	DORA INTERNATIONAL 5-LAL MUHAMMAD CHAUDHARY RD KMCHS, KARACHI	ABDUL RAHIM DADABHOY MUHAMMAD USMAN DADABHOY	M.FAROOQ DADABHOY M.FAROOQ DADABHOY	7.500	-	10.261	17.761	7.500	-	10.261	17.761

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sl. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Fathers Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal	Interest / Mark-up	Other	Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11
		3	4	5	6	7	8	9	10	11	12
39	ENGINE SYSTEM LIMITED 2ND FLOOR, B TOWER FTC, KYC, FACTORY, DSA-24-25, SECTOR 2 PAKISTAN STEEL INDUSTRIAL ESTATE, BIN QASIM, KARACHI	MUZAMMIL NIAZI (NOMINEE) PERVAIZ I. KHAN (NOMINEE) A RAOOF HAFIZ (NOMINEE) KAMAL AFSAR (NOMINEE) MUHAMMAD ALI SHEIKH (NOMINEE) WAHEED AHMED SHEIKH (NOMINEE) ZAFAR AZIZ USMAN (NOMINEE) ANWAR AHMED (NOMINEE)	NIJAZ AHMED KHAN NIAZI IFTIKHAR AHMED KHAN ABDULLAH HAFID HAFIZ HABIB HASSAN(LATE) RABDINO	30,000	-	14,500	44,500	30,000	-	14,500	44,500
40	TRANSMOBILE LIMITED 2ND FLOOR, B TOWER FTC, KYC, FACTORY, DSA-24-25, SECTOR 2 PAKISTAN STEEL INDUSTRIAL ESTATE, BIN QASIM, KARACHI	MAJ.GENZULFIQAR ALI KHAN (N) MUZAMMIL NIAZI PERVAIZ I.KHAN (NOMINEE) A.RAOOF HAFIZ (NOMINEE) KAMAL AFSAR (NOMINEE) M.ISMAIL MAARIF (NOMINEE) FAROOQ A. HASHMI (NOMINEE)	RAO MUHAMMAD ISHAQUE(L) NIJAZ AHMED KHAN NIAZI IFTIKHAR AHMED KHAN ABDUL HAMID HAFIZ HABIB HASSAN(LATE) ABDUL KARIM HAMID TALOIR-UL-ISLAM	235,628	-	133,872	369,500	235,628	-	133,872	369,500
41	JHA TRADING CO. 25-C, STREET NO.2, SABA COMMERCIAL AVENUE PAHSE V DHA, KARACHI	HASNAIN ALI	ASHIQ ALI AGHA	8,719	-	1,842	10,561	8,719	-	1,842	10,561
42	MOHIB FABRICS INDUSTRIES PVT. LTD. 6-FB AWAMI COMPLEX, USMAN BLOCK, NEW GARDEN TOWN, LAHORE 91-E/I, GULBERG-III, LAHORE.	MUHAMMAD ARIF SAIGOL MUHAMMAD ASIF SAIGOL MUHAMMAD ABID SAIGOL SHAHZAD SAIGOL KAMRAN ALI KHURSHID AHSAN MUHAMMAD SHARIF FAISAL SHARIF	RAFIQUE SAIGAL RAFIQUE SAIGAL RAFIQUE SAIGAL SHAFIQUE SAIGAL SHEIKH MUHAMMAD AFZAL AHSAN UL HAQ ALAM KHAN MUHAMMAD SHARIF	34,338	-	36,131	70,469	34,338	-	36,131	70,469
43	M.R.EXPORT (PVT) LTD. 1ST FLOOR, COMERCIAL AREA CAVALRY GROUND LAHORE	AHMED PASHA SAMINA PASHA	MIAN WAQSOOD AHMED PASHA	46,959	-	22,028	68,987	46,959	-	22,028	68,987
44	BASHIRULLAH (EX-STAFF) ADDRESS NOT MENTIONED	BASHIR ULLAH	ALI GOHAR	0,470	-	0,701	1,171	0,073	-	0,701	0,774
45	ADMAN BROTHERS 116-1ST FLOOR JILANIS CENTRE M.A.JINNAH ROAD, KARACHI	MUHAMMAD ADNAN	MUHAMMAD ARSHAD	2,135	-	1,519	3,654	2,135	-	1,519	3,654

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal Mark-up	Interest/ Other	Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11	
				5	6	7	8	9	10	11	12
1											
2											
46	OMEGA TRADERS A-6 BARADAI BUILDING, BLOCK 13-D SIR SHAH M. SULEMAN ROAD GULSHAN-E-IOBAL, KARACHI	ABDUL MALIK QURESHI	N.A.	2,103	-	1,496	3,599	2,103	-	1,496	3,599
47	RUKHSANA CORPORATION LTD. 14TH MILE G.T.ROAD MJREDKE	MIAN HAMID AHMED ZULFIQAR MIAN SHAUKAT HAMID BEGUM SURRIYA AHMED MUJAHID HAMID	N.A.	0,474	-	2,325	2,799	0,474	-	2,325	2,799
48	MIKKAH AGENCIES 209, SHAH JAMAL, LAHORE	ZAHID H. HAKIM KHALID H. HAJI ALI HAKIM	N.A.	0,126	-	0,537	0,663	0,126	-	0,537	0,663
49	MAKTABA MERRY LIBRARY CHOWK URDU BAZAR, LAHORE	CH.M.BASHIR	N.A.	0,132	-	0,648	0,780	0,132	-	0,648	0,780
50	KIRAN SUGAR MILLS LTD. NOMAN GOTH, DUBER ROAD, TALUKA ROHRI, DIST.SUKKUR H.O.B-40, EAST AVENUE, PHASE-I DHA, KARACHI.	ISLAMUDDIN SHEIKH MRS. NOREEN ISLAMUDDIN AKHTAR ALI HAROON KAPADIA SAEED KHAN SAADAT MAQSOOD SARDAR M. ISHAQ KHAN MUHAMMAD SAEED SHAHABADI ASIF IQBAL	NOOR MUHAMMAD SHEIKH W/O ISLAMUDDIN SHEIKH ABDUL SHAKOOR HAJI HABIB KAPADIA INAYAT ALI MAQSOOD AHMED SARDAR SARMAST KHAN N.A. MUHAMMAD YASIN ZUBAIR	25,000	-	5,196	30,196	25,000	-	5,196	30,196
51	RAHIM BUX & SONS KOTLA SULTAN KHAN, GUNJ GATE, PESHAWAR	RAHIM BUKHSH	NA	0,328	-	0,265	0,593	0,328	-	0,265	0,593
52	DEWAN HATTAR CEMENT LTD. 7TH FLOOR, BLOCK A, FINANCE & TRADE CENTRE, KARACHI	MUHAMMAD QASIM SYED MOONIS ABDULLAH ALVI FARRUKH VIOARUDDIN JUNAIDY KHURSHED ANWER JAMAL SYED MUHAMMAD ALI KHAN AZIZ UL HAQUE ATHAR NAQI JAVED MAHMOOD (N.D.) KHALID SIDDIQUE TRIMIZY (N.D.)	NOOR MUHAMMAD SYED FIAZ UDDIN ALVI MUHAMMAD VIOARUDDIN JUNAIDY MUHAMMAD YAQOOB SYED FIDA ALI KHAN NOOR UL HAQUE HAFIZ MUHAMMAD DIN USMAN ALI KHAN MUHAMMAD SIDDIQUE TAUFI	-	14,080	-	14,080	-	9,856	-	9,856

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Fathers Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal 5	Interest / Mark-up 6	Other 7	Total 8	Principal written-off 9	Other Interest/ mark-up written-off 10	financial relief provided 11	Total 9+10+11 12
1	2	3	4	5	6	7	8	9	10	11	12
53	DEWAN CEMENT LTD. 7TH FLOOR BLOCK A FINANCE & TRADE CENTRE KARACHI	ATHAR NAQI SYED MOONIS ABDULLAH ALVI FARRUKH VICARUDDIN JUNAIDY KHURSHED ANWER JAMAL SYED MUHAMMAD ALI KHAN AZIZ UL HAQUE SAEED ANWAR (N.D.) WAJAHAT A. BAQAI (N.D.) BASHEER AHMED CH. (N.D.)	MUHAMMAD DIN SYED RIAZ UDDIN ALVI MUHAMMAD VICARUDDIN JUNAIDY MUHAMMAD YAQOOB SYED FIDA ALI KHAN NOOR UL HAQUE SHEIKH ANWAR ALI TASLEEM UDDIN BAQAI KARAM ELAHI	-	4,783	-	4,783	-	3,348	-	3,348
54	KHALID NAZIR SPINNING MILLS LTD. SUITE NO.129 130 EDEN CENTRE JAIL ROAD, LAHORE	MUHAMMAD TARIQ KHALID NAEEM WASEEM KHALID MRS.PARVEEN AKHTAR MRS.TALLAT TARIQ MUHAMMAD AZEEM MRS.BUSHRA SAHER Not available	HAI NAZIF HUSSAIN HAI NAZIF HUSSAIN KHALID NAEEM KHALID NAEEM M.TARIQ HAI NAZIF HUSSAIN M.AZEEM N.A.	137,689	-	124,075	261,774	137,689*	-	124,075	261,774
55	BANKER'S EQUITY LIMITED FAYYAZ CENTRE, KARACHI	Not available	N.A.	160,359	-	-	160,359	160,359*	-	-	160,359
TOTAL				3096,124	18,863	2855,39	5996,745	2269,995	13,204	2856,092	5139,291

*Amount represents reversal of mark-up previously capitalized in the accounts.

Annexure III

As referred to in Note 12.13 to the Financial Statements

Disposal of Fixed Assets as on December 31, 2005

Particulars	Original cost/ Revalued amount	Accumulated depreciation	Book value	Sale proceeds	Net profit	Mode of disposal	Particulars of purchaser
	(Rupees ' 000)						
Furniture and fixture items having book value of less than Rs. 250,000 and cost of less than Rs. 1000,000							
- Bank Employees	25	23	3	3	-	As per Policy	Syed Riaz Hashim Zaidi
	40	24	16	16	-	As per Policy	S. Wiqar Ali Shah Bokhari
	40	35	5	5	-	As per Policy	Muhammad Saleem
	150	122	28	28	-	As per Policy	Ashfaq Hassan Qureshi
	25	25	0	0	-	As per Policy	Muhammad Rafique
	53	14	39	39	-	As per Policy	S. Ali Mazhar Hyder
	68	14	54	54	-	As per Policy	S.M. Laikyari
	55	31	24	24	-	As per Policy	Jamil A. Shaikh
	40	19	21	21	-	As per Policy	Abdul Ghaffar Khan
	58	54	4	4	-	As per Policy	Shankar R. Purani
	17	12	5	5	-	As per Policy	Tahir Saeed Effendi
	70	55	15	15	-	As per Policy	Khalid Zamir Khattak
	52	44	9	9	-	As per Policy	Khalid Aftab Khan
	25	25	0	0	-	As per Policy	Shahid Sarwar
	17	10	7	7	-	As per Policy	Muhammad Rafiq Kashmiri
	40	37	3	3	-	As per Policy	Rahim Bux Mithani
	142	110	32	32	-	As per Policy	Zahoor Ahmed Siddiqi
	60	31	30	30	-	As per Policy	Wakeel Ahmed Khan
	10	6	4	4	-	As per Policy	Sajid Pervez Ansari
	19	19	0	0	-	As per Policy	Mr. Farooq Ayub
	25	25	0	0	-	As per Policy	Mr. Muhammad Saeed Alam
	115	67	48	48	-	As per Policy	Mr. Muhammad Akram Khan & Athar Saeed
	30	18	12	12	-	As per Policy	Mr. Abbas Jafri
	30	15	15	15	-	As per Policy	Mr. Shabir A. Zaidi
	30	27	4	14	10	As per Policy	Mr. Manzoor A. Akhund
	30	6	24	24	-	As per Policy	Mr. Mehboob Hussain
	40	24	16	16	-	As per Policy	Mr. Ghulam Hussain
	30	18	12	19	7	As per Policy	Mr. Mumtaz A. Memon
	30	6	24	24	-	As per Policy	Mr. Saeed A. Khan
	30	6	24	24	-	As per Policy	Mr. Abrar A. Cheema
	40	24	16	16	-	As per Policy	Mr. Masood Elahi Sheikh
	40	24	16	16	-	As per Policy	Mr. Muhammad Saeed
	34	31	3	3	-	As per Policy	Mr. Allah Dittah Shad
	30	6	24	24	-	As per Policy	Mr. G. Abbas Kazmi
	40	35	6	6	-	As per Policy	Mr. S.A. Akber Rizvi
	40	24	16	16	-	As per Policy	Mr. Muhammad Hanif
	30	28	2	2	-	As per Policy	Mr. M. Mustaqim Khan
	30	28	2	2	-	As per Policy	Mr. Amtiaz Hussian Ansari
	70	55	15	15	-	As per Policy	Mr. Anis Ahmed
	30	6	24	31	7	As per Policy	Mrs. Najma Khan
	30	6	24	31	7	As per Policy	Mr. Wajih Hussain Zaidi
	90	38	52	52	-	As per Policy	Mr. S. Mir Muhammad Shah
	70	53	17	28	12	As per Policy	Mr. Ahmed Waseem
- Others	1,969	1,277	692	734	41		
	22,760	22,731	29	413	385	Negotiation	Various
Total	24,729	24,008	721	1,147	426		

Annexure III

As referred to in Note 12.13 to the Financial Statements

Disposal of Fixed Assets as on December 31, 2005

Particulars	Original cost/ Revalued amount	Accumulated depreciation	Book value	Sale proceeds	Net profit	Mode of disposal	Particulars of purchaser
	(Rupees ' 000)						
Electrical, office and computer equipment items having book value of less than Rs. 250,000 and cost of less than Rs. 1000,000							
- Bank Employees							
	26	26	0	5	5	As per Policy	Syed Riaz Hashim Zaidi
	28	24	5	14	9	As per Policy	S. Wiqar Ali Shah Bokhari
	30	25	5	11	6	As per Policy	Muhammad Saleem
	133	116	17	143	126	As per Policy	Ashfaq Hassan Qureshi
	56	41	15	15	-	As per Policy	S. Ali Mazhar Hyder
	28	28	0	0	-	As per Policy	Merun Khalid Mir
	97	58	40	40	-	As per Policy	S.M. Laikyari
	27	27	0	0	-	As per Policy	Jawaid Abas
	105	75	29	29	-	As per Policy	Jamil A. Shaikh
	72	61	10	10	-	As per Policy	Abdul Ghaffa Khan
	59	50	9	9	-	As per Policy	Shankar R. Purani
	115	100	15	15	-	As per Policy	Tahir Saeed Effendi
	55	51	4	4	-	As per Policy	Khial Zamir Khattak
	79	69	10	10	-	As per Policy	Khalid Aftab Khan
	30	13	17	17	-	As per Policy	Rahim Bux Mithani
	23	23	0	0	-	As per Policy	M. Naveed Masud
	123	88	35	35	-	As per Policy	Zahoor Ahmed Siddiqi
	52	45	7	7	-	As per Policy	Ali Nazeer Kidwai
	22	22	0	0	-	As per Policy	M. Naveed Masud
	73	62	10	10	-	As per Policy	Wakeel Ahmed Khan
	70	60	10	10	-	As per Policy	Mr. Muhammad Saeed Alam
	34	28	6	6	-	As per Policy	Mr. Abbas Jafri
	34	24	10	10	-	As per Policy	Mr. Shabir A. Zaidi
	34	10	24	24	-	As per Policy	Mr. Manzoor A. Akhund
	31	9	22	22	-	As per Policy	Mr. Mehboob Hussain
	25	21	4	4	-	As per Policy	Mr. Ghulam Hussain
	34	30	5	5	-	As per Policy	Mr. Mumtaz A. Memon
	35	10	25	25	-	As per Policy	Mr. Saeed A. Khan
	35	10	25	25	-	As per Policy	Mr. Abrar A. Cheema
	35	30	5	5	-	As per Policy	Mr. Masood Elahi Sheikh
	35	30	5	5	-	As per Policy	Mr. Muhammad Saeed
	35	25	10	10	-	As per Policy	Mr. Allah Dittah Shad
	38	11	27	27	-	As per Policy	Mr. G. Abbas Kazmi
	26	4	23	23	-	As per Policy	Mr. S.A. Akber Rizvi
	35	30	5	5	-	As per Policy	Mr. Muhammad Hanif
	25	25	0	0	-	As per Policy	Mr. M. Mustaqim Khan
	24	24	0	0	-	As per Policy	Mr. Amtiaz Hussian Ansari
	64	44	20	20	-	As per Policy	Mr. Anis Ahmed
	38	11	27	27	-	As per Policy	Mrs. Najma Khan
	38	11	27	27	-	As per Policy	Mr. Wajih Hussain Zaidi
	98	70	28	28	-	As per Policy	Mr. S. Mir Muhammad Shah
	61	56	5	5	-	As per Policy	Mr. Ahmed Waseem
	66	47	19	19	-	As per Policy	Mr. Athar Saeed
	70	20	50	50	12	As per Policy	Mr. Mohammad Akram
	2,253	1,643	610	757	147		
- Others	29,847	29,755	92	315	223	Negotiation	Various
Total	32,100	31,398	702	1,072	370		

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

M. YOUSUF ADIL SALEEM & CO.
CHARTERED ACCOUNTANTS

We have audited the annexed balance sheet of Allied Bank Limited (Formerly Allied Bank of Pakistan Limited) as at December 31, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as the financial statements) for the year then ended, in which are incorporated the unaudited certified returns from the branches, except for twenty six branches which have been audited by us, 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 purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 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 amounts and disclosures in the financial statements. An audit also includes assessing accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in case of loans and advances covered more than sixty percent of the total loans and advances of the bank, we report that:-

- (a) in our opinion, proper books of account have been kept by the bank as required by the Companies Ordinance, 1984 (XLVII of 1984) and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (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 Banking Companies Ordinance, 1962 (LVII of 1962) and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the bank and the transactions of the bank which have come to our notice have been within the powers of the bank;
- (c) in our opinion, and to the best of our information and according to the explanations given to us the balance sheet, profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 2005 and its true balance of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the bank and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The financial statements of the Bank for the year ended December 31, 2004 were audited by Ford Rhodes Sidat Hyder & Co., Chartered Accountants, and A.F. Ferguson & Co., Chartered Accountants, whose report dated February 24, 2005 expressed an unqualified opinion thereon.

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants
Karachi

Dated: March 18, 2006

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants
Karachi

Dated: March 18, 2006

Balance Sheet

as at December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	6	14,742,504	10,842,519
Balances with other banks	7	3,292,038	1,477,972
Lendings to financial institutions	8	5,777,382	16,175,000
Investments	9	44,830,058	57,321,020
Advances	10	110,946,972	59,484,812
Other assets	11	7,180,269	5,950,969
Operating fixed assets	12	4,720,344	2,552,174
Deferred tax assets – net	13	680,093	1,122,017
		192,169,660	154,926,483
LIABILITIES			
Bills payable	14	2,448,620	2,534,363
Borrowings from financial institutions	15	9,693,785	12,538,430
Deposits and other accounts	16	161,907,491	126,391,752
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Other liabilities	17	5,084,528	3,206,094
Deferred tax liabilities		–	–
		179,134,424	144,670,639
NET ASSETS		13,035,236	10,255,844
REPRESENTED BY			
Share capital	18	4,404,642	4,404,642
Share premium	19	4,316,324	10,640,031
Reserves		1,019,899	716,562
Unappropriated profit / (Accumulated losses)		1,658,829	(6,313,635)
		11,399,694	9,447,600
Surplus on revaluation of assets – net of tax	20	1,635,542	808,244
		13,035,236	10,255,844
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Profit and Loss Account

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
Mark-up/Return/Interest earned	22	9,846,657	5,244,710
Mark-up/Return/Interest expensed	23	2,024,659	794,105
Net Mark-up/Interest income		7,821,998	4,450,605
Provision against non-performing loans and advances - net	10.5	413,352	1,519,682
Provision / (reversal of provision) for diminution in the value of investments – net	9.2.8	17,014	(26,832)
Bad debts written off directly	10.8	154,359	44,294
		584,725	1,537,144
Net mark-up/interest income after provisions		7,237,273	2,913,461
NON MARK-UP/INTEREST INCOME			
Fee, Commission and Brokerage income		1,220,362	1,255,153
Dividend income		46,146	15,230
Income from dealing in foreign currencies		250,224	265,345
Income from sale and purchase of securities		123,266	14,008
Income from trading in government securities		1,117	35,688
Unrealised gain on revaluation of investments classified as held for trading		25,706	68
Other income	24	263,599	154,682
Total non-Markup/Interest income		1,930,420	1,740,174
		9,167,693	4,653,635
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	25	4,252,337	4,108,172
Provision against other assets	11.2	39,828	150,179
Provision / (reversal of provision) against off balance sheet obligations – net	17.1	79,095	(93,427)
Other charges	26	18,999	7,009
Total non-markup/interest expenses		4,390,259	4,171,933
Extra ordinary items / unusual items		-	-
PROFIT BEFORE TAXATION			
		4,777,434	481,702
Taxation - current	27	1,331,468	159,423
- prior years	27	22,000	28,316
- deferred	27	390,594	102,190
		1,744,062	289,929
PROFIT AFTER TAXATION			
		3,033,372	191,773
(Accumulated losses) brought forward		(6,313,635)	(6,471,127)
Transfer from surplus on revaluation of fixed assets - net of tax	20.1	19,882	14,989
		(6,293,753)	(6,456,138)
Accumulated losses offset against share premium account	19.1	6,323,707	-
UNAPPROPRIATED PROFIT / (ACCUMULATED LOSSES) BEFORE APPROPRIATIONS			
		3,063,326	(6,264,365)
APPROPRIATIONS:			
Transfer to:			
Statutory reserve		303,337	16,827
Capital reserve		-	7,308
Revenue reserve		-	-
Proposed cash dividend Rs. 2.5 per ordinary share (2004: Rs.Nil)		1,101,160	25,135*
Others		-	-
		1,404,497	49,270
UNAPPROPRIATED PROFIT/(ACCUMULATED LOSSES) CARRIED FORWARD			
		1,658,829	(6,313,635)
Earnings Per Share – Basic and Diluted (in Rupees)	28	6.89	0.81

* This represents dividend pertaining to Ibrahim Leasing Limited, (ILL) for the year 2004. The details of merger of ILL with ABL are given in note # 1.4.

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Branch Network

Central Group

Regions	Number of Branches
Faisalabad	35
Sargodha	35
Gulberg, Lahore	34
Gujranwala	34
City, Lahore	33
Multan	31
Sahiwal	25
Sialkot	23
Bahawalpur	22
Gujrat	21
Jhang	18
Rahim Yar Khan	12
Total	323

North Group

Regions	Number of Branches
Rawalpindi	40
Peshawar	40
Mir Pur	33
Mardan	32
Islamabad	30
Abbottabad	20
Muzaffarabad	18
Kohat	17
Total	230

South Group

Regions	Number of Branches
Sadar, Karachi	32
Nazimabad, Karachi	32
City, Karachi	31
Quetta	31
Hyderabad	24
Sukkur	21
Nawabshah	17
Total	188





Allied Bank Limited

Brief History

Allied Bank Limited (formerly Allied Bank of Pakistan Limited) registered as Australasia Bank Limited in 1942 at Lahore has witnessed and experienced various political, economic, financial and technological upheavals which have taken place in the South Asian Region.

In 1947, when Bank was in nascent age, it had to undergo a traumatic event which divided Asian sub-continent into two independent states namely Pakistan and India. Allied Bank, being the only Muslim Bank on the soil of Pakistan, lost over 50% of its operations and assets which were on the soil of India.

The management undauntedly faced the multiple challenges resulting from huge human and financial losses on the one hand and the task of providing the newly emerged nation with efficient and effective payment system and banking facilities to all sectors of economy on the other hand. The Bank also rendered valuable treasury services for the Government of Pakistan and despite many constraints played an effective role in socio-economic uplift of the country.

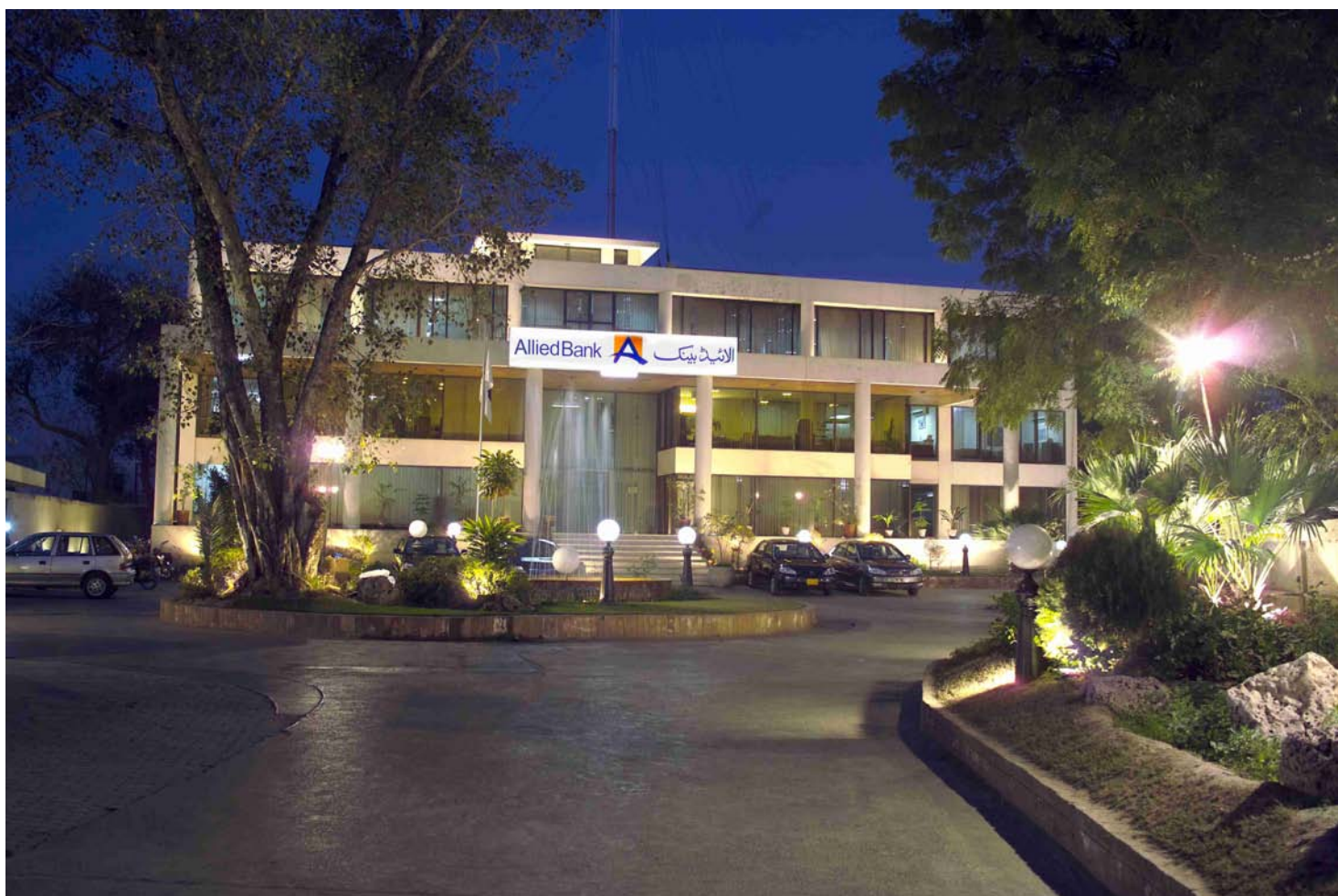
In 1971, the Bank lost more than half of its assets and network due to secession of the then East Pakistan. The Bank not only survived this serious crisis but also regained its financial strength maintaining the growth rates in key performance indicators.

In 1974, the Government of Pakistan nationalized all financial institutions in the country. Realizing the robust financial strength of Australasia Bank Limited among all the nationalized financial institutions, the Government decided to merge three financially weak institutions, namely Sarhad Bank Limited, Lahore Commercial Bank Limited and Pak Bank Limited into Australasia Bank Limited and renamed it as Allied Bank of Pakistan Limited.

Allied Bank remained in the Public Sector for seventeen (17) years, during which the quality of its assets remained comparatively better among its peers. During this period the Bank expanded its domestic network and also opened its first foreign branch at London (U.K.) in 1977. The performance of the domestic and foreign operations of Allied Bank during nationalized period was so good that in 1989 U.K. operations of Muslim Commercial Bank were merged into Allied Bank.

In September 1991 the Government divested portion of its shareholding and handed over the control and management of the Bank to its employees. The financial health of the Bank deteriorated during employees' management compelling SBP to remove the employee directors by its nominees in August, 2000.

During 2004, as advised by the Privatization Commission, the State Bank of Pakistan (SBP) undertook reconstruction of the Bank's capital whereby the Ibrahim Group, as a result of bidding process, took over control of the Bank by virtue of acquiring 325 million shares of the Bank, representing 75.35% of the enhanced share capital. The Bank is now well positioned to expand, grow and diversify its portfolio of products and services.



Cash Flow Statement

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		4,777,434	481,702
Dividend income		(46,146)	(15,230)
		4,731,288	466,472
Adjustments for non-cash charges			
Depreciation / amortisation		241,440	201,677
Provision against non-performing loans and advances (including general provision)		413,352	1,519,682
Provision / (Reversal of provision) for diminution in the value of Investments		17,014	(26,832)
Unrealised gain on revaluation of held for trading securities		(25,706)	(68)
Provision / (Reversal of provision) against off balance sheet items		79,095	(93,427)
Provision against other assets		39,828	150,179
Gain on sale of fixed assets		(28,833)	(12,685)
Bad debts written off directly		154,359	44,294
		890,549	1,782,820
		5,621,837	2,249,292
(Increase) / decrease in operating assets			
Lendings to financial institutions		10,397,618	(813,763)
Held for trading securities		(590,359)	12,147
Advances – net		(52,029,871)	(19,528,058)
Other assets (excluding advance taxation)		(1,616,499)	200,062
		(43,839,111)	(20,129,612)
Increase / (decrease) in operating liabilities			
Bills payable		(85,743)	761,633
Borrowings from financial institutions		(2,788,411)	9,999,759
Deposits		35,515,739	12,173,670
Other liabilities		698,179	352,842
		33,339,764	23,287,904
		(4,877,510)	5,407,584
Income tax paid		(1,008,212)	(717,451)
Payment against provision for off balance sheet obligations		–	(167,553)
		(5,885,722)	4,522,580
Net cash flow from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(7,477,213)	34,647,366
Net investment in held-to-maturity securities		20,598,158	(51,694,132)
Dividend income		46,937	19,035
Investment in operating fixed assets		(1,556,543)	(192,834)
Proceeds from sale of property and equipment		44,668	37,162
Net cash flow from investing activities		11,656,007	(17,183,403)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		–	(23,734)
Issue of share capital		–	14,200,000
Net cash flow from financing activities		–	14,176,266
Increase in cash and cash equivalents		5,770,285	1,515,443
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		12,128,421	10,482,953
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(21,494)	108,531
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	29	17,877,212	12,106,927

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Chairman's Message



Dear Shareholders,

The management control of Allied Bank was handed over to the new Board of Directors in August 2004 by the State Bank of Pakistan after completing the process of re-construction and re-capitalization of the Bank. The new Board of Directors laid down its strategic priorities to achieve global banking standards in Allied Bank.

I am delighted to share with you the strategic priorities, plans and vision set out by the new Board.

- **Team Building:** To form a team of qualified and dedicated professionals having relevant qualifications and expertise was a challenge for us. The induction of expertise required at most of the management positions has already been completed. The results of the year 2005 speak for the achievements and synergies achieved by the team.
- **Technology Infrastructure:** One of the foremost goals is to deploy technology based systems and standards across the Bank so that the customers can conveniently transact with the Bank at any time from any place. All the branches of Allied Bank have the online connectivity to provide real time online services to its customers. Also, the internet banking facility has been launched to enable the customers to do banking at their own convenience. A best of the breed global core banking solution is planned to be deployed for unique customer experience.
- **Organization Structure:** In order to have a flat, fast and agile corporate structure, the operating model of the Bank was restructured in line with internationally acceptable banking standards. A number of policies and procedures including the prudent risk management have been put in place. The Bank is committed to invest required resources for timely implementation of Basel II guidelines.
- **Productivity and Efficiency:** From the very beginning, the new Board focused on cost efficiency and optimal utilization of the Bank's resources. The loan/deposit ratio has improved substantially to 74% from 39% as of August, 2004, while the NPLs to Gross Loans ratio has been reduced to 11% from 35%. The revenue to cost ratio significantly improved to 2.3% from 1.6% in 2004.
- **New products:** The introduction of new products for consumer and retail customers is one of the top priority of the new Board. A new hybrid ATM/Debit card having a variety of innovative features has been launched. The Bank is in the process of building the requisite team and infrastructure for launching a number of unique and innovative consumer banking products.
- **Corporate Governance:** There has been a great emphasis from the regulators on good governance over the last three years. The Board is committed to ensure implementation of good governance and best practices across the Bank.

Future outlook

The Bank's future growth strategy and all of its business activities will be driven by our core values - Integrity, Excellence in Service, High Performance, Innovation and Growth. Based on the strong financial health, largest online branch network in the country, professional and motivated workforce, and enabling work environment, the Bank is well positioned to become a world class financial institution and achieve sustainable growth.

Acknowledgment

I have full confidence in the Bank's management team and congratulate them on their achievements and appreciate the dedication and efforts being put in by them to implement the strategic priorities and policies as laid down by the Board. I am optimistic about the Bank's future and expect that the management will keep on improving its customer services and will build value for all the stakeholders.

Mohammad Naeem Mukhtar
Chairman



Corporate Information

Board of Directors

Mr. Mohammad Naeem Mukhtar	Chairman
Sheikh Mukhtar Ahmed	Director
Mr. Mohammad Waseem Mukhtar	Director
Mr. Abdul Aziz Khan	Director
Sheikh Jalees Ahmed	Director
Mrs. Nazrat Bashir	Director
Mr. Farrakh Qayyum	Director
Mr. Khalid A. Sherwani	President / CEO

Audit Committee

Mr. Farrakh Qayyum	Chairman
Mr. Mohammad Naeem Mukhtar	Member
Mr. Abdul Aziz Khan	Member

Company Secretary

Mr. Zia Ijaz

Auditors

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Adviser

Haider Mota and Company
Advocates and Solicitors

Shares Registrar

Technology Trade (Pvt.) Ltd.

Central Office

Bath Island, Khayaban-e-Iqbal, Main Clifton Road,
Karachi – 75600
Phone: 111-110-110

Head Office/Registered Office

8-Kashmir/Egerton Road, Lahore
Phone: 6360073

Website

www.abl.com.pk



Mr. Mohammad Naeem Mukhtar



Sheikh Mukhtar Ahmed



Mr. Khalid A. Sherwani



Mr. Mohammad Waseem Mukhtar



Mr. Abdul Aziz Khan



Sheikh Jalees Ahmed



Mrs. Nazrat Bashir



Mr. Farrakh Qayyum



Corporate and Social Responsibility Statement

Allied Bank makes responsible behavior an important part of its culture, identity and business practice. Being one of the leading banks, we want to provide our clients not only with value added products and services but also promote a corporate culture that adheres to the highest ethical standards, and generate superior but sustainable returns for our shareholders. We are committed to enrich the lives of community by adhering to high social standards and contribute thereto which we are part of. At times, we move beyond merely profit oriented considerations and legal requirements when doing business by behaving responsibly.

A prosperous and content community is an important market. Communities are content when there is a powerful and mutually beneficial relationship between the wider community and the corporate community. This relationship is dependent on many factors including the perception that society is getting 'value for money' from corporate entities. The relationship is also nourished by what companies plough into those communities that generate the profits.

Profits and social responsibilities do not clash but rather fuel each other. The more the business community ploughs back to the community to boost social capital, the stronger society will become. Stronger societies are fertile markets and a source of nourishment for the corporate sector.

Allied Bank supports the communities in which we operate both through the involvement of our employees and through donations. The Bank aims to demonstrate responsible corporate conduct throughout the entire spectrum of its activities and operations. We will support and undertake a broad range of social initiatives in the areas of health, education, community development and environment.

Earthquake Relief Operations

It is not too often that we have the opportunity to truly make a difference in another's life.

The Bank contributed Rs.15 million to President's Relief Fund for earthquake that struck northern Pakistan and Kashmir on October 8, 2005. In addition, the employees of the Bank contributed a portion of their salaries and provided logistic facilities themselves by visiting the earthquake struck parts of the country. These activities were supervised on sites by the senior members of the Bank's management team. The facilities included provision of medicines, warm clothes and cooking materials.

Beautification of I. I. Chundrigar Road, Karachi

The Bank is cognizant of its civic sense of responsibility, which has significantly motivated us to contribute in all respects. To this effect, the Bank has contributed Rs.5 million in a drive to ensure safe and hassle free access to the main business road of Karachi, I. I. Chundrigar Road, which project has been embarked upon by the State Bank of Pakistan, in collaboration with other stakeholders, interalia Allied Bank, to revamp the road. The project plan includes construction of the road, relocation of the utilities, cost of purchase of buses for free shuttle service between Mereweather Tower and Shaheen Complex and maintenance of road and machinery.



Mr Waseem Mukhtar, director ABL presenting "Safe Hands Catch Of The Match" award to Indian Cricketer, M.S. Dhoni at the concluding ceremony of 3rd ODI between Pakistan & India held at Gaddafi Stadium Lahore on February 13, 2006

Sports

With its new vision and new look, the Bank has taken upon the task of nourishing the sports talent of the country by sponsoring the sports events.

The management allocates an extensive budget in terms of sponsorship of the sports events, tournaments and awards for the players. The Bank focuses on the National and International Sports promotional activities.

This year also, the Bank has the honor of organizing Men's Mini Marathon held on 19th August 2005 in Lahore, on the occasion of Pakistan Independence Day celebrations. In order to help tennis players and cricketers to display their potentials at domestic level, we also sponsored Grass Court Tennis Championship and Lahore Gymkhana Club Cricket Tournament held in Lahore.

Further, we were one of the co-sponsors of the cricket series held between Pakistan and India during January-February 2006.

That's not all. The Bank has devised a policy of contributing every year a portion of its profits in the areas of health, education, community.

The Board of Directors of Allied Management Services (Pvt.) Limited are pleased to present the 13th Annual Report together with the Audited Accounts of the company for the year ended June 30, 2005.

	2005 Rupees	2004 Rupees
FINANCIAL RESULTS:		
Loss for the year	(83,143)	(300,573)
Taxation	-	-
Loss for the year after tax	(83,143)	(300,573)
Unappropriated profit brought forward	1,527,063	1,827,636
Unappropriated profit carried forward	1,443,920	1,527,063
Earning per share	(0.01)	(0.05)
Net asset value per share	7.12	8.26

The company suffered a loss of Rs. 83,143/= after charging an amount of Rs. 176,250/= on account of Administrative expenses and hence no provision for taxation was made in the current year. The Board of Directors in its 48th Meeting held on September 21, 2004 decided to transfer the fixed assets of the Company to First Allied Bank Modaraba at book value and no expenses should be charged to the Company except the Auditors' remuneration, Retainership fee, Annual renewal fee and Legal and professional charges remuneration, Retainership fee, Annual renewal fee and Legal and professional charges in respect of the tax and other legal issues of the Company.

During the year, the company invested its funds in Certificates of Islamic Investment Meezan Bank and earned a profit of Rs. 92,369/= on such certificates.

The investment of the Company in Certificates of First Allied Bank Modaraba has been remeasured to fair value as per IAS 39 due to which an impairment loss of Rs. 19.400 million has been recognized thereby reducing the amount of investment from Rs. 60.000 million to Rs. 40.600 million. The resultant impairment loss has been adjusted directly through the Equity of the Company retrospectively to comply with the requirement of IAS 8.

The main source of Income is the dividend on its investment in First Allied Bank Modaraba and the management fee from the Modaraba. The management company is entitled to charge upto 10% of the annual profit of Modaraba as management fee but it has sacrificed its share to facilitate FABM in reducing Accumulated Losses. The management fee hence has not been received.

The primary objective of Allied Management Services (Private) Limited - wholly owned subsidiary of Allied Bank Limited is to manage and run First Allied Bank Modaraba.

Karachi:

Dated: September 28, 2005



Financial Statements

for the year ended June 30, 2005

Allied Management Services
(Private) Limited

(Subsidiary of Allied Bank Limited)

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants

We have audited the annexed balance sheet of Allied Management Services (Private) Limited as at June 30, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, 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 purposes of our audit.

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 the accounting standards as applicable in Pakistan 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 auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said 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 indicated in note 2.4 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;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account 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 June 30, 2005 and of the loss for the year then ended; and
- (e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants

Karachi.
Dated: September 28, 2005

The Board of Directors of Allied Management Services (Pvt.) Limited are pleased to present the 13th Annual Report together with the Audited Accounts of the company for the year ended June 30, 2005.

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The primary objective of Allied Management Services (Private) Limited - wholly owned subsidiary of Allied Bank Limited is to manage and run First Allied Bank Modaraba.

Karachi:

Dated: September 28, 2005

Balance Sheet

as at June 30, 2005

	Note	2005 Rupees	2004 Rupees
SHARE CAPITAL			
Authorised 10,000,000 ordinary shaes of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	3	62,500,000	62,500,000
Unappropriated profit		1,443,920	1,527,063
		63,943,920	64,027,063
Deficit on revaluation of investment		(19,400,000)	(12,400,000)
		44,543,920	51,627,063
CURRENT LIABILITIES			
Accrued and other liabilities	4	83,090	28,440
		44,627,010	51,655,503
FIXED ASSETS	5	-	38,012
LONG-TERM INVESTMENT	6	40,600,000	47,600,000
CURRENT ASSETS			
Other receivables	7	47,318	34,572
Advance tax		40,300	36,066
Short term investment		3,105,562	3,033,902
Cash and bank balances	8	833,830	912,951
		4,027,010	4,017,491
		44,627,010	51,655,503

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Director

Profit and Loss Account

for the year ended June 30, 2005

	Note	2005 Rupees	2004 Rupees
Income	9	93,107	53,678
Administrative expenses	10	(176,250)	(354,251)
Loss before taxation		(83,143)	(300,573)
Taxation		—	—
Loss after taxation		(83,143)	(300,573)
Earnings per share	11	(0.01)	(0.05)

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Director

Cash Flow Statement

for the year ended June 30, 2005

	Note	2005 Rupees	2004 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss before taxation		(83,143)	(300,573)
Adjustment for:			
Depreciation		–	26,591
Operating profit before working capital changes		(83,143)	(273,982)
Increase in other receivables		(12,746)	(10,972)
Decrease/(increase) in accrued and other liabilities		54,650	(35,050)
Decrease/(increase) in payable to amounting undertaking		–	(12,605)
Cash generated from operations		(41,239)	(332,609)
Income tax paid		(4,234)	(3,767)
Net cash generated from operating activities		(45,473)	(336,376)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		38,012	–
Net cash used in investing activities		38,012	–
Net decrease in cash and cash equivalents		(7,461)	(336,376)
Cash and cash equivalents as at July 1	12	3,946,853	4,283,229
Cash and cash equivalents as at June 30		3,939,392	3,946,853

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Director

Statement of Changes in Equity

for the year ended June 30, 2005

	Issued, subscribed and paidup capital	Unappropriated profit	Unrealised gain/(loss) on revaluation of investment	Total
	Rupees			
Balance as at June 30, 2003	62,500,000	1,827,636	(32,700,000)	31,627,636
Net loss for the year	–	(300,573)	–	(300,573)
Gain on re-measurement	–	–	20,300,000	20,300,000
Balance as at June 30, 2004	62,500,000	1,527,063	(12,400,000)	51,627,063
Net loss for the year	–	(83,143)	–	(83,143)
Loss on re-measurement	–	–	(7,000,000)	(7,000,000)
Balance as at June 30, 2005	62,500,000	1,443,920	(19,400,000)	44,543,920

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Director

1. STATUS AND NATURE OF BUSINESS

Allied Management Services (Private) Limited (AMSL) was incorporated under Companies Ordinance 1984 on October 09, 1991 and was registered as Modaraba Company on October 13, 1992. The principal activity of the company is floatation and management of Modaraba for undertaking business operations aimed at Islamization of the country's economy. The Board of Director's in its 48th meeting held on September 21, 2004 decided to transfer the fixed assets of AMSL to First Allied Bank Modaraba at book value and that no expense is to be charged to AMSL except the auditor's remuneration and retainership fee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements are prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise such International Accounting Standards (IASs) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention except for as modified in accordance with note 2.4.

2.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to income applying the straight-line method whereby the cost of asset is written off over its estimated useful life.

Full year's depreciation is charged on additions while no depreciation is charged on assets disposed off during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain and loss on disposal of fixed assets are included in income currently.

2.4 Long term Investment-Available for sale

Available for sale investments are those financial assets that are not (a) loans and receivables originated by the company (b) held to maturity investments or (c) financial assets held for trading. Available for sale investments are initially recognized at cost and subsequently re-measured to fair value. Unrecognized gains and losses are recognized directly in equity through the statement of changes in equity. Previously those investments were stated at cost and aggregate market value was disclosed, however, during the year the company has changed the policy and has applied the same retrospectively in accordance with International Accounting Standard-8.

2.5 Revenue recognition

2.5.1 Modaraba management fee is recognized as income on accrual basis.

2.5.2 Dividend income is recognized when right to receive dividend is established.

2.5.3 Return on deposits with bank is recognized on accrual basis.

2.6 Taxation

Provision for current taxation is based on taxable income at current tax rates after taking into account tax rebates and tax credit available, if any, and the provision of Section 113 of Income Tax Ordinance, 2001 whichever is higher.

2.7 Trade debts

Trade debts and other receivables are stated at cost less impairment losses, if any.

2.8 Impairment

The carrying amounts of the company's assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated and impairment losses are recognized in the profit and loss account. Reversal of impairment loss if any, is restricted to the original cost of assets.

2.9 Use of estimates

In presenting the balance sheet, management makes estimates regarding certain assets and liabilities and other matters that affect the reported amounts and disclosure in the balance sheet. Estimates, by their nature, are based on judgment and available information. Therefore, actual results could differ from those estimates resulting in a impact to the balance sheet.

2.10 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.11 Financial instruments

Recognition

Financial instruments are recognized when the company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Off – setting

Financial assets and liabilities are set-off and the net amount is reported in the balance sheet if the company has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances and short term investments as stated in note 12.

	2005 Rupees	2004 Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
6,250,000 (2004 : 6,250,000) ordinary shares of Rs. 10 each fully paid in cash	62,500,000	62,500,000
3.1 Allied Bank Limited (formerly Allied Bank of Pakistan Limited), the holding company, holds 6,248,800 ordinary shares as at June 30, 2005 (2004: 6,248,800 ordinary shares)		
	2005 Rupees	2004 Rupees
4. ACCRUED AND OTHER LIABILITIES		
Accrued expenses	82,600	27,950
Dividend payable	490	490
	83,090	28,440

Notes to the Financial Statements

for the year ended June 30, 2005

5. FIXED ASSETS - Tangible

	COST		DEPRECIATION					
	As at July 01, 2004	Additions/ (transfer) during the year	As at June 30, 2005	As at July 01 2004	Charge/ (transfer) during the year	As at June 30, 2005	Written down value as at June 30, 2005	Depreciation rate per annum %
	R u p e e s							
Furniture and fittings	20,910	(20,910)	-	7,398	(7,398)	-	-	10
Office equipment	809,060	(809,060)	-	784,560	(784,560)	-	-	20
Computer equipment	2,100,000	(2,100,000)	-	2,100,000	(2,100,000)	-	-	20
Vehicles	62,850	(62,850)	-	62,850	(62,850)	-	-	20
Rupees 2005	2,992,820	2,992,820	-	2,954,808	(2,954,808)	-	-	
Rupees 2004	2,992,820	-	2,992,820	2,928,217	26,591	2,954,808	38,012	

6. LONG-TERM INVESTMENT – Available for sale

2005	2004		2005	2004
No. of shares			Rupees	Rupees (Restated)
		Managed Modaraba - listed		
7,000,000	7,000,000	Ordinary shares of Rs.10 each	40,600,000	47,600,000
		Note	2005 Rupees	2004 Rupees

7. OTHER RECEIVABLES

Income receivable on COI	23,718	10,972
Claim receivable	23,600	23,600
	47,318	34,572

8. BANK BALANCES

Bank accounts		
- current	65,443	65,443
- savings	768,387	847,508
	833,830	912,951

9. INCOME

Return on bank deposits	738	5,037
Profit on certificate of Islamic Investment	92,369	48,641
	93,107	53,678

10. ADMINISTRATIVE EXPENSES

Salaries and allowances	10.1	-	156,000
Repairs and maintenance		-	41,450
Insurance		-	4,440
Travelling and conveyance		-	45,833
Annual renewal fee		15,000	15,000
Legal and professional charges		103,000	34,300
Auditors' remuneration		40,000	30,537
Depreciation	5	-	26,591
Miscellaneous		250	100
Retainer ship fee		18,000	-
		176,250	354,251

10.1 Salaries and allowances include salary of a chief executive amounting to Rs. Nil (2004: Rs. 120,000).

Notes to the Financial Statements

for the year ended June 30, 2005

	2005 Rupees	2004 Rupees
11. EARNINGS PER SHARE		
Loss after tax	(83,143)	(300,573)
Number of shares	6,250,000	6,250,000
Earnings per share	(0.01)	(0.05)

12. CASH AND CASH EQUIVALENTS		
Short term investments	3,105,562	3,033,902
Cash and bank balances	833,830	912,951
	3,939,392	3,946,853

13. FINANCIAL ASSETS AND LIABILITIES

	Interest / markup bearing			Non-interest / mark bearing			Total 2005
	Maturity upto one year	Maturity after one year	Sub- total	Maturity upto one year	Maturity after one year	Sub- total	
				R u p e e s			
Financial assets							
Long term investments	-	-	-	-	40,600,000	40,600,000	40,600,000
Other receivables	-	-	-	47,318	-	47,318	47,318
Short term investments	3,105,562	-	3,105,562	-	-	-	3,105,562
Bank balances	768,387	-	768,387	65,443	-	65,443	833,830
Total financial assets	3,873,949	-	3,873,949	112,761	40,600,000	40,712,761	44,586,710
Financial liabilities							
Accrued expenses	-	-	-	83,090	-	83,090	83,090
Total financial liabilities	-	-	-	83,090	-	83,090	83,090

	Interest / markup bearing			Non-interest / mark bearing			Total 2004
	Maturity upto one year	Maturity after one year	Sub- total	Maturity upto one year	Maturity after one year	Sub- total	
				R u p e e s			
Financial assets							
Long term investments	-	-	-	-	47,600,000	47,600,000	47,600,000
Other receivables	-	-	-	34,572	-	34,572	34,572
Short term investments	3,033,902	-	3,033,902	-	-	-	3,033,902
Bank balances	847,508	-	847,508	65,443	-	65,443	912,951
Total financial assets	3,881,410	-	3,881,410	100,015	47,600,000	47,700,015	51,581,425
Financial liabilities							
Accrued expenses	-	-	-	28,440	-	28,440	28,440
Total financial liabilities	-	-	-	28,440	-	28,440	28,440

14. GENERAL

Previous year's figures have been restated wherever necessary to facilitate comparison. Major restatement results from revaluation of available for sale long term investment. Previously those investments were carried at cost.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on September 28, 2005.

Chief Executive

Director

Director

Groups' Review

Corporate and Investment Banking



Muhammad Jawaid Iqbal

The Corporate and Investment Banking Group (CIBG) focuses on attracting and servicing large customers. We have expertise in providing exemplary customized and personalized service to our Corporate Customers under the Relationship Management concept which is basically catering to all the customer needs through 'One Window' operations.

CIBG has been strategically segmented into several sub divisions so that focused approach can be maintained on different aspects of business requirements. Highly experienced, professional and qualified teams are put into place to steadily expand our customer base and continue to enhance our cordial relations with our esteemed clients by providing prompt and value added services, innovative solutions and by becoming reliable source of all financial and non financial support and advisory services. CIBG has been sub-divided as follows:

Corporate Banking

Corporate Banking offers personalized services to Corporate Customers under the concept of 'One Window' interface, with primary responsibility of portfolio management which involves both credit maintenance and marketing functions.

Investment Banking / Syndications

Investment Banking focuses on Debt Arrangements, Syndications, Investments, Project Finances, Mergers and Acquisitions / Privatizations, Corporate Finance Advisory, Balance Sheet Restructuring / Debt re-profiling, Underwriting and other Structured Transactions.

Commodities Financing

Commodities team is mainly responsible to cater large trading customers involved in the import / export of basic essential commodities in Pakistan (Government owned and Private Sector) and to meet the government own commodity financing needs.

Cash Management

Cash Management team provides tailored made cash management solutions to large Corporate Entities through our online branch network.

We have dedicated teams placed in Karachi, Lahore, Multan, Faisalabad and Islamabad regions providing door step credit and marketing services to all the existing and potential Corporate Customers across the country. A wide variety of products are available to choose from which ranges from Corporate Finance products such as Loan Syndications, Structured Finance, Term Finance Certificates, Private Placements, Corporate Advisory Services to core Corporate Banking products such as Overdrafts (Working Capital facilities), Local & Foreign Currency financing, trade related facilities such as Import / Export financing, Documentary Letters of Credit, Term Loans and Cash Management Services.

Being a new entrant in the Corporate and Investment Banking World, year 2005 has been a challenging year for the Bank. Despite that, CIBG was not only able to position itself as one of the prime banks for the existing clientele but also created new relationships with several top tier names in the market such as Packages, Mobilink, Engro Chemicals, Dewan Group, Sapphire Group, Nestle Pakistan, Afroze Textile, Nishat Group, Fazal Group, Lucky Cement Group and many more by facilitating them through value-added and personalized services and supporting them in meeting their short term and long term financial needs by offering structured facilities.

The Bank, in a short span of time, has spurred as one of the leading and most dynamic Investment Bank in the market by undertaking role of lead arranger and advisor in majority of the key financial transactions during year under review. CIBG has been able to grow its Corporate and Investment book size by an extremely substantial amount of over Rs.40 Billion within a period of one year. Some of the key Investment Banking deals worth mentioning are:



“The Kohinoor Maple Leaf Group is delighted to be associated with Allied Bank and we are very impressed by the progress the bank has made under the new Board and Management.”

Tariq Saigol
Chairman
Kohinoor Maple Leaf Group

Groups' Review

“Relationship with Allied Bank provides us unique amalgam of competitive product range, professional expertise and efficient delivery at out door step ”

Anwar Ahmed
GM Finance
PARCO



Transaction detail	Size (Rupees in Millions)	Role
Acquisition financing of Pak Arab Fertilizer Limited for the Acquirer Group (Fatima Group & Arif Habib Group)	9,000	Lead Advisor and Arranger
Acquisition financing of National Refinery Limited for the Acquirer Group (Attock Group of Companies)	7,200	Co-Lead Advisor and Arranger
Structured Project financing for National Transmission & Dispatch Company (NTDC)	5,100	Lead Advisor and Arranger
Acquisition financing for Mustehkam Cement on behalf of the Bestway Group	3,200	Lead Advisor and Arranger
Expansion financing for Maple Leaf Cement Limited	1,000	Lead Advisor and Arranger
Term Financing for Atlas Investment Bank Limited	800	Arranger
Balance Sheet Restructuring of Dewan Farooq Motors Limited	750	Advisor and Arranger
Term Financing to Crescent Leasing Corporation Limited	550	Lead Arranger
Expansion financing to Amreli Steel Mills (Pvt.) Limited	550	Lead Advisor and Arranger

CIBG is in the process of setting up focussed corporate branches to further facilitate our corporate customers through personalized operational and trade services. In addition, we plan to undertake asset management activities through an independent Asset Management Company.

Commercial and Retail Banking



Naveed Masud

The Commercial and Retail Banking Group (CRBG) focuses on keeping pace with the accelerated growth and development in the banking industry and growing specialization in providing various products and services to variety of target markets. CRBG ensures that focused attention is given to the target market and desired growth rate is achieved in developing commercial assets and cost efficient mobilization of deposits.

Major objectives of the group are:

- decentralization with appropriate empowerment of the team members directly dealing with the customers to serve them in more efficient and effective manner
- evolve a business plan taking into consideration the network, its geographical spread and the available business opportunities in the given areas
- facilitate the agricultural sector and associated ancillary business

In order to pay focused attention and providing flexible / customized solutions to the needs of target markets the entire field set up was restructured during 2005 by segregating the functions into Commercial & Retail Banking and Corporate & Investment Banking, which move has contributed positively towards results of the Bank.

The CRBG structure now consists of 3 Group Headquarters, 27 Regional Headquarters, and 741 branches. The branches are responsible for business development and customer services and they report to regional heads. Regional head is responsible for overall supervisory functions and strengthening of relationship with existing and new CRBG customers for sustained business growth. Regional headquarters report to respective Group Heads-CRBG stationed at Islamabad, Lahore & Karachi and these Group Heads report to Group Chief-CRBG.

The Bank is building the capacity on fast track basis by hiring qualified and experienced professionals in order to have a strong retail banking team and to develop flexible and customized products for retail and SME customers.



During 2006, we will continue to focus on our long and short term goals, targets and objectives. In line with the vision and mission statement of the Bank, we aspire to be:

- Market leader in middle sized customer segment
- To provide the customers complete integrated financing, investment and deposits solutions under one roof
- To become leading SME Bank in the diverse urban markets
- To focus on new avenues in Agriculture sector financing



Treasury



Muhammad Yaseen

The Treasury group is actively involved in fund management through transaction in interbank market and management of investments in government securities and equities. The group is also responsible for managing regulatory reserve requirements.

The group has qualified and experienced professionals who have specialized expertise in treasury functions which they utilize to maximize the returns. The group is divided into Money Market Desk, Foreign Exchange & Treasury Marketing Unit and Capital Market Desk.

Money Market Desk

The Money Market Desk is responsible to manage regulatory reserve requirements of the Bank, liquidity management by placement and borrowing through interbank money market, participate in auction of T-Bills and other government papers and management and trading of investment in fixed income government securities.

Foreign Exchange & Treasury Market Unit (FX TMU)

The FX TMU desk manages day to day liquidity needs of the Bank in non-rupee currencies, manages regulatory reserve requirements of foreign currency accounts, provide funding to nostro accounts, funding through Swaps, Quote competitive prices to the Bank's customers, quote spot and forward rates to customers and discounting of bills.

Capital Market Desk

The Capital Market Desk is responsible for all activities related to equity markets. The desk manages investment in listed shares, trades in securities to generate profit from short term price fluctuations, finds arbitrage opportunities for profit maximization through trading in ready and futures market and provides financing through CFS.

During the year, the Bank was appointed as Primary Dealer by State Bank of Pakistan, which gave an edge to the Bank as market maker rather than being a price taker. The Treasury also increased its activities in capital market which proved to be one of the most profitable areas during the year. The Bank started arbitrage in ready and future market during the year, increased its investment portfolio size and actively started trading in equity securities to benefit from price fluctuation in the market.

During 2006, the group will continue its efforts to diversify and enhance its activities for achieving sustained growth in revenues.



Risk Management



Fareed Vardag

The primary objectives of Risk Management Group (RMG) are to understand the risk profile of various businesses, to initiate and propose risk policies, risk measurement methodologies and risk limits in order to aggregate and control credit, market and operational risks across the Bank.

In pursuance of these objectives, RMG has taken up the challenge to foster a proactive risk culture by creating the following risk management functions by business specialization:

- **Credit Risk** is defined as the possibility of losses due to unexpected default or a deterioration of creditworthiness of a business partner. At RMG, Credit Risk Management is divided into two units i.e. Commercial & Retail Risk, and Corporate & Financial Institutions Risk. These units ensure that risk exposures undertaken match the risk appetite of the Bank, and that proper credit approval procedures are adhered to. Identification and monitoring of problematic exposures and initiation of proactive measures to minimize the financial loss to the Bank is another key responsibility of this function.
- **Operational Risk** includes risks that arise from the internal processes of the Bank or from external events. The Operational Risk Management unit is developing an effective system for identification of critical risk areas, and developing processes / controls to mitigate these risks.
- **Market Risk** is defined as any fluctuation in value of the portfolio resulting from changes in market price and market parameters, such as interest rates, exchange rates and share prices. The Bank intends to build an effective Market Risk Management unit to independently identify measure, monitor and control the potential losses that may arise from the Bank's activities in the financial markets.
- **Credit Administration** is involved in minimizing losses that could arise due to security and documentation deficiencies. The Credit Administration Division constantly monitors the security and documentation risks inherent in the existing credit portfolio through eight regional credit administration departments located all over the country.
- **Risk Architecture** formulates credit policies and procedure guidelines and ensures that all risks in product program based lending in consumer finance is properly mitigated. This function also oversees the formulation of operational risk and market risk policies.
- **Portfolio Management** is an integral part of the credit process that has varied responsibilities. These include monitoring portfolio MIS and risk profile, establishing concentration limits, defining target market and risk acceptance criteria, identify and analyze trends that could affect the risk and performance of the portfolio as well as coordinating the implementation of Basel II in the Bank, which is of utmost priority and is viewed by the Bank as an important step in the alignment of regulatory and economic capital requirements. A consulting firm has recently been appointed to provide consultancy services in respect of the Basel II implementation. Another key responsibility is to launch internal risk rating models as a first step in the road map to develop loss norms, probability of default and risk adjusted pricing.

The Risk Management Group continues to promote sound business decisions consistent with the Bank's risk tolerance levels and drives the maximization of long-term shareholder return.

Our aim is to continue the pace of initiatives in 2006 with setup of risk concentration limits, implementation of Basel II as well as formulation of operational risk and market risk guidelines.



Audit and Inspection



Khawaja Muhammad Sardar

In the context of changes in regulatory requirements, the role of internal audit has become very pivotal as a second line of defence against financial indiscipline and mismanagement besides an integrated system of internal control. As a part of good governance practice, the Audit and Inspection Group primarily performs its functions independent of the management and reports to the Audit Committee of the Board of Directors.

The Group has its objectives, besides fundamental objectives underlying internal audit, of well defined time bound Strategic Plan to change the traditional internal auditing systems into risk based, valued adding consulting activity and help the Bank to accomplish its overall objectives by bringing a systematic disciplined approach to evaluate and improve effectiveness of Risk Management, Control and Corporate Governance process.

The foremost asset of the Group is its staff, which is groomed through continuing professional development in order for them to possess tangible skills in the areas of corporate finance, risk assessment, quantitative methods and vision to see where things may go wrong.

The Audit and Inspections group is expected to perform a wide range of audits, which interalia include the following:

- **Financial Audit** - to assess the reliability of the accounting system and information and of resulting financial reports. This also includes appraisal of the related systems of internal controls;
- **Operational Audit** - to assess the quality and appropriateness of other systems and procedures, to analyze the organizational structures with a critical perspective, and to evaluate the adequacy of the related methods and resources;
- **Compliance Audit** - to assess compliance with the laws, regulations, policies and procedures;
- **Management Audit** - to assess the quality of management's approach to risk and control in accordance with the Bank's objectives. Basically, it concentrates on control problems of high-level management, e.g. evaluation of the organizational structure and financial discipline, long-range plans

and objectives, budgeting, profit planning, human and physical facilities etc.; and

- **Information System Audit** - to assess the controls over Information Technology systems and their application. This covers the analysis of computer-based information systems (including the aspects of Change Management, Disaster Recovery Planning, Integrity of information produced etc.), which is an essential part in the evaluation of the overall system of accounting and internal controls and assessing reliability of the processed data.

In addition to the routine audits, the Group provides various services which include special investigations or reviews as required by the Audit Committee, special audits of high risk areas like large advances, Advice / guidance on the Bank's policies and procedures and internal controls, risk management or other relevant issues; and consultancy services, which encompass a wide range of services, allowing the functionaries of the Bank to utilize the Group's financial and information technology expertise to address a known problem or need.

As a part of our ongoing activities, Audit Plan – 2005 has been successfully implemented as regular as well as surprise inspections of Branches / Control Offices / Divisions / Groups, as envisaged therein, have been accomplished.

However, to achieve our objectives, broad based multidimensional restructuring of the Group as a whole by induction of audit professionals and re-designing of internal audit procedures / manual is underway to convert total audit framework from manual to I.T. based system to match with the systems of multinational financial institutions, which is expected to be accomplished by the end of year 2006.

Special Asset Management



Muhammad Abbass Sheikh

Special Asset Management (SAM) focuses on reducing level of Non – Performing Loans to an optimum level within minimum possible time. It persuades defaulting borrowers through constant and regular follow-ups by way of dialogues aiming at amicable settlements.

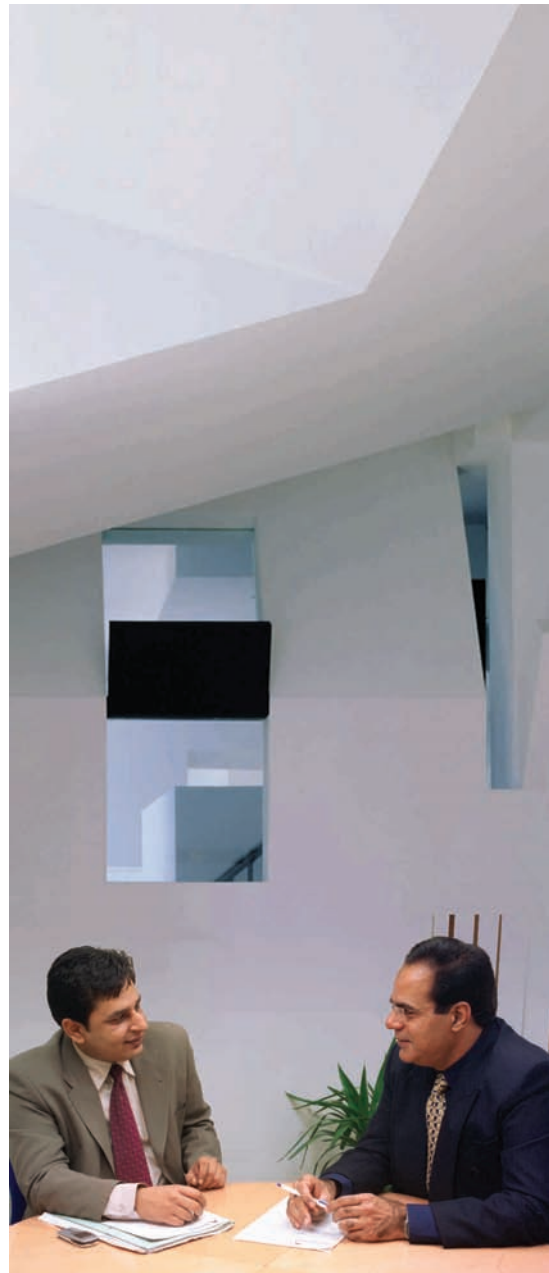
It resolves disputes with the clients through negotiations and by taking appropriate legal actions, when circumstances require, within the framework set out in Financial Institutions (Recovery of Finances) Ordinance, 2001. The group also initiates criminal proceedings including referral of cases of “Wilful Defaulters” to National Accountability Bureau (NAB) under NAB Ordinance, 1999. This group launches periodical recovery schemes, targeting different categories of defaulters and offering suitable packages thereto based on their characteristics after analyzing economic and socio-political environment.

During the year, the Group managed substantial reduction in Non – Performing Loans (NPLs). Consequently NPLs to Gross loan ratio decreased to 11% as against 22% compared to the corresponding year-end.

The structure of SAM group is as follows:

- **Central SAM Wing** is responsible for effective monitoring of recovery / settlements / rescheduling / restructuring, and maintenance of MIS.
- **Legal Affairs Wing** monitors legal matters of the Bank, renders opinions on applicable laws, deals with special tasks and assignments, advice on legal issues relating to operational matters, and ensures remedial and litigation management.
- **SAM Branches**, the group operates 20 SAM branches throughout the country, working as front offices for the achievement of the group objectives.

During the year 2006, efforts will be channelized to further reduce NPL portfolio in effective and efficient manner.



Finance and Corporate Affairs



Zia Ijaz

Finance Group plays a central role in strategic decision making, transparent financial reporting and enhancing the economic value of the Bank. It also provides support to the business groups in performance analysis and launching new products and initiatives.

Planning and MIS arm of the Finance Group translates financial and operational data into strategic information for an efficient and effective decision making. It provides support in the formulation of corporate strategies and business plans. It plays a pivotal role in maintaining financial discipline and budgetary control. It also compares the performance of the Bank with peers.

Financial and Regulatory Reporting arm of the Finance Group provides timely, relevant and reliable information to the shareholders, regulators and other stakeholders while following the statutory requirements and international best practices. Financial and Regulatory Reporting arm is actively involved in formulation of policies related to accounting and finance issues across the Bank and assists in their implementation. It also manages the records of fixed assets of the Bank.

Taxation wing of the Finance Group manages the Bank wide tax matters and endeavours to bring tax efficiency while complying with the tax laws.

During the year 2005, the Finance Group actively participated in a number of strategic initiatives. On the automation side, Oracle ERP / Financials project was initiated, which will be fully completed in first half of 2006. A Five Year Strategic Business Plan was prepared in co-ordination with the Business Groups. The MIS of the Bank was further strengthened by adding Segmental and Product Profitability reports. Another milestone during 2005 was the merger of Ibrahim Leasing Limited with the Bank followed by the listing of the Bank on all the stock exchanges of Pakistan.

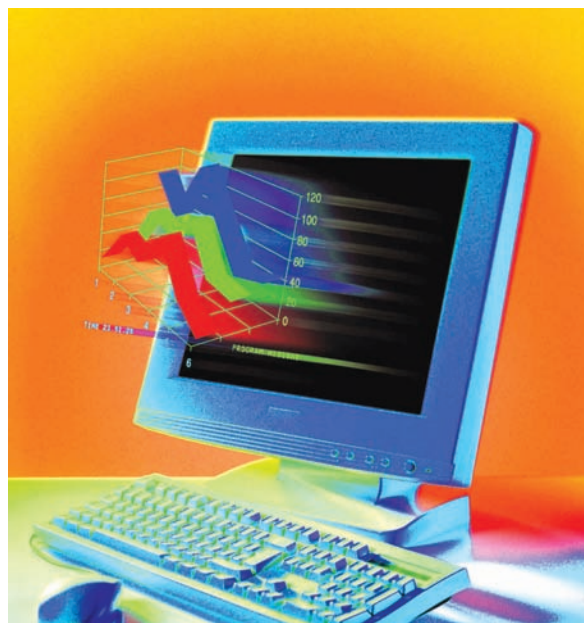
Finance Group will continue to be a valuable partner of the business and will play a proactive role in automation initiatives, business planning and analysis and tax management.

Corporate Affairs

Corporate Affairs Group is responsible for compliance of all legal and statutory corporate requirements under Corporate and Banking laws and Regulations. Besides arranging Board of Directors and Shareholders' meetings, it co-ordinates meetings of the Executive Committee of the Board, I.T. Steering Committee and Management Committee.

Corporate affairs also manages the shareholders' matters and co-ordinates with the Shares Registrar for the transfer and issue of Bank's shares.

During the year 2005, Corporate Affairs Group coordinated a number of activities related to change in organizational structure, corporate identity and formation of committees of Board and Management.



Operations



Syed Shahid Raza

Operations Group, apart from re-engineering the existing procedures to ensure safe and smooth conduct of Bank's operational activities also focuses on supporting the field offices in pursuit of their business objectives and goals while maintaining adequate controls from a risk perspective.

Group also assisted in launching of a variety of value added services facilitating bank's account holders / customers by offering them a wider product range and efficient delivery.

Operations Group is divided into the following five areas.

- **Alternative Delivery Channels** provides innovative and value added I.T. based solutions to the Bank's clients.
- **Branch Operations** supports the field functionaries through procedural manuals, branches rationalization, fully automated inter branch & nostro accounts reconciliations. It also provides support in Hajj & Zakat matters. During 2005, it has developed a number of new procedural manuals including ATM, Allied Online, Remittances, Cash & Teller etc.
- **Treasury Operations** supports Treasury front office in settlement of its trading / investment activities in Foreign Exchange, Money Market and Stock Market besides providing operational support in cash management to the branches and other business areas of the Bank.
- **Establishment** caters to the Bank's requirements for printed stationary, operating and fixed assets, insurance, and security arrangements at the central office level.
- **Engineering** is responsible for the purchase of new properties and construction / renovation of the existing / newly hired premises.

Various services introduced in 2005 with active participation and support of Operations group include:-

- Online banking facilities at all our branches, enabling the customers to operate their accounts across the country on a real time basis.
- Inter branch funds transfer & cheque books requests through ATM's
- Availability of direct SWIFT facility to our clients.
- Call Center Help Lines on 24/7 basis to facilitate the Bank's customers.
- Full automation of Inter branch & Nostro accounts reconciliation.
- Automation and on line connectivity of Home Remittance Cell aimed at crediting the proceeds of the Home Remittances received from abroad same day to the accounts of beneficiaries.
- Evening banking services to ensure extended banking facilities to Bank's account holder / customers.
- Local collection of foreign currency cheques drawn and collected by our own branches ensuring speedy collection of proceeds.
- Introducing new personalized cheque books throughout the Bank.

Information Technology



Javed Iqbal

Allied Bank is committed to serving its clients with banking solutions based on state of art technology. Over the past few years, the Bank has taken strategic decision to concentrate on technology. Going into this direction the Bank has recruited highly experienced professionals to accomplish the Bank's technology requirements.

The Information Technology (I.T) group is responsible for meeting the automation needs of the Bank. Its core responsibilities include branch computerization and automation of processes at the controlling offices to make the operations more efficient and provide the management with accurate and timely information. Besides, IT Group is responsible for launching and managing technology based products and services for the Bank's customers such as ATM network, Debit card services, online inter-branch transaction services, Internet banking services, Help Line services, etc., and to ensure continuity of these services, some of which are available round-the-clock.

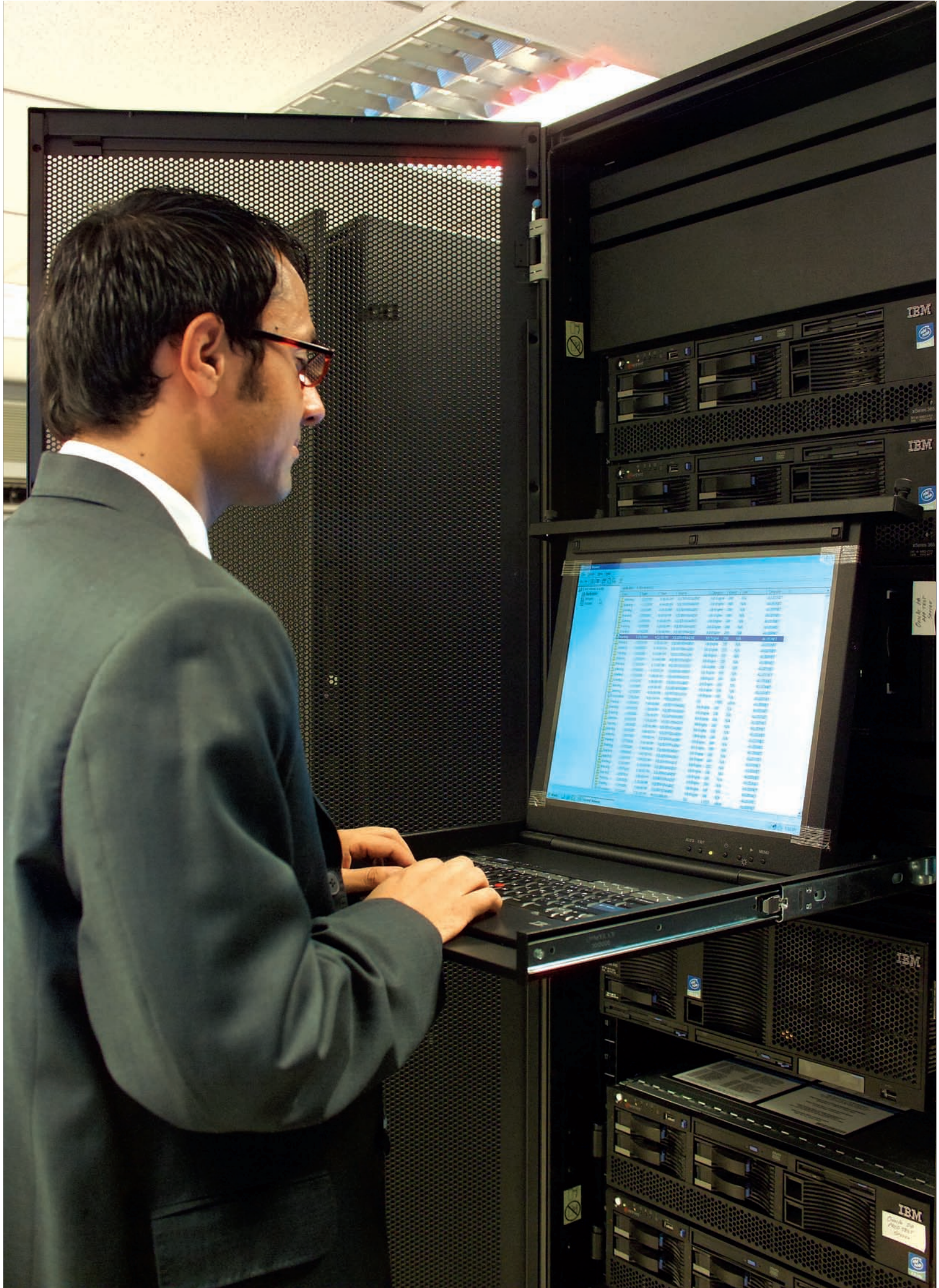


The Bank has the largest on - line network of over 700 branches around the country, the benefits are being passed on to the customers in every nook and corner of the country. The Bank is able to offer remote cheque encashment, remote deposit of cash, transfer of funds, cash management services, etc., on an on-line, real-time basis to all its account holders at all its branches in over 250 cities across the country. Through this network the Bank also offers ATM / Debit Card facility to all its customers.

During the year, ATM services were extended to 100 ATMs covering 39 cities with additional features of inter-branch funds transfer and cheque book request facilities. The Bank is also a member of "1-LINK" ATM Switch, which ensures customer access at over 500 locations throughout the country.

In January 2006, of Allied Direct Internet Banking – Banking at your fingertips – was launched, offering convenience to manage and control banking and finances whenever you want to, wherever you want to.

Office automation was also introduced within the Bank by implementation of MS-Exchange based email and Share Point Portal facilities on the Bank's intranet. In addition to this, MS-Exchange email was also provided to 90 main branches and Linux based email was extended to all branches of the Bank thus improving communications within the Bank which, in turn, has increased the productivity and efficiency and have resulted in reduction in the cost of inter – office communication. The Bank's website was also revamped and redesigned to depict the new corporate identity of the Bank.



Address	Type	Status	IP Address	Port	Device
192.168.1.1	Server	Up	192.168.1.1	80	IBM xSeries 350
192.168.1.2	Server	Up	192.168.1.2	80	IBM xSeries 350
192.168.1.3	Server	Up	192.168.1.3	80	IBM xSeries 350
192.168.1.4	Server	Up	192.168.1.4	80	IBM xSeries 350
192.168.1.5	Server	Up	192.168.1.5	80	IBM xSeries 350
192.168.1.6	Server	Up	192.168.1.6	80	IBM xSeries 350
192.168.1.7	Server	Up	192.168.1.7	80	IBM xSeries 350
192.168.1.8	Server	Up	192.168.1.8	80	IBM xSeries 350
192.168.1.9	Server	Up	192.168.1.9	80	IBM xSeries 350
192.168.1.10	Server	Up	192.168.1.10	80	IBM xSeries 350
192.168.1.11	Server	Up	192.168.1.11	80	IBM xSeries 350
192.168.1.12	Server	Up	192.168.1.12	80	IBM xSeries 350
192.168.1.13	Server	Up	192.168.1.13	80	IBM xSeries 350
192.168.1.14	Server	Up	192.168.1.14	80	IBM xSeries 350
192.168.1.15	Server	Up	192.168.1.15	80	IBM xSeries 350
192.168.1.16	Server	Up	192.168.1.16	80	IBM xSeries 350
192.168.1.17	Server	Up	192.168.1.17	80	IBM xSeries 350
192.168.1.18	Server	Up	192.168.1.18	80	IBM xSeries 350
192.168.1.19	Server	Up	192.168.1.19	80	IBM xSeries 350
192.168.1.20	Server	Up	192.168.1.20	80	IBM xSeries 350
192.168.1.21	Server	Up	192.168.1.21	80	IBM xSeries 350
192.168.1.22	Server	Up	192.168.1.22	80	IBM xSeries 350
192.168.1.23	Server	Up	192.168.1.23	80	IBM xSeries 350
192.168.1.24	Server	Up	192.168.1.24	80	IBM xSeries 350
192.168.1.25	Server	Up	192.168.1.25	80	IBM xSeries 350
192.168.1.26	Server	Up	192.168.1.26	80	IBM xSeries 350
192.168.1.27	Server	Up	192.168.1.27	80	IBM xSeries 350
192.168.1.28	Server	Up	192.168.1.28	80	IBM xSeries 350
192.168.1.29	Server	Up	192.168.1.29	80	IBM xSeries 350
192.168.1.30	Server	Up	192.168.1.30	80	IBM xSeries 350
192.168.1.31	Server	Up	192.168.1.31	80	IBM xSeries 350
192.168.1.32	Server	Up	192.168.1.32	80	IBM xSeries 350
192.168.1.33	Server	Up	192.168.1.33	80	IBM xSeries 350
192.168.1.34	Server	Up	192.168.1.34	80	IBM xSeries 350
192.168.1.35	Server	Up	192.168.1.35	80	IBM xSeries 350
192.168.1.36	Server	Up	192.168.1.36	80	IBM xSeries 350
192.168.1.37	Server	Up	192.168.1.37	80	IBM xSeries 350
192.168.1.38	Server	Up	192.168.1.38	80	IBM xSeries 350
192.168.1.39	Server	Up	192.168.1.39	80	IBM xSeries 350
192.168.1.40	Server	Up	192.168.1.40	80	IBM xSeries 350
192.168.1.41	Server	Up	192.168.1.41	80	IBM xSeries 350
192.168.1.42	Server	Up	192.168.1.42	80	IBM xSeries 350
192.168.1.43	Server	Up	192.168.1.43	80	IBM xSeries 350
192.168.1.44	Server	Up	192.168.1.44	80	IBM xSeries 350
192.168.1.45	Server	Up	192.168.1.45	80	IBM xSeries 350
192.168.1.46	Server	Up	192.168.1.46	80	IBM xSeries 350
192.168.1.47	Server	Up	192.168.1.47	80	IBM xSeries 350
192.168.1.48	Server	Up	192.168.1.48	80	IBM xSeries 350
192.168.1.49	Server	Up	192.168.1.49	80	IBM xSeries 350
192.168.1.50	Server	Up	192.168.1.50	80	IBM xSeries 350



Other milestones during the year include:

- Implementation of endorsement printers and MICR codeline validation devices at the branch teller workstations.
- Automation of the process of communicating details of Demand Draft issuance to payee branches through online network.
- Automation of the accrual of profit on PLS Savings accounts.
- Implementation of Oracle based Human Capital Management system.
- Implementation of the new CIB software for reporting credit related information to State Bank of Pakistan (SBP).
- Development of a mechanism for processing transaction batches for posting in the branches through the online system.

The Bank has also started implementing Oracle Financials, which will play a vital role in strengthening MIS, bringing transparency and doing business in more cost efficient manner.

Besides the above, hardware upgrade was carried out to meet the requirements of increased transaction volumes on ATMs and Online Inter-branch network. Development of a Disaster Recovery Site (DRS) for the ATM and online transaction services was initiated. The DRS is planned to be operational during 2006.

The Bank will increase its ATM network to over 300 ATMs by the end of 2006, introduce of Inter-Bank funds transfer facility through ATMs, launch of VISA Debit card, initiate Utility Bills Payment Service at the Bank's ATMs and through Internet Banking website, Implement RFID based attendance system at the controlling offices, introduction of a user interface with the branches' transaction database for Business Intelligence / MIS, etc. During 2006, the Bank also plans to initiate replacement of the existing branch based core banking software with a full function, centralized, state-of-the art core banking software package for which a detailed software selection exercise is already in hand.

Human Resources



Bilal Mustafa

Human Resources (HR) Group focuses on the objectives of developing, implementing, and supporting programs and processes which add value to the Bank's human assets, leading to improved employee welfare, empowerment, growth and retention, while being committed to its management and overall satisfaction for its customers, employees and shareholders.

In line of these objectives, the Group is divided, with major functions, among following:

- Personnel
- Staff Finances and Salary
- Employees' Funds and Benefits
- Disciplinary Action Cases
- Management Development
- Planning and Performance Management

The Group has, during the year, developed and revised its HR policies interalia Pay Ranges, which is one of the most important factors in human capital motivation. In view of the Bank's projected growth, the Group has been able to recruit quality personnel at various levels through out the Bank. In order for employees to remain updated and enrich their skills more, various in-house as well as ex-house training sessions were arranged. To motivate and compensate employees for their performance, new performance evaluation system was also introduced.

The HR Group, in year 2006, will maintain its focus on human capital development by bringing improvements in existing policies as well as by introducing new policies.



Compliance and Control



Khalid Mehboob

Compliance and Control Group was formed to oversee the implementation of all the relevant laws, regulations and procedures of the Bank, besides, making the Internal Controls more effective so that the branches operate within the framework of the internal and external rules and regulations.

The purpose of the compliance function is to assist the bank in managing its various risks, i.e. risk of legal or regulatory sanctions, financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice. Compliance with laws, rules and standards helps to maintain the bank's reputation with, and thus meet the expectations of, its customers, the markets and society as a whole.

In accordance with the above principles, the Compliance part of the Group is conducting the following functions.

- Legal, regulatory and corporate matters
- Internal Control and its overall framework
- Compliance with the policies
- AML/KYC and fraud control program
- Regulatory reporting
- Compliance of internal, external auditors and SBP report
- Compliance of SBP Prudential Regulations

The Bank's Board of Directors is committed to promote the values of honesty and integrity throughout the organization. Compliance with applicable laws, rules and standards are to be viewed as an essential means to this end.

Control part of the Group pertains to the implementation of the Bank's policies, procedures and processes to control risks.

For this purpose, the Bank has designated three Group Heads in the South, North and Central Regions who are supported by the Compliance & Control officers posted in the big branches and other officials responsible for visiting the branches on a periodical basis.




Allied Bank

Central Office

Financial Statements

for the year ended December 31, 2005

Allied Bank Limited

(Formerly: Allied Bank of Pakistan Limited)

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

M. YOUSUF ADIL SALEEM & CO.
CHARTERED ACCOUNTANTS

We have audited the annexed balance sheet of Allied Bank Limited (Formerly Allied Bank of Pakistan Limited) as at December 31, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as the financial statements) for the year then ended, in which are incorporated the unaudited certified returns from the branches, except for twenty six branches which have been audited by us, 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 purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 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 amounts and disclosures in the financial statements. An audit also includes assessing accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in case of loans and advances covered more than sixty percent of the total loans and advances of the bank, we report that:-

- (a) in our opinion, proper books of account have been kept by the bank as required by the Companies Ordinance, 1984 (XLVII of 1984) and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (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 Banking Companies Ordinance, 1962 (LVII of 1962) and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the bank and the transactions of the bank which have come to our notice have been within the powers of the bank;
- (c) in our opinion, and to the best of our information and according to the explanations given to us the balance sheet, profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 2005 and its true balance of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the bank and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The financial statements of the Bank for the year ended December 31, 2004 were audited by Ford Rhodes Sidat Hyder & Co., Chartered Accountants, and A.F. Ferguson & Co., Chartered Accountants, whose report dated February 24, 2005 expressed an unqualified opinion thereon.

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants
Karachi

Dated: March 18, 2006

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants
Karachi

Dated: March 18, 2006

Balance Sheet

as at December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	6	14,742,504	10,842,519
Balances with other banks	7	3,292,038	1,477,972
Lendings to financial institutions	8	5,777,382	16,175,000
Investments	9	44,830,058	57,321,020
Advances	10	110,946,972	59,484,812
Other assets	11	7,180,269	5,950,969
Operating fixed assets	12	4,720,344	2,552,174
Deferred tax assets – net	13	680,093	1,122,017
		192,169,660	154,926,483
LIABILITIES			
Bills payable	14	2,448,620	2,534,363
Borrowings from financial institutions	15	9,693,785	12,538,430
Deposits and other accounts	16	161,907,491	126,391,752
Sub-ordinated loans		–	–
Liabilities against assets subject to finance lease		–	–
Other liabilities	17	5,084,528	3,206,094
Deferred tax liabilities		–	–
		179,134,424	144,670,639
NET ASSETS		13,035,236	10,255,844
REPRESENTED BY			
Share capital	18	4,404,642	4,404,642
Share premium	19	4,316,324	10,640,031
Reserves		1,019,899	716,562
Unappropriated profit / (Accumulated losses)		1,658,829	(6,313,635)
		11,399,694	9,447,600
Surplus on revaluation of assets – net of tax	20	1,635,542	808,244
		13,035,236	10,255,844
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Profit and Loss Account

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
Mark-up/Return/Interest earned	22	9,846,657	5,244,710
Mark-up/Return/Interest expensed	23	2,024,659	794,105
Net Mark-up/Interest income		7,821,998	4,450,605
Provision against non-performing loans and advances - net	10.5	413,352	1,519,682
Provision / (reversal of provision) for diminution in the value of investments – net	9.2.8	17,014	(26,832)
Bad debts written off directly	10.8	154,359	44,294
		584,725	1,537,144
Net mark-up/interest income after provisions		7,237,273	2,913,461
NON MARK-UP/INTEREST INCOME			
Fee, Commission and Brokerage income		1,220,362	1,255,153
Dividend income		46,146	15,230
Income from dealing in foreign currencies		250,224	265,345
Income from sale and purchase of securities		123,266	14,008
Income from trading in government securities		1,117	35,688
Unrealised gain on revaluation of investments classified as held for trading		25,706	68
Other income	24	263,599	154,682
Total non-Markup/Interest income		1,930,420	1,740,174
		9,167,693	4,653,635
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	25	4,252,337	4,108,172
Provision against other assets	11.2	39,828	150,179
Provision / (reversal of provision) against off balance sheet obligations – net	17.1	79,095	(93,427)
Other charges	26	18,999	7,009
Total non-markup/interest expenses		4,390,259	4,171,933
Extra ordinary items / unusual items		-	-
PROFIT BEFORE TAXATION			
		4,777,434	481,702
Taxation - current	27	1,331,468	159,423
- prior years	27	22,000	28,316
- deferred	27	390,594	102,190
		1,744,062	289,929
PROFIT AFTER TAXATION			
		3,033,372	191,773
(Accumulated losses) brought forward		(6,313,635)	(6,471,127)
Transfer from surplus on revaluation of fixed assets - net of tax	20.1	19,882	14,989
		(6,293,753)	(6,456,138)
Accumulated losses offset against share premium account	19.1	6,323,707	-
UNAPPROPRIATED PROFIT / (ACCUMULATED LOSSES) BEFORE APPROPRIATIONS			
		3,063,326	(6,264,365)
APPROPRIATIONS:			
Transfer to:			
Statutory reserve		303,337	16,827
Capital reserve		-	7,308
Revenue reserve		-	-
Proposed cash dividend Rs. 2.5 per ordinary share (2004: Rs.Nil)		1,101,160	25,135*
Others		-	-
		1,404,497	49,270
UNAPPROPRIATED PROFIT/(ACCUMULATED LOSSES) CARRIED FORWARD			
		1,658,829	(6,313,635)
Earnings Per Share – Basic and Diluted (in Rupees)	28	6.89	0.81

* This represents dividend pertaining to Ibrahim Leasing Limited, (ILL) for the year 2004. The details of merger of ILL with ABL are given in note # 1.4.

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Cash Flow Statement

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		4,777,434	481,702
Dividend income		(46,146)	(15,230)
		4,731,288	466,472
Adjustments for non-cash charges			
Depreciation / amortisation		241,440	201,677
Provision against non-performing loans and advances (including general provision)		413,352	1,519,682
Provision / (Reversal of provision) for diminution in the value of Investments		17,014	(26,832)
Unrealised gain on revaluation of held for trading securities		(25,706)	(68)
Provision / (Reversal of provision) against off balance sheet items		79,095	(93,427)
Provision against other assets		39,828	150,179
Gain on sale of fixed assets		(28,833)	(12,685)
Bad debts written off directly		154,359	44,294
		890,549	1,782,820
		5,621,837	2,249,292
(Increase) / decrease in operating assets			
Lendings to financial institutions		10,397,618	(813,763)
Held for trading securities		(590,359)	12,147
Advances – net		(52,029,871)	(19,528,058)
Other assets (excluding advance taxation)		(1,616,499)	200,062
		(43,839,111)	(20,129,612)
Increase / (decrease) in operating liabilities			
Bills payable		(85,743)	761,633
Borrowings from financial institutions		(2,788,411)	9,999,759
Deposits		35,515,739	12,173,670
Other liabilities		698,179	352,842
		33,339,764	23,287,904
		(4,877,510)	5,407,584
Income tax paid		(1,008,212)	(717,451)
Payment against provision for off balance sheet obligations		-	(167,553)
		(5,885,722)	4,522,580
Net cash flow from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(7,477,213)	34,647,366
Net investment in held-to-maturity securities		20,598,158	(51,694,132)
Dividend income		46,937	19,035
Investment in operating fixed assets		(1,556,543)	(192,834)
Proceeds from sale of property and equipment		44,668	37,162
Net cash flow from investing activities		11,656,007	(17,183,403)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		-	(23,734)
Issue of share capital		-	14,200,000
Net cash flow from financing activities		-	14,176,266
Increase in cash and cash equivalents		5,770,285	1,515,443
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		12,128,421	10,482,953
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(21,494)	108,531
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	29	17,877,212	12,106,927

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Statement of Changes in Equity

for the year ended December 31, 2005

	Share capital	Share premium	Statutory reserve	Special* reserve	Capital reserve	Merger** reserve	General reserve	(Accumulated loss) / Un-appropriated profit	Total
	Rupees in '000								
Balance as at January 01, 2004 – ABL	1,063,156	-	557,876	-	-	-	-	(6,490,139)	(4,869,107)
Balance as at January 01, 2004 – ILL	251,350	-	-	60,687	34,300	-	6,000	19,012	371,349
Shares issued during the year – ABL	3,250,000	10,950,000	-	-	-	-	-	-	14,200,000
Transferred from surplus on revaluation of fixed assets to accumulated loss - net of tax – ABL	-	-	-	-	-	-	-	14,989	14,989
Profit after taxation for the year ended December 31, 2004 – ABL	-	-	-	-	-	-	-	168,270	168,270
Transfer to statutory reserve – ABL	-	-	16,827	-	-	-	-	(16,827)	-
Profit after taxation for the year ended December 31, 2004 – ILL	-	-	-	-	-	-	-	23,503	23,503
Transfer to special reserve – ILL	-	-	-	7,308	-	-	-	(7,308)	-
Transfer to deferred taxation – ILL	-	-	-	-	(34,300)	-	-	-	(34,300)
Proposed dividend for 2004 – ILL	-	-	-	-	-	-	-	(25,135)	(25,135)
Balance as at December 31, 2004 – ABL	4,313,156	10,950,000	574,703	-	-	-	-	(6,323,707)	9,514,152
Balance as at December 31, 2004 – ILL	251,350	-	-	67,995	-	-	6,000	10,072	335,417
Elimination of share capital of ILL and creation of merger reserve as a result of merger of ABL and ILL	(251,350)	-	-	-	-	67,864	-	-	(183,486)
Adjustments pertaining to additional issue of share capital (note 18.2)	91,486	(309,969)	-	-	-	-	-	-	(218,483)
Amalgamated balance as at December 31, 2004	4,404,642	10,640,031	574,703	67,995	-	67,864	6,000	(6,313,635)	9,447,600
Transferred from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	-	-	-	19,882	19,882
Profit after taxation for the year ended December 31, 2005	-	-	-	-	-	-	-	3,033,372	3,033,372
Transfer to statutory reserve	-	-	303,337	-	-	-	-	(303,337)	-
Accumulated losses offset against share premium account (note 19.1)	-	(6,323,707)	-	-	-	-	-	6,323,707	-
Proposed dividend	-	-	-	-	-	-	-	(1,101,160)	(1,101,160)
Balance as at December 31, 2005	4,404,642	4,316,324	878,040	67,995	-	67,864	6,000	1,658,829	11,399,694

* This represents reserve created by transferring 20% of after tax profit of Ibrahim Leasing Limited (ILL) before its amalgamation with the bank, as required under Non Banking Finance Companies (NBFC) Rules, 2003.

** This represents excess of (a) assets of ILL over its reserves and liabilities of ILL merged with ABL over (b) consideration to share holders of ILL as per the scheme of amalgamation approved by the SBP.

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

1. STATUS AND NATURE OF BUSINESS

Allied Bank Limited (Formerly Allied Bank of Pakistan Limited), incorporated in Pakistan as a banking company, is a scheduled bank, engaged in commercial banking and related services. The registered office of the bank is situated in Lahore whereas the principal office is situated at Khayaban-e-Iqbal, Main Clifton Road, Bath Island, Karachi. The bank operates a total of 741 (2004: 735) branches in Pakistan. The bank is the holding company of Allied Management Services (Private) Limited (note 41). The medium to long term credit rating of the bank rated by JCR-VIS Credit Rating Company Limited is 'A+' with a stable outlook. Short term rating of the bank is 'A-1+'.

- 1.1 During the year, the bank changed its name to Allied Bank Limited and obtained permission from the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP) on January 12, 2005 and March 28, 2005, respectively.
- 1.2 As advised by the Privatization Commission, the SBP had undertaken the reconstruction of the bank's capital, under Section 47 of the Banking Companies Ordinance, 1962. In accordance with the Scheme of Reconstruction, the SBP had offered 325 million additional shares of the bank, constituting 75.35 percent of the enhanced share capital, for bidding, which was held on July 23, 2004. The highest bid, amounting to Rs.14.2 billion, was received from the Ibrahim Group which was approved by the Cabinet Committee on Privatization on July 24, 2004, with additional shares issued on August 19, 2004, thereby, transferring control of the bank to the Ibrahim Group.
- 1.3 Further, as part of the above-referred transaction, it was decided to merge Ibrahim Leasing Limited (ILL) with Allied Bank Limited (ABL), pursuant to Section 48 of the Banking Companies Ordinance, 1962. Hence, during the current year, the Board of Directors, in their meeting held on February 04, 2005, approved the Scheme of Amalgamation of ILL with and into the bank. The proposed Scheme of Amalgamation was adopted by the shareholders of the bank through a special resolution passed in the Annual General Meeting held on March 28, 2005. Subsequently, the SBP, vide their Order, dated May 9, 2005, sanctioned the aforesaid Scheme of Amalgamation.

The Board of Directors of the bank, in their meeting held on May 11, 2005, resolved that the effective date of amalgamation would be May 31, 2005 (Effective Date). The said date of amalgamation was subsequently approved by the SBP, vide its letter number BPD (PU-31)/625-74/x/2005/6666, dated May 31, 2005, subject to the compliance with the requirements of SBP's letter number BPD(PU-31)/625-74/2005/5570, dated May 10, 2005, and its Order dated May 9, 2005.

- 1.4 As a result of the amalgamation of ILL with the bank on the above-referred effective date, the results of both entities have been combined for the purposes of preparation of these financial statements. International Accounting Standard – 22 "Business Combinations" is not applicable to the amalgamated financial statements, as the amalgamation is between two enterprises under common control. The bank has applied the "uniting of interests" method to account for the amalgamation. In applying the "uniting of interests" method, the financial statement items of bank and ILL for all periods presented are included in these financial statements as if they had been combined from the beginning of the earliest period presented, i.e. January 01, 2004, except for the treatment accorded to 18,348,550 Ordinary shares of Rs.10 each, determined pursuant to the Scheme of Amalgamation, in accordance with the share-swap ratio stipulated therein less 9,200,000 ordinary shares of Rs.10 each, held by ILL on the cut-off date (September 30, 2004). The resulting effects of the above have been included in the Statement of Changes in Equity in the relevant period on account of the fact that the Ordinary shares were issued subsequent to the beginning of the earliest period presented.

The comparatives in the accompanying balance sheet of the bank for the year ended December 31, 2004 and the comparatives in the accompanying profit and loss account, cash flow statement and statement of changes in equity relating to the year ended December 31, 2004 comprise balances of the bank and ILL.

- 1.5 During the current year, the bank filed applications for listing with the Karachi, Lahore and Islamabad stock exchanges. The above referred applications were approved by the respective stock exchanges on August 17, 2005, August 10, 2005 and August 08, 2005.

2(a). BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2(b). BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts, certain investments are stated at market value and derivative financial instruments have been marked to market.

3. STATEMENT OF COMPLIANCE

- 3.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the SBP differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence. The bank has adopted all the new and revised International Accounting Standards that are relevant to its operations and are effective for periods beginning on or after January 01, 2005.
- 3.2** Amendments to the following standards have been published that are applicable to the bank's financial statements covering annual periods, beginning on or after the following dates:

	Effective from
i) IAS – 19 Employee benefits	January 01, 2006
ii) IAS – 1 Presentation of financial statements	January 01, 2007

- 3.3** The SBP, as per BSD Circular No. 10, dated August 26, 2002, has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified in accordance with the categories prescribed by the SBP, vide BSD Circular No. 10, dated July 13, 2004.
- 3.4** The Bank has obtained a waiver from the Securities and Exchange Commission of Pakistan for the preparation of consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the bank's accounting policies, which are described in notes 5.1 to 5.15, the management has made the following judgments and estimated uncertainty that have the significant effect on the amounts recognized in the financial statements.

4.1 Held-To-Maturity Securities

As described in note 5.4, held to maturity securities are investments where the management has positive intent and ability to hold to maturity. The classification of these securities involves management judgment whether the financial assets are held to maturity investments.

4.2 Provision against non-performing advances

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations, the management also applies the subjective criteria of classification and, accordingly, the classification of advances is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision.

4.3 Retirement Benefits

The key actuarial assumptions concerning the valuation of defined benefit plan and the sources of estimation are disclosed in note 31 to the financial statements.

4.4 Useful life of property and equipments

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks, balances with other banks, overdrawn nostro accounts, in current and deposit accounts.

5.2 Lendings to / borrowings from financial institutions

The bank enters into transactions of repo and reverse repo at contracted rates for a specified period of time. These are recorded as under:

- (a) Sale under repurchase obligations
Securities sold subject to a re-purchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and re-purchase value is accrued on a pro-rata basis and recorded as interest expense.
- (b) Purchase under resale obligations
Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The differential between the contracted price and resale price is amortised over the period of the contract and recorded as interest income.

5.3 Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the bank commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

5.4 Investments

The management determines the appropriate classification of its investments at the time of purchase and classifies these investments as held for trading, available for sale or held to maturity. These are initially recognised at cost, being the fair value of the consideration given including the acquisition cost.

- (a) Held for trading
These are securities which are either acquired for generating a profit from short-term fluctuations in market prices or dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.
- (b) Held to maturity
These are securities with fixed or determinable payments and fixed maturity that the bank has the positive intent and ability to hold to maturity.
- (c) Available for sale
These are investments that do not fall under the held for trading or held to maturity categories.

In accordance with the requirements of the (SBP), quoted securities, other than those classified as held to maturity and investments in subsidiaries and associates, are carried at market value. Investments classified as held to maturity are required to be carried at amortised cost whereas investments in subsidiaries and associates are accounted for in accordance with the relevant International Accounting Standards as applicable in Pakistan.

The unrealized surplus / (deficit) arising on revaluation of the bank's held for trading investment portfolio is taken to the profit and loss account.

The surplus / (deficit) arising on revaluation of quoted securities classified as available for sale is kept in a separate account shown in the balance sheet below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal.

Unquoted equity securities are valued at the lower of cost and break-up value. Subsequent increases or decreases in the carrying value are credited / charged to income. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

Provision for diminution in the value of securities (except for debentures, participation term certificates and term finance certificates) is made after considering impairment, if any, in their value. Provisions for diminution in value of debentures, participation term certificates and term finance certificates are made in accordance with the requirements of the Prudential Regulations issued by the SBP.

Profit and loss on sale of investments is included in income currently.

5.5 Advances (including net investment in finance lease)

Advances are stated net of general and specific provisions:

Specific provision against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by SBP and charged to the profit and loss account. General provision is maintained at 1.5% of the fully secured consumer portfolio, and 5% of the unsecured consumer portfolio.

Leases, where the bank transfers substantially all the risk and rewards incidental to the ownership of an asset are classified as finance lease. A receivable is recognised at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any.

5.6 Operating fixed assets and depreciation

Owned

Property and equipment, other than land which is not depreciated, are stated at cost or revalued amount less accumulated depreciation and impairment loss (if any).

Depreciation is calculated so as to write off the assets over their expected economic lives at varying rates and methods depending on the nature of the asset as mentioned in note 12.2.

Depreciation on additions is charged for the whole year where as no depreciation is charged on assets disposed of during the year.

Surplus arising on revaluation of fixed assets is credited to surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above-mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets, is transferred by the bank to equity. Gains and losses on sale of fixed assets are included in income currently, except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to equity.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss (if any). The cost of intangible assets is amortised over their useful lives, using the straight line method.

Capital work-in-progress

Capital work-in-progress is stated at cost.

5.7 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the year. The charge for current tax also includes adjustments, where considered necessary relating to prior years, arising from assessments finalised during the year for such years.

Deferred

Deferred tax is recognised on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. In addition, the bank also records a deferred tax asset on available tax losses. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The bank also recognises a deferred tax asset / liability on deficit / surplus on revaluation of fixed assets and securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS12) 'Income Taxes'.

5.8 Revenue Recognition

Advances and investments

Mark-up / return on regular loans / advances and investments is recognized on accrual basis. Where debt securities are purchased at premium or discount, the same is amortized through the profit and loss account, using the effective interest rate method.

Interest or mark-up recoverable on classified loans and advances and investments is recognized on receipt basis. Interest / return / mark-up on rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the SBP.

Dividend income is recognized when the right to receive the dividend is established.

Lease financing

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognised as income on receipts basis.

Fees, brokerage and commission

Fees, brokerage and commission on letters of credit/guarantee and others are recognized on an accrual basis.

5.9 Staff retirement and other benefits

5.9.1 Staff retirement benefit schemes

(a) For employees who opted for the new scheme introduced by the management:

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary service and age as on 30.06.2002 are payable to all employees whose date of joining the bank is on or before 01.07.1992 i.e. who have completed 10 years of service as on 30.06.2002; and

A gratuity scheme under which the benefits are payable as under:

- (i) For members whose date of joining the bank is on or before 1st July 1992, their services would be calculated starting from 1st July 2002 for gratuity benefit purposes.
- (ii) For members whose date of joining the bank is after 1st July 1992 their services would be taken at actual for the purpose of calculating the gratuity benefit.

During the current year, the Gratuity Fund was approved by the income tax authorities.

A Contributory Provident Fund scheme with the bank making equal contribution to that made by employees (defined contribution scheme).

(b) For employees who did not opt for the new scheme, the bank continues to operate the following:

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary as on 30.06.2002 are payable to all employees opting continuation of the previous scheme and whose date of joining the bank is on or before 01.07.1992 i.e. who have completed ten years of service as on 30.06.2002; and

A contributory benevolent fund for all its employees (defined benefit scheme).

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuations carried out using the Projected Unit Credit Method.

5.9.2 Other benefits

(a) Employees' compensated absences

The bank provides for compensated vested and non-vested absences accumulated by its employees on the basis of actuarial advice under the Projected Unit Credit Method.

(b) Post retirement medical benefits

The bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial advice under the Projected Unit Credit Method. Actuarial gains / losses are amortised over the future expected average remaining lives of the employees.

5.9.3 Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains / losses are amortised over the future expected remaining working lives of the employees, to the extent of the greater of ten percent of the present value of the defined benefit obligation at that date (before deducting plan assets) and ten percent of the fair value of any plan assets at that date.

5.10 Assets acquired in satisfaction of claims

The bank occasionally acquires assets in settlement of certain advances. These are stated at lower of the net realisable value of the related advances and the current fair value of such assets.

5.11 Impairment

At each balance sheet date the bank reviews the carrying amounts of its assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

5.12 Provisions

Provisions are recognised when the bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the bank to settle the obligation. The loss is charged to profit and loss account net of expected recovery and is classified under other liabilities.

5.13 Foreign currencies

(a) Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date. Forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

(b) Translation gains and losses

Translation gains and losses are included in the profit and loss account.

(c) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates.

5.14 Financial instruments

5.14.1 Financial assets and liabilities

Financial instruments carried on the balance sheet include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, borrowings from financial institutions, deposits and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.14.2 Derivative financial instruments

Derivative financial instruments are recognised at their fair value on the date on which a derivative contract is entered into. These instruments are marked to market and changes in fair values are taken to the profit and loss account.

5.15 Off Setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the bank intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

Notes to the Financial Statements

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		2,600,337	1,917,622
Foreign currencies		142,195	134,081
Remittances in transit		372,626	229,805
With the State Bank of Pakistan (SBP) in:			
Local currency current accounts	6.1	8,359,479	6,325,626
Foreign currency deposit accounts			
- Non remunerative		248,560	230,268
- Remunerative	6.2	745,679	690,805
With National Bank of Pakistan in:			
Local currency current accounts		2,236,624	1,288,604
National Prize Bonds		37,004	25,708
		14,742,504	10,842,519

6.1 Deposits with the SBP are maintained to comply with the statutory requirements issued from time to time.

6.2 This represents special cash reserve maintained with the SBP. The special cash reserve carries mark-up at rates, ranging between 1.40% and 3.29% (2004: 0.59 % and 1.5 %) per annum.

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
7. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts		246	445
On deposit accounts	7.1	2,000,000	245
Outside Pakistan			
On current accounts	7.2	962,601	293,604
On deposit accounts	7.3	329,191	1,183,678
		3,292,038	1,477,972

7.1 These represent placements with various local banks. The placements carry mark-up at rates, ranging between 11.75% and 12.00 % (2004: 2%) per annum and maturing on various dates, latest by March 29, 2006.

7.2 Included in nostro accounts are balances, aggregating to Rs.123.16 million (2004: Rs.31.94 million), representing balances held with a related party outside Pakistan.

7.3 These represent placements with a related party outside Pakistan, carrying interest at the rates, ranging between 4.47% and 4.62% (2004: 1.84 % and 4.74%) per annum and maturing on various dates, latest by January 13, 2006.

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	5,550,000
Letters of placement	8.1	785,000	-
Repurchase agreement lendings	8.2	4,272,382	6,525,000
Certificates of Investment	8.3	720,000	4,100,000
		5,777,382	16,175,000

8.1 These are clean placements with Non-Banking Financial Institutions, carrying mark-up at rates, ranging between 11.00% and 13.00% (2004: Nil) per annum and maturing on various dates, latest by February 27, 2006.

8.2 Securities held as collateral against lendings to financial institutions
These are short-term lendings to various financial institutions against government securities, as shown below. These carry mark-up at rates, ranging between 7.00% and 8.50% (2004: 2.6% and 5.25%) per annum and maturity of up to five months.

Notes to the Financial Statements

for the year ended December 31, 2005

	December 31, 2005			December 31, 2004		
	Held by bank	Further Given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	4,272,382	-	4,272,382	-	-	-
Pakistan Investment Bonds	-	-	-	6,525,000	-	6,525,000
	4,272,382	-	4,272,382	6,525,000	-	6,525,000

8.3 The certificates of investment carry mark-up at rates, ranging between 10.25% and 12.10% (2004: 3.25% and 9.00%) per annum and maturing on various dates, latest by March 27, 2006.

9. INVESTMENTS

	December 31, 2005			December 31, 2004		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000					
9.1 Investments by types:						
Held for trading securities						
- Ordinary shares of listed companies	594,711	-	594,711	4,352	-	4,352
Available for sale securities						
- Market Treasury Bills	5,459,960	478,256	5,938,216	-	-	-
- Federal Investment Bonds	-	5,000	5,000	-	46,000	46,000
- Ordinary shares / certificates of listed companies	681,854	-	681,854	318,753	-	318,753
- Preference shares of listed companies	200,000	-	200,000	-	-	-
- Shares of unlisted companies	62,878	-	62,878	63,000	-	63,000
- Listed Term Finance Certificates (TFCs)	1,145,608	-	1,145,608	128,590	-	128,590
- National Investment (unit) Trust	206	-	206	206	-	206
	7,550,506	483,256	8,033,762	510,549	46,000	556,549
Held to maturity securities						
- Market Treasury Bills	12,825,430	2,875,414	15,700,844	23,637,611	9,218,150	32,855,761
- Pakistan Investment Bonds	14,354,866	1,288,800	15,643,666	17,998,088	262,129	18,260,217
- Federal Investment Bonds	-	-	-	150	-	150
- Provincial Government Securities	-	-	-	-	-	-
- Foreign Currency Bonds (US\$)	260,076	-	260,076	310,324	-	310,324
- TFCs, Debentures, Bonds and PTCs	4,321,357	-	4,321,357	5,130,242	-	5,130,242
	31,761,729	4,164,214	35,925,943	47,076,415	9,480,279	56,556,694
Related parties						
- Subsidiary						
Allied Management Services (Private) Limited	62,488	-	62,488	62,488	-	62,488
- Others	451,219	-	451,219	451,219	-	451,219
	40,420,653	4,647,470	45,068,123	48,105,023	9,526,279	57,631,302
Provision for diminution in value of investments	(320,254)	-	(320,254)	(335,833)	-	(335,833)
Unrealised gain on revaluation of investments classified as held for trading	25,706	-	25,706	68	-	68
Surplus on revaluation of available for sale investments	56,483	-	56,483	23,016	2,467	25,483
Investments (net of provision)	40,182,588	4,647,470	44,830,058	47,792,274	9,528,746	57,321,020

Notes to the Financial Statements

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
9.2 Investments by segments:			
Federal Government Securities			
Market Treasury Bills	9.2.1	21,639,060	32,855,761
Pakistan Investment Bonds (PIBs)	9.2.1 & 9.2.2	15,643,666	18,260,217
Federal Investment Bonds (FIBs)	9.2.2	5,000	46,150
Foreign Currency Bonds (US \$)		260,076	310,324
Fully paid-up Ordinary shares / Certificates			
Listed companies		1,276,565	323,105
Unlisted companies	9.2.3	62,878	63,000
National Investment (unit) Trust		206	206
Fully paid Preference shares	9.2.4	200,000	–
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates:			
Term Finance Certificates			
Listed		1,524,972	128,590
Unlisted	9.2.5	2,170,257	1,611,144
Debentures		68,534	70,860
Bonds – Government guaranteed		1,683,862	3,420,564
Participation Term Certificates		19,340	27,674
Related parties			
Investment in subsidiary		62,488	62,488
Others	9.2.6	451,219	451,219
		45,068,123	57,631,302
Provision for diminution in value of investments	9.2.8	(320,254)	(335,833)
Unrealised gain on revaluation of held for trading securities		25,706	68
Surplus on revaluation of investments	20.2	56,483	25,483
Investments (net of provision)		44,830,058	57,321,020

9.2.1 Included therein Market Treasury Bills and Pakistan Investment Bonds, having a book value of Rs.4,231.78 million (2004: Rs.9,439.97 million), are given as collateral against repurchase agreement borrowings from financial institutions.

9.2.2 These include PIBs, having a face value of Rs.339.800 million (2004: Rs.339.800 million), held by the SBP and National Bank of Pakistan against Demand loan and TT/DD discounting facilities sanctioned to the bank. In addition, PIBs and FIBs, with an aggregate face value of Rs.10.00 million (2004: Rs.5.00 million), have been pledged with the Controller of Military Accounts on account of Regimental Fund.

9.2.3 Included herein are share certificates of Investment Corporation of Pakistan (Corporation), amounting to Rs.9.130 million (2004: Rs.9.130 million). The SBP has stated that no dividend should be declared by the Corporation until regulatory requirement set in Prudential Regulation R-11 with regard to Minimum Capital Requirement (MCR) is fully met.

9.2.4 These represent 20,000,000 (2004:Nil) KIBOR plus 2% Cumulative Preference shares of Masood Textile Mills Limited, with Call Option available to the issuer and Conversion Option available to the bank, after completion of four years from the date of issue i.e. June 29, 2005.

9.2.5 A new Scheme of Arrangement has been reached as a result of the acquisition of Pakland Cement Limited (PCL) by Dewan Mushtaq Group. As a result, the creditors of PCL requested the SBP for relaxation of the application of Prudential Regulations. The SBP, on February 15, 2005, granted exemptions from classification and provisioning requirements, as laid down in Regulation 8, and from credit limit, as laid down under Regulation 5 of Prudential Regulations for corporate/commercial banking. Accordingly, provision of Rs 45.725 million made against the investment in TFCs of PCL has been reversed and taken to income during the current year.

9.2.6 This includes Rs 200.00 million contributed by the bank towards the equity of Khushhali Bank, as per SBP Letter No. BSD (RU-26/625-MFB/13317/00), dated August 07, 2000. In accordance with the restrictions imposed by Khushhali Bank Ordinance, 2000, the bank cannot sell / transfer these shares before a period of five years from the date of subscription. Thereafter, such sale/ transfer shall be subject to the prior approval of the State Bank of Pakistan, pursuant to section 10 of the Khushhali Bank Ordinance, 2000. The profits of the investee bank shall not be distributable and shall be applied towards the promotion of its objectives.

9.2.7 Information relating to investments in shares of listed and unlisted companies, redeemable capital, debentures and bonds, required to be disclosed as part of the financial statements under State Bank of Pakistan's BSD Circular No. 36 dated October 10, 2001, is given in Annexure "I" which is an integral part of these financial statements.

Notes to the Financial Statements

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
9.2.8 Particulars of provision for diminution in the value of investments are as follows:			
Opening balance		335,833	391,794
Charge for the year		77,313	6,382
Reversals		(60,299)	(33,214)
Net charge / (reversal)		17,014	(26,832)
Amounts written off		(32,593)	(29,129)
Closing balance		320,254	335,833
10. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		113,474,225	66,192,141
Outside Pakistan		-	-
		113,474,225	66,192,141
Net investment in finance leases – in Pakistan	10.2	455,230	714,672
Bills discounted and purchased (excluding government treasury bills)			
Payable in Pakistan		2,687,766	89,935
Payable outside Pakistan		2,561,112	2,952,088
		5,248,878	3,042,023
		119,178,333	69,948,836
Financing in respect of Continuous Funding System (CFS)	10.3	327,677	-
		119,506,010	69,948,836
Provision against non-performing advances	10.5 & 10.7	(8,548,883)	(10,458,622)
General provision for consumer financing	10.5	(10,155)	(5,402)
		110,946,972	59,484,812
10.1 Particulars of advances			
10.1.1 In local currency			
In local currency		108,973,675	59,368,815
In foreign currencies		1,973,297	115,997
		110,946,972	59,484,812
10.1.2 Short Term			
Short Term		75,627,433	48,742,357
Long Term		35,319,539	10,742,455
		110,946,972	59,484,812

10.2 Net investment in finance leases – in Pakistan

	December 31, 2005				December 31, 2004			
	Not later than one Year	Later than one year and less than five years	Over five years	Total	Not later than one year	Later than one year and less than five years	Over five years	Total
Rupees in '000								
Lease rentals receivable	249,285	149,464	-	398,749	312,070	371,056	-	683,126
Residual value	28,328	66,514	-	94,842	16,568	95,369	-	111,937
Minimum lease payments	277,613	215,978	-	493,591	328,638	466,425	-	795,063
Financial charges for future periods	(30,130)	(8,231)	-	(38,361)	(45,084)	(35,307)	-	(80,391)
Present value of minimum lease payments	247,483	207,747	-	455,230	283,554	431,118	-	714,672

10.3 This represents secured financing in respect of purchase of shares from the CFS market. These carry mark-up at the rate of 17.97% (2004: Nil) per annum.

Notes to the Financial Statements

for the year ended December 31, 2005

10.4 Advances include Rs.12,580.412 million (2004: Rs.15,382.541 million) which have been placed under non-performing status as detailed below:

Category of Classification	Domestic	Overseas	Total (Rupees '000)	Provision required	Provision Held
Other Assets Especially Mentioned (OAEM)	-	-	-	-	-
Substandard	673,263	-	673,263	55,352	55,352
Doubtful	441,982	-	441,982	184,896	184,896
Loss	11,465,167	-	11,465,167	8,308,635	8,308,635
	12,580,412	-	12,580,412	8,548,883	8,548,883

10.5 Particulars of provision against non-performing advances

	December 31, 2005			December 31, 2004		
	Specific	General	Total	Specific	General	Total
	(Rupees '000)					
Opening balance	10,458,622	5,402	10,464,024	9,353,060	2,862	9,355,922
Charge for the year	1,409,063	4,753	1,413,816	2,195,540	2,540	2,198,080
Reversals	(1,000,464)	-	(1,000,464)	(678,399)	-	(678,399)
Net charge	408,599	4,753	413,352	1,517,141	2,540	1,519,681
Amounts written off (note 10.8 & 10.9)	(2,318,338)	-	(2,318,338)	(411,579)	-	(411,579)
Closing balance	8,548,883	10,155	8,559,038	10,458,622	5,402	10,464,024

10.6 During the current year, the bank changed the method of computation of provision against the non-performing advances. According to the new method, the non performing advances which are overdue by more than 90,180 and 360 days are classified into three categories namely Sub-standard, Doubtful and Loss and provision made thereagainst, subject to the benefit of collaterals, at 10%, 50% and 100% respectively.

Further, the benefit of Forced Sale Valuations (FSV) against non-performing advances of below Rs.5.00 million was withdrawn by State Bank of Pakistan (SBP) with effect from the current year.

The above change has been made to comply with the requirements laid down in BSD Circular No.07, dated November 01, 2005, and BSD Circular No.02, dated January 14, 2006, issued by the SBP. Previously, non-performing advances which were overdue by more than 90 days, 180 days, 1 year and more than 2 years, in respect of short term loans, and non-performing advances which were overdue by more than 180 days, 1 year, 2 years, and more than three years, in respect of medium and long term loans, were classified into four categories namely, OAEM, Sub-standard, Doubtful and Loss and provision made thereagainst, subject to the benefit of collaterals, was 0%, 20%, 50% and 100% respectively.

Had the above referred changes not been made, profit before taxation and advances (net of provision) would have been higher by Rs.652.451 million.

10.7 The SBP has issued Prudential Regulations for Agriculture Finance during the current year, vide BPD Circular No. 27, dated October 22, 2005. These regulations require overdue agricultural advances, overdue by 90 days, one year, one and a half years and two years to be classified as OAEM, substandard, doubtful and loss, respectively. In addition, these regulations specify that provision should be made in the financial statements equal to 20 percent, 50 percent and 100 percent in respect of overdue agricultural advances, classified as substandard, doubtful and loss, respectively, of the outstanding balance of principal less the amount of liquid assets realizable and adjusted FSV of mortgaged / pledged assets. Previously, provision was determined in respect of non-performing agricultural advances in accordance with the guidelines given in the Prudential Regulations for Corporate / Commercial banking.

The above change did not result in any material impact on the financial statements of the bank.

	Note	December 31, 2005	December 31, 2004
		Rupees in '000	
10.8 Particulars of write offs:			
Against Provisions		2,318,338	411,579
Directly charged to the Profit & Loss account		154,359	44,294
		2,472,697	455,873
Write Offs of Rs.500,000 and above	10.9	2,437,559	370,649
Write Offs of below Rs.500,000		35,138	85,224
		2,472,697	455,873

Notes to the Financial Statements

for the year ended December 31, 2005

10.9 Details of loan write offs of Rs 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees and above allowed to a person(s) during the year ended December 31, 2005 is given in Annexure- II. However, this write off does not affect the bank's right to recover debts from these customers.

10.10 Particulars of loans and advances to directors, associated companies, etc.

	Balance as at December 31, 2005	*Maximum total amount of advances including temporary advances granted during the year Rupees in '000
Debts due by directors, executives or officers of the bank or any of them either severally or jointly with any other persons	3,887,659	3,887,659
Debts due by companies or firms in which the directors of the bank are interested as directors, partners or in the case of private companies as members	-	-
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties	-	-

* The maximum amount is calculated by reference to month-end balances.

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
11. OTHER ASSETS			
Income / mark-up accrued on advances, investments and placements:			
- local currency		2,336,447	1,152,406
- foreign currencies		9,311	7,390
Due on account of sale of investments		1,912	26,459
Advances, deposits, advance rent and other prepayments		328,618	267,509
Advance taxation (payments less provisions)		3,958,761	4,304,017
Non banking asset acquired in satisfaction of claim	11.1	189	189
Stationery and stamps on hand		56,848	68,793
Prepaid exchange risk fee		34	36
Excise duty		-	12
Due from the employees' retirement benefit schemes		731,290	440,554
Unrealised gain on forward foreign exchange contracts		9,269	6,220
Receivable from SBP – customers encashments		103,146	7,534
Deferred costs		-	2,246
Suspense account		92,883	93,753
Others		53	77
		7,628,761	6,377,195
Provision held against other assets	11.2	(448,492)	(426,226)
		7,180,269	5,950,969
11.1 Market value / fair value of non-banking assets acquired in satisfaction of claims		45,039	13,776
11.2 Provision against other assets			
Opening balance		426,226	345,567
Charge for the year		39,828	150,179
Written off		(17,562)	(69,520)
Closing balance		448,492	426,226

Notes to the Financial Statements

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
12. OPERATING FIXED ASSETS			
Capital work-in-progress	12.1	163,443	23,384
Property and equipment	12.2	4,529,944	2,508,761
Intangible assets	12.3	26,957	20,029
		4,720,344	2,552,174

12.1 Capital work-in-progress

Civil works		61,287	–
Equipment		14,612	–
Advances to suppliers and contractors		87,544	23,384
		163,443	23,384

12.2 Property and equipment

Description	Note	COST / REVALUATION				Annual rate of depreciation %	ACCUMULATED DEPRECIATION			Net book value at December 31, 2005	
		As at January 01, 2005	Additions / (deletions)	Surplus on revaluation	As at December 31, 2005		As at January 01, 2005	Charge for the year / adjustment/ (depreciation/ on deletion)	Depreciation reversed on revaluation		As at December 31, 2005
		Rupees in '000					Rupees in '000				
Land	12.4 & 12.5	1,063,677	1,111,026 (12,500)	720,396	2,882,599	–	–	–	–	2,882,599	
Buildings	12.5	1,158,521	6,691	91,547	1,256,759	5	57,926	74,326	(56,959)	75,293	1,181,466
Furniture and fixtures		382,371	9,491 (24,729)	–	367,133	10	259,384	29,597	–	264,972	102,161
Electrical, office and computer equipment		718,858	201,028 (32,100)	–	887,786	14.28 - 50	551,407	90,394	–	610,403	277,383
Vehicles		197,470	49,634 (27,811)	–	219,293	20	143,775	34,787	–	152,664	66,629
Building improvement (rented premises)		445	25,487	–	25,932	20	89	6,137	–	6,226	19,706
December 31, 2005		3,521,342	1,403,357 (97,140)	811,943	5,639,502		1,012,581	235,241 (81,305)	(56,959)	1,109,558	4,529,944
December 31, 2004		3,422,044	179,705 (66,631)	(13,776)	3,521,342		857,923	197,370	–	1,012,581	2,508,761

12.3 Intangible assets

Description	Note	COST			Rate of Amortization/ %	ACCUMULATED AMORTIZATION			Net book value at December 31, 2005
		As at January 01, 2005	Additions/ (Deletion)	As at December 31, 2005		As at January 01, 2005	Amortization (amortization on deletion)	As at December 31, 2005	
		Rupees in '000				Rupees in '000			
Computer software		33,631	13,127 (25)	46,733	14.28	13,602	6,199	19,776	26,957
December 31, 2005		33,631	13,127 (25)	46,733		13,602	6,199 (25)	19,776	26,957
December 31, 2004		30,865	3,717 (951)	33,631		10,247	4,306 (951)	13,602	20,029

12.4 Included herein is a plot of land, costing Rs.33.00 million, the title of which is in the process of being transferred in the name of the bank.

12.5 During the current year, the bank arranged a fresh valuation of properties, carried out by Iqbal A. Nanjee & Co. The revaluations were carried out by the above referred valuers as at September 30, 2005 and, hence, the properties purchased subsequent to that date were not revalued as the management maintains that the cost of such properties is not materially different from their revalued amounts. The revalued amounts of properties have been determined on the basis of fair value model. The revaluation has resulted in increase in the carrying values of the properties by Rs.868.902 million.

12.6 Fair value of property and equipment is not materially different from their carrying amount.

	December 31, 2005	December 31, 2004
Rupees in '000		
Effect of surplus in the current year on the profit and loss account, arising on revaluation of buildings carried out during the current year	31,559	3,751

Notes to the Financial Statements

for the year ended December 31, 2005

	December 31, 2005	December 31, 2004
	Rupees in '000	
12.7 Carrying amount of revalued properties had the assets not been revalued:		
- Land	1,660,208	593,289
- Buildings	591,391	617,908
12.8 The land and buildings currently in use of the bank include certain properties that have been acquired in satisfaction of claims. The total cost and net book value of these properties as at December 31, 2005 amounted to Rs.1,298.421 million and Rs.1,277.847 million, respectively.		
	December 31, 2005	December 31, 2004
	Rupees in '000	
12.9 Restriction / discrepancy in the title of property having a net book value of	30,189	4,275
12.10 Carrying amount of temporarily idle properties	221,498	186,682
12.11 The gross carrying amount of fully depreciated assets that are still in use:		
Furniture & fixtures	153,955	148,958
Electrical, office and computer equipment	556,353	556,312
Vehicles	59,540	52,262
Intangible assets	4,493	4,382
12.12 The carrying amount of property and equipment that have retired from active use and are held for disposal	669	287
12.13 Disposals of fixed assets		
The details of disposal of assets whose original cost or book value exceeds rupees one million or two hundred and fifty thousand rupees respectively, whichever is lower, are given below:		

Particulars	Original cost / revalued amount	Accumulated depreciation	Book value	Sale proceeds	Gain on sale	Mode of disposal	Particulars of purchaser
Land	12,500	-	12,500	27,500	15,000	Negotiation	Mr. Amjad Shah
Furniture and fixtures							
Items having book value of less than Rs.250,000 and cost of less than Rs.1,000,000	24,729	24,008	721	1,147	426	Negotiation	Various
Electrical, office and computer equipment							
Items having book value of less than Rs.250,000 and cost of less than Rs.1,000,000	32,100	31,398	702	1,072	370	Negotiation	Various
Vehicles	1,090	1,090	-	710	710	Auction	Mr. Khurshid Jan, Karachi
	2,461	2,461	-	666	666	Tender	Mr. Nayyar Ahsan, Karachi
	1,159	927	232	775	543	Insurance claim	E.F.U General Insurance, Karachi
	795	464	331	509	178	As per bank policy	Mr. Naveed Masud, Employee, Karachi
	849	509	340	340	-	As per bank policy	Mr. Saleem Amlani, Employee, Karachi
	1,050	1,050	-	478	478	Auction	Mr. Abdullah, Karachi
	1,060	1,060	-	663	663	Auction	Mr. Raja Muhammed Fayyaz, Rawalpindi
	8,464	7,561	903	4,141	3,238		
Vehicles having book value of less than Rs.250,000 and cost of less than Rs.1,000,000	19,347	18,338	1,009	10,808	9,799	Negotiation	Various
December 31, 2005	97,140	81,305	15,835	44,668	28,833		
December 31, 2004	66,631	42,712	23,919	36,604	12,685		

Information relating to the sale of fixed assets (otherwise than through a regular auction) to the Chief Executive or a Director or an Executive or a Shareholder holding not less than ten percent of the voting shares of the bank or any Related Party, as required by SBP's BSD circular No. 36, dated October 10, 2001, is given in Annexure "III" which is an integral part of these financial statements.

Notes to the Financial Statements

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
13. DEFERRED TAX ASSETS – NET			
Deferred debits arising in respect of:			
Compensated leave absences		257,316	249,743
Provision against:			
investments		84,594	81,765
other assets		156,972	149,175
off balances sheet obligations		87,914	–
Unassessed tax losses		–	577,773
Medical post retirement benefits		328,047	298,916
		914,843	1,357,372
Deferred credits arising due to:			
Surplus on revaluation of:			
fixed assets – net of tax	20.1	(209,965)	(169,664)
investments – net of tax	20.2	–	(648)
Excess of Investment in finance lease over written down value of leased assets		(24,785)	(65,043)
		(234,750)	(235,355)
		680,093	1,122,017
14. BILLS PAYABLE			
In Pakistan		2,444,565	2,530,308
Outside Pakistan		4,055	4,055
		2,448,620	2,534,363
15. BORROWINGS FROM FINANCIAL INSTITUTIONS			
In Pakistan		9,536,455	12,324,866
Outside Pakistan		157,330	213,564
		9,693,785	12,538,430
15.1 Particulars of borrowings from financial institutions			
In local currency		9,536,455	12,324,866
In foreign currencies		157,330	213,564
		9,693,785	12,538,430
15.2 Details of borrowings from financial institutions			
Secured			
Borrowings from financial institutions		5,000	653,748
Borrowings from the State Bank of Pakistan:			
Export Refinance	15.3	3,999,675	2,031,148
Locally Manufactured Machinery		–	–
L.M.F.R.		–	–
		3,999,675	2,031,148
Repurchase agreement borrowings	15.4	4,231,780	9,439,970
Unsecured			
Call borrowings	15.5	1,300,000	200,000
Overdrawn nostro accounts	15.6	157,330	213,564
		1,457,330	413,564
		9,693,785	12,538,430
15.3	The bank has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreement, the bank has granted the SBP the right to recover the outstanding amount from the bank at the date of maturity of the finance by directly debiting the current account maintained by the bank with the SBP. These carry interest at rates, ranging between 3.5% and 7.5% (2004: between 3.00% and 5.0%) per annum.		
15.4	These represent funds borrowed from the local interbank market against government securities, carrying mark-up at rates, ranging between 8.25% and 8.45% (2004: 1.75% and 4.25%) per annum maturing on various dates, latest by March 03, 2006.		

Notes to the Financial Statements

for the year ended December 31, 2005

15.5 These represents unsecured borrowings from the local interbank market, carrying mark-up at rates, ranging between 8.00% and 9.10% (2004: 2.00%) per annum maturing on various dates, latest by May 08, 2006.

15.6 Included in overdrawn nostro accounts are balances, aggregating to Rs.2.01 million (2004:Rs.33.53 million), representing balances held with a related party outside Pakistan.

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		31,633,508	9,903,675
Savings deposits		66,323,993	63,019,188
Current accounts – non-remunerative		50,208,167	42,869,616
– remunerative		13,410,869	10,365,857
		161,576,537	126,158,336
Financial Institutions			
Remunerative deposits		330,954	233,416
Non-remunerative deposits		–	–
		330,954	233,416
		161,907,491	126,391,752
16.1 Particulars of deposits			
In local currency		156,647,932	121,350,835
In foreign currencies		5,259,559	5,040,917
		161,907,491	126,391,752
17. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		549,988	298,202
Mark-up / return / interest payable in foreign currency		3,092	7,357
Accrued expenses		247,536	97,666
Branch adjustment account		838,568	768,708
Proposed dividend		1,101,160	–
Provision for:			
gratuity		112,325	105,000
employees' medical benefits		937,276	854,049
employees' compensated absences		735,189	713,552
Provision against off balance sheet obligations	17.1	251,181	172,086
Security deposits against leases		94,768	112,149
Unrealised loss on future contracts in respect of equity instruments		9,735	–
Others		203,710	77,325
		5,084,528	3,206,094
17.1 Provision against off balance sheet obligations			
Opening balance		172,086	265,513
Charge for the year		87,626	11,549
Reversals		(8,531)	(104,976)
Net charge / reversals		79,095	(93,427)
Closing balance		251,181	172,086

The above provision has been made against letters of guarantee issued by the bank.

Notes to the Financial Statements

for the year ended December 31, 2005

18. SHARE CAPITAL

18.1 Authorised capital

December 31, 2005	December 31, 2004		December 31, 2005	December 31, 2004
No. of shares			Rupees in '000	
500,000,000	500,000,000	Ordinary shares of Rs.10 each	5,000,000	5,000,000

18.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs.10 each

December 31, 2005	December 31, 2004	Ordinary Shares		
No. of shares				
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
24,535,471	24,535,471	Issued as bonus shares	245,355	245,355
431,315,565	431,315,565		4,313,156	4,313,156
9,148,550	9,148,550	18,348,550 Ordinary shares of Rs.10 each, determined pursuant to the Scheme of Amalgamation in accordance with the Swap ratio, stipulated therein less 9,200,000 Ordinary shares of Rs.10 each, held by ILL on the cut-off date (September 30, 2004)	91,486	91,486
440,464,115	440,464,115		4,404,642	4,404,642

Ibrahim Fibres Limited and Ibrahim Agencies (Private) Limited, related parties of the bank, held 141,982,700 and 25,190,230 (December 31, 2004: 141,982,700 and 32,156,632) Ordinary shares of Rs.10 each, respectively, as at December 31, 2005.

	Note	December 31, 2005	December 31, 2004
		Rupees in '000	
19. SHARE PREMIUM	19.1	4,316,324	10,640,031

19.1 During the current year, the Board of Directors of the bank in its meeting held on, September 28, 2005, passed a resolution to offset the accumulated losses of the bank, aggregating to Rs. 6,324 million, as at December 31, 2004, against the share premium account of the bank and dispense the use of the words "and reduced" as the last words of the name of the bank as per the requirements of Section 98 of the Companies Ordinance, 1984. An application to this effect was filed with the State Bank of Pakistan (SBP) who accorded their approval for initiating the above, vide their letter No. BPD (PU-30) / ABL-PVTN / 13784 / 2005 dated December 02, 2005.

The shareholders of the bank, in the Extraordinary General Meeting (EGM), held on December 29, 2005, at Lahore passed the special resolution for approving the reduction in share capital of bank under Section 96 of the Companies Ordinance, 1984, and Section 98 thereof with regard to the dispensation of the words "and reduced", subject to the confirmation by the honourable Lahore High Court. The Honourable Lahore High Court confirmed the reduction in share capital and dispensation of the words "and reduced", in its Judgment / Order dated March 02, 2006 whereby the special resolution passed by the shareholders on December 29, 2005 has been confirmed and the reduction of the share capital of the bank has been approved with effect from December 29, 2005.

Pursuant to the above referred order of the Lahore High Court, the bank has offset its accumulated losses of Rs. 6,324 million, as at December 31, 2004, against the share premium of Rs. 10,640 million (arisen as a result of issue of 325.00 million additional shares of the bank to Ibrahim Group on August 19, 2004, at a total consideration of Rs. 14.2 billion in connection with the reconstruction of the bank's capital, undertaken by the SBP, under section 47 of the Banking Companies Ordinance, 1962), leaving a balance of Rs. 4,316 million in the share premium account at the end of the current year.

	Note	December 31, 2005	December 31, 2004
		Rupees in '000	

20. SURPLUS ON REVALUATION OF ASSETS – NET OF TAX

Surplus arising on revaluation of:

fixed assets	20.1	1,579,059	783,409
securities	20.2	56,483	24,835
		1,635,542	808,244

Notes to the Financial Statements

for the year ended December 31, 2005

	December 31, 2005	December 31, 2004
	Rupees in '000	
20.1 Surplus on revaluation of fixed assets – net of tax		
Surplus on revaluation of fixed assets as at January 1	953,073	979,407
Adjustment on account of:		
restatement of gross surplus	–	12,658
reclassification of idle non-banking asset in other assets	–	(13,587)
Net increase arising on revaluation during the year	868,902	–
Surplus realised on disposal of revalued properties	(1,392)	–
Transferred to accumulated losses in respect of incremental depreciation charged during the year -net of deferred tax	(19,882)	(14,989)
Related deferred tax liability	(11,677)	(10,416)
	(31,559)	(25,405)
Surplus on revaluation of fixed assets as at December 31, 2005	1,789,024	953,073
Less: Related deferred tax liability on:		
Revaluation as at January 1	169,664	178,421
Surplus arising on revaluation of building during the year	51,978	1,659
Incremental depreciation charged during the year transferred to profit and loss account	(11,677)	(10,416)
	209,965	169,664
	1,579,059	783,409
20.2 Surplus/ (Deficit) on revaluation of securities - net of tax		
Available for sale		
Market Treasury Bills	1,409	–
Federal Investment Bonds	–	2,467
Listed securities	53,714	20,019
Term Finance Certificates	–	2,092
Others	1,360	905
	56,483	25,483
Related deferred tax liability	–	(648)
	56,483	24,835
21. CONTINGENCIES AND COMMITMENTS		
21.1 Direct credit substitutes		
Guarantees in favour of:		
Banks and financial institutions	1,355,300	956,430
21.2 Transaction - related contingent liabilities / commitments		
Guarantees in favour of:		
Government	627,404	1,329,982
Others	3,464,202	2,122,014
	4,091,606	3,451,996
21.3 Trade-related contingent liabilities	22,394,618	13,351,865
21.4 Claims against the bank not acknowledged as debt	5,622,737	7,730,661
21.5 Commitments to extend credit	6,480,152	7,319,043
21.6 Commitments in respect of forward foreign exchange contracts		
Purchase	3,173,997	4,557,262
Sale	2,300,788	2,275,093
	5,474,785	6,832,355
21.7 Commitments in respect of:		
Civil works	323,025	–
Acquisition of operating fixed assets	258,327	6,938

Notes to the Financial Statements

for the year ended December 31, 2005

	December 31, 2005	December 31, 2004
	Rupees in '000	
21.8 Commitments in respect of future sale of equity instrument	290,136	-
21.9 Commitment in respect of lease financing	13,012	4,350
21.10 Commitments in respect of :		
Forward lending	-	-
Forward borrowing	-	-
	-	-

21.11 Other contingencies

21.11.1 The income tax assessments of the bank have been finalized up to and including tax year 2005 and tax year 2004 for local operations and Azad Kashmir operations, respectively.

- (a) While finalizing income tax assessments up to the assessment year 2000-2001, the income tax authorities made certain add backs with a tax impact of Rs.646 million. As a result of appeals filed by the bank before the Appellate Authorities, these add-backs were deleted and set-aside with a tax impact of Rs.433 million and Rs.125 million respectively. The appeal effect orders with regard to the above matters are pending.
- (b) The assessments for assessment years 2001-2002 to tax year 2004 have been finalized with net additional tax liability of Rs.3,701 million. As a result of the appeals filed by the bank before the Appellate Authorities, various additions having tax impact of Rs.3,918 million and Rs.2,386 million have been deleted and set-aside by the Appellate Authorities, respectively. The appeal effect orders with regard to the above matters are pending.
- (c) The bank has received assessment order for the tax year 2005 with net additional tax liability, amounting to Rs.983 million. The bank has filed appeal against the above referred order before the Appellate Authority which is pending adjudication therewith.

Pending the finalization of the above-referred appeals, no provision has been made by the bank in an aggregate sum of Rs.5,330 million in these financial statements. This sum includes tax liability, aggregating to Rs.4,351 million, already deleted by the Appellate Authorities for which appeal effect orders are pending. The management is hopeful that the outcome of these appeals will be in favor of the bank.

21.11.2 As a result of a compromise decree granted by the Honourable High Court of Sindh in August 2002, Fateh Textile Mills Limited pledged 16,376,106 shares of ABL with the bank as security, consequent to the default by Fateh Textile Mills Limited on the terms of the decree. The bank published a notice on June 23, 2004 in accordance with the requirements of section 19(3) of the Financial Institutions (Recovery of Finances) Ordinance 2001 and invited sealed bids from interested parties to purchase the pledged shares. The bidding process was scheduled for July 23, 2004 and the bank had fixed a reserve price of Rs.25 per share. On the bid date, the highest offer for these shares was received at a rate of Rs.25.51 per share. The bid was approved and the successful bidder had deposited an amount of Rs.417,754,464 with the bank.

Fateh Textile Mills Limited had filed a suit against the bank in the High Court of Sindh challenging the sale of the above shares. The High Court had not granted a stay order on the process of sale of shares. However, the matter is still pending in the Court.

	December 31, 2005	December 31, 2004
	Rupees in '000	
22. MARK-UP / RETURN / INTEREST EARNED		
On Loans and advances to customers	5,977,506	2,648,913
On investments in:		
Held for trading	-	1,350
Available for sale securities	402,390	55,621
Held to maturity securities	2,490,725	2,047,898
	2,893,115	2,104,869
On deposits with financial institutions	104,718	51,580
On securities purchased under resale agreements	228,075	171,230
On certificates of investment	338,757	89,124
On letters of placement	74,818	-
Call money lending	229,668	178,994
	9,846,657	5,244,710

Notes to the Financial Statements

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
23. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		1,696,420	707,711
Securities sold under repurchase agreements		215,869	50,377
Other short-term borrowings		112,253	17,282
Long-term borrowings		–	18,564
Others		117	171
		2,024,659	794,105
24. OTHER INCOME			
Profit on sale of property and equipment		28,833	12,685
Tax refund		6,505	1,656
Miscellaneous	24.1	228,261	140,341
		263,599	154,682

24.1 This includes income on account of cheque returned charges, stop payment charges, inter-city clearing charges, duplicate statement of account charges etc.

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
25. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		2,606,704	2,231,383
Charge for defined benefit plan		39,341	473,976
Charge for defined contribution plan – provident fund		107,956	98,632
Non-executive directors' fees		194	157
Rent, taxes, insurance, electricity, etc.		377,623	353,151
Legal and professional charges		47,943	71,175
Communications		144,577	148,931
Repairs and maintenance		70,816	58,440
Stationery and printing		81,460	71,466
Advertisement and publicity		103,720	34,552
Auditors' remuneration	25.1	9,576	8,200
Depreciation / amortization		241,440	201,677
Brokerage and commission		84,379	71,951
Security service charges		87,271	81,198
Travelling, conveyance and fuel expenses		86,793	86,831
Entertainment		28,650	27,438
Computer expenses		90,265	59,718
Subscription		23,530	20,607
Donation	25.2	15,000	–
Others		5,099	8,689
		4,252,337	4,108,172

25.1 Auditors' remuneration

	December 31, 2005			December 31, 2004		
	Ford Rhodes Sidat Hyder & Co.	M. Yousaf Adil Saleem & Co.	Total	Ford Rhodes Sidat Hyder & Co.	A.F. Ferguson & Co.	Total
Rupees in '000						
Audit fee	1,375	1,375	2,750	1,100	1,100	2,200
Special certifications, half yearly and quarterly reviews and sundry miscellaneous services	2,900	3,150	6,050	2,854	2,746	5,600
Out-of-pocket expenses	405	371	776	200	200	400
	4,680	4,896	9,576	4,154	4,046	8,200

25.2 This represents donation paid to the earthquake victims in Kashmir and NWFP. None of the Directors and their spouses had any interest in the donation disbursed during the year 2005.

Notes to the Financial Statements

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
26. OTHER CHARGES			
Penalties imposed by SBP		18,999	7,009
27. TAXATION			
Current – for the year		1,331,468	159,423
– for prior years		22,000	28,316
		1,353,468	187,739
Deferred		390,594	102,190
		1,744,062	289,929
27.1 Relationship between tax expense and accounting profit			
Accounting profit for the current year		4,777,434	481,702
Tax on income @ 37% (December 31, 2004: 41%)	27.1.1	1,767,651	197,498
Effect of permanent differences		81,030	82,000
Effect of exempt income		(60,317)	(8,146)
Adjustments in respect of tax on reduced rates		(14,767)	(6,029)
Effect of reduction in tax rates		(43,508)	13,667
Minimum tax charge		–	36,000
Azad Kashmir taxation current		–	122,000
Provision against other assets and investments		–	(187,768)
Tax charge for the prior year		22,000	28,000
Others		(8,027)	12,707
Tax charge for the current year		1,744,062	289,929
27.1.1 The Central Board of Revenue, vide its Circular No. 01, dated July 05, 2005, has provided a one time reduction of 1% on applicable corporate tax rates to companies which get enlisted on stock exchange within the period July 01, 2005 to June 30, 2006. The bank is entitled to the above reduction in tax rate and has, accordingly, provided the tax charge for the year at the reduced rate of 37%.			
	Note	December 31, 2005	December 31, 2004
Rupees in '000			
28. EARNINGS PER SHARE			
Profit for the year after taxation		3,033,372	191,773
			Number of Shares
Weighted average number of shares outstanding during the year	28.1	440,464,115	235,341,164
			Rupees
Earnings per share – basic and diluted		6.89	0.81
28.1 The comparative figure of weighted average number of shares outstanding has been restated to include Ordinary shares issued by the bank during the year as a result of merger with ILL.			
		December 31, 2005	December 31, 2004
Rupees in '000			
29. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks		14,742,504	10,842,519
Balances with other banks		3,292,038	1,477,972
Borrowings from financial institutions - outside Pakistan		(157,330)	(213,564)
		17,877,212	12,106,927
			Number of employees
30. STAFF STRENGTH			
Total number of employees at the end of the year (excluding contractual employees)		6,909	6,768

Notes to the Financial Statements

for the year ended December 31, 2005

31. DEFINED BENEFIT PLANS

31.1 General description

The bank operates a funded gratuity scheme for all employees who opted for the new staff retirement benefit scheme, introduced by the management with effect from July 1, 2002. For those employees who did not opt for the new scheme, the bank continues to operate a funded pension scheme.

The bank also operates a contributory benevolent fund (defined benefit scheme) and provides post retirement medical benefits to eligible retired employees.

The number of employees covered under the following defined benefit schemes / plans are:

31.2 Number of employees under the schemes

The number of employees covered under the following defined benefit plans are:

- Gratuity fund	6,909
- Pension fund	4,209
- Benevolent fund	6,909
- Employees' compensated absences	6,909
- Post retirement medical benefits	6,909

31.3 Principal actuarial assumptions

The actuarial valuations were carried out based on the Projected Unit Credit Method, using the following significant assumptions:

	December 31, 2005	December 31, 2004	Sources of estimation
Assumptions			
- Discount rate:			
December 31, 2004	8.00%	8.00%	Yield on investments in Government Bonds.
May 31, 2005	10.00%	-	
- Expected rate of return on plan assets:			
December 31, 2004	8.00%	8.00%	Yield on investments in Government Bonds.
May 31, 2005	10.00%	-	
- Expected rate of salary increase	6.50%	6.50%	Rate of salary increase plus return on investments.

31.4 Reconciliation of (receivable) / payable to defined benefit plan

	December 31, 2005			
	Pension Fund	Gratuity Fund	Benevolent Fund	Post Retirement Medical
	Rupees in '000			
Present value of defined benefit obligations	3,244,547	376,520	559,397	1,292,221
Fair value of plan / scheme's assets	(5,475,648)	(286,159)	(563,483)	-
Net actuarial gains / (losses) not recognized	1,575,884	21,964	(106,869)	(354,945)
	(655,217)	112,325	(110,955)	937,276
Benefit of the surplus not available to the bank refer note 31.4.1	-	-	34,882	-
	(655,217)	112,325	(76,073)	937,276

31.4.1 The latest actuarial valuation of Benevolent Fund, carried out as at December 31, 2004, highlighted a surplus of Rs.69.763 million. Out of this amount, a benefit of Rs.34.882 million can be availed by the bank in future years in the form of reduced contributions.

	December 31, 2004			
	Pension Fund	Gratuity Fund	Benevolent Fund	Post Retirement Medical
	Rupees in '000			
Present value of defined benefit obligations	3,862,879	294,852	545,574	1,224,870
Fair value of plan / scheme's assets	(5,635,768)	(211,816)	(504,731)	-
Net actuarial gains / (losses) not recognized	1,367,216	21,964	(110,606)	(370,821)
	(405,673)	105,000	(69,763)	854,049
Benefit of the surplus not available to the Bank refer note 31.4.1	-	-	34,882	-
	(405,673)	105,000	(34,881)	854,049

Notes to the Financial Statements

for the year ended December 31, 2005

31.5 Movement in (receivable) / payable to defined benefit plan

	December 31, 2005			
	Pension Fund	Gratuity Fund	Benevolent Fund	Post Retirement Medical
	Rupees in '000			
Opening balance	(405,673)	105,000	(34,881)	854,049
Charge for the year - note 31.6	(249,544)	80,198	(10,209)	158,896
Contribution to fund made during the year	-	(72,873)	(30,983)	-
Benefits paid	-	-	-	(75,669)
	(655,217)	112,325	(76,073)	937,276

	December 31, 2004			
	Pension Fund	Gratuity Fund	Benevolent Fund	Post Retirement Medical
	Rupees in '000			
Opening balance	(557,147)	15,110	(33,513)	775,491
Charge for the year - note 31.6	151,474	180,171	29,295	133,681
Contribution to fund made during the year	-	(106,587)	(30,663)	-
Benefits paid	-	(4,418)	-	(55,123)
Encashment of investments	-	20,724	-	-
	(405,673)	105,000	(34,881)	854,049

31.6 Charge for defined benefit plan

	December 31, 2005			
	Pension Fund	Gratuity Fund	Benevolent Fund	Post Retirement Medical
	Rupees in '000			
Current service cost	-	73,555	13,769	30,811
Interest cost	319,295	23,588	43,646	112,209
Expected return on plan assets	(501,366)	(16,945)	(40,378)	-
Actuarial (gains) / losses	(67,473)	-	3,737	15,876
Contributions - employee	-	-	(30,983)	-
	(249,544)	80,198	(10,209)	158,896

	December 31, 2004			
	Pension Fund	Gratuity Fund	Benevolent Fund	Post Retirement Medical
	Rupees in '000			
Current service cost	-	168,411	15,820	35,098
Interest cost	298,042	15,189	40,840	81,533
Expected return on plan assets	(365,652)	(7,761)	(35,130)	-
Actuarial (gains) / losses	(7,028)	4,332	3,546	17,050
Amortization of transitional obligations	226,112	-	-	-
Contributions - employee	-	-	(30,663)	-
	151,474	180,171	(5,587)	133,681
Less: Benefit of surplus not available to the bank refer note 31.4.1	-	-	34,882	-
	151,474	180,171	29,295	133,681

Notes to the Financial Statements

for the year ended December 31, 2005

	December 31, 2005	December 31, 2004
	Rupees in '000	
31.7 Actual return on plan assets		
- Gratuity fund	16,945	20,750
- Pension fund	501,366	669,309
- Benevolent fund	40,378	53,529

31.8 Employees' compensated absences

The liability of the bank in respect of long-term employees' compensated absences is determined, based on an actuarial valuation, carried out using the Projected Unit Credit Method. The liability of the bank, as per the latest actuarial valuation carried out as at December 31, 2004 which, after considering the estimated liability for the current year, amounted to Rs.735.189 million (2004: Rs.713.552 million). A charge of Rs.60 million has been provided during the current year, representing the management's best estimate.

32. DEFINED CONTRIBUTION PLAN

The bank operates a contributory provident fund scheme for employees who are covered under the new gratuity scheme. The employer and employee both contribute 8.33% of the basic salaries to the funded scheme every month. Number of employees covered under this plan is 6,909 as on December 31, 2005.

33. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Bank was as follows:

Note	President / Chief Executive		Directors		Executives		
	2005	2004	2005	2004	2005	2004	
	Rupees in '000						
Fees	33.1	-	-	194	157	-	-
Managerial remuneration		15,500	4,500	11,550	-	148,701	84,060
Charge for defined benefit plan		69	649	-	-	26,103	20,523
Contribution to defined contribution plan		1,020	383	-	-	10,353	7,026
Rent and house maintenance		-	5	540	-	37,717	5,744
Utilities		460	514	1,155	-	13,718	8,084
Medical		2	6	1,155	-	3,868	1,650
Conveyance		176	93	-	-	22,365	20,382
Leave fare assistance		-	-	-	-	-	9,870
		17,227	6,150	14,594	157	262,825	157,339
Number of persons		1	1	7	7	343	116

33.1 This represents remuneration paid to each director (total number of directors 7) for attending the meetings of the Board of Directors, Audit Committee and other committees held during the year. Each director was paid a sum of Rs.2,000 per meeting for each meeting attended during the year.

33.2 The Chief Executive, Directors and certain Executives are also provided with other facilities, including the free use of bank's maintained cars.

Notes to the Financial Statements

for the year ended December 31, 2005

34. MATURITIES OF ASSETS AND LIABILITIES

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. To guard against this risk, the bank has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents and readily marketable securities. The maturity profile is monitored to ensure that adequate liquidity is maintained.

The table below summaries the maturities of assets and liabilities in accordance with liquidity assumptions used by the bank to monitor liquidity risk. Assets and liabilities are assumed to mature on their contractual maturities or on the expected date of realization / settlement / replacement as required by the assumptions.

	December 31, 2005				
	Total	Up to three months	Over 3	Over one	Over five Years
			Months to one year	year to five years	
Rupees in '000					
Assets					
Cash and balances with treasury banks	14,742,504	14,742,504	-	-	-
Balances with other banks	3,292,038	3,292,038	-	-	-
Lendings to financial institutions	5,777,382	5,114,128	663,254	-	-
Investments	44,830,058	8,651,086	15,728,749	9,782,755	10,667,468
Advances – performing	106,915,443	22,353,140	49,242,764	28,033,664	7,285,875
Advances – non-performing net of provision	4,031,529	4,031,529	-	-	-
Other assets	7,180,269	5,722,572	1,307,697	150,000	-
Operating fixed assets	4,720,344	41,981	125,943	462,240	4,090,180
Deferred tax asset - net	680,093	59,400	74,762	287,146	258,785
	192,169,660	64,008,378	67,143,169	38,715,805	22,302,308
Liabilities					
Bills payable	2,448,620	2,448,620	-	-	-
Borrowings from financial institutions	9,693,785	5,394,110	4,299,675	-	-
Deposits and other accounts	161,907,491	67,347,905	33,356,996	31,241,596	29,960,994
Other liabilities	5,084,528	1,957,877	1,399,882	1,043,406	683,363
	179,134,424	77,148,512	39,056,553	32,285,002	30,644,357
Net assets / (liabilities)	13,035,236	(13,140,134)	28,086,616	6,430,803	(8,342,049)
Share capital	4,404,642				
Share premium	4,316,324				
Statutory reserves	1,019,899				
Unappropriated profit	1,658,829				
Surplus on revaluation of assets - net of tax	1,635,542				
	13,035,236				

34.1 When an asset or liability does not have any contractual maturity date, the period in which these are assumed to mature has been taken as the expected date of maturity.

Notes to the Financial Statements

for the year ended December 31, 2005

35. YIELD/INTEREST RATE RISK

The Bank is mainly exposed to mark-up/interest rate risk on its deposit liabilities and its loans and investment portfolios. The Asset Liabilities Committee (ALCO) of the bank reviews the portfolio of the Bank on a regular basis to ensure that risk is managed within acceptable limits. Most of the loans and advances comprise of working capital which are repriced on a periodical basis, whereas the majority of deposits are repriced retrospectively on a six monthly basis due to the profit and loss sharing system for determining deposits rates.

	Effective Yield/ Interest Rate	December 31, 2005					Not exposed to Yield/ Interest Risk
		Total	Exposed to Yield/ Interest risk			Over five Years	
			Up to three months	Over 3 months to one year	Over one year to five years		
Rupees in '000							
On-balance sheet financial instruments							
Assets							
Cash and balances with treasury banks	3.3%	14,742,504	745,679	-	-	-	13,996,825
Balances with other banks	10.8%	3,292,038	3,291,792	-	-	-	246
Lendings to financial institutions	8.8%	5,777,382	5,114,128	663,254	-	-	-
Investments	7.3%	44,830,058	7,784,538	18,759,222	7,403,090	8,331,321	2,551,887
Advances – performing	9.4%	106,915,443	72,693,702	29,848,851	1,617,026	2,755,864	-
Advances – non-performing net of Provision		4,031,529	-	-	-	-	4,031,529
Other assets		2,345,758	-	-	-	-	2,345,758
		181,934,712	89,629,839	49,271,327	9,020,116	11,087,185	22,926,245
Liabilities							
Bills payable		2,448,620	-	-	-	-	2,448,620
Borrowings from financial institutions	8.1%	9,693,785	5,394,110	4,299,675	-	-	-
Deposits and other accounts	2.8%	161,907,491	54,316,199	57,383,126	-	-	50,208,166
Liabilities against assets subject to finance lease		-	-	-	-	-	-
Other liabilities		1,654,240	-	-	-	-	1,654,240
		175,704,136	59,710,309	61,682,801	-	-	54,311,026
On-balance sheet gap		6,230,576	29,919,530	(12,411,474)	9,020,116	11,087,185	(31,384,781)
Off balance sheet financial Instruments							
Foreign currency forwards purchase		3,173,997	2,756,304	417,693	-	-	-
Foreign currency forward sale		(2,300,788)	(1,955,064)	(345,724)	-	-	-
Equity futures		(290,136)	-	-	-	-	(290,136)
Off balance sheet gap		583,073	801,240	71,969	-	-	(290,136)
Total Yield / Interest Risk							
Sensitivity Gap		6,813,649	30,720,770	(12,339,505)	9,020,116	11,087,185	(31,674,917)
Cumulative Yield / Interest Risk Sensitivity Gap							
		-	30,720,770	18,381,265	27,401,381	38,488,566	6,813,649

Notes to the Financial Statements

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36. CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in the foreign exchange rates. The Bank enters into ready spot forward and swap transactions in the inter bank market and with the SBP in order to manage the foreign exchange risk.

The net operations are maintained within the limits given by SBP.

	December 31, 2005			
	Financial assets	Financial liabilities	Off-balance sheet items	Net Currency Exposure
	Rupees in '000			
Pakistan Rupee	177,263,802	170,280,100	(873,209)	7,856,911
United States Dollar	4,062,000	3,663,815	(301,882)	700,067
Great Britain Pound	490,275	1,120,567	648,577	(1,278,869)
Japanese Yen	1,216	1,308	(806)	714
Euro	92,437	616,545	525,920	(1,050,028)
Other currencies	24,982	21,801	1,400	1,781
	4,670,910	5,424,036	873,209	(1,626,335)
	181,934,712	175,704,136	-	6,230,576

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices. Fair value of unquoted equity investments is determined on the basis of break up value of these investments as per the latest available audited accounts.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the bank's accounting policy as stated in note 5.5.

The maturity and repricing profile and effective rates are stated in notes 34 and 35 respectively.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently repriced.

38. CONCENTRATION OF CREDIT AND DEPOSITS

38.1 Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk in the Bank's portfolio is monitored, reviewed and analyzed by the appropriate officials and the exposure is controlled through counterparty and credit limits. Counterparty limits are allocated to a particular class based mainly on their credit rating. Foreign currency placements are made in approved currencies and government securities. Loans and advances to scheduled banks and financial institutions are usually secured either by Government securities or by demand promissory notes. Cross border exposures are controlled by the Bank by considering country's sovereign risk and are updated as and when necessary. These limits are formally reviewed on a periodic basis.

38.2 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Out of the total financial assets of Rs.181,934.712 million the financial assets which were subject to credit risk amounted to Rs.179,192.180 million. Investments amounting to Rs.38,971.588 million are guaranteed by the Government of Pakistan. To manage the credit risk the Bank applied the procedures explained in note 38.1. Significant concentrations of the Bank's risk assets by industry sector and geographical region are set out in notes 38.3 and 39.

Notes to the Financial Statements

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38.3 Segment by class of business

	December 31, 2005					
	Deposits		Advances		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in'000	Percent
Financial	98,911	0.06%	8,489,541	7.65%	6,936,193	14.98%
Agribusiness	5,914,366	3.65%	764,082	0.69%	310,959	0.67%
Mining & quarrying	6,146	0.00%	19,185	0.02%	59,214	0.13%
Sugar	361,659	0.22%	3,845,588	3.47%	289,514	0.63%
Food manufacturing	1,727,474	1.07%	7,818,647	7.05%	1,352,590	2.92%
Beverages & tobacco	37,388	0.02%	16,069	0.01%	262,537	0.57%
Textile	2,899,493	1.79%	15,881,767	14.31%	2,831,414	6.11%
Shoes and leather garments	863,798	0.53%	786,587	0.71%	51,922	0.11%
Rubber & plastic products	6,814	0.00%	1,132,553	1.02%	398,384	0.86%
Paper	13,265	0.01%	287,074	0.26%	380,452	0.82%
Cement / clay / ceramics	68,791	0.04%	1,912,242	1.72%	1,137,399	2.46%
Oil, gas and petroleum refining	640,976	0.40%	2,021,395	1.82%	274,710	0.59%
Chemicals	32,642	0.02%	1,063,750	0.96%	895,421	1.93%
Fertilizer	–	0.00%	184,391	0.17%	795,054	1.72%
Printing & publishing	57,653	0.04%	100,565	0.09%	115,555	0.25%
Pharmaceuticals	–	0.00%	540,909	0.49%	402,987	0.87%
Iron and steel	1,637,315	1.01%	3,115,879	2.81%	2,783,352	6.01%
Elect. and electrical appl.	544,548	0.34%	570,185	0.51%	785,382	1.70%
Automobile and Transport equipment	279,573	0.17%	1,718,972	1.55%	1,447,224	3.13%
Ship breaking	410,529	0.25%	2,030,207	1.83%	438,000	0.95%
Constructions	2,543,485	1.57%	2,408,003	2.17%	207,329	0.45%
Elect. generation, transmission, distribution related purposes	2,496,920	1.54%	3,035,795	2.74%	367,651	0.79%
Water and Sanitary Purposes	–	0.00%	–	0.00%	35,731	0.08%
Whole sale & retail trade	11,543,634	7.13%	11,329,995	10.21%	715,816	1.55%
Co-operative societies	–	0.00%	–	0.00%	–	0.00%
Real estates agents / renting and business activities	5,791,729	3.58%	7,026,379	6.33%	–	0.00%
Transport	933,024	0.58%	2,875,153	2.59%	–	0.00%
Communication	144,075	0.09%	2,305,590	2.08%	–	0.00%
Hotels	1,047,907	0.65%	212,908	0.19%	–	0.00%
Hospitals , clinics, ambulances	413,519	0.26%	29,225	0.03%	–	0.00%
Engineering & tech. consultants	–	0.00%	–	0.00%	184,087	0.40%
Schools, colleges and universities	–	0.00%	–	0.00%	106,802	0.23%
Other private business	14,664,001	9.06%	–	0.00%	1,087,557	2.35%
Trust funds & non profit org.	–	0.00%	2,100,000	1.89%	697,150	1.51%
Personal	73,428,862	45.35%	4,814,574	4.34%	30,034	0.06%
Public / government	16,792,654	10.38%	15,595,130	14.06%	13,482,389	29.12%
Sports goods	–	0.00%	–	0.00%	–	0.00%
Power generating machinery	–	0.00%	–	0.00%	–	0.00%
Agriculture machinery	–	0.00%	–	0.00%	–	0.00%
Others	16,506,340	10.19%	6,914,632	6.23%	7,440,889	16.07%
	161,907,491	100.00%	110,946,972	100.00%	46,303,698	100.00%

38.4 Segment by sector

	December 31, 2005					
	Deposits		Advances		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in'000	Percent
Public / Government	16,792,654	10.37	15,595,130	14.00	13,482,389	29.00
Private	145,114,837	89.63	95,351,842	86.00	32,821,309	71.00
	161,907,491	100.00	110,946,972	100.00	46,303,698	100.00

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for the year ended December 31, 2005

39. GEOGRAPHICAL SEGMENT ANALYSIS

	December 31, 2005			Contingencies and Commitments
	Profit before taxation	Total assets employed	Net assets employed	
		Rupees in '000		
Pakistan	4,777,434	192,169,660	13,035,236	46,303,698

40. RELATED PARTY TRANSACTIONS

The bank has related party relationships with its subsidiary, companies with common directorship, having equity under 20%, directors and employee benefit plans.

Banking transactions with related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk (i.e. under the comparable uncontrolled price method).

Details of transactions with related parties except those under the terms of employment and balances with them as at the period-end were as follows:

	December 31, 2005			December 31, 2004		
	Directors	Companies with common directorship, having equity under 20%	Subsidiary Companies	Directors	Companies with common directorship, having equity under 20%	Subsidiary Companies
		Rupees in '000				
Nature of related party transactions						
Loans						
Outstanding at the beginning of the year	-	-	-	-	270,487	-
Loans given during the year	-	-	-	-	585,119	-
Loans repaid during the year	-	-	-	-	804,169	-
Loans written off against provision	-	-	-	-	51,437	-
Loans outstanding at the end of the year	-	-	-	-	-	-
Deposits						
Deposits at the beginning of the year	452	1,075,496	905	180	41,169	1,046
Deposits received during the year	10,997	1,109,281	3,141	5,184	6,550,305	55
Deposits repaid during the year	(4,964)	(1,053,731)	(121)	(4,912)	(5,515,978)	(196)
Deposits at the end of the year	6,485	1,131,046	3,925	452	1,075,496	905
Mark-up earned	-	-	-	-	1,765	-
Mark-up expensed	-	611	-	-	501	5

The balances, held with related parties, outstanding at the end of the current year are included in notes 7.2, 7.3, 15.6 and 18 to these financial statements.

Notes to the Financial Statements

for the year ended December 31, 2005

	December 31, 2005	December 31, 2004
	Rupees in '000	
Net receivable from staff retirement benefits funds	609,971	332,922
(Reversal) / Charge in respect of staff retirement benefit funds	(71,559)	459,572

41. AMALGAMATION OF ALLIED MANAGEMENT SERVICES

The Board of Directors, in their meeting held on September 28, 2005 have approved the amalgamation of Allied Management Services Limited (fully owned subsidiary), the Management Company of First Allied Modaraba with and into the Bank under section 48 of the Banking Companies Ordinance, 1962. The proposed amalgamation would take effect once it is approved by the SBP and the related legal formalities and the requirement of the Banking Companies Ordinance, 1962, have been fulfilled.

42. RECLASSIFICATIONS

Following corresponding figures have been reclassified for the purposes of better presentation.

From	To	December 31, 2004
		Rupees in '000
'Charge for the year' relating to provision against non-performing advances	'Reversals' relating to provision against non-performing advances	678,398
'Suspense account' under other assets	'Receivable from SBP - customers encashments' under other assets	7,534

43. GENERAL

Figures have been rounded off to the nearest thousand rupees.

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on March 18, 2006 by the Board of Directors of the Bank.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Annexure I

As referred to in Note 9.2.7 to the Financial Statements

1. Detail of Investment in Shares - Listed

(Amount in Rs)

S.No.	Company Name	No. of Shares	Paid-up value per share	Total paid-up value	Market Price
1	ADAMJEE INSURANCE COMPANY LTD.	320,000.00	10.00	3,200,000.00	137.00
2	ASKARI COMMERCIAL BANK LTD.	10,010.00	10.00	100,100.00	126.80
3	AYAZ TEXTILE MILLS LTD.	149,730.00	10.00	1,497,300.00	0.20
4	AZGARD NINE LTD.	448,000.00	10.00	4,480,000.00	46.50
5	BANK ALFALAH LTD.	220,000.00	10.00	2,200,000.00	73.75
6	BANK OF PUNJAB LTD.	210,000.00	10.00	2,100,000.00	102.45
7	D.G. KHAN CEMENT COMPANY LTD.	563,900.00	10.00	5,639,000.00	106.70
8	DADABHOY LEASING LTD.	47,300.00	10.00	473,000.00	1.40
9	ENGRO CHEMICALS LTD.	160,000.00	10.00	1,600,000.00	164.45
10	FAUJI CEMENT LTD.	550,000.00	10.00	5,500,000.00	23.00
11	FAUJI FERTILIZER CO. LTD.	463,962.00	10.00	4,639,620.00	137.00
12	FAYSAL BANK LTD.	100,115.00	10.00	1,001,150.00	74.10
13	FF BIN QASIM	2,359,000.00	10.00	23,590,000.00	38.15
14	FIRST DADABHOY MODARABA LTD.	568,000.00	10.00	5,680,000.00	1.40
15	HUB POWER COMPANY LTD.	375,000.00	10.00	3,750,000.00	24.00
16	I.C.I. PAKISTAN LTD.	20,000.00	10.00	200,000.00	140.50
17	KAISER ART & KRAFT LTD.	766,500.00	10.00	7,665,000.00	0.55
18	KAPCO	290,000.00	10.00	2,900,000.00	48.50
19	LUCKY CEMENT COMPANY LTD.	792,000.00	10.00	7,920,000.00	83.90
20	MCB BANK LTD.	715,008.00	10.00	7,150,080.00	167.80
21	MEEZAN BALANCED FUND	5,000,000.00	10.00	50,000,000.00	9.75
22	MOHIB EXPORT LTD.	21,275.00	10.00	212,750.00	0.15
23	NATIONAL BANK OF PAKISTAN LTD.	862,000.00	10.00	8,620,000.00	199.45
24	NISHAT MILLS LTD.	178,700.00	10.00	1,787,000.00	113.50
25	OGDC	445,000.00	10.00	4,450,000.00	118.00
26	PAKISTAN CAPITAL MARKET FUND	6,700,000.00	10.00	67,000,000.00	14.83
27	PAKISTAN PETROLEUM LTD.	252,000.00	10.00	2,520,000.00	210.25
28	PAKISTAN STATE OIL COMPANY LTD.	75,000.00	10.00	750,000.00	416.85
29	PAKISTAN STRATEGIC ALLOCATION FUND	1,000,000.00	10.00	10,000,000.00	11.70
30	PAKISTAN OIL FIELDS LTD.	280,000.00	10.00	2,800,000.00	428.00
31	PICIC COMMERCIAL BANK LTD.	116,900.00	10.00	1,169,000.00	36.10
32	PICIC GROWTH FUND	692,000.00	10.00	6,920,000.00	49.60
33	PICIC INVESTMENT FUNDS	227,000.00	10.00	2,270,000.00	18.20
34	REDCO TEXTILE MILLS LTD.	629,300.00	10.00	6,293,000.00	2.50
35	S. G. FIBER LTD.	788,800.00	10.00	7,888,000.00	52.80
36	SAFA TEXTILE MILLS LTD.	889,700.00	10.00	8,897,000.00	10.00
37	SNGPL	600,000.00	10.00	6,000,000.00	68.00
38	TRI STAR SHIPPING LINES LTD.	150,000.00	10.00	1,500,000.00	0.90
39	UNITED BANK LTD.	55,000.00	10.00	550,000.00	109.75
40	UNION BANK LTD.	20,000.00	10.00	200,000.00	68.85

2. Detail of Investment in Shares - Unlisted

S.No.	Company Name	Percentage of Holding	No. of Shares Held	Break-up value / Share (Rupees)	Break-up Value as per Audited Accounts	Total paid-up Name of Chief Executive M.D. / Chairman
1	ALLIED MANAGEMENT SERVICES LTD.	99.98	6,248,800	7.13	30.06.2005	Mr. Sharique Umar Farooqui
2	ICP LTD.	5.00	100,000	10.00	30.06.2004	Mr. Abdul Latif Uqaili
3	EASTERN CAPITAL LTD.	16.13	500,000	11.16	30.06.2005	Mr. Munir M. Ladha
4	FIRST WOMEN BANK LTD.	8.97	2,544,000	20.04	31.12.2004	Ms. Zarine Aziz
5	HABIB ALLIED INTERNATIONAL BANK	9.50	2,375,000	104.93	31.12.2004	Mr. Zakir Mahmood
6	KHUSHALI BANK LTD.	11.73	200	1,020,124.48	31.12.2004	Mr. Ghalib Nishtar
7	NIFT	6.13	472,744	39.28	30.06.2005	Mr. Muzaffar M. Khan
8	SME BANK LTD.	1.59	580,778	14.79	31.12.2004	Mr. Mansur Khan
9	ATTOCK TEXTILE MILLS LTD.	-	55,500	-	-	-
10	NATIONAL WOOLEN MILLS LTD.	-	6,900	-	-	-
11	PHALIA SUGAR MILLS LTD.	4.64	2,566,000	8.30	30.09.2004	Mr. Moonis Elahi
12	PASSCO	3.30	1,000	5,390.87	31.03.2005	Mr. Muhammad Ismail Qureshi
13	ARABIAN SEA ENTERPRISES	6.45	500,000	4.86	30.06.2005	Mr. Arif Ali Khan Abbasi
14	RUBI RICE & GENERAL MILLS LTD.	-	14,500	-	-	-
15	EQUITY PARTICIPATION FUND	0.97	15,000	466.11	30.06.2005	Mr. Jamal Nasim

Annexure I

As referred to in Note 9.2.7 to the Financial Statements

3. Detail of Government Guaranteed Bonds as on December 31, 2005

S.No.	Name of Bonds	Balance as on December 31, 2005	Coupon Rate	Date of issue	Date of maturity	Coupon due	Redemption Period
1	GOVT. COMPENSATION BONDS	11,650,000	6.0000%	1-Mar-89	1-Mar-09	Yearly	After 20 year
2	GOVT. COMPENSATION BONDS	280,117,000	6.0000%	1-Jun-89	1-Jun-09	Yearly	After 20 year
3	GOVT. COMPENSATION BONDS	118,513,000	9.0000%	1-Jul-90	1-Jul-10	Yearly	After 20 year
4	RICE EXPORT CORPORATION OF PAKISTAN (PVT) LTD.	406,035,000	15.0000%	1-Jul-98	1-Jul-08	Half Yearly	Half Yearly
5	SAINDAK BOND	157,072,532	15.0000%	1-Jul-98	1-Jul-08	Half Yearly	Half Yearly
6	SAINDAK BOND	241,990,741	4.2848%	1-Jul-04	1-Jan-07	Half Yearly	Half Yearly
7	GHEE CORPORATION OF PAKISTAN (PVT) LTD.	268,485,000	15.0000%	1-Jul-98	1-Jul-08	Half Yearly	Half Yearly
8	WAPDA BONDS	199,997,500	9.5000%	29-Jun-01	29-Jun-06	Half Yearly	Yearly
9	US DOLLAR BOND (\$4,349,750)	260,075,902	5.0236%	1-Jul-90	1-Jul-10	Yearly	Yearly
	TOTAL	1,943,936,675	10.0489%				

4. Detail of Unlisted / Listed Term Finance Certificate (TFCs) as on December 31, 2005

Unlisted

S.No.	Company Name	No. of certificate	certificate (Rupees)	Paid-up value / value of TFCs (Rupees)	Total paid-up Name of Chief Executive M.D. / Chairman
1	Agro Dairies Ltd.	15	26,721	400,815	S.A. Faruqi
	Agro Dairies Ltd.	1	26,724	26,724	S.A. Faruqi
	Agro Dairies Ltd.	1	1,629,007	1,629,007	S.A. Faruqi
	Agro Dairies Ltd.	3	153,009	459,027	S.A. Faruqi
2	Apex Fabrics	15	129,300	1,939,500	Iftikhar Ahmed
	Apex Fabrics	1	130,403	130,403	Iftikhar Ahmed
	Apex Fabrics	1	976,540	976,540	Iftikhar Ahmed
3	Aruj Textile Mills Ltd.	4	260,370	1,041,480	Sh.Muhammad Tahir
	Aruj Textile Mills Ltd.	1	2,233,370	2,233,370	Sh.Muhammad Tahir
4	Bankers Equity Ltd.	10	4,235,300	42,353,000	Amjad Aziz
5	Bachani Sugar Mills Ltd.	23	135,227	3,110,221	Noor-ul-Amin Bachani
	Bachani Sugar Mills Ltd.	1	135,236	135,236	Noor-ul-Amin Bachani
6	Baluchistan Coaters	5	121,627	608,135	Rafiq A. Qamar
	Baluchistan Coaters	1	1,141,627	1,141,627	Rafiq A. Qamar
	Baluchistan Coaters	15	23,510	352,650	Rafiq A. Qamar
	Baluchistan Coaters	1	23,648	23,648	Rafiq A. Qamar
7	Bela Chemical Ind. Ltd.	16	789,590	12,633,440	Ghulam Ali
	Bela Chemical Ind. Ltd.	8	726,407	5,811,256	Ghulam Ali
8	Bentonite Pak. Ltd.	1	470,440	470,440	Khalid Shakeel
	Bentonite Pak. Ltd.	15	20,100	301,500	Khalid Shakeel
	Bentonite Pak. Ltd.	1	107,619	107,619	Khalid Shakeel
	Bentonite Pak. Ltd.	1	20,680	20,680	Khalid Shakeel
	Bentonite Pak. Ltd.	13	107,610	1,398,930	Khalid Shakeel
9	Blue Star Spinning Mills	17	3,382,086	3,382,091	Ch. Sardar Mohammad
10	Cast-N-Link Product Ltd.	16	147,680	2,362,880	Nisar Ahmed
11	Chaudhary Wire Rope Ltd.	13	217,000	2,821,000	Ch. Muhammad Akram
	Chaudhary Wire Rope Ltd.	1	228,902	228,902	Ch. Muhammad Akram
12	Chiragh Sun Engg. Ltd.	5	165,588	827,940	Rana Mushtaq Ahmed
	Chiragh Sun Engg. Ltd.	1	1,555,588	1,555,588	Rana Mushtaq Ahmed
13	Danneman Fabrics Ltd.	13	247,449	3,216,837	Muzafar Hussain
	Danneman Fabrics Ltd.	1	247,452	247,452	Muzafar Hussain
14	Frontier Ceramics	13	113,000	1,469,000	Shamsul Hassan
	Frontier Ceramics	1	113,960	113,960	Shamsul Hassan
	Frontier Ceramics	15	117,000	1,755,000	Shamsul Hassan
	Frontier Ceramics	1	118,846	118,846	Shamsul Hassan
	Frontier Ceramics	13	224,000	2,912,000	Shamsul Hassan
	Frontier Ceramics	1	217,721	217,721	Shamsul Hassan
15	Faruki Pulp Mills Ltd.	13	1,050,900	13,661,700	Salim Akbar Faruki
	Faruki Pulp Mills Ltd.	1	1,050,993	1,050,993	Salim Akbar Faruki
16	General Dairies & Food	5	87,172	435,860	Qamar Ahmed
	General Dairies & Food	1	837,172	837,172	Qamar Ahmed
17	Glorex Textile	5	289,633	1,448,165	Amanullah Mir
	Glorex Textile	1	2,545,633	2,545,633	Amanullah Mir

Detail of Unlisted / Listed Term Finance Certificate (TFCs)

as on December 31, 2005

Unlisted

S.No.	Company Name	No. of certificate	certificate (Rupees)	Paid-up value / value of TFCs (Rupees)	Total paid-up Name of Chief Executive M.D. / Chairman
18	Hospitex International	15	26,205	393,075	Aman-ullah Khan
	Hospitex International	1	26,198	26,198	Aman-ullah Khan
19	Hub Textile Mills Ltd.	23	34,000	782,000	Aqueel Hassan
	Hub Textile Mills Ltd.	13	189,061	2,457,793	Aqueel Hassan
	Hub Textile Mills Ltd.	1	39,017	39,017	Aqueel Hassan
	Hub Textile Mills Ltd.	1	189,071	189,071	Aqueel Hassan
20	Kashmir Polytex	16	143,228	2,291,648	Mohd. Ashraf Khan
21	Khairpur Sugar Mills Ltd.	13	55,536	721,968	Muhammad Mubeen Jumani
	Khairpur Sugar Mills Ltd.	1	55,538	55,538	Muhammad Mubeen Jumani
	Khairpur Sugar Mills Ltd.	5	337,000	1,685,000	Muhammad Mubeen Jumani
	Khairpur Sugar Mills Ltd.	1	337,077	337,077	Muhammad Mubeen Jumani
22	Kiran Sugar Mills Ltd.	23	259,620	5,971,260	Islamuddin Shaikh
	Kiran Sugar Mills Ltd.	1	259,631	259,631	Islamuddin Shaikh
23	Larr Sugar Mills Ltd.	13	207,774	2,701,062	Abdul Rauf
	Larr Sugar Mills Ltd.	1	207,775	207,775	Abdul Rauf
	Larr Sugar Mills Ltd.	13	601,916	7,824,908	Abdul Rauf
	Larr Sugar Mills Ltd.	1	601,918	601,918	Abdul Rauf
24	Minaco Fabrics	13	155,340	2,019,420	Akhtar Nazir Khan
	Minaco Fabrics	1	155,365	155,365	Akhtar Nazir Khan
25	Manawar Engineering	13	88,180	1,146,340	Munawar Hussain
	Manawar Engineering	1	88,238	88,238	Munawar Hussain
	Manawar Engineering	13	88,180	1,146,340	Munawar Hussain
	Manawar Engineering	1	88,238	88,238	Munawar Hussain
	Manawar Engineering	13	32,410	421,330	Munawar Hussain
	Manawar Engineering	1	32,517	32,517	Munawar Hussain
26	Malik Food Industries Ltd.	1	826,545	826,545	Khalid Aziz Malik
	Malik Food Industries Ltd.	9	65,800	592,200	Khalid Aziz Malik
	Malik Food Industries Ltd.	1	66,231	66,231	Khalid Aziz Malik
27	National Fructos	13	101,140	1,314,820	Shakirullah Durrani
	National Fructos	1	101,243	101,243	Shakirullah Durrani
28	Novelty Fabric & Pro.	23	59,830	1,376,090	Zubair Mohsin Khan
	Novelty Fabric & Pro.	1	60,066	60,066	Zubair Mohsin Khan
	Novelty Fabric & Pro.	13	829,240	10,780,120	Zubair Mohsin Khan
	Novelty Fabric & Pro.	1	829,290	829,290	Zubair Mohsin Khan
29	Dewan Cement Ltd.	12	3,776,615	45,319,380	Farrukh Junaidy
	Dewan Cement Ltd.	1	3,776,620	3,776,620	Farrukh Junaidy
	Dewan Cement Ltd.	1	6,096,750	6,093,750	Farrukh Junaidy
	Dewan Cement Ltd.	2	6,250,000	12,500,000	Farrukh Junaidy
	Dewan Cement Ltd.	4	9,375	37,500	Farrukh Junaidy
	Dewan Cement Ltd.	6	10,156,250	60,937,500	Farrukh Junaidy
30	Pangrio Sugar Mills Ltd.	14	128,600	1,800,400	Sajid Hussian Naqvi
	Pangrio Sugar Mills Ltd.	13	154,000	2,002,000	Sajid Hussian Naqvi
	Pangrio Sugar Mills Ltd.	1	163,000	163,000	Sajid Hussian Naqvi
31	Pirjee Weaving Mills	16	49,865	797,840	Zia-Ur-Rehman
32	Pakpattan Dairies	13	180,000	2,340,000	Farooq Ahmed Khan Maneka
	Pakpattan Dairies	1	191,187	191,187	Farooq Ahmed Khan Maneka
33	Promotals Ltd.	5	49,710	248,550	M.Y. Chaudhary
	Promotals Ltd.	1	368,710	368,710	M.Y. Chaudhary
	Promotals Ltd.	15	108,839	1,632,585	M.Y. Chaudhary
	Promotals Ltd.	1	108,845	108,845	M.Y. Chaudhary
34	Qandghar Ltd.	13	435,500	5,661,500	Kh. Akhtar Ali Khan
	Qandghar Ltd.	1	435,576	435,576	Kh. Akhtar Ali Khan
	Qandghar Ltd.	2	900,041	1,800,082	Kh. Akhtar Ali Khan
	Qandghar Ltd.	1	905,014	905,014	Kh. Akhtar Ali Khan
	Qandghar Ltd.	3	914,959	2,744,877	Kh. Akhtar Ali Khan
	Qandghar Ltd.	1	9,164,959	9,164,959	Kh. Akhtar Ali Khan
	Qandghar Ltd.	1	443,610	443,610	Kh. Akhtar Ali Khan
35	Rai Textile Mills Ltd.	5	179,187	895,935	Sheikh Muhammad Tahir
	Rai Textile Mills Ltd.	1	1,454,187	1,454,187	Sheikh Muhammad Tahir
36	Raja Weaving Mills Ltd.	13	206,700	2,687,100	Munaf Riaz
	Raja Weaving Mills Ltd.	1	206,733	206,733	Munaf Riaz
37	Regency Textile	23	43,580	1,002,340	Mohd. Iqtidar Pervaiz
	Regency Textile	1	43,811	43,811	Mohd. Iqtidar Pervaiz
	Regency Textile	15	222,250	3,333,750	Mohd. Iqtidar Pervaiz
	Regency Textile	1	222,397	222,397	Mohd. Iqtidar Pervaiz
38	Rehman Sharif Textile	13	49,690	645,970	Muhammad Sharif
	Rehman Sharif Textile	1	49,819	49,819	Muhammad Sharif

Annexure I

As referred to in Note 9.2.7 to the Financial Statements

Detail of Unlisted / Listed Term Finance Certificate (TFCs)

as on December 31, 2005

Unlisted

S.No.	Company Name	No. of certificate	certificate (Rupees)	Paid-up value / value of TFCs (Rupees)	Total paid-up Name of Chief Executive M.D. / Chairman
39	Scan Recycling	15	17,200	258,000	Mazhar-ul-Haq
	Scan Recycling	1	17,300	17,300	Mazhar-ul-Haq
40	Sialkot Dairies Ltd.	1	742,320	742,320	Ch. Javed Mehdi
	Sialkot Dairies Ltd.	11	46,000	506,000	Ch. Javed Mehdi
	Sialkot Dairies Ltd.	1	46,709	46,709	Ch. Javed Mehdi
41	Solve-Tech Industries	13	798,244	10,377,172	A.R. Baig
42	Shahjwana Textile Mills	13	40,010	520,130	Mrs. Shahida Faisal Saleh Hayat
	Shahjwana Textile Mills	11	120,090	1,320,990	Mrs. Shahida Faisal Saleh Hayat
	Shahjwana Textile Mills	1	120,127	120,127	Mrs. Shahida Faisal Saleh Hayat
	Shahjwana Textile Mills	1	40,069	40,069	Mrs. Shahida Faisal Saleh Hayat
43	Silver Land Textile	1	744,866	744,866	Tanveer Iftikhar
	Silver Land Textile	5	84,866	424,330	Tanveer Iftikhar
44	Shaduja Textile Ltd.	3	278,772	836,772	Ali Asghar
	Shaduja Textile Ltd.	2	274,376	548,752	Ali Asghar
	Shaduja Textile Ltd.	1	2,790,892	2,790,892	Ali Asghar
	Shaduja Textile Ltd.	1	137,946	137,946	Ali Asghar
45	Sunflow Citrus Ltd.	13	240,000	3,120,000	Sardar Fida Hussain
	Sunflow Citrus Ltd.	23	53,218	1,224,014	Sardar Fida Hussain
	Sunflow Citrus Ltd.	1	55,255	55,255	Sardar Fida Hussain
	Sunflow Citrus Ltd.	1	251,689	251,689	Sardar Fida Hussain
46	Tanocraft Ltd.	15	59,500	892,500	Kanwer Furqan Ali
	Tanocraft Ltd.	1	60,942	60,942	Kanwer Furqan Ali
	Tanocraft Ltd.	5	69,900	349,500	Kanwer Furqan Ali
	Tanocraft Ltd.	1	70,385	70,385	Kanwer Furqan Ali
47	Turbotec Ltd.	1	98,771	98,771	Haiderudin Tipu
	Turbotec Ltd.	1	223,156	223,156	Haiderudin Tipu
48	Ultra Engineering Works Ltd.	15	74,534	1,118,010	Sultan Ahmed
	Ultra Engineering Works Ltd.	1	74,546	74,546	Sultan Ahmed
49	Reliance Export Ltd.	320,000	5,000	1,600,000,000	Fawad Ahmed Shaikh
50	Pakistan Mobile Comm. Ltd.	40,000	5,000	200,000,000	Javed Saifullah Khan
51	Bosicar pakistan Ltd.	10,000	5,000	50,000,000	Pervez Abbasi
52	Dewan Farooq Spp. Mills Ltd.	25,000	5,000	125,000,000	Dewan M. Yousuf Farooqi

Listed

53	Askari Commercial Bank Ltd.	33,000	5,000	165,000,000
54	Bank Alfalah Ltd.	50,000	5,000	250,000,000
55	Prime Commercial Bank Ltd.	11,000	5,000	55,000,000
56	Telecard Limited	76,000	5,000	380,000,000
57	Security Leasing	20,000	5,000	100,000,000
58	Soneri Bank Ltd.	30,000	5,000	150,000,000
59	Union Bank Ltd.	30,000	5,000	150,000,000
60	Azgard Nine Ltd.	20,000	5,000	100,000,000
61	Chanda Oil & Gas Ltd.	16,000	5,000	80,000,000
62	Niamat Basal Oil & Gas Ltd.	20,000	5,000	100,000,000

**5. Detail of Investment in Participation Term Certificates (PTCs)
as on December 31, 2005**

S.No.	Company Name	No. of certificate	Paid-up value / certificate (Rupees)	Total paid-up value of PTCs (Rupees)	Name of Chief Executive M.D. / Chairman
1	Ali Paper Board Ind. Ltd.	12	50,000	600,000	Frooq Alam Butt
	Ali Paper Board Ind. Ltd.	1	756,000	756,000	Frooq Alam Butt
2	American Marble Ltd.	23	60,400	1,389,200	A. Karim A. Latif
	American Marble Ltd.	1	60,600	60,600	A. Karim A. Latif
3	Baluchistan Clay Product Ltd.	15	46,000	690,000	Sajjad Ali Saganwala
	Baluchistan Clay Product Ltd.	1	55,000	55,000	Sajjad Ali Saganwala
	Baluchistan Clay Product Ltd.	1	687,246	687,246	Sajjad Ali Saganwala
	Baluchistan Clay Product Ltd.	1	112,754	112,754	Sajjad Ali Saganwala
4	Crystal Chemical Ltd.	1	750,000	750,000	Maqsood A. Shaikh
	Crystal Chemical Ltd.	13	62,000	806,000	Maqsood A. Shaikh
	Crystal Chemical Ltd.	1	59,000	59,000	Maqsood A. Shaikh
5	Delta Tyre & Rubber Co. Ltd.	1	679,000	679,000	Iqtidar Ahmed Ch.
	Delta Tyre & Rubber Co. Ltd.	4	13,090	52,360	Iqtidar Ahmed Ch.
	Delta Tyre & Rubber Co. Ltd.	1	13,128	13,128	Iqtidar Ahmed Ch.
6	Fibretext Industries Ltd.	5	8,504	42,520	Sheikh Najmuddin S. Zakiuddin
	Fibretext Industries Ltd.	1	8,506	8,506	Sheikh Najmuddin S. Zakiuddin
7	Gem Ind.Ltd.	11	39,000	429,000	Wali Imam
	Gem Ind.Ltd.	1	38,000	38,000	Wali Imam
	Gem Ind.Ltd.	1	140,000	140,000	Wali Imam
8	Ittehad Ind. Ltd.	1	240,000	240,000	Hazrat Dayan
9	Jubilee Papers Mills Ltd.	13	98,000	1,274,000	Shafqat Rasool
	Jubilee Papers Mills Ltd.	1	97,600	97,600	Shafqat Rasool
	Jubilee Papers Mills Ltd.	11	37,000	407,000	Shafqat Rasool
	Jubilee Papers Mills Ltd.	3	38,000	114,000	Shafqat Rasool
	Jubilee Papers Mills Ltd.	1	318,650	318,650	Shafqat Rasool
	Jubilee Papers Mills Ltd.	1	346,350	346,350	Shafqat Rasool
	Jubilee Papers Mills Ltd.	1	207,000	207,000	Shafqat Rasool
10	Kamal Enterprises Ltd.	10	5,000	50,000	Khuda Bakhsh Mari
	Kamal Enterprises Ltd.	6	4,000	24,000	Khuda Bakhsh Mari
	Kamal Enterprises Ltd.	15	12,000	180,000	Khuda Bakhsh Mari
	Kamal Enterprises Ltd.	1	10,000	10,000	Khuda Bakhsh Mari
	Kamal Enterprises Ltd.	1	172,000	172,000	Khuda Bakhsh Mari
11	Khaleel Jute Mills Ltd.	9	68,000	612,000	Ch. Habib-ur-Rehman
	Khaleel Jute Mills Ltd.	1	73,000	73,000	Ch. Habib-ur-Rehman
12	Leatherite Ltd.	1	90,000	90,000	Ahmed Raza Maneka
	Leatherite Ltd.	13	21,400	278,200	Ahmed Raza Maneka
	Leatherite Ltd.	1	21,800	21,800	Ahmed Raza Maneka
13	Mas Dairies Ltd.	9	51,000	459,000	Mian Nisar Akhtar
	Mas Dairies Ltd.	1	50,000	50,000	Mian Nisar Akhtar
	Mas Dairies Ltd.	1	500,000	500,000	Mian Nisar Akhtar
	Mas Dairies Ltd.	1	2,526	2,526	Mian Nisar Akhtar
14	Meditex International Ltd.	13	14,100	183,300	Riaz Ahmed Malik
	Meditex International Ltd.	1	14,700	14,700	Riaz Ahmed Malik
	Meditex International Ltd.	1	328,000	328,000	Riaz Ahmed Malik
15	Morgah Valley Ltd.	16	11,750	188,000	Abdul Jabbar Khan
16	National Fructose Co Ltd.	10	139,000	1,399,000	Shakirullah Durrani
	National Fructose Co Ltd.	1	969,600	969,600	Shakirullah Durrani
	National Fructose Co Ltd.	1	55,400	55,400	Shakirullah Durrani

Detail of Investment in Participation Term Certificates (PTCs)
as on December 31, 2005

S.No.	Company Name	No. of certificate	certificate (Rupees)	Paid-up value / value of PTCs (Rupees)	Total paid-up Name of Chief Executive M.D. / Chairman
17	Pangrio Sugar Mills Ltd.	10	236,000	2,360,000	Sajid Hussain Naqvi
	Pangrio Sugar Mills Ltd.	1	240,000	240,000	Sajid Hussain Naqvi
	Pangrio Sugar Mills Ltd.	9	169,000	1,521,000	Sajid Hussain Naqvi
18	Rainbow Packages Ltd.	5	28,728	143,640	Syed Bashir Ahmed
	Rainbow Packages Ltd.	1	28,733	28,733	Syed Bashir Ahmed
	Rainbow Packages Ltd.	16	30,000	480,000	Syed Bashir Ahmed
	Rainbow Packages Ltd.	1	475,000	475,000	Syed Bashir Ahmed
19	Sethi Ind. Ltd.	13	23,000	299,000	Abdul Wajid Sethi
	Sethi Ind. Ltd.	1	20,000	20,000	Abdul Wajid Sethi
	Sethi Ind. Ltd.	5	12,000	60,000	Abdul Wajid Sethi
	Sethi Ind. Ltd.	1	12,493	12,493	Abdul Wajid Sethi
	Sethi Ind. Ltd.	1	1,125,000	1,125,000	Abdul Wajid Sethi
	Sethi Ind. Ltd.	6	3,426	20,556	Abdul Wajid Sethi
20	United Wood (Veneer) Ltd.	13	13,200	171,600	Kaleemullah Khan
	United Wood (Veneer) Ltd.	1	13,400	13,400	Kaleemullah Khan
	United Wood (Veneer) Ltd.	1	120,000	120,000	Kaleemullah Khan

Annexure I

As referred to in Note 9.2.7 to the Financial Statements

6. Detail of Debentures

Company Name	Terms of redemption		Rate of interest	Amount outstanding as on December 31, 2005 (Rupees in 000s)
	Principal	Interest		
PUBLIC SECTOR				
Ghazi Textile Mills Ltd.	Overdue	Overdue	12.50%	1,625
Haripur Cold Storage	Overdue	Overdue	12.50%	480
Haripur Cold Storage	Overdue	Overdue	12.00%	20
Haripur Cold Storage	Overdue	Overdue	12.00%	515
Karachi Development Authority	Overdue	Overdue	12.50%	2,200
Karachi Development Authority	Overdue	Overdue	12.50%	5,000
Karachi Development Authority	Overdue	Overdue	12.50%	4,800
Karachi Development Authority	Overdue	Overdue	12.50%	8,400
Karachi Development Authority	Overdue	Overdue	12.50%	6,780
Karachi Development Authority	Overdue	Overdue	12.50%	4,875
Karachi Development Authority	Overdue	Overdue	12.50%	14,300
Karachi Development Authority	Overdue	Overdue	12.50%	8,000
Karachi Development Authority	Overdue	Overdue	12.50%	8,000
Leather Tannery	Overdue	Overdue	12.00%	106
Mardan Cold Storage	Overdue	Overdue	12.50%	351
Mardan Cold Storage	Overdue	Overdue	12.00%	149
Mardan Cold Storage	Overdue	Overdue	12.00%	300

Company Name	Terms of redemption		Rate of interest	Amount outstanding as on December 31, 2005 (Rupees in 000s)
	Principal	Interest		
PRIVATE SECTOR				
Ajex Industries Ltd.	Overdue	Overdue	11.00%	112
Ajex Industries Ltd.	Overdue	Overdue	14.00%	158
Ajex Industries Ltd.	Overdue	Overdue	11.00%	600
Allied Ghee Industries Ltd.	Overdue	Overdue	14.00%	63
Consolidated Spinning & Textile Mills Ltd.	Overdue	Overdue	14.00%	100
Consolidated Sugar Mills Ltd.	Overdue	Overdue	14.00%	600
Daman Oil Mills Ltd.	Overdue	Overdue	14.00%	255
Daman Oil Mills Ltd.	Overdue	Overdue	11.00%	70
Effef Industries Ltd.	Overdue	Overdue	14.00%	109
Electric Lamp Manuf. Corp. of Pakistan	Overdue	Overdue	14.00%	60
Electric Lamp Manuf. Corp. of Pakistan	Overdue	Overdue	14.00%	30
Junaid Cotton Mills Ltd.	Overdue	Overdue	14.00%	57
Morgah Valley Ltd.	Overdue	Overdue	11.00%	170
Morgah Valley Ltd.	Overdue	Overdue	14.00%	65
Pakistan Polypropylene Pkg. Ltd.	Overdue	Overdue	14.00%	80
Shayar Textile Mills Ltd.	Overdue	Overdue	14.00%	103

Annexure II

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sl. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Outstanding liabilities at the Beginning of year				Rupees in Million				
			Principal 5	Interest/ Mark-up 6	Other 7	Total 8	Principal written-off 9	Other Interest/ mark-up written-off 10	financial relief provided 11	Total 9+10+11 12	
1	FAROOQ HABIB TEXTILE MILLS LTD. 74-B/3, GULBERG-III, LAHORE. 46 Km, LAHORE, MULTAN ROAD DIST. KASUR	MIAN HABIBULLAH ZAFARULLAH KHAN FAROOQ HABIB MRS. YASMEEN ZAFAR MRS. SABINA FAROOQ IFTIKHAR HABIB ABDUL HAFIZ MR. QAYYUM JAVED KHAN	270-86-155394 271-54-209044 270-87-302561 270-85-075816 270-75-518612 270-92-302562 231-37-11250	401.506	-	581.554	983.060	245.595	-	581.554	827.149
2	MUGHAL ENTERPRISES KARIMPURA ROAD, SIALKOT	AMJAD GHOURI MUKHTAR BEGUM		0.064	-	0.758	0.758	0.064	-	0.694	0.758
3	HASHT NAGAR INDUSTRIES LTD. NO.13, 3RD FLOOR MOSCO PLAZA BLUE AREA, ISLAMABAD	FAWADUL HAQ DR. MUHAMMAD SHIBLI MUHAMMAD JUNAID AHMED DAWOOD AHMED MUBASHIR AHMED IFTIKHAR AHMED MUSHTAQ AHMED ZULFIQAR AHMED		1.165	-	2.974	4.139	1.165	-	2.974	4.139
4	STAR SALICA INDUSTRIES LTD. F-2 DAWOOD COLONY STADIUM ROAD, KARACHI	ZAKRIA GHANI A.RAUF DIWAN ABDUL WAHAB IDREES GHANI S.M.T HASSAN SARFARAZ RANA NAZIR UDDIN MATIUR REHMAN		1.463	-	7.978	9.441	1.463	-	7.978	9.441
5	NEPHEW & NEPHEW LTD. 1. P/2, SITE, HYDERABAD 2. AKBAR JEE VILLA UNIT # 3 LATIFABAD, HYDERABAD	MUHAMMAD HABIB ABDUL WAHEED MUHAMMAD SHARIF MUHAMMAD ASHFAQ MRS. RUKHSANA MRS. SUMERA WAHEED HAJI ABDUL MAJED		28.330	-	0.429	28.759	18.830	-	0.429	19.259
6	KASHIF OIL MILLS SURAJ KUND ROAD, MULTAN		322-92-403146	3.075	-	0.559	3.634	0.375	-	0.559	0.934

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal	Interest/ Mark-up	Other	Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11
				5	6	7	8	9	10	11	12
1	2	3	4	5	6	7	8	9	10	11	12
7	CRESCENT BOARDS LTD. NEW LAHORE ROAD, NISHATABAD FAISALABAD	MIAN MAQBOOL AHMED MIAN RIAZ MASOOD MIAN KHALID BASHIR MIAN NADEEM MAQBOOL HUMAYUN MAQBOOL ASGHAR QURESHI	MIAN BAKHSH ELAHI MIAN BAKHSH ELAHI MIAN MUHAMMAD BASHIR MIAN MAQBOOL AHMED MIAN MAQBOOL AHMED NOT AVAILABLE	2,202	-	1,522	3,724	0,702	-	2,224	2,926
8	DIGITAL COMMUNICATION PVT. LTD. I/C, STADIUM LANE NO.1 PHASE V DHA, KARACHI	SALEEM REHMAN (EXPIRED) MRS.SARAH REHMAN MRS.TASNEEM REHMAN SYED TARIQ ALI NIAZI MUHAMMAD AKHTAR	NOT AVAILABLE	2,860	-	0,359	3,219	2,815	-	0,359	3,174
9	DIGITAL RATIO PAGING PVT. LTD. MEZZANINE FLOOR, FAYAZ CENTRE PLOT # 3 BLOCK A, SURVEY, NO.176 SHAHRA-E-FAISAL, KARACHI.	MRS.TASNEEM REHMAN MUHAMMAD ALI PASHA (LATE) JAMEEL UR REHMAN SARAH REHMAN ABDUL AZIZ KHAN SYED AFTAB ALI RIZVI MOHSIN N. NUKKI	N.A.	42,029	-	56,160	98,189	36,624	-	56,160	92,784
10	AL-MANSOOR INDUSTRIES PVT. LTD. 186, I/E GADDOON AMAZAI H.O.AL-MANSOOR PLAZA MEWA	ABDUL HANAN MANSOOR TARIQ MUHAMMAD AKBAR SYED AHSAN IMAM	N.A.	3,700	-	1,426	5,126	1,458	-	1,426	2,884
11	SYED AHSAN IMAM A-916 BLOCK 12, FB-AREA KARACHI	501-51-194988	SYED ALI IMAM	0,405	-	0,212	0,617	0,405	-	0,212	0,617
12	KAMRAN INDUSTRIES (PVT.) LTD. 25-A/II, INDUSTRIAL ESTATE, MULTAN	M. ARSHAD CHAUDHARY MST. ZAHIDA NASREEN	CH.ALI MUHAMMAD W/O M.ARSHAD CH.	20,489	-	10,870	31,359	20,489	-	10,870	31,359
13	MALIKWAL TEXTILE MILLS LTD. 20/E-1, GULBERG-III, LAHORE	M.JAMIL ANWAR AFTAB AHMED MUHAMMAD FAYYAZ	AHMED DIN MUHAMMAD MOHSIN REHMAT ULLAH	419,986	-	182,820	602,806	100,828	-	182,820	283,648
14	ACHEE ENTERPRISES G-15/E-2, BLOCK 9, SCHEME-5 CLIFTON, KARACHI	AKBAR ALI HASHMI MRS.ZAHIDA ASHRAF	MUHAMMAD FAZAL HASHMI W/O ASHRAF PERVAZ	0,892	-	1,124	2,016	-	-	1,124	1,124

Annexure II

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal Mark-up	Interest /	Other	Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11
				5	6	7	8	9	10	11	12
1											
2											
15	GANDHARA NISSAN LIMITED GHANDARA HOUSE, 109/2, CLIFTON KARACHI	RAZA KULI KHAN KHATTAK LT.GEN./RAJI KULI KHAN AHMED KULI KHAN KHATTAK BEGUM TEHMINA H.KHAN MUSHTAQ AHMED KHAN JAMIL A. SHAH MAHMOOD TRUNKWALA	N.A.	66.717	-	11.518	78.235	4.872	-	11.518	16.390
16	STAR SALICA INDUSTRIES LTD. F-2 DAWOOD COLONY STADIUM ROAD, KARACHI	ZAKRIA GHANI SARFARAZ RANA ABDUL WAHAB GHANI YOUSUF DADA M.UMER HAJI GHANI MUHAMMAD NAZEER RAO BULAND IQBAL M.QASIM SIDDIQUI SIDDIQUE BUDHANI	OMER HAJI GHANI SARWAR RANA OMER HAJI GHANI	0.736	-	7.148	7.884	0.736	-	7.148	7.884
17	AHMED CHEMICALS LTD. ADDA BAWA CHAK SARGODHA ROAD FAISALABAD	CH.BASHIR AHMED M.JAVED CHAUDHERY M.AHMED MST.REHMAT BEGUM M.SHARIF MST.SHAMIM AKHTAR MST.FREAHAT JAVED TARIQ BASHIR	DIN MUHAMMAD BASHIR AHMED BASHIR AHMED BASHIR AHMED DIN MUHAMMAD W/O MUHAMMAD SHARIF W/O MUHAMMAD JAVED BASHIR AHMED	77.534	-	63.305	140.839	27.534	-	63.305	90.839
18	MUMTAZ SHAHBAZ TEXTILE MILLS PVT. LTD. 3RD FLOOR MUMTAZ CENTRE 15-A SHAHRA-E-FATIMA JINNAH, LAHORE	MIRZA MUMTAZ BAIG MIRZA FTIKHAR BAIG MIRZA ASRAR BAIG SALAHUDDIN GONDAL KHAN ALJAHYAR RATH MST. ANWAR FATIMA MIRZA NAWAZ BAIG QAMAR UZ ZAMAN KHAN	N.A.	22.657	-	1.103	23.760	20.478	-	1.103	21.581
19	ROSE TEXTILE MILLS LTD AHMEDPUR EAST ROAD, P.O.BOX NO.80, BAHAWALPUR off: 301-QAMAR HOUSE M.A.JINNAH ROAD, P.O.BOX 5988 KARACHI.	CH.MUHAMMAD SALEEM CH.MUMTAZ UL HASSAN CH.JAHANGEER QAMAR MIAN MUHAMMAD ARSHAD CH.MUHAMMAD AMIN CH.MUHAMMAD AFZAL MIAN AHSAN AHMED CH.MUHAMMAD TUFIAQ ALEEM UDDIN	N.A.	2.336	-	21.249	23.585	2.336	-	21.249	23.585

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal Mark-up	Interest / Other	Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10-11	
1	2	3	4	5	6	7	8	9	10	11	12
20	BEDIAN HOSPITAL PVT.LTD. LUDHAR VILLAGE BEDIAN ROAD, LAHORE	MAZHAR ABBAS KHAN (EFP NOMINEE) S.MUHTARAM (ICP NOMINEE) DR. SAJILA ASHRAF DR. ZAFAR AMIN	W/O CH.MUHAMMAD ASHRAF MUHAMMAD AMIN NIAZI	3.000	-	0.912	3.912	0.100	-	0.912	1.012
21	FLORA TEXTILE MILLS LTD. KHURRIANWALA, FAISALABAD	SHAHID HASSAN KHAN MRS.SHAHEENA HASSAN KHAN ZAFAR HASSAN KHAN MRS. ROMANA ZAFAR KHAN IFTIKHAR H. MEMON MUHAMMAD MEHFOOZ	M.HASSAN KHAN W/O SHAHID HASSAN KHAN M.HASSAN KHAN W/O. ZAFAR HASSAN KHAN INTISAR H. MEMON MUHAMMAD JAMIL	1.080	-	4.957	6.037	1.080	-	4.957	6.037
22	HAND TOOLS LIMITED 5TH FLOOR, JUBILILEE INSURANCE HOUSE, I.I.CHUNDRIGAR ROAD KAPACHI	AMIR ALI H.FANCY(LATE) MUHAMAD YOUSUF A.D.PATEL M.A.SAMI COL(R) MUHAMMAD YAQOOB SHER ALI		0.090	-	0.710	0.800	0.090	-	0.710	0.800
23	PRINTING CORPORATION OF FRONTIER, 105, INDUSTRIAL ESTATE JAMRUD ROAD, PESHAWAR	MUHAMMAD ALI KHAN NOMAN ALI KHAN ZAFARYAB ALI KHAN RAFAT ALI KHAN WISALM KHAN MUHAMMAD RAZAQ KHAN MRS. MUNIZA KHAN		0.216	-	0.499	0.715	0.216	-	0.499	0.715
24	SHAHDIN LIMITED 30-NICHOLSON ROAD, LAHORE	SALAHUDDIN WAHEED UDDIN MUHAMAD QAMAR JAVAJD BOKHARI AMIR KHUSHID MIRZA SHAMIM AKHTAR QURESHI MUHAMMAD FAROOQ KHAN ABDUL LATIF KHAN		1.012	-	2.562	3.574	1.012	-	2.562	3.574
25	PROGRESSIVE TOBACCO LTD. 43-5, C-6, PECHS KARACHI	MUSHTAQ ALI KHAN MRS.AYESHA AZIZ YOUSUF SIDDIQUI KARIMUDDIN M.GHOUSE		0.180	-	0.422	0.602	0.180	-	0.422	0.602

Annexure II

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sl. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11+12
				Principal	Mark-up / Interest	Other	Total					
1	2	3	4	5	6	7	8	9	10	11	12	
25	GANDHARA INDUSTRIES (FORMER NATIONAL MOTORS LTD.),	RAZA KULI KHAN KHATTACK AHMED KULI KHAN KHATAK LT.GEN.(R) ALI KULI KHAN KHTK DR.PERVAZ HASSAN MUSHTAQ AHMED KHAN JAMIL AHMED SHAH	LT.GEN.(R)M.HABBULLAH LT.GEN.(R)M.HABBULLAH LT.GEN.(R)M.HABBULLAH SHEIKH AHMED HASSAN MUHAMMAD RAMZAN KHAN SYED AHMED SHAH	143,297	-	101,726	245,023	4,749	-	101,726	106,475	
26	STEEL VENTURE (PVT.) LTD. SHARIF CHAMBER, 68-MOZANG ROAD, LAHORE	MUHAMMAD NAZIR MUHAMMAD WAKEEL	IMAM DIN MUHAMMAD SIDDIQUE	12,002	-	7,019	19,021	10,142	-	7,019	17,161	
27	MIAN NOOR ENTERPRISES 1304/3, FB, AREA, KARACHI	MUHAMMAD ADIL MIAN NOOR	ABDUL GHAFUOR	0,791	-	1,454	2,245	0,101	-	1,454	1,555	
28	SAKRAND SUGAR MILLS LTD. H.O.41-K BLOCK 6 PECHS, KARACHI DEH, THARO UNAR KAZI AHMED 384-7 TALUKA SAKRAND DIST. N/SHAH	SYED ALI BAQAR NAQVI HAMID BANO ZAHIDA KERIO SHAHIDA KERIO WASEEM KERIO JAMSHED HOSHANG	S.AKHATAR HUSSAIN NAQVI D/O MUHAMMAD BUX KERIO D/O MUHAMMAD BUX KERIO D/O MUHAMMAD BUX KERIO S/O MUHAMMAD BUX KERIO HOSHANG SOHRAB	35,290	-	12,822	48,112	11,790	-	12,822	24,612	
29	NATIONAL IMPORT & EXPORT 397-TARIQ BLOCK, NEW GARDAN TOWN, LAHORE	MUHAMMAD IQBAL	MOULA BUKHSH	13,897	-	2,424	16,321	13,897	-	2,424	16,321	
30	BELA CHEMICAL INDUSTRIES LTD. 12-A, MUHAMMAD ALI HOUSING SOCIETY, KARACHI	GHULAM ALI IQBAL RETA MUSHTAQ H. QURESHI MERAN ELAHI	N.A.	57,812	-	9,199	67,011	57,812	-	9,199	67,011	
31	CHEEMA RICE MILLS LTD. MOTI BAZAR WAZIRABAD	CHAUDHARY MUHAMMAD HUSSAIN RASHID AHMED NASEER AHMED IQBAL AHMED	N.A.	0,229	-	0,412	0,641	0,229	-	0,412	0,641	
32	TRISTAR SHIPPING LINES LTD. 4-BANGLORE TOWN, SHAHRA-E-FAISAL KARACHI	MASOOD TARIQ BAGHPATI S.M.SHAFI BAGHPATI S.M.MOHSIN BAGHPATI MANSOOR KHALID BAGHPATI S.M.SHOAIB BAGHPATI S.M.NADEEM BAGHPATI	HAJI M.SHAFI BAGHPATI HAJI . MAJED(LATE) HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI	322,624	-	68,802	391,426	282,367	-	68,802	351,169	

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal Mark-up	Interest/ Other	Total	Principal written-off	Interest/ Other mark-up written-off	financial relief provided	Total 9+10+11	
				5	6	7	8	9	10	11	12
33	B.BROTHERS & CO. 4-BAGHPATEE BUILDING, SHAHRA-E-FAISAL KARACHI	MASOOD TARIQ BAGHPATI S.M.SHAFI BAGHPATI S.M.MOHSIN BAGHPATI MANSOOR KHALID BAGHPATI S.M.SHOAIB BAGHPATI S.M.NADEEM BAGHPATI	HAJI M.SHAFI BAGHPATI HAJI MAJEED(LATE) HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI	16.437	-	2.721	45.526	13.467	-	2.721	16.188
34	BAGHPATEE SERVICES(PVT) LTD. 4-BAGHPATEE, CENTRE, SHAHRA-E-FAISAL, KARACHI.	MASOOD TARIQ BAGHPATI S.M.SHAFI BAGHPATI S.M.MOHSIN BAGHPATI MANSOOR KHALID BAGHPATI S.M.SHOAIB BAGHPATI S.M.NADEEM BAGHPATI	HAJI M.SHAFI BAGHPATI HAJI MAJEED(LATE) HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI HAJI M.SHAFI BAGHPATI	20.017	-	2.647	22.664	16.387	-	2.647	19.034
35	ZULSHAM ENGINEERING WORKS LTD. MUHAMMADI PLAZA, BLUE AREA, ISLAMABAD	SAEED AHMED SHAHID LATIF SYED ZULFIQAR ALI SHAH ASAD MURTUZA QURESHI YOUSUF QURESHI SALEEM MURTAZA QURESHI	N.A N.A N.A N.A N.A N.A	0.468	-	1.328	1.796	0.468	-	1.328	1.796
36	WEST PAKISTAN TANK TERMINAL PVT. LTD. 21-OIL INSTALLATION AREA, KEAMARI, KARACHI, H.O.3RD FLOOR, NUJI KYC.	SADRUDDIN GANGJI HASHAM A. H. GANGJI	ABDULLAH GANGJI SADRUDDIN GANGJI	659.659	-	1317.718	1977.377	659.659	-	1317.718	1977.377
37	AXLE PRODUCT LIMITED 2ND FLOOR, TOWER B FTC, KARACHI. FACTORY: DS4-24-25, SECTOR 2 PAKISTAN STEEL INDUSTRIAL ESTATE, BIN QASIM, KARACHI	MUZAMMIL NIAZI (NOMINEE) PERVAIZ I.KHAN (NOMINEE) JAVED BROOHO (NOMINEE) SAFDAR RASHEED(NOMINEE) HAFAZ A. PASHA (NOMINEE) ABDUL BARI KHAN (NOMINEE) FAROOQ A. HASHMI MUHAMMAD AZHAR (NOMINEE)	ANIAZ AHMED KHAN NIAZI IFTIKHAR AHMED KHAN AKBAR PASHA	17.907	-	8.656	26.563	17.907	-	8.656	26.563
38	DORA INTERNATIONAL 5-LAL MUHAMMAD CHAUDHARY RD KMCHS, KARACHI	ABDUL RAHIM DADABHOY MUHAMMAD USMAN DADABHOY	M.FAROOQ DADABHOY M.FAROOQ DADABHOY	7.500	-	10.261	17.761	7.500	-	10.261	17.761

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sl. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal 5	Interest / Mark-up 6	Other 7	Total 8	Principal written-off 9	Other Interest/ mark-up written-off 10	financial relief provided 11	Total 9+10+11 12
39	ENGINE SYSTEM LIMITED 2ND FLOOR, B TOWER FTC, KYC, FACTORY, DSA-24-25, SECTOR 2 PAKISTAN STEEL INDUSTRIAL ESTATE, BIN QASIM, KARACHI	3 MUZAMMIL NIAZI (NOMINEE) PERVAIZ I. KHAN (NOMINEE) A RAOOF HAFIZ (NOMINEE) KAMAL AFSAR (NOMINEE) MUHAMMAD ALI SHEIKH (NOMINEE) WAHEED AHMED SHEIKH (NOMINEE) ZAFAR AZIZ USMAN (NOMINEE) ANWAR AHMED (NOMINEE)	4 NIAZ AHMED KHAN NIAZI IFTIKHAR AHMED KHAN ABDULLAH HAFID HAFIZ HABIB HASSAN(LATE) RABDINO M.S.USMANI CH.M.SHARIF	30,000	-	14,500	44,500	30,000	-	14,500	44,500
40	TRANSMOBILE LIMITED 2ND FLOOR, B TOWER FTC, KYC, FACTORY, DSA-24-25, SECTOR 2 PAKISTAN STEEL INDUSTRIAL ESTATE, BIN QASIM, KARACHI	3 MAJ.GENZULFIQAR ALI KHAN (N) MUZAMMIL NIAZI PERVAIZ I.KHAN (NOMINEE) A.RAOOF HAFIZ (NOMINEE) KAMAL AFSAR (NOMINEE) M.ISMAIL MAARIF (NOMINEE) FAROOQ A. HASHMI (NOMINEE)	4 RAO MUHAMMAD ISHAQUE(L) NIAZ AHMED KHAN NIAZI IFTIKHAR AHMED KHAN ABDUL HAMID HAFIZ HABIB HASSAN(LATE) ABDUL KARIM HAMID TALOIR-UL-ISLAM	235,628	-	133,872	369,500	235,628	-	133,872	369,500
41	JHA TRADING CO. 25-C, STREET NO.2, SABA COMMERCIAL AVENUE PAHSE V DHA, KARACHI	3 HASNAIN ALI	4 ASHIQ ALI AGHA	8,719	-	1,842	10,561	8,719	-	1,842	10,561
42	MOHIB FABRICS INDUSTRIES PVT. LTD. 6-FB AWAMI COMPLEX, USMAN BLOCK, NEW GARDEN TOWN, LAHORE 91-E/I, GULBERG-III, LAHORE.	3 MUHAMMAD ARIF SAIGOL MUHAMMAD ASIF SAIGOL MUHAMMAD ABID SAIGOL SHAHZAD SAIGOL KAMRAN ALI KHURSHID AHSAN MUHAMMAD SHARIF FAISAL SHARIF	4 RAFIQUE SAIGAL RAFIQUE SAIGAL RAFIQUE SAIGAL SHAFIQUE SAIGAL SHEIKH MUHAMMAD AFZAL AHSAN UL HAQ ALAM KHAN MUHAMMAD SHARIF	34,338	-	36,131	70,469	34,338	-	36,131	70,469
43	M.R.EXPORT (PVT) LTD. 1ST FLOOR, COMERCIAL AREA CAVALRY GROUND LAHORE	3 AHMED PASHA SAMINA PASHA	4 MIAN WAQSOOD AHMED PASHA	46,959	-	22,028	68,987	46,959	-	22,028	68,987
44	BASHIRULLAH (EX-STAFF) ADDRESS NOT MENTIONED	3 BASHIR ULLAH	4 ALI GOHAR	0.470	-	0.701	1.171	0.073	-	0.701	0.774
45	ADMAN BROTHERS 116-1ST FLOOR JILANIS CENTRE M.A.JINNAH ROAD, KARACHI	3 MUHAMMAD ADNAN	4 MUHAMMAD ARSHAD	2,135	-	1,519	3,654	2,135	-	1,519	3,654

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Rupees in Million			
				Principal Mark-up	Interest/ Other	Total	Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11	
				5	6	7	8	9	10	11	12
1											
2											
46	OMEGA TRADERS A-6 BARADAI BUILDING, BLOCK 13-D SIR SHAH M. SULEMAN ROAD GULSHAN-E-IOBAL, KARACHI	ABDUL MALIK QURESHI	N.A.	2,103	-	1,496	3,599	2,103	-	1,496	3,599
47	RUKHSANA CORPORATION LTD. 14TH MILE G.T.ROAD MJREDKE	MIAN HAMID AHMED ZULFIQAR MIAN SHAUKAT HAMID BEGUM SURRIYA AHMED MUJAHID HAMID	N.A.	0,474	-	2,325	2,799	0,474	-	2,325	2,799
48	MIKKAH AGENCIES 209, SHAH JAMAL, LAHORE	ZAHID H. HAKIM KHALID H. HAJI ALI HAKIM	N.A.	0,126	-	0,537	0,663	0,126	-	0,537	0,663
49	MAKTABA MERRY LIBRARY CHOWK URDU BAZAR, LAHORE	CH.M.BASHIR	N.A.	0,132	-	0,648	0,780	0,132	-	0,648	0,780
50	KIRAN SUGAR MILLS LTD. NOMAN GOTH, DUBER ROAD, TALUKA ROHRI, DIST.SUKKUR H.O.B-40, EAST AVENUE, PHASE-I DHA, KARACHI.	ISLAMUDDIN SHEIKH MRS. NOREEN ISLAMUDDIN AKHTAR ALI HAROON KAPADIA SAEED KHAN SAADAT MAQSOOD SARDAR M. ISHAQ KHAN MUHAMMAD SAEED SHAHABADI ASIF IQBAL	NOOR MUHAMMAD SHEIKH W/O ISLAMUDDIN SHEIKH ABDUL SHAKOOR HAJI HABIB KAPADIA INAYAT ALI MAQSOOD AHMED SARDAR SARMAST KHAN N.A. MUHAMMAD YASIN ZUBAIR	25,000	-	5,196	30,196	25,000	-	5,196	30,196
51	RAHIM BUX & SONS KOTLA SULTAN KHAN, GUNJ GATE, PESHAWAR	RAHIM BUKHSH	NA	0,328	-	0,265	0,593	0,328	-	0,265	0,593
52	DEWAN HATTAR CEMENT LTD. 7TH FLOOR, BLOCK A, FINANCE & TRADE CENTRE, KARACHI	MUHAMMAD QASIM SYED MOONIS ABDULLAH ALVI FARRUKH VIOARUDDIN JUNAIDY KHURSHED ANWER JAMAL SYED MUHAMMAD ALI KHAN AZIZ UL HAQUE ATHAR NAQI JAVED MAHMOOD (N.D.) KHALID SIDDIQUE TRIMIZY (N.D.)	NOOR MUHAMMAD SYED FIAZ UDDIN ALVI MUHAMMAD VIOARUDDIN JUNAIDY MUHAMMAD YAQOOB SYED FIDA ALI KHAN NOOR UL HAQUE HAFIZ MUHAMMAD DIN USMAN ALI KHAN MUHAMMAD SIDDIQUE TAUFI	-	14,080	-	14,080	-	9,856	-	9,856

As referred to in Note 10.9 to the Financial Statements

Statement Showing Written Off Loans or any other Financial Relief of Five Hundred Thousand or above During the year ended December 31, 2005

Sr. No.	Name and Address of the Borrower	Name of Individuals / Partners / Directors with NIC Nos.	Father's Name	Outstanding liabilities at the Beginning of year				Principal written-off	Other Interest/ mark-up written-off	financial relief provided	Total 9+10+11
				Principal	Interest/ Mark-up	Other	Total				
1	2	3	4	5	6	7	8	9	10	11	12
53	DEWAN CEMENT LTD. 7TH FLOOR BLOCK A FINANCE & TRADE CENTRE KARACHI	ATHAR NAQI SYED MOONIS ABDULLAH ALVI FARRUKH VICARUDDIN JUNAIDY KHURSHED ANWER JAMAL SYED MUHAMMAD ALI KHAN AZIZ UL HAQUE SAEED ANWAR (N.D.) WAJAHAT A. BAQAI (N.D.) BASHEER AHMED CH. (N.D.)	MUHAMMAD DIN SYED RIAZ UDDIN ALVI MUHAMMAD VICARUDDIN JUNAIDY MUHAMMAD YAQOOB SYED FIDA ALI KHAN NOOR UL HAQUE SHEIKH ANWAR ALI TASLEEM UDDIN BAQAI KARAM ELAHI	-	4,783	-	4,783	-	3,348	-	3,348
54	KHALID NAZIR SPINNING MILLS LTD. SUITE NO.129 130 EDEN CENTRE JAIL ROAD, LAHORE	MUHAMMAD TARIQ KHALID NAEEM WASEEM KHALID MRS.PARVEEN AKHTAR MRS.TALLAT TARIQ MUHAMMAD AZEEM MRS.BUSHRA SAHER Not available	HAJI NAZIF HUSSAIN HAJI NAZIF HUSSAIN KHALID NAEEM KHALID NAEEM M.TARIQ HAJI NAZIF HUSSAIN M.AZEEM N.A.	137,689	-	124,075	261,774	137,689*	-	124,075	261,774
55	BANKER'S EQUITY LIMITED FAYYAZ CENTRE, KARACHI	Not available	N.A.	160,359	-	-	160,359	160,359*	-	-	160,359
TOTAL				3096,124	18,863	2855,39	5996,745	2269,995	13,204	2856,092	5139,291

*Amount represents reversal of mark-up previously capitalized in the accounts.

Annexure III

As referred to in Note 12.13 to the Financial Statements

Disposal of Fixed Assets as on December 31, 2005

Particulars	Original cost/ Revalued amount	Accumulated depreciation	Book value	Sale proceeds	Net profit	Mode of disposal	Particulars of purchaser
	(Rupees ' 000)						
Furniture and fixture items having book value of less than Rs. 250,000 and cost of less than Rs. 1000,000							
- Bank Employees	25	23	3	3	-	As per Policy	Syed Riaz Hashim Zaidi
	40	24	16	16	-	As per Policy	S. Wiqar Ali Shah Bokhari
	40	35	5	5	-	As per Policy	Muhammad Saleem
	150	122	28	28	-	As per Policy	Ashfaq Hassan Qureshi
	25	25	0	0	-	As per Policy	Muhammad Rafique
	53	14	39	39	-	As per Policy	S. Ali Mazhar Hyder
	68	14	54	54	-	As per Policy	S.M. Laikyari
	55	31	24	24	-	As per Policy	Jamil A. Shaikh
	40	19	21	21	-	As per Policy	Abdul Ghaffar Khan
	58	54	4	4	-	As per Policy	Shankar R. Purani
	17	12	5	5	-	As per Policy	Tahir Saeed Effendi
	70	55	15	15	-	As per Policy	Khalid Zamir Khattak
	52	44	9	9	-	As per Policy	Khalid Aftab Khan
	25	25	0	0	-	As per Policy	Shahid Sarwar
	17	10	7	7	-	As per Policy	Muhammad Rafiq Kashmiri
	40	37	3	3	-	As per Policy	Rahim Bux Mithani
	142	110	32	32	-	As per Policy	Zahoor Ahmed Siddiqi
	60	31	30	30	-	As per Policy	Wakeel Ahmed Khan
	10	6	4	4	-	As per Policy	Sajid Pervez Ansari
	19	19	0	0	-	As per Policy	Mr. Farooq Ayub
	25	25	0	0	-	As per Policy	Mr. Muhammad Saeed Alam
	115	67	48	48	-	As per Policy	Mr. Muhammad Akram Khan & Athar Saeed
	30	18	12	12	-	As per Policy	Mr. Abbas Jafri
	30	15	15	15	-	As per Policy	Mr. Shabir A. Zaidi
	30	27	4	14	10	As per Policy	Mr. Manzoor A. Akhund
	30	6	24	24	-	As per Policy	Mr. Mehboob Hussain
	40	24	16	16	-	As per Policy	Mr. Ghulam Hussain
	30	18	12	19	7	As per Policy	Mr. Mumtaz A. Memon
	30	6	24	24	-	As per Policy	Mr. Saeed A. Khan
	30	6	24	24	-	As per Policy	Mr. Abrar A. Cheema
	40	24	16	16	-	As per Policy	Mr. Masood Elahi Sheikh
	40	24	16	16	-	As per Policy	Mr. Muhammad Saeed
	34	31	3	3	-	As per Policy	Mr. Allah Dittah Shad
	30	6	24	24	-	As per Policy	Mr. G. Abbas Kazmi
	40	35	6	6	-	As per Policy	Mr. S.A. Akber Rizvi
	40	24	16	16	-	As per Policy	Mr. Muhammad Hanif
	30	28	2	2	-	As per Policy	Mr. M. Mustaqim Khan
	30	28	2	2	-	As per Policy	Mr. Amtiaz Hussian Ansari
	70	55	15	15	-	As per Policy	Mr. Anis Ahmed
	30	6	24	31	7	As per Policy	Mrs. Najma Khan
	30	6	24	31	7	As per Policy	Mr. Wajih Hussain Zaidi
	90	38	52	52	-	As per Policy	Mr. S. Mir Muhammad Shah
	70	53	17	28	12	As per Policy	Mr. Ahmed Waseem
	1,969	1,277	692	734	41		
- Others	22,760	22,731	29	413	385	Negotiation	Various
Total	24,729	24,008	721	1,147	426		

Annexure III

As referred to in Note 12.13 to the Financial Statements

Disposal of Fixed Assets as on December 31, 2005

Particulars	Original cost/ Revalued amount	Accumulated depreciation	Book value	Sale proceeds	Net profit	Mode of disposal	Particulars of purchaser
	(Rupees ' 000)						
Electrical, office and computer equipment items having book value of less than Rs. 250,000 and cost of less than Rs. 1000,000 - Bank Employees							
	26	26	0	5	5	As per Policy	Syed Riaz Hashim Zaidi
	28	24	5	14	9	As per Policy	S. Wiqar Ali Shah Bokhari
	30	25	5	11	6	As per Policy	Muhammad Saleem
	133	116	17	143	126	As per Policy	Ashfaq Hassan Qureshi
	56	41	15	15	-	As per Policy	S. Ali Mazhar Hyder
	28	28	0	0	-	As per Policy	Merun Khalid Mir
	97	58	40	40	-	As per Policy	S.M. Laikyari
	27	27	0	0	-	As per Policy	Jawaid Abas
	105	75	29	29	-	As per Policy	Jamil A. Shaikh
	72	61	10	10	-	As per Policy	Abdul Ghaffa Khan
	59	50	9	9	-	As per Policy	Shankar R. Purani
	115	100	15	15	-	As per Policy	Tahir Saeed Effendi
	55	51	4	4	-	As per Policy	Khial Zamir Khattak
	79	69	10	10	-	As per Policy	Khalid Aftab Khan
	30	13	17	17	-	As per Policy	Rahim Bux Mithani
	23	23	0	0	-	As per Policy	M. Naveed Masud
	123	88	35	35	-	As per Policy	Zahoor Ahmed Siddiqi
	52	45	7	7	-	As per Policy	Ali Nazeer Kidwai
	22	22	0	0	-	As per Policy	M. Naveed Masud
	73	62	10	10	-	As per Policy	Wakeel Ahmed Khan
	70	60	10	10	-	As per Policy	Mr. Muhammad Saeed Alam
	34	28	6	6	-	As per Policy	Mr. Abbas Jafri
	34	24	10	10	-	As per Policy	Mr. Shabir A. Zaidi
	34	10	24	24	-	As per Policy	Mr. Manzoor A. Akhund
	31	9	22	22	-	As per Policy	Mr. Mehboob Hussain
	25	21	4	4	-	As per Policy	Mr. Ghulam Hussain
	34	30	5	5	-	As per Policy	Mr. Mumtaz A. Memon
	35	10	25	25	-	As per Policy	Mr. Saeed A. Khan
	35	10	25	25	-	As per Policy	Mr. Abrar A. Cheema
	35	30	5	5	-	As per Policy	Mr. Masood Elahi Sheikh
	35	30	5	5	-	As per Policy	Mr. Muhammad Saeed
	35	25	10	10	-	As per Policy	Mr. Allah Dittah Shad
	38	11	27	27	-	As per Policy	Mr. G. Abbas Kazmi
	26	4	23	23	-	As per Policy	Mr. S.A. Akber Rizvi
	35	30	5	5	-	As per Policy	Mr. Muhammad Hanif
	25	25	0	0	-	As per Policy	Mr. M. Mustaqim Khan
	24	24	0	0	-	As per Policy	Mr. Amtiaz Hussian Ansari
	64	44	20	20	-	As per Policy	Mr. Anis Ahmed
	38	11	27	27	-	As per Policy	Mrs. Najma Khan
	38	11	27	27	-	As per Policy	Mr. Wajih Hussain Zaidi
	98	70	28	28	-	As per Policy	Mr. S. Mir Muhammad Shah
	61	56	5	5	-	As per Policy	Mr. Ahmed Waseem
	66	47	19	19	-	As per Policy	Mr. Athar Saeed
	70	20	50	50	12	As per Policy	Mr. Mohammad Akram
	2,253	1,643	610	757	147		
- Others	29,847	29,755	92	315	223	Negotiation	Various
Total	32,100	31,398	702	1,072	370		

Notice of Annual General Meeting

Notice is hereby given that the 60th Annual General Meeting of Allied Bank Limited will be held at Avari Hotel, Lahore on Friday, 14th April, 2006 at 11:00 am to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extraordinary General Meeting held on 29th December 2005.
2. To receive, consider, approve and adopt the Annual Audited Accounts of the Bank for the year ended December 31, 2005 together with Directors' and Auditors Report thereon.
3. To approve 25% cash dividend (Rs: 2.50 per share) as recommended by the Board of Directors.
4. To appoint the Auditors of the Company for the year 2006 and fix their remunerations. The present auditors M/s M. Yousof Adil Saleem & Co. Chartered Accountants and M/s Ford Rhodes Sidat Hyder & Co. Chartered Accountants being eligible offer themselves for reappointment.

Special Business

5. To consider the recommendation of the Board of Directors to place the quarterly accounts of the Bank on its website instead of circulating the same by post to the shareholders as allowed by the Securities and Exchange Commission of Pakistan vide its Circular No. 19 of 2004 dated April 14, 2004.
6. To confirm approval accorded by the Board regarding increase of remuneration to the Directors in accordance with the Articles of Association of the Bank and as provided in Section 191(l) of the Companies Ordinance, 1984 and to pass the following ordinary resolution with or without modification/addition or deletion.

"Resolved that approval of the Board of Directors regarding increase in payment of remuneration from Rs. 600,000/- p.m. to Rs.750,000/- p.m. and Company maintained chauffeur driven car to Mr. Abdul Aziz Khan & Sheikh Jalees Ahmed, Directors each w.e.f. 01.01.2006 for rendering extra services be and is hereby approved."

Other Business:

7. To transact any other ordinary business with the permission of the Chair.

Note: Statement under section 160 of the Companies Ordinance, 1984 is appended below.

By Order of the Board

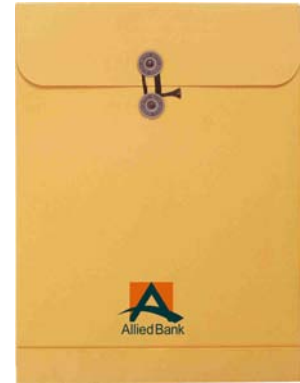
Date: 22.03.2006
Place: Lahore
Registered Office:
8-Kashmir / Egerton Road,
Lahore.

ZIA IJAZ
Company Secretary

Statement Under Section 160 Of The Companies Ordinance, 1984.

Item No.5 of the Notice

- a) The Securities & Exchange Commission of Pakistan (SECP) vide Circular No.19 of 2004 has allowed the listed Companies to place the quarterly accounts on their website instead of sending the same to each shareholder by post. This would ensure prompt disclosure of information to the shareholders, besides saving of costs associated with printing and dispatch of the accounts by post.
- b) The Bank is maintaining a website (www.abl.com.pk) and latest accounts may be placed there for information of the shareholders and the general public. Prior permission of the Securities & Exchange Commission of Pakistan would be sought for transmitting the quarterly accounts through company's website after the approval of the shareholders. The Bank, however, will supply the copies of accounts to the shareholders on demand at their registered address, free of cost, within one week of receiving such request.
- c) The directors of the Bank have no interest in the above resolution.



Item No.6 of the Notice

The Articles of Association of the Bank authorizes the Board to fix remuneration payable to Directors performing extra services as provided in the section 191 (l) of the Companies Ordinance 1984. Although the Board is competent to approve the above remuneration payable to Directors the specific approval of the shareholders is sought as well in terms of para C-2 in Regulation G-1 of the Prudential Regulations of the State Bank of Pakistan.

Notes:

- i) All members are entitled to attend and vote at the Meeting.
- ii) A member entitled to attend and vote is entitled to appoint a proxy under his / her own hand or through his / her duly authorized attorney to attend and vote instead of himself / herself and the proxy must be a member of Allied Bank Limited.
- iii) The instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or authority to be effective must be deposited at the registered office of Allied Bank Limited not less than 48 hours before the time for holding the Meeting.
- iv) Share Transfer Books of Allied Bank Limited will remain closed from 8th April, 2006 to 14th April, 2006 (both days inclusive). Transfers received at M/s Technology Trade (Pvt.) Limited, Dagia House, 241-C, Block-2, PECHS, Karachi, the Registrar and Share Transfer Office of the Bank at the close of business on 7th April, 2006 will be treated as being in time for the purpose of entitlement of cash dividend to the transferees.
- v) Members are requested to notify immediately changes, if any, in their registered address to our Share Registrar M/S Technology Trade (Pvt) Limited, 241-C, Block-2, PECHS, Karachi.
- vi) CDC Account Holders will have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (if it has been not provided earlier) at the time of the Meeting.

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his / her original NIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (if it has not been provided earlier) along with proxy form of the Company.

Organogram



Pattern of Shareholding

as at December 31, 2005

1. Incorporation Number

91/C OF 1942-43

2. Name of Company

ALLIED BANK LIMITED

(Formerly Allied Bank of Pakistan Limited)

3. Pattern of Shareholders as at 31.12.2005

No. of Shareholders	Physical shares held as on 31.12.2005		Total Shares Held
	From	To	
2,081	1	100	109,381
2,120	101	500	745,575
879	501	1,000	687,235
1,555	1,001	5,000	3,851,420
450	5,001	10,000	3,264,064
145	10,001	15,000	1,760,538
69	15,001	20,000	1,195,921
20	20,001	25,000	437,220
16	25,001	30,000	446,422
5	30,001	35,000	160,998
6	35,001	40,000	222,450
7	40,001	45,000	309,406
2	45,001	50,000	97,688
1	50,001	55,000	50,051
2	55,001	60,000	117,247
1	60,001	65,000	64,354
1	65,001	70,000	66,835
2	70,001	75,000	142,131
1	75,001	80,000	75,812
1	80,001	85,000	80,500
1	95,001	100,000	100,000
1	110,001	115,000	112,000
1	115,001	120,000	120,000
1	120,001	125,000	120,817
1	125,001	130,000	129,182
2	145,001	150,000	299,543
1	235,001	240,000	235,439
1	240,001	245,000	243,059
1	270,001	275,000	273,000
2	300,001	305,000	606,209
1	340,001	345,000	341,000
1	350,001	355,000	350,257
1	405,001	410,000	409,000
1	465,001	470,000	465,500
1	470,001	475,000	472,900
1	755,001	760,000	760,000
1	815,001	820,000	815,100
1	1,040,001	1,045,000	1,044,602
1	1,240,001	1,245,000	1,244,308
1	1,625,001	1,630,000	1,628,287
1	1,820,001	1,825,000	1,824,661
3	5,360,001	5,365,000	16,084,325
1	5,670,001	5,675,000	5,671,896
1	6,270,001	6,275,000	6,273,946
1	6,325,001	6,330,000	6,329,063
1	8,935,001	8,940,000	8,935,230
1	16,245,001	16,250,000	16,250,000
1	16,375,001	16,380,000	16,376,106
1	39,510,001	39,515,000	39,513,437
1	78,195,001	78,200,000	78,200,000
1	79,365,001	79,370,000	79,367,300
1	141,980,001	141,985,000	141,982,700
7,400			440,464,115

4. Categories of Shareholders

	No.of Shareholders	Share Held	Percentage
4.1 Directors, Chief Executive Officer, and their spouse and minor children			
a) Mr. Naeem Mukhtar	2	80,411,902	18.2562
b) Mr Waseem Mukhtar	2	79,444,308	18.0365
c) Mr. Sheikh Mukhtar	2	357,185	0.0811
d) Ms.Bina Sheikh	1	35,733	0.0081
e) Iqbal Begum	1	302,209	0.0686
f) Ghazala Naeem	1	235,439	0.0535
g) Mr. Abdul Aziz Khan	1	30,001	0.0068
h) Mr. Jalees Ahmed	1	451	0.0001
	11	160,817,228	36.5109
4.2 Associated Companies, undertaking and related parties			
a) M/s Ibrahim Agencies (Pvt.) Limited.	4	25,190,230	5.7190
b) Ibrahim Fibres Limited.	1	141,982,700	32.2348
	5	167,172,930	37.9538
4.3 NIT and ICP			
a) National Bank of Pakistan	1	1,824,661	0.4143
b) Investment Corporation of Pakistan	1	20,156	0.0046
	2	1,844,817	0.4188
4.4 Banks, DFIs, Financial Institutions, NBFIs			
a) State Bank of Pakistan	2	45,185,333	10.2586
b) Askari Commercial Bank Ltd.	1	16,376,106	3.7179
c) Prime Commercial Bank Ltd.	1	903	0.0002
d) PICIC	1	465,500	0.1057
e) NDFC	2	15,246	0.0035
f) Trust Leasing Corporation Ltd.	2	80,580	0.0183
g) Union Bank Limited	2	18,178	0.0041
h) Saudi Pak Commercial Bank Ltd.	1	50,000	0.0114
i) MCB Bank Limited - Treasury	1	341,000	0.0774
	13	62,532,846	14.1970
4.5 Insurance Companies			
a) Pakistan Re-insurance Co. Ltd.	1	75,812	0.0172
b) State Life Insurance Corp. of Pakistan	2	99,412	0.0226
c) Silver Star Insurance Co. Ltd.	1	7,929	0.0018
d) Orient Insurance Co. Ltd.	1	160	0.0000
e) Gulf Insurance Co. Ltd.	1	285	0.0001
f) EFU Life Assurance Ltd.	1	5,219	0.0012
	7	188,817	0.0429
4.6 Modarabas and Mutual Funds			
Pakistan Premier Fund Limited	1	472,900	0.1074

4.7	Public Sector Companies and Corporations (other than covered in Insurance Companies and Banks)	Nil	Nil	Nil
4.8	Shareholders holding 10% (and above) (Excluding Directors and associated companies)	Nil	Nil	Nil
4.9	General Public - Local / Individuals	7359	41,160,616	9.3448
5.	Others			
	1. Federal Government of Pakistan	1	6,273,946	1.4244
	2. Security & Exchange Commission of Pakistan	1	15	0.0000
			6,273,961	1.4244
	Grand Total	7400	440,464,115	100.0000

Note:

Apart from two directors who have purchased 24,532 & 6,928 shares, there have been no trades in the shares of the Bank, carried out by its directors, CEO, CFO, Company Secretary and their spouses and minor children except of the ILLshares held by them swapped and changed into ABL shares.

Performance Highlights

Rupees in millions

December 31	1996	1997	1998	
ASSETS				
Cash	8,858	7,748	9,548	
Lending to financial institutions	–	450	100	
Investment	15,518	20,142	25,583	
Advances	35,511	39,798	45,878	
Other assets	5,178	6,766	8,765	
Fixed assets	913	906	2,526	
Total assets - Gross	65,978	75,810	92,400	
Provision against non-performing assets	2,602	3,475	3,127	
Total assets - net of provision	63,376	72,336	89,273	
LIABILITIES				
Customer deposits	56,221	64,415	77,980	
Inter bank borrowings	3,691	3,929	4,805	
Bills payable	549	802	1,084	
Other liabilities	1,526	1,674	2,403	
NET ASSETS / LIABILITIES				
Equity - Tier I	1,389	1,515	1,535	
Share capital	851	1,063	1,063	
Share premium	–	–	–	
Reserves	438	452	456	
Reserves for issue of bonus shares	100	–	–	
Un - appropriated profit / (loss)	0.3	0.5	16	
Surplus on revaluation of assets	–	–	1,467	
PROFITABILITY				
Interest income	6,258	6,689	7,847	
Interest expenditure	3,802	4,639	5,290	
Spread	2,456	2,050	2,558	
Fee, Commission and Exchange income	1,133	1,552	1,034	
Capital gain	111	32	0.06	
Other income	69	123	102	
Operating expenses	3,020	2,961	3,396	
Profit before provisions	749	797	298	
Donations	–	–	–	
Provisions - (expense) / reversal	(515)	(736)	–	
Additional charge for employee benefit & other obligations	–	(32)	(128)	
Profit before taxation	234	29	170	
Taxation	(164)	(15)	(150)	
Profit / (Loss) after taxation	70	14	20	
FINANCIAL RATIOS				
Return on average equity	%	5%	1%	1%
Return on average assets	%	0.11%	0.02%	0.02%
Dividend per share	%	–	–	–
Dividend yield	%	–	–	–
Dividend payout ratio	%	–	–	–
Advances to deposits ratio	%	63%	62%	59%
Gross spread ratio	%	39%	31%	33%
Income to expense ratio	Times	1.25	1.27	1.09
Growth in gross income	%	2%	-0.3%	-2%
Growth in net profit after tax	%	-52%	-80%	43%
Total assets to shareholders' funds	Times	46	48	58
Intermediation cost ratio	%	5.60%	4.91%	4.77%
Capital adequacy ratio	%	–	9%	8%
SHARE INFORMATION				
Earning Per Share (EPS)	Rs.	0.82	0.13	0.18
*Price earnings ratio	%	–	–	–
*Market value per share - at the end of the year	Rs.	–	–	–
Book value per share - Tier-1	Rs.	16	14	14
Book value per share - total (including surplus on revaluation)	Rs.	16	14	28
OTHER INFORMATION				
Non - performing loans		4,818	6,425	8,314
Imports and Exports business		49,131	40,850	37,467
Number of employees	Nos.	8,998	8,114	7,994
Number of branches	Nos.	902	929	929



Rupees in millions

1999	2000	2001	2002	2003	2004	2005
10,583	10,199	11,394	11,472	11,205	12,320	18,035
300	5,976	8,643	10,839	15,361	16,175	5,777
26,550	18,067	15,456	33,592	40,735	57,321	44,830
58,286	62,285	59,870	54,032	49,987	69,949	119,506
10,997	11,499	10,831	8,760	7,305	7,499	8,309
3,106	3,067	3,006	2,835	2,596	2,552	4,720
109,823	111,092	109,199	121,530	127,189	165,817	201,177
2,996	5,178	5,631	9,065	9,673	10,890	9,008
106,827	105,914	103,568	112,465	117,516	154,926	192,170
94,622	96,803	94,492	103,883	114,218	126,392	161,907
5,629	6,766	7,743	7,483	2,665	12,538	9,694
1,073	940	1,227	1,400	1,773	2,534	2,449
2,490	3,375	3,317	3,204	2,835	3,206	5,085
3,012	(1,970)	(3,210)	(3,506)	(3,974)	10,256	13,035
1,546	(3,296)	(4,418)	(5,267)	(4,869)	9,448	11,400
1,063	1,063	1,063	1,063	1,063	4,405	4,405
-	-	-	-	-	10,640	4,316
481	481	481	481	558	717	1,020
-	-	-	-	-	-	-
2	(4,840)	(5,962)	(6,811)	(6,490)	(6,314)	1,659
1,467	1,326	1,208	1,762	895	808	1,636
9,414	8,047	8,285	7,497	4,985	5,245	9,847
6,953	6,379	5,032	3,727	1,155	794	2,025
2,461	1,668	3,252	3,770	3,830	4,451	7,822
1,322	1,070	844	723	617	1,520	1,471
16	68	(8)	477	1,198	65	196
87	96	219	272	328	155	264
3,740	3,725	3,471	3,537	3,681	3,964	4,256
146	(821)	836	1,705	2,292	2,227	5,496
-	-	-	-	-	-	15
53	(2,365)	(517)	(3,222)	(870)	(1,594)	(704)
(128)	(1,306)	(1,159)	(70)	(468)	(151)	-
71	(4,492)	(839)	(1,587)	954	482	4,777
(61)	(350)	(283)	517	(568)	(290)	(1,744)
11	(4,842)	(1,122)	(1,069)	386	192	3,033
1%	-	-	-	-	8%	29%
0.01%	-4.55%	-1.07%	-0.99%	0.34%	0.14%	1.75%
-	-	-	-	-	-	2.50
-	-	-	-	-	-	2.9%
-	-	-	-	-	-	36%
62%	64%	63%	52%	44%	55%	74%
26%	21%	39%	50%	77%	85%	79%
1.04	0.78	1.24	1.48	1.62	1.56	2.28
5%	-25%	48%	22%	14%	4%	58%
-46%	-46020%	77%	5%	136%	-50%	1482%
69	(32)	(23)	(21)	(24)	16	17
4.33%	3.89%	3.63%	3.57%	3.38%	3.29%	2.96%
7%	-9%	-14%	-17%	-12%	17%	11%
0.09	(45.54)	(10.55)	(10.06)	3.63	0.81	6.89
-	-	-	-	-	-	12.55
-	-	-	-	-	-	87
15	(31)	(42)	(50)	(46)	21	26
28	(19)	(30)	(33)	(37)	23	30
11,212	16,765	16,877	18,242	17,833	15,383	12,580
52,832	62,412	62,532	54,153	56,868	72,765	96,072
8,026	7,212	7,082	6,946	6,859	6,768	6,909
929	929	856	814	752	735	741

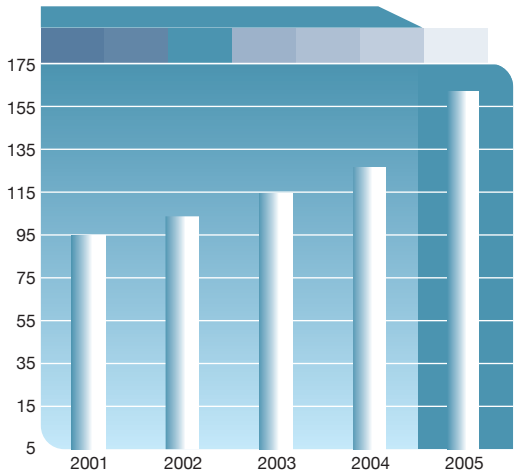
* The Bank was listed on stock exchanges during the current year, therefore, the information pertaining to prior years is not given.



Performance Highlights

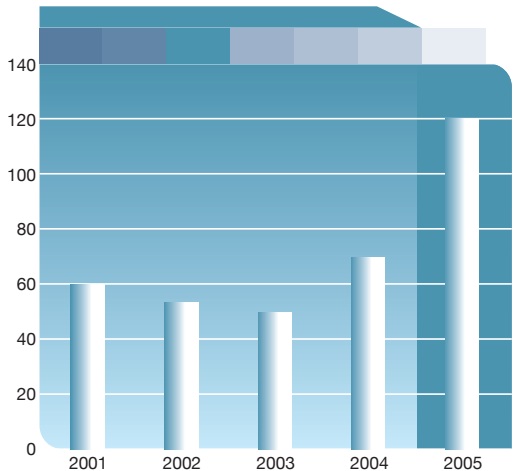
Deposits

Rs. in billion



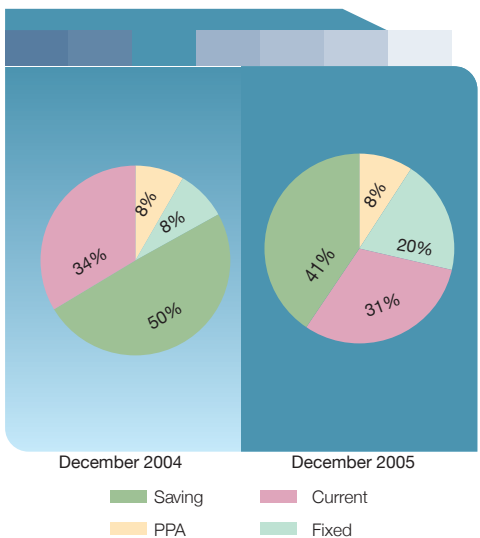
Gross Advances

Rs. in billion



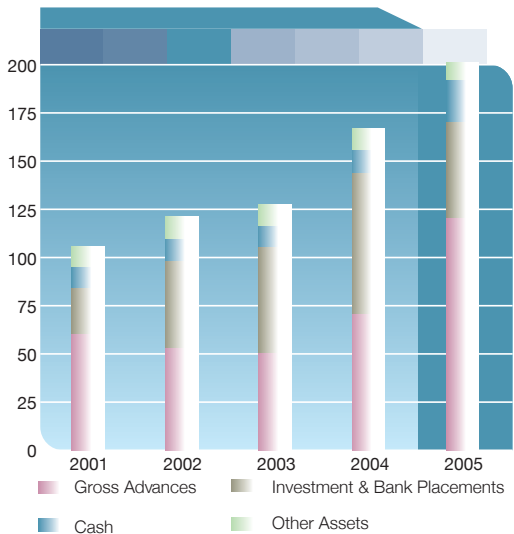
Deposit mix

Rs. in billion



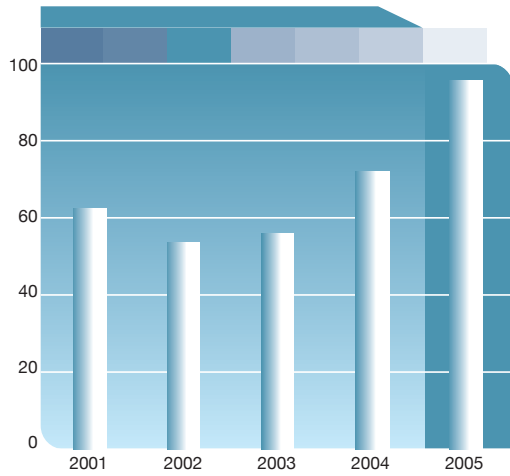
Balance Sheet size & composition

Rs. in billion



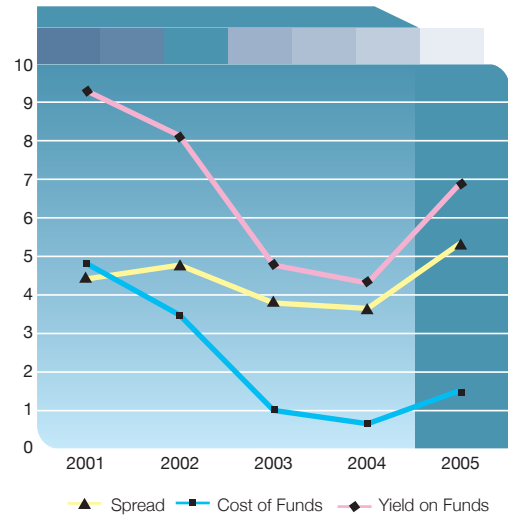
Foreign Trade

Rs. in billion



Interest / Markup on funds

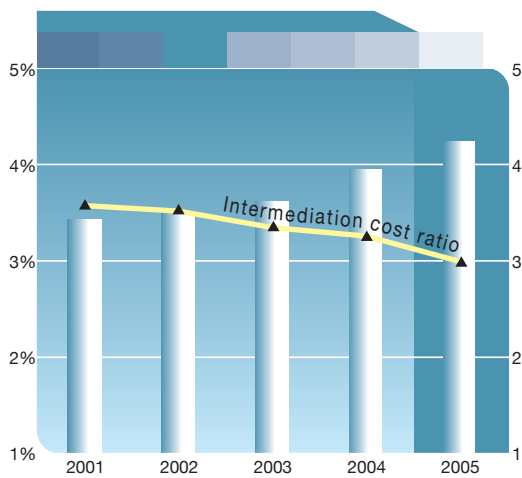
percentage



Operating Cost

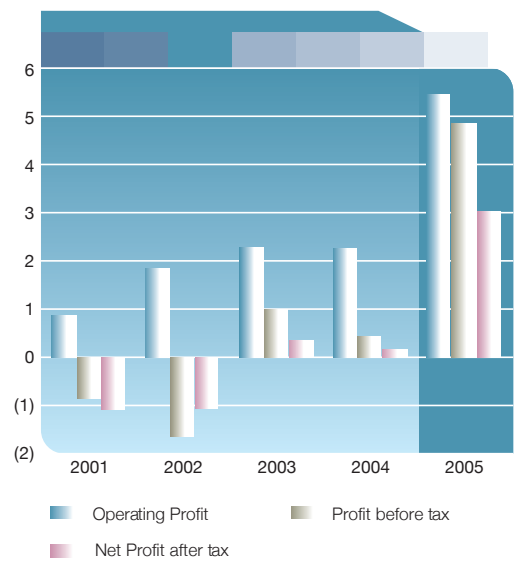
percentage

Rs. in billion



Profitability

Rs. in billion



President's Review



I am pleased to present the results for the year 2005, which was one of the most historic one for the Bank. I am very happy to state that the Bank has demonstrated a very strong and successful turnaround.

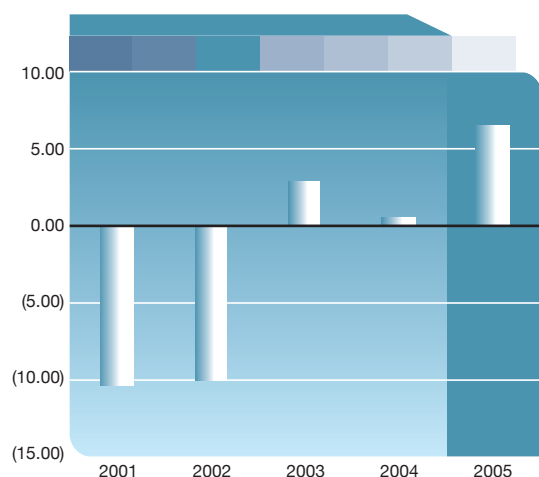
Profitability

The Bank earned highest profit after tax in its over 60 years' history. The profit after tax increased from Rs.192 million in 2004 to Rs. 3,033 million in 2005 showing an increase of 1,482%. While the profit before tax improved by 892% increasing from Rs.482 million to Rs.4,777 million and Net Interest Income was Rs.7,822 million as compared to Rs.4,451 million during last year. This stellar growth resulted from improvement in interest margins, increase in advances to deposits ratio to around 74%, as the bank was able to book quality advances due to increased equity and per party limit, and the strategy of the Bank to focus on its core business. Simultaneously, non interest income excluding incidental/account maintaining charges increased by 35% from Rs.984 million to Rs.1,334 million. This increase emanated from growth in foreign trade business transacted by the Bank, income on online funds transfer and investment banking activities during the year under review. Capital gain and dividend income also increased from Rs.65 million to Rs.196 million. This increase was mainly driven by effective portfolio management and increased exposure in the capital markets. The operating expenses increased by 4% only from Rs.4,115 million to Rs.4,272 million as compared to 58% increase in gross income. We focused on growth of revenues in every business segment across the Bank, kept costs under control, and benefited from rise in the interest rates. As a consequence, our net profit increased substantially and the increase in the profitability was also diversified.

Due to investment of funds in better earning assets, reduction of non-performing assets to gross earning assets ratio and increase in interest rates, the gross spread increased by 190 basis points. Income to cost ratio improved from 1.6 times to 2.3 times and cost to average deposits ratio decreased by 30 basis points to 3.0%. This phenomenal increase in profitability resulted in improvement of return on equity from 8% to 29% and return on assets from 0.1% from 1.7%.

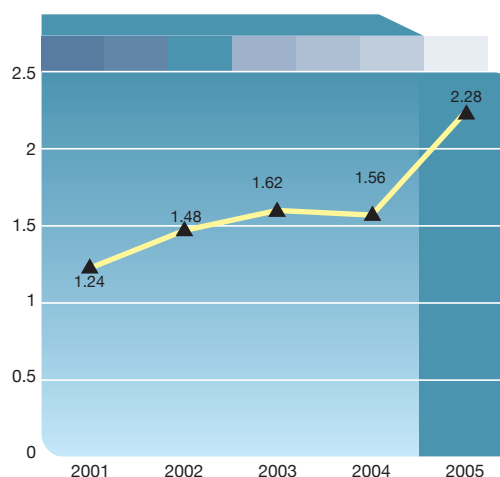
Earning per Share

Rupees per share



Revenue to Cost ratio

percentage



Business Growth

The deposits of the Bank grew from Rs. 126 billion to Rs. 162 billion depicting a growth of 28%. This growth was achieved despite the intense competition and sluggish growth in deposits of the banking industry during the second half of 2005. The advances grew by Rs.50 billion or 71% i.e. from Rs.70 billion in 2004 to Rs.120 billion in 2005. This has resulted in rise of our market share to 6.0% by 110 basis points. Total foreign trade handled by the Bank increased from Rs.73 billion in 2004 to Rs.96 billion in 2005 i.e. 32%. The total assets increased from Rs.155 billion to Rs. 192 billion. Equity of the Bank increased from Rs.10 billion in 2004 to Rs.13 billion in 2005.

Asset Quality and Capital Adequacy

The non performing portfolio (NPLs) decreased from Rs.15.4 billion to Rs.12.6 billion. This decrease in non-performing portfolio and booking of quality assets resulted in decrease of NPLs to gross advances ratio from 22% to 11%. Simultaneously, net infection ratio decreased from 8.3% to 3.6%. The capital adequacy ratio stands at 11% against the regulatory requirement of 8%.

Business Operating Model

During 2005 the Bank made major changes in its business operating model which included changes in business and support groups. The functions of the Bank were organized around the customer segments i.e. Corporate and Investment Banking (CIBG), Commercial and Retail Banking (CRBG) and Consumer Banking. This restructuring has positioned the Bank to react quickly to new developments in rapidly changing financial services arena. The business segments will work to produce synergies across the enterprise.

In order to effectively respond to client expectations, CRBG has reorganized its sales structure by segmenting its network. The group is now sub divided in 27 regions and three group offices. The underlying aim of this reorganization is to offer clients the highest standard of service and seeks to do this by effectively responding to client needs and enhancing satisfaction. At 31 December 2005, the network was of 741 branches and 100 Automatic Teller Machines (ATMs). During 2006 the Bank will further strengthen its SME asset marketing and relationship management part of CRBG. Objective of CRBG is to grow faster than the market by fully capitalizing on the potential customers by providing better services and new products to existing customers. This new structure should offer synergies leading to a better understanding of the different consumer profiles and retail channels, and to more accurate measurement of levels of satisfaction. The group will also devise tools to gauge consumer satisfaction and will endeavour to update its products and services.

Corporate and Investment Banking looks after the needs of corporate, public sector and financial institutions. The group is striving to respond attentively to its clients' needs and relationship managers seek to have an excellent understanding of their clients' financial and business strategies and day-to-day management concerns. Investment banking is striving to provide best combination of financial advice and financing/syndication arrangements.

These structural changes have helped to grow the business at faster pace and also assisted in cross selling across different segments. Simultaneously, the support groups were also restructured in order to make them more efficient and provide better service within the organization.



President's Review

Technology

Realizing that the market is going to change from a branch-based distribution model to a more complex system in which clients would expect to choose among various communication channels, the Bank has decided to invest massively in setting up a full fledged multi-channel Retail Bank. Allied Bank will be one of banks with highest number of ATMs by the end of next year. The Bank will also install self service banking kiosks during 2006 at offsite locations to facilitate the customers and will be true reflection of the will of the Bank to exploit new service delivery channels. From a strictly technological standpoint, it is practically certain that part of the future of banking will ride on the internet. Because it consists of intangible services, banking is in fact one of the few businesses in which the entire value chain, including delivery, can be provided over the internet. So even though personal contact with our clients remains a core value at Allied Bank, the quality of that interaction will only be boosted by offering services with greater added value. Your Bank is determined to seize the opportunities for development and innovation afforded by internet, and also to make sure that remote banking brings it ever closer to its clients.

During 2006, the Bank will finalize the vendor of core banking software system and will initiate the implementation of the system. In addition to that, certain other initiatives of automation of back office activities are underway. Moreover, the management is also working on improving the capability of information systems and data quality. Oracle financials – ERP will be fully operational during 2006. These efforts will vitally boost the decision making capability of the management and substantially enhance the MIS reporting to the Board of Directors.

Human Capital

For us to translate our strategy into reality, all clients must receive excellent service from highly motivated and engaged people. Therefore we need to maintain our high standards in recruiting, developing and retaining talent. To achieve this, we must keep demonstrating commitment to our people, create a high performance culture, and build world-class leadership. We will carry out targeted recruitment of experienced managers. By effectively transposing core values of the Bank into performance assessment criteria, we will provide a consistent basis for appraising employee performance and attitudes around the Bank. The induction of qualified and experienced professionals will assist in improving the quality and efficiency of the HR, while also enabling us to continue to respond to the changing needs and



increasing demands of the business. It will ensure that the Bank delivers a consistent, quality service supported by value-creating people, strategies and policies.

General

The year 2005 was pivotal for the future success of the Bank. JCR-VIS assigned 'A' (single A) long term rating to the Bank, which was subsequently upgraded to A+ (single A plus) on the basis of September 2005 results. Similarly, the short term rating of A1 was upgraded to A1+. The Bank was listed on all the exchanges of Pakistan during the year and its stock value was Rs.86.5 as on December 31, 2005. The Bank is now a recognized robust institution with strong financials.

It is very important to emphasize that reaching our financial goals has not been, and will never be, at the expense of non-compliance with regulatory rules and regulations. Internally, we use the strength of our values and ethics to guide us in executing our growth plans with integrity. Integrity and compliance are of paramount importance to us, thereby helping us to live up to the role that authorities and the public expect from us.

Future Outlook

Based on the strengths, vision and mission of the Bank the Board of Directors has approved a five year business plan and strategy of the Bank. The strategy envisages that Bank will provide all the financial solutions to customers while enhancing the value for shareholders and increasing its market share in all the segments and products.

The financial services sector is the most challenging, highly profitable and quickly changing sector. The changes are providing multiple growth opportunities for large and financially strong banks. Your Bank has the financial and technological strength to reap full benefit out of these changes which are leading to consolidation of players in the market. The financial services industry as a whole is in a period of growth. Economic and market recovery is allowing companies to shift their focus from purely cost and efficiency to more aggressive growth strategies. However, there are lot of challenges to growth in financial services like increased regulatory pressures, increased consumer expectations and a tough competitive environment.

The Bank will concentrate on growing earnings over the long term at a rate which will place it favourably when compared with its peer group. We will also focus on investing in our delivery platforms, technology, people and brand to support the future value of the Bank. Core values are integral to our strategy, and communicating them to customers, shareholders and employees is intrinsic to the strategy. These values are Integrity, Excellence in Service, High performance, Innovation and growth. We will further enhance the growth attained during the last year by rewarding performance and discouraging mediocrity, strengthening the use of marketing as a key management tool of the business lines, focusing investment on businesses and geographies with largest growth potential, benchmarking growth targets and achievements rigorously against peer group.

Finally, I would like to express my gratitude to our customers for their continued support and trust and acknowledge the hard work and dedication of our employees. I would also like to thank the Board of Directors for their support and guidance provided to the management in strategic direction and policy formulation.

Khalid A. Sherwani
President



Profit and Loss Account

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
Mark-up/Return/Interest earned	22	9,846,657	5,244,710
Mark-up/Return/Interest expensed	23	2,024,659	794,105
Net Mark-up/Interest income		7,821,998	4,450,605
Provision against non-performing loans and advances - net	10.5	413,352	1,519,682
Provision / (reversal of provision) for diminution in the value of investments – net	9.2.8	17,014	(26,832)
Bad debts written off directly	10.8	154,359	44,294
		584,725	1,537,144
Net mark-up/interest income after provisions		7,237,273	2,913,461
NON MARK-UP/INTEREST INCOME			
Fee, Commission and Brokerage income		1,220,362	1,255,153
Dividend income		46,146	15,230
Income from dealing in foreign currencies		250,224	265,345
Income from sale and purchase of securities		123,266	14,008
Income from trading in government securities		1,117	35,688
Unrealised gain on revaluation of investments classified as held for trading		25,706	68
Other income	24	263,599	154,682
Total non-Markup/Interest income		1,930,420	1,740,174
		9,167,693	4,653,635
NON MARK-UP/INTEREST EXPENSES			
Administrative expenses	25	4,252,337	4,108,172
Provision against other assets	11.2	39,828	150,179
Provision / (reversal of provision) against off balance sheet obligations – net	17.1	79,095	(93,427)
Other charges	26	18,999	7,009
Total non-markup/interest expenses		4,390,259	4,171,933
Extra ordinary items / unusual items		-	-
PROFIT BEFORE TAXATION			
		4,777,434	481,702
Taxation - current	27	1,331,468	159,423
- prior years	27	22,000	28,316
- deferred	27	390,594	102,190
		1,744,062	289,929
PROFIT AFTER TAXATION			
		3,033,372	191,773
(Accumulated losses) brought forward		(6,313,635)	(6,471,127)
Transfer from surplus on revaluation of fixed assets - net of tax	20.1	19,882	14,989
		(6,293,753)	(6,456,138)
Accumulated losses offset against share premium account	19.1	6,323,707	-
UNAPPROPRIATED PROFIT / (ACCUMULATED LOSSES) BEFORE APPROPRIATIONS			
		3,063,326	(6,264,365)
APPROPRIATIONS:			
Transfer to:			
Statutory reserve		303,337	16,827
Capital reserve		-	7,308
Revenue reserve		-	-
Proposed cash dividend Rs. 2.5 per ordinary share (2004: Rs.Nil)		1,101,160	25,135*
Others		-	-
		1,404,497	49,270
UNAPPROPRIATED PROFIT/(ACCUMULATED LOSSES) CARRIED FORWARD			
		1,658,829	(6,313,635)
Earnings Per Share – Basic and Diluted (in Rupees)	28	6.89	0.81

* This represents dividend pertaining to Ibrahim Leasing Limited, (ILL) for the year 2004. The details of merger of ILL with ABL are given in note # 1.4.

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Form of Proxy

Allied Bank Limited (Formerly Allied Bank of Pakistan Limited)

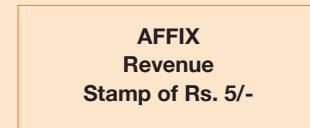
60th Annual General Meeting

I/We _____
of _____
being a shareholder of the Allied Bank Limited do hereby appoint _____
of _____ also a shareholder of
ABL, to be my proxy and to attend, act and vote for me/us on my/our behalf at the 60th Annual General Meeting of the
Company to be held on Friday, April 14, 2006 and at any adjournment thereof in the same manner as I myself would vote if
personally present at such meeting.

Signed this _____ date of _____ 2006.

Witness:

1- Signature _____
Name _____
Address _____
CNIC # _____



Signature:
The signature should agree with
the specimen registered with the
Company

Folio No. _____

Witness:

CDC A/c No. _____

2- Signature _____
Name _____
Address _____
CNIC # _____

Sub A/c No. _____

No. of shares held _____

Distinctive Numbers: _____

From _____ to _____

IMPORTANT:

1. This Proxy Form, duly completed and signed must be received at the address given in the notice of meeting not less than 48 hours before the time of holding the meeting.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their Computerised National Identity Cards / Passport in original to prove his / her identity, and in case of Proxy, must enclose an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

**AFFIX
CORRECT
POSTAGE**

Allied Bank Limited

(Formerly: Allied Bank of Pakistan Limited)

Head Office / Registered Office

8-Kashmir / Egerton Road, Lahore.

Phone: 92 42 6360073

Website: www.abl.com.pk

Review Report

to the Members on Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Allied Bank Limited to comply with Regulation G-1 of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan. The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Bank personnel and review of various documents prepared by the Bank to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls. Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Bank for the year ended December 31, 2005.

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants

Dated: 18th March, 2006
Place: Karachi

Statement of Changes in Equity

for the year ended December 31, 2005

	Share capital	Share premium	Statutory reserve	Special* reserve	Capital reserve	Merger** reserve	General reserve	(Accumulated loss) / Un-appropriated profit	Total
	Rupees in '000								
Balance as at January 01, 2004 – ABL	1,063,156	-	557,876	-	-	-	-	(6,490,139)	(4,869,107)
Balance as at January 01, 2004 – ILL	251,350	-	-	60,687	34,300	-	6,000	19,012	371,349
Shares issued during the year – ABL	3,250,000	10,950,000	-	-	-	-	-	-	14,200,000
Transferred from surplus on revaluation of fixed assets to accumulated loss - net of tax – ABL	-	-	-	-	-	-	-	14,989	14,989
Profit after taxation for the year ended December 31, 2004 – ABL	-	-	-	-	-	-	-	168,270	168,270
Transfer to statutory reserve – ABL	-	-	16,827	-	-	-	-	(16,827)	-
Profit after taxation for the year ended December 31, 2004 – ILL	-	-	-	-	-	-	-	23,503	23,503
Transfer to special reserve – ILL	-	-	-	7,308	-	-	-	(7,308)	-
Transfer to deferred taxation – ILL	-	-	-	-	(34,300)	-	-	-	(34,300)
Proposed dividend for 2004 – ILL	-	-	-	-	-	-	-	(25,135)	(25,135)
Balance as at December 31, 2004 – ABL	4,313,156	10,950,000	574,703	-	-	-	-	(6,323,707)	9,514,152
Balance as at December 31, 2004 – ILL	251,350	-	-	67,995	-	-	6,000	10,072	335,417
Elimination of share capital of ILL and creation of merger reserve as a result of merger of ABL and ILL	(251,350)	-	-	-	-	67,864	-	-	(183,486)
Adjustments pertaining to additional issue of share capital (note 18.2)	91,486	(309,969)	-	-	-	-	-	-	(218,483)
Amalgamated balance as at December 31, 2004	4,404,642	10,640,031	574,703	67,995	-	67,864	6,000	(6,313,635)	9,447,600
Transferred from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	-	-	-	-	19,882	19,882
Profit after taxation for the year ended December 31, 2005	-	-	-	-	-	-	-	3,033,372	3,033,372
Transfer to statutory reserve	-	-	303,337	-	-	-	-	(303,337)	-
Accumulated losses offset against share premium account (note 19.1)	-	(6,323,707)	-	-	-	-	-	6,323,707	-
Proposed dividend	-	-	-	-	-	-	-	(1,101,160)	(1,101,160)
Balance as at December 31, 2005	4,404,642	4,316,324	878,040	67,995	-	67,864	6,000	1,658,829	11,399,694

* This represents reserve created by transferring 20% of after tax profit of Ibrahim Leasing Limited (ILL) before its amalgamation with the bank, as required under Non Banking Finance Companies (NBFC) Rules, 2003.

** This represents excess of (a) assets of ILL over its reserves and liabilities of ILL merged with ABL over (b) consideration to share holders of ILL as per the scheme of amalgamation approved by the SBP.

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman

Statement of Compliance

with Code of Corporate Governance

This statement is being presented to comply with the terms of the Code of Corporate Governance as contained in Prudential Regulation No.G-1, responsibilities of the Board of Directors advised vide SBP BSD Circular No.15 dated June 13, 2002 and Listing Regulations of Karachi, Lahore & Islamabad Stock Exchanges (Guarantee) Ltd. for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Bank has adopted the Code of Corporate Governance and applied the principles contained in the Code in the following manner:

- At present, the Board of Directors includes seven non – executive directors.
- The directors have confirmed that none of them is serving as a director in more than ten listed companies including the Bank.
- The Board of Directors of the Bank comprises of two nominee directors of Government of Pakistan and five directors of Ibrahim Group.
- All the directors of the Bank are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI and NBF.
- A casual vacancy occurred in the Board on 1.4.2005, which was filled by the directors within 12 days thereof.
- The Bank has adopted a “Statement of Ethics & Business practices” which has been signed by all the directors and employees of the Bank.
- The mission/vision statement, overall corporate strategy and significant policies have been approved by the Board. The Bank maintains a complete record of the particulars of significant policies along with the dates on which these were approved or amended.
- All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer are taken by the Board.
- The Chairman of the Board is a non-executive director. The Board met at least once in every quarter. Written notices of the Board meetings along with agenda and working papers were circulated at least seven days before the meetings except in two instances where the Board condoned this condition. The minutes of the meetings were appropriately recorded and circulated.
- The Directors have already attended the orientation courses with the companies, where they are working as directors.
- The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as determined by the CEO.
- The Directors’ Report for the year ended December 31, 2005 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- The financial statements of the Bank were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
- The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
- The Bank has complied with all the corporate and financial reporting requirements of the Code.
- The Board has formed an Audit Committee which comprises of three members; all are non-executive directors, including the Chairman of the Committee.
- The meetings of the Audit Committee are held at least once in every quarter, prior to the approval of interim and the annual financial statements of the Bank as required by the Code. The terms of reference of the Committee have been formulated and advised to the Committee for compliance.
- An effective Internal Audit Department is in place.
- The statutory joint auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- The statutory auditors or the persons associated with them have not been appointed to provide services other than approved services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board.

Khalid A. Sherwani
President

Dated: 18th March, 2006
Place: Lahore

Statement of Ethics and Business Practices

All employees of Allied Bank Limited, hereinafter called ABL, shall:

Abidance of Laws / Rules

- Conform to and abide by the ABL rules and obey all lawful orders and directives which may from time to time be given by any person or persons under whose jurisdiction, superintendence or control they may for the time being, be placed. They shall comply with and observe all applicable laws, regulations and ABL policies.
- Stand firmly against supporting the activities of any group or individual that unlawfully threatens public order and safety. The employees shall not be a member of any political party, take part in, subscribe in aid of, or assist in any way, any political movement. They shall not express views detrimental to the ideology, sovereignty or integrity of Pakistan.
- Not canvass or otherwise interfere or use influence in connection with or take part in any election as a candidate to a legislative / local body or issue an address to the electorate or in any manner announce or allowed to be announced publicly as a candidate or prospective candidate. They may, however, exercise their right to vote.
- Not bring or attempt to bring political or other pressure/influence directly or indirectly to bear on the authorities / superior officers or indulge in derogatory pamphleteering, contribute, or write letters to the news papers, anonymously or in their own name with an intent to induce the authority/superior officers to act in a manner inconsistent with rules, in respect of any matter relating to appointment, promotion, transfer, punishment, retirement or for any other conditions of service of employment.

Integrity

- Conduct themselves with the highest standards of ethics, professional integrity and dignity in all dealings with the public, clients, investors, employees, and fellow bankers and not engage in acts discreditable to ABL, profession and nation. If they become aware of any irregularity that might affect the interests of ABL, they shall inform the senior management immediately.
- Maintain all books, data, information and records with scrupulous integrity, reporting in an accurate and timely manner all transactions / reports.
- Avoid all such circumstance in which there is personal interest conflict, or may appear to be in conflict, with the interests of ABL or its customers.

- Not use their employment status to seek personal gain from those doing business or seeking to do business with ABL, nor accept such gain if offered. They shall not accept any gift, favour, entertainment or other benefits the size or frequency of which exceeds normal business contacts from a constituent or a subordinate employee of ABL or from persons likely to have dealings with ABL and candidates for employment in ABL.
- Not accept any benefits from the estate of, or a trust created by a customer, or from an estate or trust of which ABL's Company or business units is an executor, administrator or trustee.

Confidentiality

- Maintain the privacy and confidentiality of all the information acquired during the course of professional activities and refrain from disclosing the same unless otherwise required by statutory authorities/law. All such information will remain as a trust and will only be used for the purpose for which it is intended and will not be used for the personal benefits of any individual(s). Inside information about ABL's customers/affairs shall not be used for their own gain, or for that of others either directly or indirectly.

Professionalism

- Serve ABL honestly and faithfully and shall strictly serve ABL's affairs and the affairs of its constituents. They shall use utmost endeavor to promote the interest and goodwill of ABL and shall show courtesy and attention in all transactions/correspondence with officers of Government, State Bank of Pakistan, other Banks & Financial Institutions, others establishments dealing with ABL, ABL's constituents and the public.
- Disclose and assign to ABL all interest in any invention, improvement, discovery or work of authorship that they may make or conceive and which may arise out of their employment with ABL. If their employment is terminated, all rights to property and information generated or obtained as part of their employment relationship will remain the exclusive property of ABL.
- Not engage in Money Laundering and will be extremely vigilant in protecting ABL from being misused by anyone to launder money by strictly complying with "Know Your Customer" policies and procedures.



Statement of Ethics and Business Practices

Business / Work Ethics

- Respect fellow colleagues and work as a team. They shall at all times be courteous and not let any personal differences affect their work. They will treat every customer of ABL with respect and courtesy.
- Ensure good attendance and punctuality and demonstrate a consistently good record in this area. For any absence during working hours, they shall obtain written permission of their immediate supervisor. They shall not absent themselves from their duties, nor leave their station over night, without having first obtained the permission of the competent authority.
- Maintain a standard of personal hygiene and dress appropriately for attendance at work. Their appearance must inspire confidence and convey a sense of professionalism.
- As personal responsibility, safeguard both the tangible and intangible assets of ABL and its customer(s) that are under their personal control and shall not use ABL assets for their personal benefits except where permitted by ABL. They shall not use any ABL facilities including a telephone to promote trade union activities, or carry weapons into ABL premises unless so authorized by the management, or carry on trade union activities during office hours, or subject ABL officials to physical harassment.
- Not indulge in any kind of harassment including sexual harassment or intimidation whether committed by or against any senior/junior, co-worker, customer, vendor or visitor. They shall not use language, written or spoken in intra-office communication(s) or communication(s) with individual(s) outside the office that may contain any statement or material that is offensive to others. They shall never use ABL's system to transmit or receive electronic image or text containing ethnic slurs, social epithets or any thing that might be construed as harassing, offensive or insulting to others.
- To meet their responsibilities to fellow employees, customers and investors they shall help in maintaining a healthy and productive work environment and shall not engage in the selling, manufacturing, distributing, using, any illegal substance or being under the influence of illegal drugs while on the job.
- Ensure strict adherence to all health and safety policies as may be implemented from time to time by ABL.
- Not give any interview in the print/electronic media or have their photograph displayed or act in television / stage plays or in cinema without having permission from the competent authority.
- Intimate Human Resource Group of any changes in the personal circumstances relating to their employment or benefits.

Employees shall also not indulge in any of the following activities except with the prior permission of the competent authority:

- Borrow money from or in any way place themselves under pecuniary obligation to broker or moneylender or any employee of ABL or any firm or person having dealings with ABL.
- Buy or sell stock, share or securities of any description without funds to meet the full cost in the case of purchase or scrips for delivery in the case of sale. However, they can make a bona-fide investment of their own funds in such stock, shares and securities as they may wish to buy.
- Lend money in their private capacity to a constituent of ABL or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.
- Guarantee in their private capacity the pecuniary obligation of another person or agree to indemnify in such capacity any person from loss.
- Act as agent for an insurance company otherwise than as agent for on behalf of ABL.
- Be connected with the formation or management of a joint stock company.
- Engage in any other commercial business or pursuit either on their own account or as agent for another or others.
- Accept or seek any outside employment or office whether stipendiary or honorary.
- Undertake part-time work for a private or public body or private person, or accept fee thereof.

Statement of Internal Control



Statement of management responsibilities

It is the responsibility of Bank's management to:

- Establish and maintain an adequate and effective system of internal controls and procedures for an efficient working environment for obtaining desired objectives.
- Evaluate the effectiveness of the Bank's internal control system that encompasses material matters by identifying control objective, reviewing significant policies and procedures and establishing relevant control procedures.

Management evaluation of the effectiveness of the bank internal control system

During the year 2005, efforts have been made for an effective and efficient internal control system. In accordance with SBP-BSD Circular No. 7 of 2004, the Bank has established clear lines of authority and responsibility for internal control activities like creating independent risk management and compliance functions. The Bank had already made audit activities independent of line management. The control activities are being closely monitored across the bank through audit group / compliance & control, which covers all banking activities in general and key risk areas in particular. The audit

committee of BOD reviews special audit reports periodically where significant violations to the local regulations, prescribed policies and procedures occurred. The audit committee ensures their implementations through concerned group / division to mitigate identified risks to safeguard the interest of the Bank.

Internal control system in the Bank is designed to manage, rather than to eliminate the risk of failure to achieve the business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss.

However, it is an on going process that includes identification, evaluation and management of significant risks faced by the bank.

The Board of directors is ultimately responsible for the internal control system and the Board endorses the above management evaluation.

Khalid A. Sherwani
President



Value Added Statement

December 31, 2005

Value Added

(Rupees in thousands)

	2005	Percentage	2004	Percentage
Income from banking services	11,413,500		6,884,149	
Cost of services	(1,517,121)		(1,311,033)	
Value added by banking services	9,896,379		5,573,116	
Non - banking income	35,338		14,341	
Provision against non-performing assets	(703,648)		(1,593,896)	
	9,228,069		3,993,561	

Value Allocated

to employees

Salaries, allowances and other benefits 2,754,215 29.85% 2,804,148 70.22%

to depositors

As profit on deposits 1,696,420 18.38% 707,711 17.72%

to Government

Income tax 1,744,062 18.90% 289,929 7.26%

to expansion and growth

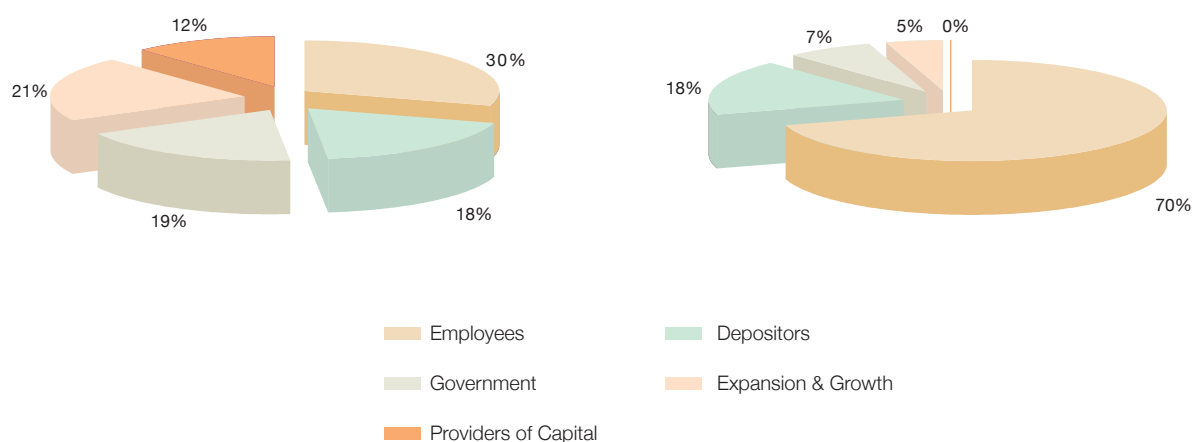
Retained in business 1,932,212 20.94% 191,773 4.80%

to providers of capital

as dividends 1,101,160 11.93% - 0.00%

9,228,069 100% 3,993,561 100%

Value Allocation





Aap Kay Saath Saath



Values

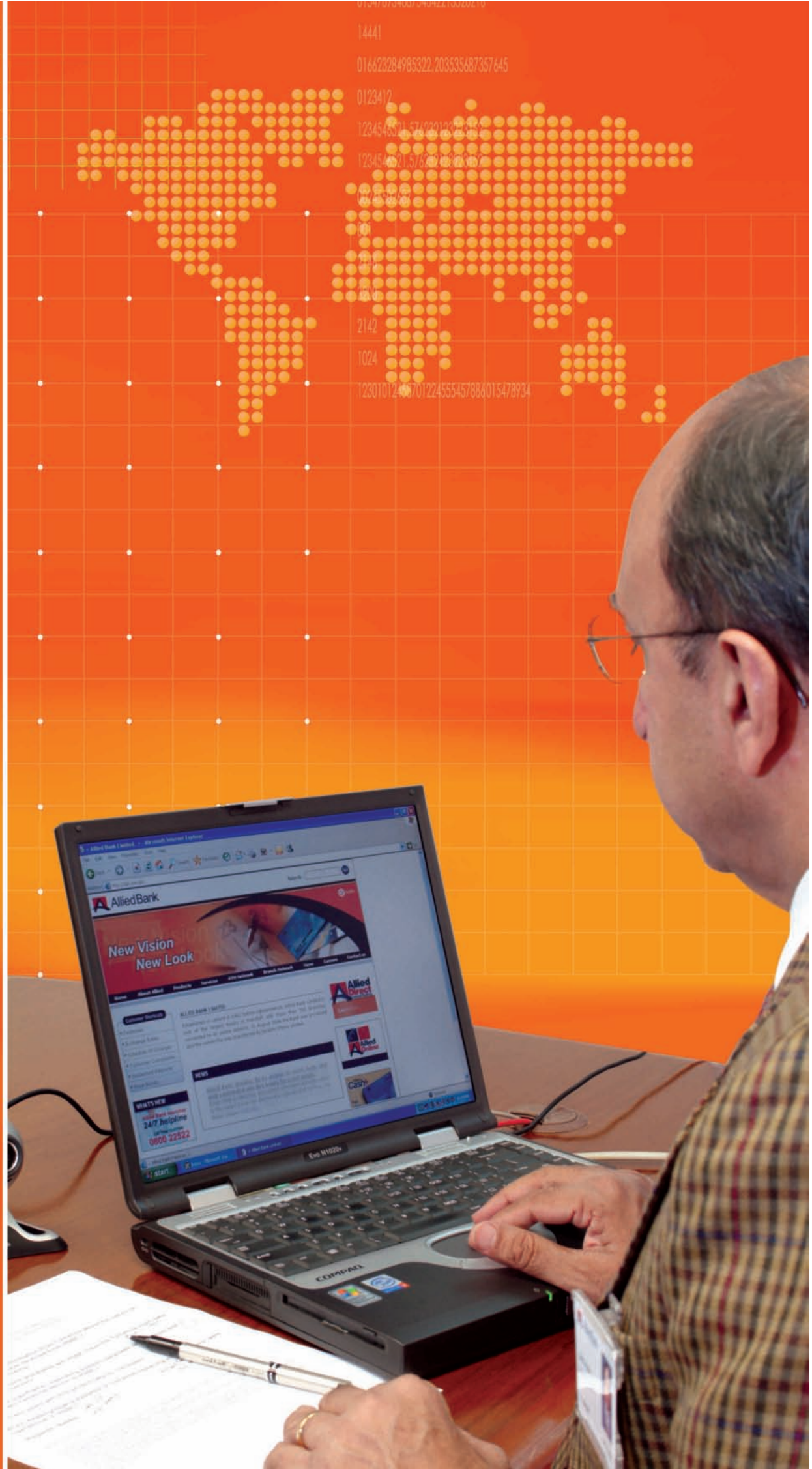
- Integrity
- Excellence in Service
- High Performance
- Innovation and Growth

Vision

To become a dynamic and efficient bank providing integrated solutions in order to be the first choice bank for the customers

Mission

- To provide value added services to our customers
- To provide high tech innovative solutions to meet customers requirements
- To create sustainable value through growth, efficiency and diversity for all stakeholders
- To provide a challenging work environment and reward dedicated team members according to their abilities and performance
- To play a proactive role in contributing towards the society



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