

Industrial Development Bank Limited
Statement of Financial Position
As at December 31, 2013

	Note	2013 Rupees in '000
ASSETS		
Cash and balances with treasury banks	8	56,600
Balances with other banks	9	21,802
Lendings to financial institutions	10	431,073
Investments - net	11	830,800
Advances - net	12	38,724
Operating fixed assets	13	51,404
Deferred tax asset		-
Other assets	14	1,457,518
Assets in respect of Bangladesh	15	909,177
		3,797,098
LIABILITIES		
Bills payable	16	5,927
Borrowings	17	23,409,994
Deposits and other accounts	18	328,049
Sub-ordinated loans	19	201,137
Other liabilities	20	6,016,012
Liabilities in respect of Bangladesh	21	909,177
		30,870,296
NET ASSETS		(27,073,198)
REPRESENTED BY:		
Share capital	22	0.500
Reserves		-
Accumulated losses		(27,375,508)
		(27,375,508)
Surplus on revaluation of assets	23	302,310
		(27,073,198)
CONTINGENCIES AND COMMITMENTS	24	

The annexed notes from 1 to 45 form an integral part of these financial statements.

President

Director

Director

Director

Industrial Development Bank Limited
Profit and Loss account
For the eighteen months ended December 31, 2013

	Note	2013 Rupees in '000
Mark-up / return / interest earned	25	198,721
Mark-up / return / interest expensed	26	(197,905)
Net mark-up / interest expense		816
(Provision) / Reversal of provision against non-performing loans and advances:		
- principal	12.5	26,590
- interest / mark-up	14.3	20,455
Bad debts written off directly - Interest / Mark-up		-
Reversal for diminution in the value of investments - net		6,377
		53,422
Net mark-up after provision		54,238
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income		9,607
Dividend income		147,324
Income from dealing in foreign currencies		4,534
Gain on sale of investments - net		86,100
Other income	27	16,940
Total non-markup / interest income		264,505
		318,743
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	28	(212,393)
Other charges	29	(2,055)
Total non-markup / interest expenses		(214,448)
PROFIT BEFORE TAXATION		104,295
Taxation		
- Current		(2,299)
- Prior years		-
- Deferred		-
	30	(2,299)
PROFIT AFTER TAXATION		101,996
Accumulated loss brought forward		(27,477,504)
Accumulated loss carried forward		(27,375,508)
Basic and diluted earnings per share - Rupees	31	203,992

The annexed notes from 1 to 45 form an integral part of these financial statements.

President

Director

Director

Director

Industrial Development Bank Limited
Statement of Comprehensive Income
For the eighteen months ended December 31, 2013

	2013
	Rupees in '000
Profit after taxation	101,996
Other comprehensive income	-
Comprehensive income transferred to equity	<u>101,996</u>
Components of comprehensive income not reflected in equity	
Surplus on revaluation of available for sale of investments	317,587
Other comprehensive income not reflected in equity	<u>317,587</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

President

Director

Director

Director

Industrial Development Bank Limited
Cash Flow Statement
For the eighteen months ended December 31, 2013

	Note	2013 Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		104,295
Less: Dividend income		<u>(147,324)</u>
		(43,029)
Adjustments:		
Depreciation		3,854
Amortization		-
Amortization of premium on purchase of securities		47,728
Bad debts written off directly		-
Reversal of provision against non-performing advances-net:		
- Principal		(26,590)
- Interest / mark-up		(20,455)
Reversal for diminution in the value of investments - net		(6,377)
Provision / (Reversal of provision) against other assets		-
Reversal of provision against retirement benefits		-
Gain on sale of fixed assets		(4,987)
		<u>(6,827)</u>
		(49,856)
(Increase) / Decrease in operating assets		
Lendings to financial institutions		(410,479)
Advances		47,033
Other assets		73,520
		<u>(289,926)</u>
Increase / (Decrease) in operating liabilities		
Bills payable		(5,241)
Borrowings		(1,484,394)
Deposits		(576,067)
Other liabilities		(38,371)
		<u>(2,104,073)</u>
		(2,443,855)
Income tax paid		(2,299)
Net cash flows used in operating activities		<u>(2,446,154)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities		2,212,878
Dividend income received		147,324
Investments in operating fixed assets		-
Sale proceeds of assets disposed - off		5,068
Net cash flows from investing activities		<u>2,365,270</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
		-
Decrease in cash and cash equivalent during the period		<u>(80,884)</u>
Cash and cash equivalents at beginning of the period		159,286
Cash and cash equivalents at end of the period	32	<u><u>78,402</u></u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

President

Director

Director

Director

Industrial Development Bank Limited
Statement of changes in Equity
For the eighteen months ended December 31, 2013

	Share Capital	Reserves			Accumulated loss	Total
		Capital	Statutory	Revenue		
----- Rupees in '000 -----						
Balance as at July 01, 2012	-	-	-	-	(27,477,504)	(27,477,504)
Subscribed during the period	0.500	-	-	-		0.500
Net profit for the period	-	-	-	-	101,996	101,996
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the p	-	-	-	-	101,996	101,996
Transfer to statutory reserves	-	-	-	-	-	-
Balance as at December 31, 2013	0.500	-	-	-	(27,375,508)	(27,375,508)

The annexed notes from 1 to 45 form an integral part of these financial statements.

President

Director

Director

Director

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

1 STATUS AND NATURE OF BUSINESS

Industrial Development Bank Limited (the Bank), a scheduled bank, was established in Pakistan and registered with Securities & Exchange Commission of Pakistan (SECP) on 13 October 2012 under the Companies Ordinance 1984 as a Banking Company. The Bank's registered and principal offices are situated at State Life Building No. 2, Wallace Road, Karachi. The Bank operates 3 branches in Pakistan.

2 GOING CONCERN

As at December 31, 2013, the total liabilities of the Bank amounted to Rs. 30,870 million as against total assets of Rs. 3,797 million. The negative shareholders equity as at December 31, 2013 is Rs. 27,073 million.

The President of the Pakistan on August 03, 2006, has promulgated the "Industrial Development Bank of Pakistan (Reorganization & Conversion) Ordinance" No. XVII of 2006. According to that Ordinance, all assets, liabilities, business and staff of the IDBP have to be taken over by a new Banking company to be incorporated under the Companies Ordinance, 1984, on such terms and conditions as may be determined by the Federal Government in this behalf for which necessary provisions and powers have been provided in the aforementioned Ordinance. Accordingly, in pursuance of the aforesaid order a company viz. Industrial Development Bank Limited (IDBL) was incorporated on April 10, 2007 under the Companies Ordinance 1984, which is controlled by the Government of Pakistan. Meanwhile in compliance of the Supreme Court Order, a bill namely IDBP (Reorganization & Conversion) bill 2009 was introduced in the National Assembly and the Senate, which has been passed and assented by the President and become an Act on May 14, 2011. The Act, however, did not provide coverage to the Banking company already formed under the Ordinance. Thus the name of already incorporated company IDBL has been changed to Industrial and Commercial Bank Limited (ICBL). As per the decision of Ministry of Finance, Government of Pakistan, another new company namely Industrial Development Bank Limited (IDBL) has been incorporated on 13th October 2012, which is owned by the Government of Pakistan, so that all Assets and Liabilities of IDBP (defunct) could be transferred.

The Finance Division, Government of Pakistan, through a vesting dated November 13, 2012, directed the following:

- a) The assets and liabilities being conveyed, transferred and vested in the Company shall be in accordance with the book value of net assets of IDBP based on the audited accounts as of close business on 30th June, 2012 as specified in the scheduled to this order;
- b) All the subsequent entries passed in the books of IDBP, shall be treated as if passed in the Books of the Company;

Any reference in this order to Assets or Liabilities of the IDBP is a reference to Assets or Liabilities to which the IDBP is for the time being entitled or subject (whether beneficially or in any fiduciary capacity), wherever such Assets or Liabilities are situated or arise and whether or not capable of being transferred or assigned to or by the IDBP under any applicable law or instrument and whether actual or contingent, including off-balance sheet items disclosed in the financial statements of IDBP;

- c) Any Asset vested in the IDBP which immediately before the Effective Date was held by the IDBP as trustee or custodian trustee of any trust deed, settlement, covenant, agreement or administrator of the estate, of a deceased person or as judicial trustee appointed by order of any court, or in any other fiduciary capacity, shall on and from the Effective Date be held by the Company in the same capacity upon the trusts, and with and subject to the powers, provisions and liabilities, applicable thereto;
- d) Any existing instruction, order, direction, mandate, power of attorney, authority, undertaking or consent given to the IDBP in writing (whether or not in relation to an account) shall have effect, on and from the Effective Date, as if given to the Company;
- e) The custody of any document or record, goods or other things held by the IDBP as bailee and duly recorded in their books shall pass to the Company on the Effective Date and the rights and obligations of the IDBP under any contract of bailment, relating to any such document or record, goods or thing shall on that day become rights and obligations of the Company;
- f) Where by virtue of this order any right, claim or liability of the IDBP becomes a right, claim or liability of the Company, the Company on and from the Effective Date, shall have the same rights, claims, powers and remedies (and in particular the same rights, Claims and powers as to taking or resisting legal proceedings or making or resisting applications to any authority including the tax authorities) for ascertaining, perfecting or enforcing that right, Claim or Liability as it had at all times been a right, Claim or Liability of the Company, and any legal proceedings or application to any authority including the tax authorities Existing or pending immediately before the Effective Date by or against IDBP may be continued by or against the Company;
- g) Any judgment or award obtained by or against the IDBP and not fully satisfied before the Effective Date shall at that time, to the extent to which it is enforceable by or against the IDBP, become enforceable by or against the Company;
- h) All books and other documents which would, before the Effective Date, have been evidence in respect of any matter, books and documents for or against the IDBP shall be admissible in evidence in respect of the same matter for or against the Company;
- i) IDBP shall stand dissolved and cease to exist on the Effective Date;
- j) The audited accounts of IDBP for the financial year ended on the 30th June, 2012 and the subsequent period ending on the effective date shall be signed and approved by the Directors and Shareholders of the company.
- k) The guarantees issued by the Government of Pakistan to lending agencies to secure loans granted to IDBP shall continue as though the guarantees were to secure the loans, granted to the Company and;
- l) The guarantees issued by the Government of Pakistan, the Provincial Government and other government agencies, such as Sarhad Development Board and Punjab Small Industries Corporation, for repayment of loans from the borrowers shall continue in favour of the Company.

The Board of directors in their recent meetings has considered various options about the bank's future in the light of vesting order and cabinet committee's decision about the winding up of bank, side by side, and advised the management to take steps for winding up. However, these financial statements have been prepared on going concern basis for the time being instead on the liquidation basis till such time the Government of Pakistan shall finally decide cut off date for winding up of the bank. Once the cut-off date is decided by GOP, financial statements shall be prepared on liquidation basis.

3 BASIS OF PRESENTATION

These financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BSD Circular No. 04, dated 17 February 2006.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related mode of financing comprises the 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 utilized and the appropriate portion of mark-up thereon.

4 STATEMENT OF COMPLIANCE

4.1 These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, except for IAS 19 - Employee Benefits, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP, as sequel to IDBP Conversion and Reconstruction Ordinance 2011, SBP's notification in terms of vesting order dated 13 November, 2012 issued by GoP shall prevail.

4.2 The State Bank of Pakistan as per BSD Circular No 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for Banking Companies till further instructions. Further, according to the notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of These condensed interim financial statements. However, investments have been classified in accordance with the requirements prescribed by the SBP through various circulars.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

5 STANDARDS, AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING

Standards, amendments and interpretations to published approved accounting standards that are effective in the current year

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 01, 2013:

- IAS 1 'Financial statements presentation' has been amended effective January 1, 2013. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to profit and loss subsequently reclassification adjustments). The specified changes has been made in the statements of other comprehensive income for the year.

- IAS 19 Employee Benefits (revised) which became effective for annual periods beginning on or after January 01, 2013 amends accounting for employees benefits. The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2013 but are considered not relevant or do not have a significant effect on the Bank's operations and therefore are not detailed in the financial statements.

Standards, amendments and interpretations to published approved accounting standards that are relevant and not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2014.

	Effective date (accounting 'periods beginning on or after)
IFRS 10 'Consolidated Financial statements	- January 01, 2014
IAS 32 - Financial Instruments: Presentation (Amendment)	- January 01, 2014
IFRS 12 'Disclosure of interest in other entities'	- January 01, 2014

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

6 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for certain investments which have been marked to market and are carried at market value as stated in note 7.2

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

These financial statements are presented in Pak Rupee (Rs.) which is the Bank's functional and presentation currency. Except as indicated, all financial information presented in Pak Rupee has been rounded to the nearest thousand.

Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows;

Provision against non-performing loans and advances

The Bank reviews its loan portfolios to assess amount of non-performing loans and advances and provision required there against on annual basis. The provision is made in accordance with the Prudential Regulations issued by the SBP.

Income taxes

In making the estimates for income taxes currently payable by the Bank, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Held to maturity investment

The Bank has classified certain investments as held to maturity. In this regard, judgment is involved in evaluating the intention and ability to hold these investments till their respective maturities.

Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market, and review of conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

Property, plant and equipment

The Bank reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might effect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

Impairment of available for sale securities

The Bank determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts and nostro accounts.

7.2 Investments

In accordance with BSD Circular No. 10 dated 13 July 2004 as amended vide BSD Circular No. 11 dated 04 August 2004 and BSD Circular No. 14 dated 24 September 2004, issued by the SBP, the Bank classifies its investment portfolio into 'Held to Maturity' and 'Available for Sale' securities except for investment in subsidiary as follows:

Held to maturity

- These are investments with fixed or determinable payments and fixed maturity and the bank has the positive intent and ability to hold these till maturity. These are carried at amortised cost.

Available for sale

- These are investments which do not fall under the held for trading and held to maturity categories.

All purchase and sale of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date, which is the date at which the Bank commits to purchase or sell the investment.

Investments are initially measured at fair value plus transaction cost associated with the investment.

Quoted securities other than those classified as "Held to maturity" are valued at market values on the date of financial position and surplus or deficit as the case may be is taken to "Surplus/deficit on revaluation of securities" account shown in the statement of financial position below equity. The surplus or deficit on revaluation of securities is taken to the income when actually realized on disposal.

Unquoted securities are valued at lower of cost and break-up value on a individual basis. Subsequent increase or decrease in the carrying values are charged or credited to income. Break-up value of securities is calculated with reference to the net assets of the investee company as per the latest available financial statements.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

Gain or loss on sale of investments, as well as, any adjustments arising from amortization of premium and accretion of discount are taken to income. Premium or discount on debt securities classified as available-for-sale and held-to-maturity is amortized using effective interest method and is taken to the profit and loss account.

Quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page (PKRV) or MUFAP or the Stock Exchanges.

Investments in subsidiary is stated at cost. Provision is made for any impairment in value, if any.

Provision for diminution in the value of investments is made for permanent impairment, if any in their value.

7.3 Advances

Advances are stated at the principal amount outstanding after deducting necessary provisions. The Bank determines the amount of provision for loan losses on the basis of provisioning criteria prescribed by the SBP under Prudential Regulations.

Uncollectible advances, where full and final settlement have been made, and there are no chance of further recoveries, are recognized as expense to the extent of the amount that exceeds the balance of provision against the advance. Advances are written off where there are no realistic prospects of recovery.

7.4 Operating fixed assets and depreciation

Owned

These are stated at cost less accumulated depreciation except freehold land which is stated at cost.

Residual value, useful lives and depreciation methods are reviewed and adjusted, if required, at each balance sheet date.

Gain or loss on disposal of assets is taken to income. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and items so replaced, if any, are written off.

Depreciation charge is based on straight-line method whereby the cost of the fixed assets is written off over its estimated useful life.

Depreciation is charged on assets acquired from the month of acquisition, while no depreciation is charged in the month assets are disposed off or scrapped.

Leased

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired less accumulated depreciation. Depreciation is charged on the basis similar to the owned assets. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and impairment, if any. Amortization is based on straight line method by taking into consideration the estimated useful life of assets.

7.5 Assets and liabilities in respect of Bangladesh

In preparation of the accompanying financial statements, all assets and liabilities as at June 30, 1971 identifiable as being in or in respect of the present territory of Pakistan together with the capital and reserves have been treated as those relating to Pakistan, while all remaining assets, identifiable borrowings and other liabilities, including that for taxation, recorded in the books of account of the former Dhaka regional office have been assumed to be in respect of Bangladesh. In the periods after June 30, 1971, loans and advances to Bangladesh projects of companies registered in Pakistan have also been deemed to relate to Bangladesh and accordingly reclassified. The difference between aggregate assets and aggregate liabilities of Bangladesh as so calculated have been deemed to have been financed firstly with borrowings for unspecified projects from the SBP to the extent of Rs. 29.5 million and the residual balance with the borrowings from the GoP. The position taken by the Bank is subject to the agreement of certain lenders.

The Federal Government has indicated that the Bank will be required to meet liabilities relating to Bangladesh only to the extent of recovery from the related assets.

7.6 Taxation

Current

Provision for current taxation is based on taxable income for the period determined in accordance with the prevailing laws for taxation on income. The charge for the current tax is calculated using prevailing tax rates. Charge for the current period also includes adjustments, where considered necessary relating to prior years, which arises from assessments or developments made during the period.

Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account.

7.7 Employee benefits

For employees who opted for the new scheme introduced in 1975 for clerical staff and in 1977 for officers, and for all new employees joining thereafter, the Bank operates the following employees benefit schemes:

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

- Pension scheme

The Bank operates approved funded pension scheme for its eligible employees. Provision is made on the basis of actuarial valuation and such latest valuation was carried out as at June 30, 2012 using Projected Unit Credit Actuarial Cost method.

- Non-contributory provident fund

The Bank operates an approved non-contributory provident fund for all its permanent employees. Contributions are made by the employees at 12% to 20% of their basic pay scale.

7.7.1 Post retirement medical benefits scheme

The Bank operates an un-funded post retirement medical benefits scheme for its employees. Provision is made on the basis of actuarial valuation and such latest valuation was carried out as at June 30, 2012 using Projected Unit Credit Actuarial Cost method. Actuarial gains / losses are recognised in the profit and loss account.

7.7.2 Employees' compensated absences

The Bank accounts for all accumulating compensated absences when employees render service that increases their entitlement to future compensated absences.

7.7.3 Benevolent fund

The Bank operates separate approved contributory benevolent funds for its management and non-management employees. Contributions are made by the bank and the employees equally on monthly basis. The liability of the fund is guaranteed by the Bank. Actuarial gains / losses are accounted for in a manner similar to pension scheme.

7.8 Impairment

The carrying amount of assets other than advances and investments are reviewed at each reporting date for impairment loss, if any. Impairment losses are recognized as expenses in the profit and loss account.

7.9 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that 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. However, provisions are reviewed quarterly and adjusted to reflect current best

7.10 Sale and repurchase agreements

The Bank enters into transaction of repurchase (repo) and resale (reverse repo) of registered Government securities at contracted rates for specified period of time. These are recorded as follows:

- In case of sale under repurchase obligations (repo), the securities are retained in the financial statements as investments and are measured in accordance with accounting policies for investment securities and the counter party liability is included in borrowings from financial institutions, and charges arising from the differential in sale and repurchase values are accrued on a prorata basis and recorded under Mark-up/Return/Interest expensed over the life of the repo agreement using effective yield method.; and

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

- In the case of purchase under resale obligations (reverse repo), the securities are not recognized in the financial statements as investments as the bank does not obtain control over the securities and the amount extended to the counter party is included in lending to financial institutions and the differential of the contracted purchase and resale prices is adjusted over the period of the contract and recorded under Mark-up/Return/Interest earned using effective yield method.

7.11 Borrowings / deposits and their cost

a) Borrowings / deposits are recorded at the fair value of proceeds received.

b) Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of that asset.

7.12 Foreign currencies translation

All monetary assets, liabilities, commitments and contingent liabilities in foreign currencies other than those in respect of Bangladesh and those covered by forward exchange contracts have been translated into rupees at the rates prevailing on the date of financial position. Assets, liabilities, commitments and contingent liabilities in foreign currencies in respect of Bangladesh have been translated at exchange rates ruling on June 30, 1971 and those covered by forward exchange contracts are converted at contracted rates.

Translation gains and losses are included in income except for the net unrealized gains on the translation of foreign currency classified advances, which are taken to provision account.

7.13 Revenue recognition

Interest/mark-up on advances is recognized on time proportion basis taking into account the amount outstanding and rate applicable. Total mark-up worked out for total period of advances is split over the period of advances on equated installment method.

Interest/mark-up on rescheduled/restructured advances and investments is recognized in accordance with the Prudential Regulations of the SBP.

Interest / mark-up recoverable on classified loans and advances and investments is recognized on receipt basis.

Dividend income on equity investments and mutual funds is recognized when right to receive is established.

Fee, commission and brokerage income are recognised as services are performed.

Refund claims are recognized as income when intimation of receipt for those is received.

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 periods so as to produce a constant periodic rate of return on the outstanding net investment in lease.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

Premium or discount on debt securities classified as available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to profit and loss account.

Gains and losses on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

7.14 Financial instruments

7.14.1 Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks and balances with other banks; lending to financial institutions and other institutions, investments, advances, certain receivables, bills payable, borrowings, subordinated loans, deposit accounts and other payables. The particular recognition method adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

7.14.2 Off - setting

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there exists a legally enforceable right to set - off and the Bank intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. Income and expenses items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

7.15 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

7.16 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as off balance sheet transactions and are disclosed as contingent liabilities and commitments.

7.17 Contingent liabilities and Commitments

Contingent liabilities and commitments includes letters of credit and letters of guarantee existing on the balance sheet date.

7.18 Transactions with related parties

Transactions between the Bank and its related parties are carried out on an arm's length basis.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

7.19 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

7.20 Business segments

7.20.1 Trading and sales

It includes fixed income, equity, foreign exchanges, credit, funding and lending.

7.20.2 Retail banking

It includes retail lending, deposits and banking services.

7.20.3 Commercial banking

It includes export finance, lending, guarantees, bills of exchange and deposits.

7.20.4 Geographical segments

The Bank operates through out the Pakistan.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

		2013
		Rupees in '000
8	CASH AND BALANCES WITH TREASURY BANKS	Note
	In hand	
	- Local currency	9,585
	- Foreign currency	1,656
	With State Bank of Pakistan in	8.1
	- Local currency current account	26,993
	- Foreign currency current account	3,287
	- Foreign currency deposit account	14,944
	With National Bank of Pakistan in	
	- Local currency current account	135
		<u>56,600</u>
8.1	Includes deposits with the SBP maintained in respect of Statutory Liquidity Reserves (SLR), Cash Reserves Requirements (CRR) and FE-25 in accordance with the requirements of the SBP issued from time to time.	
		2013
		Rupees in '000
9	BALANCES WITH OTHER BANKS	Note
	In Pakistan	
	- On current account	1,415
	- On deposit account	1,076
	Outside Pakistan	
	- On deposit account	9.1 <u>19,311</u>
		<u>21,802</u>
9.1	This represents foreign currency placements with foreign bank.	
		2013
		Rupees in '000
10	LENDINGS TO FINANCIAL INSTITUTIONS	Note
	Placement by agreement	10.2 <u>60,617</u>
	Under Reverse Repo arrangement	<u>370,456</u>
		<u>431,073</u>
10.1	Particulars of lendings	
	In local currency	431,073
	In foreign currency	-
		<u>431,073</u>
10.2	This represents amount placed by the Bank with the United Bank Limited as the security deposit at a negotiable profit rate by agreement for sub-membership of NIFT carrying markup ranging between 7% to 9% per annum.	

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

		2013			
		Held by bank	Given as collateral	Total	
		-----Rupees in '000-----			
11	INVESTMENTS-NET				
				Note	
11.1	Investments by type				
	Available-for-sale securities				
	Pakistan Investment Bonds	11.7	1,240	341,000	342,240
	Fully paid-up ordinary shares / units- listed	11.4	287,615	-	287,615
	Fully paid-up ordinary shares - unlisted	11.5	11,371	-	11,371
	National Investment Trust - units		-	-	-
			300,226	341,000	641,226
	Held-to-maturity securities				
	Debentures	11.6	222	-	222
	Subsidiary				
	Pakistan Industrial Development Financial Services (Private) Limited - wholly owned		2,500	-	2,500
	Investments at cost		302,948	341,000	643,948
	<i>Provision for diminution in value of investments</i>	11.3	(115,458)	-	(115,458)
	Investments (net of provision)		187,490	341,000	528,490
	<i>Surplus on revaluation of Available-for-sale securities</i>	23	302,310	-	302,310
	Total Investments		489,800	341,000	830,800

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

	Note	2013 Rupees in '000
11.2 Investments by segments:		
<i>Federal/Provincial Government Securities:</i>		
Pakistan Investment Bonds	11.7	342,240
<i>Fully paid-up ordinary shares / units:</i>		
Listed companies	11.4	287,615
Unlisted companies	11.5	11,371
		298,986
<i>Debentures</i>	11.6	222
<i>Subsidiaries</i>		
Pakistan Industrial Development Financial Services (Private) Limited - wholly owned		2,500
Investments at cost		643,948
<i>Provision for diminution in value of investments</i>	11.3	(115,458)
Investments (net of provision)		528,490
<i>Deficit on revaluation of Available-for-sale securities</i>	23	-
Total Investments		528,490
11.3 Particulars of provision for diminution in value of investments		
Opening balance		121,835
Charge for the year		-
Reversals/Adjustments		(6,377)
		(6,377)
Closing balance		115,458
11.3.1 Particulars of provision in respect of type and segment		
Available-for-sale securities		
Listed companies		108,714
Unlisted companies		4,022
		112,736
Held-to-maturity securities		
Debentures		222
Subsidiary		2,500
		115,458

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

11.4 Particulars of investments held in listed Companies

		Rupees in '000	
S.No.	Company Name	No. of Shares December 2013	Cost of Investment December 2013
<u>QUOTED COMPANIES</u>			
<u>OIL & GAS PRODUCERS</u>			
1	PAKISTAN REFINERY LIMITED	100	-
2	PAKISTAN STATE OIL COMPANY LIMITED	1,384,874	173,359
3	SHELL (PAKISTAN) LTD	486	-
4	EASTERN REFINERY	400	-
		1,385,860	173,359
<u>CHEMICALS</u>			
1	ENGRO CHEMICAL PAKISTAN LIMITED	1,520	60
2	GATRON (INDUSTRIES) LIMITED	400	15
3	PAK FIBRE INDUSTRIES LIMITED	100	-
4	SIND ALKALIS LIMITED	14,405	160
5	CHEMICAL IND. PAK	73	-
6	CHEMPHAR PAKISTAN	134,895	-
7	HUB PETRO CHEMICALS	2,100	18
8	SYNTHETIC CHEMICALS	7,154	-
		160,647	253
<u>FORESTRY AND PAPER</u>			
1	ABSON INDUSTRIES LIMITED	1,000	3
2	ADAMJEE PAPER BOARD	90,489	222
3	ALLIED PAPER IND.	50	-
4	CHILYA C. BOARD	150	-
5	EAGLE BOX CARTON	50	-
6	KARANAPHULI PAPER	400	-
7	PAKISTAN PAP CORPN.	542,909	-
		635,048	225
<u>INDUSTRIAL METALS AND MINING</u>			
1	HUFFAZ SEAMLESS PIPE INDUSTRIES LTD.	685	-
2	INTERNATIONAL INDUSTRIES LIMITED	641	-
		1,326	-
<u>CONSTRUCTION AND MATERIALS</u>			
1	BERGER PAINTS	206	-
2	CENTRAL FOREST PRODUCTS LIMITED	100	-
3	CHERAT CEMENT COMPANY LIMITED	290	5
4	D.G. KHAN CEMENT COMPANY LIMITED	179	-
5	DADABHOY CEMENT INDUSTRIES LIMITED	13,825	97
6	DADABHOY CONSTR TECH LTD(PAK GERMEN)	100	-
7	KAUSAR PAINTS LIMITED	100	-
8	KOHAT CEMENT CO. LTD	242	-

S.No.	Company Name	No. of Shares December 2013	Cost of Investment December 2013
9	MINERAL GRINDING MILLS LIMITED	7,300	6
10	MUSTEHKAM CEMENT LIMITED	15	-
11	PIONEER CEMENT LIMITED	4,707	43
12	SHABBIR TILES & CERAMICS LIMITED	5,133	50
		<u>32,197</u>	<u>201</u>
<u>GENERAL INDUSTRIALS</u>			
1	ECOPACK LIMITED	295	-
2	GHANI GLASS	280	-
3	THAL LIMITED (THAL JUTE MILLS) PACKAGES LIMITED	3,623	-
		105	-
		<u>4,303</u>	<u>-</u>
<u>INDUSTRIAL ENGINEERING</u>			
1	MILLAT TRACTORS LIMITED	11	-
2	PAKISTAN ENGINEERING COMPANY LIMITED	128,220	1,041
3	PAKISTAN CABLE	270	-
4	BALUCHISTAN FOUNDRY.	149,034	-
5	NOWSHERA ENGINEERING	742	-
6	RCD BALL BEARING	93,073	-
7	SARTAJ ENGINEER	55	-
		<u>371,405</u>	<u>1,041</u>
<u>INDUSTRIAL TRANSPORATION</u>			
1	PAKISTAN NATIONAL SHIPPING CORPORATION	13,016	4
2	THE PAN ISLAMIC STEAMSHIP COMPANY LTD	306	8
3	TRI-STAR SHIPPING LINES LIMITED	1,349,750	12,652
4	K.R.T.C.	10	-
		<u>1,363,082</u>	<u>12,664</u>
<u>AUTOMOBILE AND PARTS</u>			
1	ATLAS BATTERY LIMITED	446	-
2	BELA ENGINEERS LIMITED	44,705	367
3	ATLAS HONDA LIMITED	154	-
4	HONDA ATLAS CARS (PAKISTAN) LIMITED	350	-
5	INDUS MOTOR COMPANY LIMITED	300	16
6	PAK SUZUKI MOTOR CO. LTD	111	-
7	TAGA PAKISTAN LIMITED	600	1
8	TRANSMISSION ENGINEERING INDUSTRIES LT	2,000	13
		<u>48,666</u>	<u>397</u>
<u>BEVERAGES</u>			
1	MURREE BREWERY CO. LTD	70	-
		<u>70</u>	<u>-</u>
<u>FOOD PRODUCERS</u>			
1	ANSARI SUGAR MILLS LIMITED	45,801	148
2	CHASHMA SUGAR MILLS LIMITED	200	2
3	CLOVER PAKISTAN LIMITED	140	-
4	DATA AGRO LIMITED	6,000	5
5	FAZAL VEGETABLE GHEE MILLS LIMITED	20,465	606
6	HABIB SUGAR MILLS LTD	558	-
7	HUSEIN SUGAR MILLS LTD	121	-

S.No.	Company Name	No. of Shares December 2013	Cost of Investment December 2013
8	JDW SUGAR MILLS LTD	1	-
9	KOHINOOR SUGAR MILLS LIMITED	21	-
10	MIAN MOHAMMED SUGAR MILLS LIMITED	1,000	1
11	MORAFKO INDUSTRIES LIMITED	6,666	122
12	MUSLIM GHEE MILLS LIMITED	5,000	10
13	NOON SUGAR MILLS	115	-
14	PAKISTAN DAIRIES LIMITED	700	2
15	SURAJ GHEE INDUSTRIES LIMITED	2,002	23
16	UNIVERSAL OIL&VEGETABLE GHEE MILLS LTD	10,000	249
17	SAKRAND SUGAR MILLS	9,500	29
18	BAKER FOOD IND.	9,000	2
19	BENZ INDUSTRIES LTD	300	4
20	SARHAD GHEE MILL	13,600	159
		<u>131,190</u>	<u>1,362</u>

HOUSEHOLD GOODS

1	CASS PAK INDUSTRIES LIMITED	84,900	260
2	HALA ENTERPRISES LIMITED	2,310	4
3	MYFIP VIDEO INDUSTRIES LIMITED	90,000	495
4	TARIQ GLASS INDUSTRIES LTD	1,391	-
5	REGAL CERAMICS LIMITED	11,491	103
6	TURBO TEC LIMITED	14,000	13
7	REFRIGERATORS MFG. CO.	367	-
8	ASLO ELECTRICAL.	4,500	-
9	AUTOMOTIVE EQUIPMENT	38,524	1
10	ELECTRIC LAMP	2,900	4
11	GREAVES AIRCONDITION	5,000	23
12	HYDERABAD ELECTRONIC	171,300	642
13	PUNJAB LAMP WORKS	400	1
14	REX BAREN BATERIES	500	6
15	PRINCE GLASS WORKS	27,968	751
16	USMANIA GLASS SHEET	1,569	-
		<u>457,120</u>	<u>2,302</u>

PERSONAL GOODS

1	ALIF TEXTILE INDUSTRIES LIMITED	100,250	439
2	AL-QAIM TEXTILE MILLS LIMITED	6,400	9
3	AMAZAI TEXTILE MILLS LIMITED	15,500	40
4	APEX FABRICS LIMITED	500	0
5	ASIM TEXTILE MILLS LIMITED	51,000	190
6	AWAN TEXTILE MILLS LIMITED	28,800	46
7	AYAZ TEXTILE MILLS LIMITED	48,300	68
8	AZAM TEXTILE MILLS LIMITED	100	-
9	AZMAT TEXTILE MILLS LIMITED	2,299	4
10	BLESSED TEXTILES LIMITED	1,200	45
11	COLONY WOOLLEN MILLS LIMITED	44	-
12	CRESCENT JUTE PRODUCTS LIMITED	6	-
13	CRESCENT SPINNING MILLS LIMITED	33,143	271
14	DAWOOD LAW RANCEPUR	101	-
15	DEWAN MUSHTAQ TEXTILE MILLS LTD	95	-
16	DIN TEXTILE MILLS LIMITED	930	21
17	FAISAL SPINNING MILLS LIMITED	600	16
18	FAZAL CLOTH	294	-

S.No.	Company Name	No. of Shares December 2013	Cost of Investment December 2013
19	FATIMA ENTERPRISES LIMITED	5,286	37
20	FAWAD TEXTILE MILLS LIMITED	19,900	111
21	GLOBE	53	-
22	GHULAM MUHAMMED DADABHOY LIMITED	3,200	6
23	HARNAI WOOLLEN MILLS LIMITED	304	1
24	IDEAL SPINNING MILLS LIMITED	1,300	12
25	ITTEFAQ TEXTILE MILLS LIMITED	631	29
26	ITTI TEXTILES LIMITED	10,400	20
27	JUNAID COTTON MILLS LIMITED	7,400	17
28	KARIM COTTON MILLS LIMITED	22,989	46
29	KARIM SILK MILLS LIMITED	1,381	1
30	KHYBER TEXTILE MILLS LIMITED (F.P.)	31	-
31	KOHINOOR LOOMS LIMITED	25,600	58
32	KOHINOOR MILLS LTD	277	-
33	LIBAAS TEXTILE LIMITED	100	1
34	MEHRAN JUTE MILLS LIMITED	313,758	926
35	MOHIB EXPORTS LIMITED	124,719	1,231
36	NATIONAL FIBRES LIMITED	5,200	187
37	NISHAT MILLS LTD	351	-
38	NORRIE TEXTILE MILLS LIMITED	100	-
39	PARAMOUNT SPINNING MILLS LIMITED	789	7
40	PROSPITY WEAVING	70	-
41	QAYYUM SPINNING MILLS LIMITED	100	-
42	SCHON TEXTILES LIMITED	16,180	111
43	SERVICE FABRICS LIMITED	300	2
44	TAJ TEXTILE MILLS LIMITED	4,900	15
45	TAWAKKAL GARMENT INDUSTRIES LIMITED	610,706	3,232
46	TAWAKKAL LIMITED	165,240	498
47	TAWAKKAL POLYESTER INDUSTRIES LIMITED	182,936	450
48	THE BAHAWALPUR TEXTILE MILLS LIMITED	1,049	2
49	ZAHUR TEXTILE MILLS LIMITED	2,392,251	22,902
50	HAJI MUHAMMAD ISMAIL MILLS	356,525	3,394
51	KHURSHID SPINNING MILLS	6,100	12
52	MOHAMMAD FAROOQ TEXTILE	139	1
53	REDCO TEXTILE	147,400	1,474
54	SAHRISH TEXTILE MILLS	10,808	19
55	SUN SHINE COTTON	144,271	1,472
56	ADAMJEE JUTE MILLS	200	-
57	AMIN JUTE MILLS	246	-
58	CHANDPUR JUTE	670	-
59	CHITTAGONG JUTE MFG	600	-
60	JESSORE JUTE ORD.	100	-
61	JESSORE JUTE PREF.	100	-
62	LATIF BAWANY JUTE	500	-
63	MEGHNA JUTE	1,550	-
64	PAK JUTE MILLS	1,712	-
65	R.R.JUTE	850	-
66	R.R.TEXTILES	375	-
67	UNITED JUTE MILLS	2,500	2
68	H.M.SILK MILLS LTD.	9,703	-
69	NILOM NYLON MILLS	20	0
70	AKBER COTTON MILLS	100	-
71	AL-AMIN TEXTILE.	34,000	-

S.No.	Company Name	No. of Shares December 2013	Cost of Investment December 2013
72	CALICO COTTON	5,100	22
73	CENTRAL COTTON	55,241	279
74	CROWN TEXTILE	16,000	25
75	DAWOOD FIBRE MILLS LTD.(AISHA COTTON)	24,200	41
76	KOHINOOR COTTON.	1,277	-
77	MOHIB TEXTILE	543,185	15,199
78	NUSRAT TEXTILE	338,700	1,844
79	SHAHYAR OE TEXTILE	73,242	356
80	SHAHYAR TEX MILLS.	21,711	-
81	SUNRISE TEXTILE	35,100	28
82	TANGAIL COTTON	200	-
83	UNIVERSAL TEXTILE	20	-
84	ZAFAR TEX.(UNIT.COT)	1,249	2
85	NAVEED TEXTILE	3,500	23
86	RELIANCE WEAVING MILLS LTD	438	-
87	AFSAR TEXTILE MILLS	12,899	-
88	AHMED BAWANY	520	-
89	AKBAR TEXTILE MILLS	335	-
90	ALLIED TEX MILLS	5,204	-
91	AMIN TEXTILES	148	-
92	BALUCHISTAN TEXTILE	67,579	-
93	DANNEMANN FABRICS	12,300	18
94	GHAFFUR TEXTILE	200	-
95	KARANAPHULI RAYON	2,200	-
96	KHAIRPUR TEXTILE	200	-
97	MARR FABRICS	6,800	21
98	NOOR TEXTILE LTD	200	-
99	PEARL FABRIC	247,300	734
100	SATRANG TEXTILE MILL	1,440	-
101	SUNSHINE CLOTH	329,350	3,306
102	ZEENAT TEXTILE MILL	50	-
103	FATIMA TEXTILE MILLS	500	-
104	COLGATE PALMOLIVE	42	-
105	CRESCENT TEXTILE MILLS LIMITED	900	-
106	GULISTAN SPINNING MILLS	100	-
107	GULSHAN SPINNING MILLS	30	-
108	KOHINOOR TEXTILE MILLS LTD	1,710	-
109	ARTISTIC DENIM MILLS LTD	2,000	-
110	ELLCOT SPINNING MILLS	200	-
		<u>6,736,902</u>	<u>59,324</u>
<u>HEALTH CARE EQUIPMENT AND SERVICES</u>			
1	MEDI GLASS LIMITED	400	1
		<u>400</u>	<u>1</u>
<u>PHARMA AND BIO TECH</u>			
1	ABBOTT LABORATORIES (PAKISTAN) LTD	1,748	-
2	FEROZSONS LABORATORIES LIMITED	267	-
3	HIGHNOON LABORATORIES LTD	15	-
4	GLAXOSMITHKLINE PAKISTAN LTD(GLAXO WL)	49	-
		<u>2,079</u>	<u>-</u>

S.No.	Company Name	No. of Shares December 2013	Cost of Investment December 2013
<u>FIXED LINE TELECOMMUNICATION</u>			
1	PAKISTAN TELECOMMUNICATION COMPANY LTD PAK DATA COM	33,697 32	1,496
		33,729	1,496
<u>ELECTRICITY</u>			
1	GENERTECH PAKISTAN LIMITED	1,000	14
2	THE HUB POWER COMPANY LIMITED	2,200	79
3	TRI-STAR POWER LIMITED	500	2
		3,700	95
<u>GAS WATER AND MULTIUTILITIES</u>			
1	SUI NORTHERN GAS PIPELINES LIMITED	320,592	7,998
		320,592	7,998
<u>BANKS</u>			
1	ALLIED BANK LTD	419	-
2	ASKARI BANK LIMITED(ASKARI COMMERCIAL B)	14,472	337
3	BANK AL HABIB LIMITED	371	-
4	BANK AL FALAH LIMITED	650	-
5	BANK OF PUNJAB	1,765	-
6	HABIB METROPLITION BANK LTD	377	-
7	KASB BANK LIMITED (PLATINUM COMM.BANK)	1,457	12
8	MCB BANK LIMITED	248	-
9	NIB BANK LIMITED(NDLC-IFIC BANK)	100,902	380
10	SONERI BANK LTD.	2,891	7
11	SUMMIT BANK LTD	4,315	57
12	NATIONAL BANK OF PAKISTAN	20,652	1,972
		148,519	2,764
<u>NON LIFE INSURANCE</u>			
1	ADAMJEE INSURANCE COMPANY LIMITED	17	-
2	ATLAS INSURANCE LTD	86	-
3	BUSINESS & INDUSTRIAL INSURANCE CO LTD	1,000	2
4	CENTURY INSURANCE COMPANY LIMITED	174	-
5	DELTA INSURANCE COMPANY LIMITED	4,000	30
6	HABIB INSURANCE COMPANY LIMITED	319	-
7	NEW JUBILEE INSURANCE COMPANY LIMITED	30	-
8	PREMIER INSURANCE LTD	752	-
9	PAKISTAN NORTHERN INSURANCE CO. LTD.	2,558	3
10	RELIANCE INSURANCE CO. LTD	24	-
11	STANDARD INSURANCE COMPANY LIMITED	200	4
12	SILVER STAR INSURANCE CO. LTD	577	-
13	UNIVERSAL INSURANCE	1,019	-
14	UNITED INSURANCE CO. OF PAKISTAN	4	-
15	PICIC INSURANCE LTD	330	-
		11,090	39
<u>LIFE INSURANCE</u>			
1	EFU LIFE ASSURANCE LIMITED	36	-
		36	-

S.No.	Company Name	No. of Shares December 2013	Cost of Investment December 2013
<u>FINANCIAL SERVICES</u>			
1	DADABHOY LEASING COMPANY LIMITED	18,958	41
2	DAWOOD CAPITAL MANAGEMENT	55	-
3	ENGLISH LEASING LIMITED	100	1
4	FIRST CAPITAL SECURITIES COR.LTD	1,668	-
5	FIRST DAWOOD INV.BANK(DAWOOD LEASING)	59	1
6	IGI INVESTMENT BANK LTD.(F.INT.INV.BK)	2,742	21
7	NATOVER LEASE & REFINANCE LTD	150	-
8	STANDARD CHARTERED LEAS.	407	-
9	TRUST INVESTMENT BANK (TRUST L/L&IB)	493	-
10	CAPITAL ASSETS	422,125	3,593
11	INTERASIA	250,000	2,500
12	INNOVATIVE INV. BANK LTD	662	735
13	BANKERS EQUITY	69,030	325
14	INDUS BANK	3,200	3
15	COMMERCE BANK	15	-
		<u>769,664</u>	<u>7,220</u>
<u>EQUITY INVESTMENT INSTRUMENTS</u>			
1	B.R.R. GUARDIAN MODARABA (BRR INT.MOD)	1,108	6
2	B.F. MODARABA	1,440	
3	FIRST DADABHOY MODARABA	250,000	2,211
4	FIRST HABIB BANK MODARABA	496	4
5	FIRST INTERFUND MODARABA	1	-
6	FIRST TAWAKKAL MODARABA	265,500	111
7	LONG TERM VENTURE CAPITAL MODARABA	351,176	1,039
8	STANDARD CHARTERED MOD.(GRNDLYS M.1ST)	566	8
9	TRUST MODARABA	190	2
10	UNICAP MODARABA	600	-
11	INVESTEC MODARBA IST	2,212	2
12	UNITY MODARABA	1,000,000	10,000
13	L.T.V. REDEEMABLE CAPITAL CERTIFICATES	133,178	3,070
14	PREMIER MODARABA 1ST.	9,600	19
		<u>2,016,067</u>	<u>16,472</u>
<u>MISCELLANEOUS</u>			
1	ADAMJEE FLOORING	11,000	27
2	ADAMJEE INDUSTRIES	5,344	-
3	AL-HUSSANY IND.	4,000	9
4	AMIN AGENCIES 1947	100	-
5	ARAG IND. PREF.	53,800	-
6	ARAG INDUSTRIES	10,472	-
7	ASWAN TENTAGE CANVAS	39,200	39
8	ATLAS EPAK	1,272	-
9	EAST PAK COLD STORAG	125	-
10	FULBRITE PAK LTD	7,362	-
11	GALFRA HABIB	100	-
12	GAMMON EAST PAK.	40	-
13	GILLENDEERS ARBUTHNOT	2,999	-
14	GRACE INDUSTRIES	1,600	-
15	GULBERG TEXTILE	256	-
16	GYPSUM CORPORATION.	5,100	-
17	HAJI SHEIKH MUHAMMAD HUSSAIN COMPANY	6,562	-

S.No.	Company Name	No. of Shares December 2013	Cost of Investment December 2013
18	HAMRAZ INDUSTRIES.	19,550	95
19	I.P.S. OF PAKISTAN	50,059	-
20	KARACHI PIPE MILLS	13,900	136
21	KAYTEX MILLS LTD,	4,500	45
22	MULTIPOLE IND.	17,500	41
23	NAT. MATCH FACTORYTR	200	-
24	PAK CHOROME MINES	1,390	8
25	PAK INDUSTRIAL GAS	310	-
26	PAKISTAN ROPE WORKS	220	-
27	PUNJAB BUILDING LTD.	3,685	2
28	RALLI PAKISTAN LTD.	50	-
29	SAIFEE DEV.CORPN.	25	-
30	SUN PUBLICATION	23,044	-
31	BURMAH EASTERN	730	-
		<u>284,495</u>	<u>402</u>
	GRAND TOTAL	<u>14,918,187</u>	<u>287,615</u>

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

11.4.1 Quoted equity securities

The above includes an amount of Rs. 76.849 million representing investment in companies which have either been placed on the defaulter counter or which have been de-listed / suspended by the Stock Exchanges as on December 31 , 2013. Adequate provision is maintained in the books in respect of such investments.

11.4.2 The following categories of shares are held in respect of investors' schemes / unclaimed pools but not recorded in the accounting books:

Particulars	----- 2013 -----	
	Holding (Number of shares)	Market Value Rupees in '000
-On behalf of Pakistani Dormant Account Holders	2,024,316	551
-On behalf of Ex-Account Holders under Litigation	11,880	234
-On behalf of ICP Account Holders (Former East Pakistan)	83,158	516
-Shareholding in Former East Pakistani Companies	1,398,441	-
-Unclaimed Bonus Shares (Received on shares sold)	292,622	21,013
-Unclaimed Duplicate Shares	172,790	3,345
	<u>3,983,207</u>	<u>25,659</u>

11.5 Particulars of investments held in unlisted Companies

2013 (Number of shares)		2013 Rupees in '000
3,250,000	Central Depository Company Chief Executive: Mr. Muhammad Hanif Jakhura Break-up value per share: Rs. 38.09 Period of financial statements: June 30, 2012 Percentage of Holding: 5%	5,000
100,000	Crescent Capital Management (Private) Limited Chief Executive: N/A Break-up value per share: N/A Period of financial statements: N/A Percentage of Holding: N/A	1,000
100,000	First Investment Management Services Limited Chief Executive: N/A Break-up value per share: N/A Period of financial statements: N/A Percentage of Holding: N/A	774
286,146	SME Bank Limited Chief Executive: Mr. Nasser Durrani Break-up value per share: Rs. 1.04 Period of financial statements: September 30, 2013 Percentage of Holding: 0.12%	2,146

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

2013 (Number of shares)		2013 Rupees in '000
247,700	National Woolen Mills Chief Executive: N/A Break-up value per share: N/A Period of financial statements: N/A Percentage of Holding: N/A	248
200,000	General Refractories Chief Executive: N/A Break-up value per share: N/A Period of financial statements: N/A Percentage of Holding: N/A	2,000
158,400	National Investment Trust Limited Chief Executive: Mr. Manzoor Ahmed Shaikh Break-up value per share: Rs. 14,027 Period of financial statements: June 30, 2012 Percentage of Holding: 16.67%	200
25	State Bank of Pakistan Governor: Mr. Ashraf Watara Break-up value per share: Rs. 592,195 Period of financial statements: June 30, 2013 Percentage of Holding: 0.0003%	3
		<u><u>11,371</u></u>
11.6	Particulars of Debentures	2013 (Rupees in 000)
	Northern Foundry and Engineering Works Limited	118
	Chilya Corrugated Board Mill	104
		<u><u>222</u></u>

11.6.1 These debentures carry interest at the rate of 14% semi-annually. Terms of redemption includes repayment of principal and markup on semi-annual basis. However, the Bank has made full provisions against these debentures.

11.6.2 These debentures do not carry interest. Terms of redemption includes repayment of principal on semi-annual basis. However, the Bank has made full provisions against these debentures.

11.7 Pakistan Investment Bonds includes Rs. 341 million as at December 31, 2013 pledged with State Bank of Pakistan against borrowings.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

	2013
	Rupees in '000
12 ADVANCES-NET	Note
Loans, cash credits, running finances, etc.	
In Pakistan	6,249,067
Outside Pakistan	-
	6,249,067
Net investment in finance lease	12.3
In Pakistan	-
Outside Pakistan	-
Bills discounted and purchased (excluding treasury bills)	
In Pakistan	5,033
Outside Pakistan	-
	5,033
Advances - gross	6,254,100
Provision for non-performing advances - specific	12.5
	(6,215,376)
Advances - net of provision	38,724

12.1 Particulars of advances with respect to currencies

In local currency	2,932,224
In foreign currencies	3,321,876
	6,254,100

12.2 Particulars of advances with respect to maturities

Short term (upto one year)	535,081
Long term (over one year)	5,719,019
	6,254,100

12.3 Net investment in finance Lease

2013				
Over due portion	Not later than one year	Later than one and less than five years	Over five years	Total

-----Rupees in '000-----

Lease rentals receivable	39,927	-	-	-	39,927
Residual value	-	-	-	-	-
Minimum lease payments (MLP)	39,927	-	-	-	39,927
Financial charges for future periods	-	-	-	-	-
Present value of MLP	39,927	-	-	-	39,927
Less: Provisions	(39,927)	-	-	-	(39,927)
	-	-	-	-	-

Industrial Development Bank Limited

Notes to the Financial Statements

For the eighteen months ended December 31, 2013

12.4 Advances include an amount of Rs. 6,243.306 million which have been placed under non-performing status as detailed below:

Category of Classification	2013			Provision Required	Provision Held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other Assets Especially Mentioned	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	6,243,306	-	6,243,306	6,215,376	6,215,376
	<u>6,243,306</u>	<u>-</u>	<u>6,243,306</u>	<u>6,215,376</u>	<u>6,215,376</u>

12.5 Particulars of provision against non-performing advances

	Note	2013		
		Specific	General	Total
----- Rupees in '000 -----				
Opening balance		6,147,870	-	6,147,870
Exchange adjustments		137,589	-	137,589
Charge for the period		470	-	470
Amount written off	12.7	-	-	-
Reversals		(27,060)	-	(27,060)
		(26,590)	-	(26,590)
Others		(43,493)	-	(43,493)
Closing balance		<u>6,215,376</u>	<u>-</u>	<u>6,215,376</u>

12.6 Particular of provision against non-performing loans and advances

In local currency	2,893,500	-	2,893,500
In foreign currency	3,321,876	-	3,321,876
	<u>6,215,376</u>	<u>-</u>	<u>6,215,376</u>

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

12.6.1 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

12.7 Particulars of write offs	Note	2013 Rupees in '000
12.7.1 Against provisions	12.5	-
Directly charged to Profit and Loss account		-
		-
		-
12.7.2 Write offs of Rs. 500,000 and above	12.8	-
Write offs of below Rs. 500,000		-
		-
		-

12.8 Details of loan write off of Rs. 500,000 - and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 (LVII of 1962) the Statement, there are no such write offs in respect of loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the period ended December 31, 2013. However, these write offs do not affect the Bank's right to recover the debt from the customer.

12.9 East Pakistan Displaced Persons Cases

The above loan portfolio includes outstanding loans amounting to Rs. 56.184 million (interest outstanding thereon aggregating to Rs. 218.974 million shown under "income/mark-up accrued in local currency" in other assets) granted by the Bank under a scheme introduced by the Federal Government of Pakistan for East Pakistan Displaced Persons (EPDP) vide circular No.4(14)73-EPO of 1973. Under the provisions of the above circular, the Federal government has provided a continuous guarantee to the extent of 75% of losses, including principal, interest and other charges, suffered by the Bank on account of the administration and advancing of the loans under the said scheme as may be assessed by the SBP. However, the Bank, as a matter of prudence, has made 100% provision against non-performing loans under the said scheme. Further, as per Government of Pakistan decision, no interest has to be accrued on East Pakistan Displaced Persons loans after June 30, 1994.

12.10 Particulars of loans and advances to directors and executives

	2013 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	
Balance at beginning	5,787
Loans addition / granted during the period	-
Recoveries during the period	(1,885)
Balance at end	3,902

Industrial Development Bank Limited

Notes to the Financial Statements

For the eighteen months ended December 31, 2013

13 OPERATING FIXED ASSETS

	Note	2013 Rupees in '000
Property and equipments	13.1	<u>51,404</u>
		<u>51,404</u>

13.1 Property and equipment

	Note	COST			DEPRECIATION			Book value as at December 31, 2013	Rate of depreciation % (per annum)
		As at July 1, 2012	Additions / (Deletions)	As at December 31, 2013	As at July 1, 2012	Charge for the period / (deletions)	As at December 31, 2013		
-----Rupees in '000-----									
Freehold land	13.2	48,985	-	48,985	-	-	-	48,985	-
Leasehold land		303	-	303	-	-	-	303	-
Building on freehold land		35,220	-	35,220	32,039	2,387	34,426	794	5-10
Building on leasehold land		9,038	-	9,038	9,038	-	9,038	-	5
Furniture, fixtures and office equipment		31,018	15	21,697	28,194	1,439	20,375	1,322	10-20
			(9,336)			(9,258)			
Vehicles		9,532	-	6,298	9,515	-	6,298	-	20
			(3,234)			(3,217)			
Computers		20,778	-	16,468	20,750	28	16,468	-	20-33
			(4,310)			(4,310)			
		<u>154,874</u>	<u>15</u>	<u>138,009</u>	<u>99,536</u>	<u>3,854</u>	<u>86,605</u>	<u>51,404</u>	
			<u>(16,880)</u>			<u>(16,785)</u>			

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

13.2 Included therein is a sum of Rs. 1.893 million pertaining to a plot of land in Lahore, measuring 4 Kanals, possession of which was taken by the Bank in 1976 from the Lahore Development Authority. The title of this land is being disputed by the Pakistan Telecommunication Company Limited. Member Settlement Commission/Notified Officer of Board of Revenue vide its order dated August 27, 2007 has already acknowledged IDBL ownership of above Plot of Land. The matter was referred to the Supreme Court which has remanded the case to the Settlement Commissioner of Punjab in the last hearing held on June 23, 2011. Settlement of the case is still pending and the same has been classified as freehold land.

13.3 Disposal

	Cost Accumulated	Book	Sale	Mode of	Particulars
	depreciation	value	proceeds	disposal	of buyers
	----- Rupees in '000 -----				
Furniture, office equipment and computers					
Items having book value of more than Rs. 250,000 or cost of more than Rs. 1,000,000	-	-	-	-	-
Vehicles					
Items having book value of more than Rs. 250,000 or cost of more than Rs.1,000,000	-	-	-	-	-
Land and premises					
Items having book value of more than Rs. 250,000 or cost more than Rs. 1,000,000	-	-	-	-	-
December 31, 2013	-	-	-	-	-

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

	2013
	Note Rupees in '000
14 OTHER ASSETS	
Income / mark-up accrued in local currency	1,328,345
Income / mark-up accrued in foreign currencies	4,046,728
Advances, deposits and other prepayments	407
Receivable from SBP for claim against LMM credit lines	14.1 543,955
Advance against purchase of Railway Plot	14.2 120,747
Advance taxation (payments less provision)	383,256
Branch adjustment account	517
Incorporation expenses of ICBL (Formerly IDBL)	10,861
Suspense account	754
Stationery and stamps on hand	3,361
NWFP Equity Investment Fund	71,343
Receivable from:	
Employees' Provident Fund	2,322
Pension Fund	272,579
Benevolent Fund-Officers	35,517
Benevolent Fund-Staff	45,936
Due in respect of exchange differential from:	
Government of Pakistan	60,859
State Bank of Pakistan	33,855
Excise duty recoverable	51,334
IDA Managed Fund	29,781
Legal and Professional charges recoverable	6,050
Others	62,430
	7,110,937
Less: Provision held against other assets	14.3
Accrued mark-up	(5,355,200)
IDBP Modaraba current account	(1,659)
Incorporation expenses of ICBL (Formerly IDBL)	(10,861)
Due in respect of exchange differential from:	
Government of Pakistan	(60,859)
State Bank of Pakistan	(33,855)
NWFP equity account	(71,343)
Excise Duty Recoverable	(51,874)
IDA Managed fund	(29,781)
Legal and Professional charges recoverable	(6,050)
Others	(31,937)
	(5,653,419)
	1,457,518

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

14.1 Receivable from SBP for claim against LMM credit lines

This represent amount of refund claims lodged by the Bank with the SBP in respect of excess payment of profit and SBP share in loss regarding old LMM scheme. These claims amounting to Rs. 543.55 million have been recorded after being acknowledged by the SBP vide letter dated August 02, 2011 whereby the SBP agreed to adjust the amount of refund claim against the outstanding LMM finance borrowings amounting to Rs. 1,054.285 million outstanding as at December 31, 2013.

14.2 Advance against purchase of Railway Plot

Included therein is a sum of Rs. 120.747 million pertaining to two plots of land in Karachi possession of which was taken over by the Bank and ICP (defunct) on November 30, 1992 and January 14, 1993 respectively from the Pakistan Railways. The Bank also received an indemnity from the Pakistan Railway for the full refund of amount in the event of their failure to transfer, mutate and register the said plots by means of conveyance of sale deed in the name of the Bank.

The bank had received a letter dated September 4, 1993 from the General Manager - Land Management Pakistan Railways Lahore, stating that Government of Sindh has objected to the sale of Railways land in the market and has taken the issue to the Council of Common Interest and Inter-Provincial Co-ordination Division in the Cabinet Secretariat and that the sale deed will be executed and registered after the issue is decided by the relevant forum. In view of the above situation, the Bank filed a suit in the Honorable High Court of Sindh, Karachi against Pakistan Railways for declaration, injunction and specific performance which was decided in favour of the Bank. However, sale deed for the same has not been executed by the end of the current period.

A proposal for the refund of the above amount was submitted to the Cabinet. The Cabinet did not approve the proposal and instead asked the Minister for Defence to resolve the matter in respect of registration of the sale deeds by the Sindh Provincial Government.

Subsequently, upon the instructions of the Ministry for Defence, the matter was referred to the Law and Justice Division which gave the opinion that the Ministry of Railways has already filed a reference in the Supreme Court of Pakistan in its original side under Article 184 of the Constitution against the four provinces. In view of the pendency of the said reference, the matter of disposal of surplus land including transfer of it to any other Government department has been deferred.

The Chief Secretary, Government of Sindh, in a meeting held on March 10, 2005 informed that the decision for sharing of proceeds of the plots between the Government of Sindh and Pakistan Railways was made by the President of Pakistan. This matter was also discussed in the Sindh Cabinet, which approved the President's decision.

Land Utilization Department, Government of Sindh, vide letter dated February 20, 2006 informed that the Provincial Cabinet has approved the ratio of 60:40 (60 percent for Federal Government and 40 percent for Government of Sindh). Hence, till the payment of 40 percent share of the total sale proceeds is made to the Government of Sindh, the request for allowing execution of sale deed cannot be considered. The Finance Division, Government of Sindh vide letter dated March

Industrial Development Bank Limited

Notes to the Financial Statements

For the eighteen months ended December 31, 2013

25, 2006 impressed upon the Ministry of Railways to remit 40 percent share of Government of Sindh out of the sale proceeds paid to them so that the sale deed may be executed. In the meantime, the cost of the land has been transferred from fixed assets to other receivables and the amount was provided in the earlier year has now been reversed for the reason that the seller Pakistan Railways has provided indemnity for the refund of full amount if legal transfer is not materialized.

Section officer for Secretary to Government of Sindh vide letter # 02-74-03/SO-1/283 dated February 20, 2006 which states that the provincial cabinet has approved the ratio of 60% : 40% (60% for Federal Government and 40% for Provincial Government). Hence, till the payment of 40% share of the total sale proceeds is made to the Government of Sindh, the request for allowing execution of Sale Deed cannot be considered. In order for earlier settlement, the matter has been referred to the Chief Secretary, Government of Sindh for his intervention by issuing instructions to the respective officials to convey their acceptance for depositing the amount to Government of Sindh being 40% of the total sale consideration of subject plot so that the sale deed executed.

	2013
	Rupees in '000
14.3 Provision against other assets	
Opening balance	5,555,181
Exchange adjustments	75,200
Charge for the period	8,821
Reversals	(29,276)
	(20,455)
Others	43,493
Closing balance	<u>5,653,419</u>

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

	2013
	Note Rupees in '000
15 ASSETS IN RESPECT OF BANGLADESH	
These are represented by the following items:	
Cash and bank balances	79,670
Investments in Central and Provincial Government securities	996
Advances	
Local currency	310,893
Foreign currency	214,049
	524,942
Fixed Assets	
Premises at cost less depreciation	1,606
Furniture, fitting and equipment less depreciation	1,144
	2,750
Other assets	
Stationery, stamps and suspense account	1,847
Adjusting account, interest, commission and other charges	15.1 280,476
	282,323
Acceptances and guarantees	18,496
	909,177
15.1 These represents interest on deposits ranging between 6% to 6.25% per annum.	
16 BILLS PAYABLE	
In Pakistan	5,927
Outside Pakistan	-
	5,927
17 BORROWINGS	
In Pakistan	23,409,994
Outside Pakistan	-
	23,409,994
17.1 Particulars of borrowings with respect to currencies	
In local currency	23,409,994
In foreign currencies	-
	23,409,994

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

	Note	2013 Rupees in '000
17.2		
Details of borrowings secured / unsecured		
<i>Secured</i>		
Borrowings from SBP		
Locally Manufactured Machinery (LMM)	17.2.1.1	1,054,285
SBP Credit Line (Guaranteed by GoP)	17.2.1.2	13,000,000
Financial assistance for Golden Hand Shake (GHS)	17.2.1.3	340,783
		<u>14,395,068</u>
<i>Un-secured</i>		
Borrowings from Government of Pakistan		
Financial assistance for Voluntary Separation Scheme (VSS)	20.2	1,200,000
Rupee borrowings from the Government of Pakistan (GoP)	17.2.2	4,258,926
Foreign currency borrowings repayable in local currency	17.2.3	-
Organization of the Petroleum Exporting Countries (OPEC), International Bank for Reconstruction & Development (IBRD) and Asian Development Bank (ADB) Credit-Small Industrial Refinance Scheme	17.2.4	-
Banking sector adjustment loan	17.2.6	500,000
ADB's Financial Market & Governance Program Loan	17.2.7	3,056,000
		<u>9,014,926</u>
		<u><u>23,409,994</u></u>

17.2.1 Borrowings from SBP

17.2.1.1 State Bank of Pakistan (SBP), through Memorandum of Understanding (MOU) signed between SBP & the Bank has converted various credit lines already extended to the Bank by SBP (under old LMM Scheme on Profit and Loss basis) into one loan aggregating to Rs. 1,054.285 million, to be remunerated on service charges basis, which has been fixed at no markup. The revised terms and conditions of agreement are effective from July 01, 2005.

17.2.1.2 SBP credit line is interest free and is secured on the guarantee of Federal Government.

17.2.1.3 Financial assistance for GHS is subject to remuneration (service charges), ranging from 6% to 8% per annum and is secured by pledge of Pakistan Investment Bonds of Rs.341 million. In terms of the proposed restructuring plan of the Bank, LMM loans, SBP credit line and financial assistance for GHS/VSS are to be converted into the equity / sub-ordinated debt of the Bank, however, formal approval for the same is still awaited.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

17.2.2 Rupee borrowings from GoP

Loans	Rate of interest % per annum	Deemed to relate to Pakistan	Deemed to relate to Bangladesh	Total 2013
----- (Rupees in '000) -----				
1	9	114,000	-	114,000
2	0	-	24,650	24,650
3	6	37,137	49,174	86,311
4	6.25	-	64,900	64,900
5	5	50,000	-	50,000
6	11	-	-	-
7	11	4,258,926	-	4,258,926
		<u>4,460,063</u>	<u>138,724</u>	<u>4,598,787</u>

Loans 1 to 5 are subordinated loans shown separately

(201,137)
4,258,926

17.2.2.2 Repayment of loan 2, portion of loan 3 to the extent of Rs.49.174 million and loan 4, all deemed relating to Bangladesh, are subject to the condition stated in note 7.5.

17.2.2.3 The loan 1, 3 and 5 which were allowed by GoP to the bank is to be shown as subordinated debt, as per letter No.INVII/82, and the repayment of such loans commenced from July 1998, September 1998 and July 1999 respectively. Entire amount in respect of such loans have become due as per existing repayment schedule.

17.2.2.4 The principle followed in apportioning the loans between those relating to Pakistan and Bangladesh has been outlined in note 7.5.

17.2.3 Foreign currency borrowings repayable in rupees

Foreign currency borrowings repayable in rupees are subject to interest rate of 5.5% to 8.5% per annum.

17.2.4 OPEC, IBRD and ADB Credit-Small Industries Refinance Scheme

OPEC, IBRD and ADB Credit-Small Industries Refinance Schemes are subject to a interest rate of 8.25% to 11.7% per annum.

17.2.5 In respect of Loans 6 and 7 (note 17.2.2), foreign currency borrowing (note 17.2.3) and OPEC, IBRD and ADB credit Small Industries refinance Scheme (note 17.2.4) principal and interest accrued upto June 2012 aggregating to Rs.3.986 billion has transferred to other liabilities on the basis of existing repayment schedule. In terms of proposed restructuring plan of the Bank, those borrowings are to be converted into equity / sub-ordinated debt of the Bank, however, former approval for the same is still awaited.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

17.2.6 Banking sector adjustment loan

Banking sector adjustment loan is interest free and has been provided to the Bank to improve its liquidity. Formal agreement defining the terms and conditions of the loan is pending with the GoP.

17.2.7 ADB's Financial Market & Governance Program Loan

ADB's Financial Market & Governance Program Loan is interest free and has been provided to the Bank to meet its liquidity and to pay the corporate/institutional and individual deposits. Formal agreement defining the terms and conditions of the loan is pending with the GoP.

17.2.8 Since the borrowings from Government of Pakistan and State Bank of Pakistan (other than export refinance) under the restructuring proposal are to be converted into equity / sub-ordinated debt of the Bank, therefore, the Bank has discontinued accruing mark-up / interest on these borrowings with effect from July 1, 2001. Had the Bank continued to accrue interest on these borrowings, net profit for the current period would have decreased by Rs. 269.605 million (Rs. 234.241 million on Government of Pakistan borrowings and Rs. 35.364 million on State Bank of Pakistan borrowings). Cumulative amounts since July 1, 2001 aggregating to Rs. 5,050.71 million (Rs. 4,419.182 million pertains to Government of Pakistan borrowings and Rs. 631.528 million is on State Bank of Pakistan borrowings).

18 DEPOSITS AND OTHER ACCOUNTS

2013
Rupees in '000

Customers

Fixed deposits	86,034
Saving deposits	131,048
Current accounts - non-remunerative	20,034
Others	90,933
	328,049

Financial Institutions

Remunerative deposits	-
Non-remunerative deposits	-
	-
	328,049

18.1 Particulars of deposits

In local currency	324,237
In foreign currencies	3,812
	328,049

19 SUB-ORDINATED LOANS

GoP Loan-I	114,000
Mark up 9 % per annum	
GoP Loan-III	37,137
Mark up 6 % per annum	
GoP Loan-V	50,000
Mark up 5 % per annum	
	201,137

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

	Note	2013 Rupees in '000
20 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency		114,186
Payable to GoP	20.1	3,985,745
Payable under VSS	20.2	5,814
Payable to GoP - Suppliers credit rescheduled under Paris club agreement	20.3	1,265,083
Payable under counter guarantee arrangements	20.4	484,025
Payable to Ex- Creditors of ICP (defunct)	20.5	22,592
Accrued expenses		8,836
Unclaimed deposits and dividends		58,149
Employees benefit		
Post retirement medical benefit		13,803
Compensated absences		6,004
Others		51,775
		<u>6,016,012</u>

20.1 Represents current overdue position of various loans payable to GoP as explained in note 17.2.2 to 17.2.6.

20.2 Represents amount payable to employees opted under VSS Financial assistance for VSS amounting to Rs. 1,200 million is interest free loan received through SBP, out of which payments to the extent of Rs. 1,234.524 million has been made to employees (optees) upto December 31, 2013.

20.3 Number of suppliers credit were obtained by borrowers through the Bank under counter guarantee arrangements in the past. These suppliers credits had been rescheduled under Paris club agreement and the liability of repayment to the lenders is assumed by the Government of Pakistan. A subsidiary loan agreement containing necessary terms and conditions regarding repayment of these loans had been signed between the Bank and Economic Affairs Division (Debt Management Wing) Government of Pakistan, in order to implement the decision of ECC.

Since the supplier credit liability has also become payable to Government of Pakistan as per Supplementary Loan Agreement, therefore, in accordance with the decision taken, in the meeting held on November 28, 2001, under the chairmanship of the finance minister, that GoP / SBP borrowing would be converted into equity/ subordinated loan. Based on the fact, the Bank is not accruing markup on this loan and additional markup of 2% for late repayment. Had the Bank continued to accrue interest on these borrowings, net profit for the current year would have been decreased by Rs. 255.489 million.

20.4 Certain beneficiaries of counter guarantees have defaulted on their repayment obligations, the liability in respect of installments falling due for payment till maturity has also been recorded.

20.5 This represent amount payable to ex shareholders of ICP (defunct) in accordance with clause of 6.4 of scheme of amalgamation duly approved by Ministry of Finance and State Bank of Pakistan.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

		2013
21	LIABILITIES IN RESPECT OF BANGLADESH	Note Rupees in '000
These comprised of the following:		
	Deposits and other accounts	15.1 363,005
	Borrowings from banks	
	- State Bank of Pakistan	7.5 29,500
	- Other banks	30,972
		60,472
	Other borrowings	
	Federal Government	17.2.2 138,724
	Others	27,438
		166,162
	Foreign currency borrowings	214,049
	Bills payable	183
	Other liabilities	4,344
	Acceptance and guarantees	7,987
		816,202
	Loans disbursed by GoP	82,466
		909,177

22 SHARE CAPITAL

22.1 Authorized capital

2013

Number of Shares

<u>50</u>	Ordinary shares of Rs. 100 each	<u>0.500</u>
-----------	---------------------------------	--------------

22.2 Issued, subscribed and paid up capital

<u>50</u>	Ordinary shares of Rs. 100 each issued for cash, held by the Joint Secretary, Finance Division, GoP.	<u>0.500</u>
-----------	--	--------------

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

23	SURPLUS ON REVALUATION OF ASSETS	
	On available for sale securities	2013 Rupees in '000
	Pakistan Investment Bonds	(2,406)
	Quoted Shares	<u>304,716</u>
		<u><u>302,310</u></u>

24 CONTINGENCIES AND COMMITMENTS

(a) IDBL

24.1 Direct Credit Substitutes

- Guarantees in favour of Government	<u><u>124,546</u></u>
--------------------------------------	-----------------------

24.2 Transactions-related Contingent Liabilities

- Guarantees in favour of Government	<u><u>7,895</u></u>
--------------------------------------	---------------------

24.3 Commitments in respect of release of funds for VSS of IDBL Employees

The total liability of the Bank on account of VSS amounted to Rs. 1.220 billion. Ministry of Finance (Investment Wing) Islamabad, vide their letter # F.8(6)Inv IV/2002 dated January 20, 2006 has authorized the State Bank of Pakistan to allocate the above amount for the separation of 344 employees (optees), out of that Rs. 1,200 million has already been provided through State Bank of Pakistan. Remaining amount of Rs. 20 million will be received through State Bank of Pakistan as and when required, to fulfill IDBP's commitment with employees (optees) opted under Voluntary Separation Scheme and in the service of the Bank as on December 31, 2013.

24.4 The Bank had issued guarantees in favour of Collector of customs on behalf of Euro Ceramics Limited for the import of machinery in 1989 and 1990. The Deputy of Customs, Appraisement (B.G.Cell) Government of Pakistan vide their letter dated April 03, 2003 demanded a sum of Rs.14.182 million resulting from failure in payment of the deferred dues of custom duties by Euro Ceramics Limited. The claim was lodged by the Collector of Customs after obtaining a confirmation from the borrower that the entire guaranteed amount with surcharge had already been paid by the borrower to the Bank in the light of agreement No.SAMD/HO/1682 dated November 19, 1999. The Bank is disputing the claim. Provision to the extent of Rs. 7.184 million against guarantees has been made in the financial statements on recommendations of State Bank of Pakistan.

24.5 The Bank is contesting certain claims by third parties including borrowers and ex-employees in Courts of law, the ultimate outcome of which cannot presently be determined. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank. Certain claims were filed by ex-employees and ex-investors of ICP (defunct) in various courts for short payment of dues amounting to Rs. 37.081 million which have not yet been acknowledged by the management.

Industrial Development Bank Limited

Notes to the Financial Statements

For the eighteen months ended December 31, 2013

24.6 The State Bank of Pakistan (SBP) had levied penalties aggregating to Rs.566.052 million against the non maintenance of liquid assets in the year 2001 to 2005 as required under section 29 of the Banking Companies Ordinance, 1962 (LVII of 1962). The provision of the said amount has not been made as the management is of the view that the matter will be settled at time of finalization of restructuring plan of the Bank.

Taxation

Disallowances of various expenses having no financial implications for the bank

24.7 Various appeals have been filed by the Bank and the Income Tax Department before appropriate appellate forum against decisions of sub-ordinate judicial forum for disallowing / allowing provisions against non-performing loans and advances, special reserves, various other expenses, etc. in assessment years 1989-90 to 1992-93, 1995-96, 1996-97, 2000-2001 and 2002-03 and in tax years 2003 to 2006 that are pending decisions. All of the above referred appeals have no financial implications for the Bank in view of the continuous tax losses.

24.8 Further, the Taxation Officer has issued notices for tax years 2007 and 2008 showing his intention to disallow provision against non-performing loans and advances, leased and other assets, financial and administrative expenses. The intended disallowances have no financial implication for the Bank in view of continuous tax losses.

24.9 In the assessment year 2000-2001 (corresponding to the income year ended June 30, 2000), the assessing officer had levied additional tax of Rs.1.623 million for delay in filling the return of income. The CIT(A) has set-aside the said order and has directed the DCIT to re-adjudicate the matter.

24.10 In the assessment year 1999-2000 (corresponding to the income year ended June 30, 1999), the assessing officer had demanded additional levy of Rs.0.667 million for delay in filing the return of income. The ITAT has maintained this disallowance. The Bank's miscellaneous application for rectification of order has been rejected by ITAT and appeal is being filed with the High Court.

24.11 The Income tax authorities had raised a demand of Rs. 15.4 million for the accounting year ended June 30, 1971 against which the Bank has provided Rs.12.604 million. As the Bank has disputed this demand and the question of its validity can only be determined after the Government takes a decision on the treatment to be accorded to the assets and liabilities to Bangladesh, no provision has been made for the shortfall of Rs. 2.796 million.

24.12 The income tax assessments of the Bank's Azad Kashmir operations have been made upto the tax year 2010. Return of total income /(loss) for the tax years 2003 to 2012 filed by the Bank are deemed to be assessments made under section 120 of the Income Tax Ordinance, 2001.

The assessments for the assessment years 1992-93 to 1994-95, 1998-99, 2000-01 to 2002-03 have been reassessed to give appeal effects to appellate orders for the said assessment years whereby refunds have been created. The Bank's assessments for the assessment years 1996-97, 1997-98 and 1999-2000 have been set aside by the Commissioner Income Tax (Appeals) and re-assessments of these assessment years are pending.

In view the assessments for the assessment years 1996-97, 1997-98 and 1999-2000 set aside and

Industrial Development Bank Limited

Notes to the Financial Statements

For the eighteen months ended December 31, 2013

the aforesaid determined refunds, no further provision for Azad Kashmir tax is required to be made in the Bank's financial statements.

- 24.13** In respect of the tax assessment of the ICP (defunct) relating to Azad Kashmir, the ICP (defunct) has filed reference before High Court against the order of the Tribunal for the assessment year 1988-89 and 1989-90. The ICP (defunct) has also filed appeal before the Tribunal against the order of the Commissioner of Income Tax (Appeals) relating to assessment year 1996-97. The decision of this reference / appeal is pending.

The Bank has, however made full provision in the financial statements in respect of all the appeals pending before the tax authorities.

25	MARK-UP / RETURN / INTEREST EARNED	2013
		Rupees in '000
	On loans and advances to:	
	Customers	35,522
	Financial institutions	9,211
	On Investment in:	
	Available for sale securities	144,756
	On deposits with financial institutions	9,232
		<u>198,721</u>
26	MARK-UP / RETURN / INTEREST EXPENSED	
	On deposits	52,467
	On securities sold under repurchase agreements	144,932
	On other short term borrowings	506
		<u>197,905</u>
27	OTHER INCOME	
	Gain on sale of assets	4,987
	Others	11,953
		<u>16,940</u>
28	ADMINISTRATIVE EXPENSES	
	Salaries and other allowances	118,798
	Non-executive director's fees, allowances and other expenses	1,739
	Rent, taxes, insurance, electricity, etc.	46,573
	Legal and professional charges	2,714
	Communications	3,206
	Repair and maintenance	1,557
	Stationery and printing	1,928
	Advertisement and publicity	412
	Auditors' remuneration	28.1
	Depreciation	13.1
	Traveling and motor car expenses	9,292
	Others	22,031
		<u>212,393</u>

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

	2013
	Rupees in '000
28.1 AUDITORS' REMUNERATION	
Audit fees	270
Half yearly review fees	180
Out of pocket expenses	14
	<u>464</u>
29 OTHER CHARGES	
CDC charges	68
Others	1,987
	<u>2,055</u>
30 TAXATION	
Current year	2,299
	<u>2,299</u>

30.1 Tax losses available for set off against future taxable profits aggregating Rs. 1,009.715 million of which Rs. 77.148 million represent losses assessed in the assessment years upto 2006 and losses deemed to have been assessed upto tax years 2012. Tax losses for the assessment years 1997-98 to 2000-2001, can be carried forward for a period of ten years whereas, losses of assessment year 2001-2002 onwards, can be carried forward for a period of six years for set off against future taxable profits. No deferred tax assets in respect of such losses has been recognized.

Unabsorbed depreciation included in above losses aggregating Rs. 111.783 million can be carried forward and set off against future taxable profits until fully absorbed. In view of the huge accumulated losses, no deferred tax assets has been recognized in these accounts as it is not probable that taxable profits will be available against which the unrealized tax losses can be utilized.

30.2 Relationship between tax expense and accounting profit

Current taxation represents the minimum tax under section 113 of the Income Tax Ordinance, 2001. Therefore relationship between tax expense and accounting profit has not been disclosed.

31	BASIC / DILUTED EARNINGS PER SHARE		2013
	Profit after taxation for the year - Rupees in '000		<u><u>101,996</u></u>
	Weighted average number of ordinary shares - numbers		<u><u>500</u></u>
	Basic and diluted earnings per share - Rupees		<u><u>203,992.00</u></u>
	There is no dilutive effect on the basic earnings per share of the Bank.		
			2013
			Rupees in '000
32	CASH AND CASH EQUIVALENTS		
	Cash and balance with treasury banks		<u>56,600</u>
	Balance with other banks		<u>21,802</u>
			<u><u>78,402</u></u>
33	STAFF STRENGTH		
		<i>-----Numbers-----</i>	
		<i>Period end</i>	<i>Average</i>
	Permanent	<u>31</u>	<u>49</u>
	Temporary / on contractual basis	<u>55</u>	<u>74</u>
	Total Staff Strength	<u><u>86</u></u>	<u><u>123</u></u>

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

34 REMUNERATION OF DIRECTORS AND EXECUTIVES

	President/ Chairman	Directors	Executives
	-----2013-----		
	----- Rupees in '000 -----		
Fees	-	-	-
Managerial remunerati	4,320	-	6,863
Rent and house mainter	2,160	-	4,652
Utilities	952	-	875
Medical	540	-	2,376
Conveyance	600	-	3,050
Others	2,519	-	990
	<u>11,091</u>	<u>-</u>	<u>18,806</u>
Number of Persons	<u>1</u>	<u>4</u>	<u>11</u>

34.1 The President and some of the executives are provided with the bank's maintained car. Moreover, nominee directors are paid meeting attendance fee as per bank's practice.

35 TRUST ACTIVITIES

Vide an agreement dated February 1, 1974 with the GoP, the Bank has been appointed as an agent to manage a fund created through an agreement between GOP and International Development Association. The fund so created is to be utilized by the Bank in sub-loans and investment projects on behalf of GoP. In consideration of the services to be rendered, the Bank is entitled to a management fee of 1.75% per annum based on the amount of sub-loans and investments outstanding at the end of each half year.

36 RELATED PARTY TRANSACTIONS

Parties are considered to related if one party has the ability to control the other party or exercise the significant influence over the other party in making financial and operational decisions and include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefits funds directors and key management personnel and their close family members. The Bank has related party relationship with its subsidiary company, employee benefit plans and its key management personnel (including their associates). The details of investments in subsidiary company is stated in note 11 to these financial statements.

Transactions with related parties

	2013 Rupees in '000
Pakistan Industrial Development Financial Services	
Receivables	11,258
Provision	<u>(1,659)</u>
	<u>9,599</u>

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

37 EXEMPTION FROM COMPLIANCE OF IRAF, IMPLEMENTATION OF BASEL-II, STRESS TESTING, INTERNAL CREDIT RATING SYSTEM AND INTERNAL CONTROL REPORTING SYSTEM

The Bank is exempted from the compliance of Implementation of Basel II, IRAF Questionnaire for Self Assessment, Internal Credit Rating System, Stress Testing Report / Guidelines on Stress Testing, Internal Control over Financial Reporting (ICFR) and other requirements vide SBP Off-site Supervision & Enforcement Department letter No.OSED/BRP-2/524/2013/2089 dated February 21, 2013.

38 Segmental Information

38.1 Segment by class of business

	2013					
	Advances		Deposits		Contingencies & Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Chemical and pharmaceuticals	1,107,617	17.71	4,329	1.32	-	-
Agribusiness	-	-	-	-	-	-
Textile spinning	686,939	10.98	285	0.09	7,576	5.72
Textile weaving	582,925	9.32	-	-	-	-
Textile composite	1,416,079	22.64	-	-	-	-
Cement	202,688	3.24	12	-	-	-
Sugar	317,054	5.07	51	0.02	-	-
Shoes and leather garments	93,053	1.49	11	-	-	-
Automobile and transportation equipmer	88,103	1.41	22	0.01	-	-
Financial	-	-	78	0.02	-	-
Insurance	-	-	1,950	0.59	-	-
Electronics and electrical appliances	40,246	0.64	15	-	-	-
Production and transmission of energy	-	-	-	-	-	-
Individuals	10,794	0.17	177,693	54.17	250	0.19
Others	1,708,602	27.32	143,603	43.77	124,615	94.09
	6,254,100	100	328,049	100	132,441	100

Segment by sector

Public / Government	329,763	5.27	14,635	4.46	132,441	1.00
Private	5,924,337	94.73	313,414	95.54	-	-
Total	6,254,100	100	328,049	100	132,441	1.00

38.2 As per IFRS-8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The President of the Bank with the approval of its Board of Directors, Ministry of Finance and State Bank of Pakistan, as the case may be, has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

The President is responsible for Bank's entire portfolio and considers the business to have a single operating segment. The Bank's assets allocation decisions are based on a single integrated corporate strategy and the Bank's performance is evaluated on an overall basis.

The internal reporting provided to the President for the Bank's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. The Bank is domiciled in Pakistan. All of the Bank's income is derived from activities in Pakistan.

The Bank's entire shareholding is owned directly by Government of Pakistan.

39 GEOGRAPHICAL SEGMENT ANALYSIS

		-----2013-----			
		Profit before taxation	Total assets employed	Net assets employed	Contingencies & Commitments
		-----Rupees in '000 -----			
Pakistan		104,295	3,797,098	(27,073,198)	132,441
Others		-	-	-	-
		104,295	3,797,098	(27,073,198)	132,441
		104,295	3,797,098	(27,073,198)	132,441

Industrial Development Bank Limited

Notes to the Financial Statements

For the eighteen months ended December 31, 2013

40 MATURITIES OF ASSETS AND LIABILITIES

	2013				
	Total	Upto three months	Over three months to one year	Over one year to five years	Over five years
	----- (Rupees in '000) -----				
Assets					
Cash and balance with treasury banks	56,600	56,600	-	-	-
Balances with other banks	21,802	21,802	-	-	-
Lending to financial institutions	431,073	431,073	-	-	-
Investments - net	830,800	830,800	-	-	-
Advances - net	38,724	-	38,724	-	-
Other assets	1,457,518	773,212	684,306	-	-
Operating fixed assets	51,404	-	51,404	-	-
Assets in respect of Bangladesh	909,177	-	-	-	909,177
	3,797,098	2,113,487	774,434	-	909,177
Liabilities					
Bills payable	5,927	5,927	-	-	-
Borrowings	23,409,994	-	23,409,994	-	-
Deposits and other accounts	328,049	253,189	2,467	-	72,393
Sub-ordinated loans	201,137	-	201,137	-	-
Other liabilities	6,016,012	145,607	5,734,853	135,551	1
Liabilities in respect of Bangladesh	909,177	-	-	-	909,177
	30,870,296	404,723	29,348,451	135,551	981,571
Net Assets	(27,073,198)	1,708,764	(28,574,017)	(135,551)	(72,394)
Share capital	0.500				
Reserve fund and other reserves	-				
Accumulated loss	(27,375,508)				
Surplus on revaluation of assets	302,310				
	<u>(27,073,198)</u>				

Industrial Development Bank Limited
Notes to the Financial Statements
For the eighteen months ended December 31, 2013

42 FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk of loss from adverse changes in currency exchange rates. The Bank's foreign exchange exposure comprises foreign currency loans, foreign currency cash in hand, balance with banks abroad, foreign currency deposits and foreign currency placements with the SBP. Focus of the Bank's foreign exchange activities is on catering to the needs of the customers.

Foreign exchange risk exposures of the Bank are controlled through appropriate policies. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities within strict limits. The net open position in any single currency and the overall foreign exchange exposure are both managed within the statutory limits as prescribed by the SBP as well as the internal limits set by the Bank itself.

43 CURRENCY RISK

2013				
Assets (gross of provision)	Liabilities	Off- balance sheet	Net currency exposure	
----- Rupees in '000 -----				
Pakistan rupee	14,513,503	30,866,483	132,441	(16,485,421)
United States dollar	131,960	2,431	-	129,529
Great Britain pound	276	-	-	276
Deutsche mark	1,118,612	-	-	1,118,612
Japanese Yen	19,299	-	-	19,299
	<u>15,783,650</u>	<u>30,868,914</u>	<u>132,441</u>	<u>(15,217,705)</u>

44 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on _____ by the Board of Directors of the Bank.

45 GENERAL

45.1 Figures have been rounded-off to the nearest thousand rupees.

45.2 No comparative figures have been provided as this is the first year of the Bank.

President

Director

Director

Director

592,195,988,000
1000000
592,196

1,040,016,000
1,000,000,000
1.040016