



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

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**(UN AUDITED)**

**For the nine months period ended September 30, 2013**


**Pakistan Kuwait Investment Company (Private) Limited**  
**Consolidated Condensed Interim Statement of Financial Position**  
*As at September 30, 2013*

	Note	September 30, 2013 (Un -Audited)	December 31, 2012 (Audited) Restated (Rupees in '000)
<b>ASSETS</b>			
Cash and balances with treasury banks		41,633	32,650
Balances with other banks		4,981	712,976
Lendings to financial institutions		-	-
Investments	6	16,969,647	24,203,303
Advances	7	4,544,189	5,242,401
Operating fixed assets		208,635	252,233
Deferred tax assets		-	-
Other assets		323,439	365,656
		<b>22,092,524</b>	<b>30,809,219</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings from financial institutions	8	5,374,994	14,839,975
Deposits and other accounts	9	430,349	1,015,429
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		262,519	236,413
Other liabilities		403,168	376,203
		<b>6,471,030</b>	<b>16,468,020</b>
<b>NET ASSETS</b>		<b>15,621,494</b>	<b>14,341,199</b>
<b>REPRESENTED BY</b>			
Share capital		6,000,000	6,000,000
Reserves		3,285,976	3,285,976
Unappropriated profit		5,989,146	4,490,626
		<b>15,275,122</b>	<b>13,776,602</b>
Surplus on revaluation of 'available-for-sale' securities - net of tax	10	346,372	564,597
		<b>15,621,494</b>	<b>14,341,199</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial statements.

  
**Deputy General Manager / Chief Financial Officer**

  
**Chief Executive**

  
**Director**

  
**Director**

Pakistan Kuwait Investment Company (Private) Limited  
 Consolidated Condensed Interim Profit and Loss Account - (Un-audited)  
 For the nine months ended September 30, 2013

For the nine months ended September 30, 2013

Mark-up / return / interest earned  
 Mark-up / return / interest expensed  
 Net mark-up / interest income

(Reversal of provision) / provision against non-performing loans and advances - net  
 (Reversal of provision) against non-performing lending to financial institution  
 Provision / (reversal of provision) for diminution / impairment in the value of investments  
 Bad debts written off directly

Net mark-up / interest income after provisions

**NON MARK-UP / INTEREST INCOME**

Fee, commission and brokerage income  
 Dividend income  
 Income from dealing in foreign currencies  
 Gain on sale of securities  
 Unrealised (loss) / gain on revaluation of  
 'held-for-trading' securities  
 Share in result of associates  
 Other income  
 Total non mark-up / interest income

**NON MARK-UP / INTEREST EXPENSES**

Administrative expenses  
 Provision for impairment on operating fixed assets  
 Other charges  
 Total non mark-up / interest expenses  
 Extra ordinary / unusual items

**PROFIT BEFORE TAXATION**

Taxation  
 - Current  
 - Prior years  
 - Deferred

**PROFIT AFTER TAXATION**

Unappropriated profit brought forward (restated)  
 Unappropriated profit carried forward

Basic and diluted earning per share  
 (On share of Rs. 25,000 each)

Note	Quarter ended	Nine months period ended	Quarter ended	Nine months period ended
	September 30, 2013		September 30, 2012	
	(Rupees in '000)			
	321,567	1,395,088	611,132	1,745,139
	155,208	879,374	435,136	1,214,447
	166,359	515,714	175,996	530,692
	(7,027)	(33,620)	14,204	27,428
	-	-	-	(2,822)
	677	61	(5,008)	42,431
	-	-	-	-
	(6,350)	(33,559)	9,196	67,037
	172,709	549,273	166,800	463,655
	-	-	-	228
	32,532	131,180	11,736	89,854
	-	-	-	-
	266,930	650,129	86,905	181,294
	(619)	(619)	112	59
	514,203	1,384,642	477,525	1,063,333
	10,954	24,777	5,714	17,132
	824,000	2,190,109	581,992	1,351,900
	168,121	398,319	130,640	324,299
	-	-	-	45,724
	-	-	-	262
	168,121	398,319	130,640	370,285
	-	-	-	-
	828,588	2,341,063	618,152	1,445,270
	118,231	306,257	141,417	278,553
	-	-	-	-
	13,892	86,286	1,651	34,986
	132,123	392,543	143,068	313,539
	696,465	1,948,520	475,084	1,131,731
	5,742,681	4,490,626	4,527,792	3,871,145
	6,439,146	6,439,146	5,002,876	5,002,876
	Rupees			
	2,902	8,119	1,980	4,716

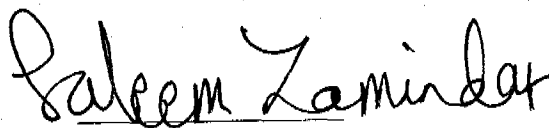
The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial statements.



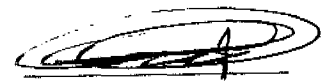
Deputy General Manager / Chief Financial Officer



Chief Executive



Director



Director

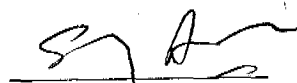
**Pakistan Kuwait Investment Company (Private) Limited**  
**Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)**  
*For the nine months ended September 30, 2013*

	Quarter ended	Nine months period ended	Quarter ended	Nine months period ended
	September 30, 2013		September 30, 2012	Restated
	(Rupees in '000)			
Profit for the period	696,465	1,948,520	475,084	1,131,731
Remeasurement of defined benefit plan net of deferred tax	-	-	(362)	(1,087)
Other comprehensive income	-	-	-	-
<b>Comprehensive income transferred to equity</b>	<b>696,465</b>	<b>1,948,520</b>	<b>474,722</b>	<b>1,130,644</b>
<b>Component of comprehensive income not transferred to equity</b>				
(Deficit) / surplus on revaluation of 'available-for-sale' securities	(394,337)	(275,862)	160,913	243,841
Deferred tax on revaluation of 'available-for-sale' securities	82,845	57,637	(54,943)	(46,216)
<b>Total comprehensive income for the period</b>	<b>384,973</b>	<b>1,730,295</b>	<b>580,692</b>	<b>1,328,269</b>

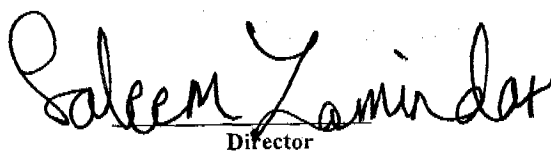
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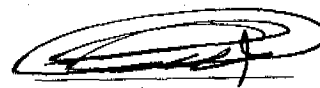
Deputy General Manager / Chief Financial Officer



Chief Executive



Director



Director

**Pakistan Kuwait Investment Company (Private) Limited**  
**Consolidated Condensed Interim Statement of Changes in Equity - (Un-audited)**  
*For the nine months ended September 30, 2013*

	Share capital	Reserve Statutory	Unappropriated profit	Total
(Rupees in '000)				
Balance as at January 01, 2012	6,000,000	3,114,865	3,388,567	12,503,432
Effect of change in accounting policy (refer note 4.1)			(6,297)	(6,297)
Balance as at January 01, 2012 (restated)	6,000,000	3,114,865	3,382,270	12,497,135
Profit for the nine months period ended September 30, 2012	-	-	1,131,731	1,131,731
Other comprehensive loss	-	-	(1,087)	(1,087)
Total comprehensive income	-	-	1,130,644	1,130,644
Dividend for the year ended December 31, 2011 @ Rs. 1,500 per share approved subsequent to year end	-	-	(360,000)	(360,000)
<b>Balance as at September 30, 2012 (restated)</b>	<u>6,000,000</u>	<u>3,114,865</u>	<u>4,152,914</u>	<u>13,267,779</u>
Balance as at January 01, 2013	6,000,000	3,285,976	4,498,373	13,784,349
Effect of change in accounting policy (refer note 4.1)	-	-	(7,747)	(7,747)
Balance as at January 01, 2013 (restated)	6,000,000	3,285,976	4,490,626	13,776,602
Profit for the nine months period ended September 30, 2013	-	-	1,948,520	1,948,520
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,948,520	1,948,520
Dividend for the year ended December 31, 2012 @ Rs. 1,875 per share approved subsequent to year end	-	-	(450,000)	(450,000)
<b>Balance as at September 30, 2013</b>	<u>6,000,000</u>	<u>3,285,976</u>	<u>5,989,146</u>	<u>15,275,122</u>

The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial statements.

  
 Deputy General manager / Chief Financial Officer

  
 Chief Executive

  
 Director

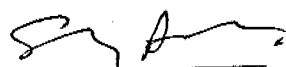
  
 Director

Pakistan Kuwait Investment Company (Private) Limited  
 Consolidated Condensed Interim Cash Flow Statement (Un-audited)  
 For the nine months ended September 30, 2013

	September 30, 2013	September 30, 2012
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,341,063	1,445,270
Less: Dividend income	131,180	89,854
	<u>2,209,883</u>	<u>1,355,416</u>
Adjustments for:		
Depreciation	11,538	9,275
Amortization	8,111	3,781
Provision for impairment on operating fixed assets	-	45,724
(Reversal of provision) / Provision against non-performing loans and advances - net	(33,620)	27,428
Provision for diminution / impairment in the value of investments	61	42,431
(Reversal of provision) against non-performing lending to financial institution	-	(2,822)
Unrealised loss / (gain) on revaluation of 'held for trading' securities	619	(59)
Share in result of associates	(1,384,642)	(1,063,333)
Gain on disposal of operating fixed assets	-	(1,434)
	<u>(1,397,933)</u>	<u>(939,009)</u>
	811,950	416,407
Decrease in operating assets		
Lendings to financial institutions	-	2,822
'Held-for-trading' securities	(20,645)	(35,137)
Advances	731,832	961,693
Others assets (excluding advance taxation)	12,464	(2,673)
	<u>723,651</u>	<u>926,705</u>
(Decrease) / increase in operating liabilities		
Borrowings from financial institutions	(9,464,981)	8,913,193
Deposits and other accounts	(585,080)	(67,954)
Other liabilities (excluding current taxation)	27,119	(19,354)
	<u>(10,022,942)</u>	<u>8,825,885</u>
	(8,487,341)	10,168,997
	<u>(178,890)</u>	<u>(84,004)</u>
	(8,666,231)	10,084,993
Income tax paid		
Net cash (outflow) / inflow from operating activities		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment	7,861,143	(10,119,410)
Dividend income	573,025	486,534
Investments in operating fixed assets	(16,949)	(20,201)
Sale proceeds of operating fixed assets	-	1,454
Net cash inflow / (outflow) from investing activities	<u>8,417,219</u>	<u>(9,651,623)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(450,000)	(360,000)
Net cash outflow from financing activities	<u>(450,000)</u>	<u>(360,000)</u>
(Decrease) / increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	(699,012)	73,370
Cash and cash equivalents at end of the period	<u>745,626</u>	<u>467,419</u>
	<u>46,614</u>	<u>540,789</u>

The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial statements.

  
 Deputy General Manager / Chief Financial Officer

  
 Chief Executive

  
 Director

  
 Director

**Pakistan Kuwait Investment Company (Private) Limited**  
**Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)**  
*For the nine months ended September 30, 2013*

**1. STATUS AND NATURE OF BUSINESS**

- 1.1 Pakistan Kuwait Investment Company (Private) Limited ("the holding company") was incorporated in Pakistan as a Private Limited Company on March 17, 1979. The registered office is situated at 4th Floor, Block 'C', Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The holding company has one representative office in Lahore. The holding company is a 50:50 joint venture between the Governments of Pakistan and Kuwait. The objective of the holding company is to profitably promote industrial investments in Pakistan.
- 1.2 The Group had a 100% owned subsidiary, First Choice Securities Limited (FCSL). During the period, FCSL was disposed off as detailed in note 11.

**2. BASIS OF PRESENTATION**

- 2.1 These consolidated condensed interim financial statements have been prepared based on the format prescribed by the State Bank of Pakistan (SBP) vide BSD Circular Letter No. 2, dated 12 May 2004, BSD Circular letter No. 07, dated 20 April 2010 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2012.

**3. STATEMENT OF COMPLIANCE**

- 3.1 These consolidated condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" as applicable in Pakistan, provisions of and directives issued under the Companies Ordinance, 1984 and the directives issued by SBP. In case directives requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and directives issued by the SBP have been followed.
- 3.2 The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial Instruments: Disclosures' through SRO 411(1)/ 2008. Accordingly, the requirements of these International Financial Reporting Standards (IFRSs) and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

**4. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in preparation of financial statements for the year ended December 31, 2012 except as follows:

**New, Amended And Revised Standards And Interpretations of IFRSs**

The Group has adopted the following new amended IFRS which became effective during the period.

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 19 – Employee Benefits – (Revised)

**Improvements to various standards issued by IASB ( 2009-2011 cycle)**

IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipments – Classification of Servicing equipment

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above revision, amendments, improvements and interpretation of the standards did not have any effect on the financial statements, other than the amendments to IAS 19 'Employees Benefits' as described in 4.1.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

#### 4.1 Change in accounting policy

Amendments to IAS 19 range from fundamental changes to simple clarification and rewording. The significant changes to IAS 19 include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.
- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard -- 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated.

The effects of the retrospective application of the change in accounting policies are as follows:

	<b>December 31, 2012 (Rupees in '000)</b>
Increase in the staff retirement gratuity	(11,918)
Increase in deferred tax asset	4,171
Net decrease in equity	<u><u>(7,747)</u></u>
	<b>September 30, 2012 (Rupees in '000)</b>
Decrease in other comprehensive income (OCI) for the period	<u><u>1,087</u></u>
There is no change in the consolidated condensed interim profit and loss account	

#### 5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2012.



6. INVESTMENTS

6.1 Investments by type

	September 30, 2013			December 31, 2012		
	(Un-audited)			(Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
	(Rupees in '000)					
<b>Held for trading securities</b>						
Shares of listed companies	27,055	-	27,055	6,410	-	6,410
<b>Available-for-sale securities</b>						
Market treasury bills	5,582,670	309,330	5,892,000	2,596,379	10,684,921	13,281,300
Pakistan Investment Bonds	902,492	-	902,492	1,642,868	-	1,642,868
Shares of listed companies	2,130,195	-	2,130,195	1,801,711	-	1,801,711
Shares of unlisted companies	110,686	-	110,686	127,686	-	127,686
Listed preference shares	55,029	-	55,029	55,029	-	55,029
Listed term finance certificates	25,107	-	25,107	82,037	-	82,037
Unlisted term finance certificates	608,052	-	608,052	608,168	-	608,168
	9,414,231	309,330	9,723,561	6,913,878	10,684,921	17,598,799
<b>Held to maturity securities</b>						
Unlisted Preference Shares	106,751	-	106,751	-	-	-
<b>Associates</b>	6,975,311	-	6,975,311	6,479,283	-	6,479,283
<b>Total investments - at cost</b>	16,523,348	309,330	16,832,678	13,399,571	10,684,921	24,084,492
Provision for diminution / impairment in the value of investments	(132,467)	-	(132,467)	(158,273)	-	(158,273)
<b>Total investments - net of provisions</b>	16,390,881	309,330	16,700,211	13,241,298	10,684,921	23,926,219
Deficit on revaluation of 'held-for-trading' securities	(618)	-	(618)	(25)	-	(25)
Surplus / (deficit) on revaluation of 'available-for-sale' securities	270,087	(33)	270,054	267,436	9,673	277,109
<b>Total investments - at market value</b>	16,660,350	309,297	16,969,647	13,508,709	10,694,594	24,203,303

7. ADVANCES

	September 30, 2013	December 31, 2012
	(Un-audited)	(Audited)
	(Rupees in '000)	
<b>In Pakistan</b>		
Advances	4,926,828	5,567,283
Net investment in finance leases	1,220,483	1,311,860
	6,147,311	6,879,143
Provision for non-performing advances	(1,603,122)	(1,636,742)
<b>Advances - net of provision</b>	4,544,189	5,242,401

- 7.1 Advances include Rs.1,736.574 million (December 31, 2012: Rs 1,771.283 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)				
Substandard	-	-	-	-	-
Doubtful	266,903	-	266,903	133,451	133,451
Loss	1,469,671	-	1,469,671	1,469,671	1,469,671
	<u>1,736,574</u>	<u>-</u>	<u>1,736,574</u>	<u>1,603,122</u>	<u>1,603,122</u>

7.2 Particulars of provision for non-performing advances - specific

	Note	September 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited)
Opening balance		1,636,742	1,577,790
Charge for the period		-	83,074
Reversals		(33,620)	(24,122)
		(33,620)	58,952
Amounts written off against provisions		-	-
Closing balance		<u>1,603,122</u>	<u>1,636,742</u>

8. BORROWINGS FROM FINANCIAL INSTITUTIONS

		September 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited)
<b>Secured</b>			
Repurchase agreement borrowings - Government securities	8.1	309,344	10,694,704
Borrowing from SBP under LTF-EOP	8.2	53,274	71,899
Borrowing from SBP under LTFF	8.3	247,577	305,285
Borrowing from SBP under FFSAP	8.4	14,799	18,087
Term Finance Facility	8.5	4,750,000	3,750,000
		<u>5,374,994</u>	<u>14,839,975</u>

- 8.1 The holding company has arranged borrowing from a financial institution against sale and repurchase of government securities. The mark-up on this finance is 9.90 (December 31, 2012: 8.25 to 9.25) percent per annum with maturity of one day (December 31, 2012 : two days to four days).
- 8.2 In order to facilitate the export oriented projects, SBP has introduced a scheme to refinance the fixed term loan availed from Banks / DFIs. A one time swap facility option under the Scheme (LTF-EOP) has been extended to textile sector for import of plant and machinery, allowed by the SBP through their SMED Circular No.19 of 2006. The loan is repayable over a maximum period of 7.5 years from the date of first disbursement with mark-up payable at maximum of 5 percent per annum.
- 8.3 This represents Long Term Finance Facility (LTFF) on concessional rates to promote industrial growth leading to exports. The loans availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years with mark-up payable at maximum of 10.10 percent per annum. SBP allocates an overall yearly limit under the facility to individual Participating Financial Institution (PFI). The sanctioned limit was Rs. 500 million.

8.4 This represents Financing Facility for Storage of Agricultural Produce (FFSAP) on concessional rates to develop the agricultural produce marketing and enhance storage capacity. The loans availed under the facility shall be repayable within a maximum period of seven years including a maximum grace period of six months with mark-up payable at maximum of 6.50 percent per annum. SBP allocates an overall yearly limit to individual PFI. The sanctioned limit was Rs. 500 million.

8.5 The holding company has availed Long Term Finance facilities from two banks. The interest rates on these facilities range from 9.44 to 9.89 percent per annum (December 31, 2012: 9.96 and 10.70 percent per annum) with maturities between November 29, 2014 and June 25, 2018 (December 31, 2012: November 29, 2014 and October 1, 2015).

9. DEPOSITS AND OTHER ACCOUNTS	Note	September 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited) (Rupees in '000)
Certificates of investment (COIs) / deposits	9.1	<u>430,349</u>	<u>1,015,429</u>

9.1 The profit rates on these COIs / deposits range between 8.60 and 12.25 (December 31, 2012: 9.20 and 12.25) percent per annum. The COIs / deposits are due for maturity between October 01, 2013 and March 22, 2015 (December 31, 2012: January 04, 2013 and March 22, 2015).

10. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES - NET OF TAX	September 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited) (Rupees in '000)
Federal government securities	(8,318)	88,245
Shares of listed companies	278,339	188,422
Listed term finance certificate	32	441
Share of surplus on revaluation held by associates	96,519	365,326
	<u>366,572</u>	<u>642,434</u>
Deferred Tax	(20,200)	(77,837)
	<u>346,372</u>	<u>564,597</u>

11. Gain on sale of securities include gain on disposal of a subsidiary, First Choice Securities Limited. The details of the disposal are as below:

	September 30, 2013 (Un-audited) (Rupees in '000)
Proceeds received from disposal of subsidiary	75,000
Book value of subsidiary	<u>60,000</u>
Gain on disposal of subsidiary	<u>15,000</u>

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Other contingencies

12.1.1 Letter of comfort issued

	September 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited) (Rupees in '000)
Letter of comfort issued	-	64,000

12.1.2 There is no change in the status of other contingencies as disclosed in note 19.1 of the financial statements for the year ended December 31, 2012.

### 12.2 Other commitments

Commitment - acquisition of software  
Undisbursed sanctions for financial assistance in the form of loans and advances

	September 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited) (Rupees in '000)
Commitment - acquisition of software	5,218	6,718
Undisbursed sanctions for financial assistance in the form of loans and advances	<u>2,225,355</u>	<u>403,208</u>
	<u>2,230,573</u>	<u>409,926</u>

### 13. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupees in '000) -----						
<b>Nine months period ended September 30, 2013 - (Un-audited)</b>						
Total income - gross	731,991	916,379	-	1,923,150	14,296	3,585,817
Total mark-up / return / interest expense	(324,210)	(555,164)	-	-	-	(879,374)
Segment provision / impairment / unrealised gains	33,559	-	-	(619)	-	32,940
	(290,651)	(555,164)	-	(619)	-	(846,434)
Net operating income	441,340	361,215	-	1,922,531	14,296	2,739,383
Administrative expenses and other charges						(398,319)
Profit before taxation						2,341,064
<b>Period ended September 30, 2013 - (Un-audited)</b>						
Segment assets - net	5,791,430	6,965,426	-	8,415,007	920,661	22,092,524
Segment non-performing loans	1,736,574	-	-	-	-	1,736,574
Segment provision required and held	1,603,122	-	-	-	-	1,603,122
Segment liabilities	5,145,720	739,693	-	-	585,617	6,471,030
Segment return on net assets (ROA) % *	14.05%	9.66%	-	44.52%	1.53%	
Segment cost of funds (%) *	9.49%	9.48%	-	-	-	

\* Based on daily average assets and funds. Return / cost has been annualized for rates.

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupees in '000) -----						
<b>Nine month period ended September 30, 2012 - (Un-audited)</b>						
Total income - gross	753,579	1,077,247	228	1,250,511	15,415	3,096,980
Total mark-up / return / interest expense	(189,578)	(1,024,869)	-	-	-	(1,214,447)
Segment provision / impairment / unrealised losses	(23,373)	2,823	-	(46,428)	-	(66,978)
	(212,951)	(1,022,046)	-	(46,428)	-	(1,281,425)
Net operating income	540,628	55,201	228	1,204,083	15,415	1,815,555
Administrative expenses and other charges						(370,285)
Profit before taxation						1,445,270
<b>Year ended December 31, 2012 - (Audited)</b>						
Segment assets - net (Restated)	6,327,172	15,246,503	-	7,661,506	1,574,038	30,809,219
Segment non-performing loans	1,771,283	-	-	-	-	1,771,283
Segment provision required and held	1,636,742	-	-	-	-	1,636,742
Segment liabilities (Restated)	4,225,806	11,710,134	-	-	532,080	16,468,020
Segment return on net assets (ROA) %	13.11%	11.82%	-	27.15%	91.00%	
Segment cost of funds (%)	10.99%	11.40%	-	-	-	

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

#### 14. RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, associated undertakings, employee benefit plans, key management personnel and its directors.

The Group enters into transactions with related parties in the normal course of business. These transactions were carried out on commercial terms and at market rates.

	Nine months period ended September 30, 2013 (Un-audited) (Rupees in '000)	Nine months period ended September 30, 2012 (Un-audited) (Rupees in '000)
<b>Expenses charged to an associate</b>	12,955	12,644
<b>Expenses charged by</b>		
- associates	677	579
- other related party	12,467	12,151
<b>Dividend income from related parties</b>	543,303	440,064
<b>Mark-up earned on bank deposit with an associate</b>	564	351
<b>Mark-up earned on loans and advances</b>	705	580
- key management personnel		
<b>Mark-up expense on COIs of related parties</b>	1,809	4,494
- associates	229	851
- other related party		
<b>Gain on sale of shares of a subsidiary</b>	15,000	-
<b>Gain on sale of shares of associates</b>	115,237	-
<b>Contribution made to provident fund</b>	11,795	11,919
	September 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited) (Rupees in '000)
<b>Loans and advances to key management personnel</b>	38,062	43,918
Balance as at January 1	2,234	12,716
Disbursement during the period / year	(3,743)	(18,572)
Recovery during the period / year	(1,509)	(5,856)
<b>Balance as at</b>	36,553	38,062
<b>Bank balances with an associate</b>	3,535	8,474
<b>Mark-up receivable on bank deposit with an associate</b>	60	40
<b>Deposits / COIs from associate &amp; other related party</b>		
- associates	-	35,000
- other related party	2,500	2,500
<b>Mark-up payable to related party</b>		
- associates	-	1,274
- other related party	1,082	852
<b>Investments in</b>		
- associates	6,975,311	6,479,283
- other related parties	500	500

### Key management personnel

Key management personnel include the Managing Director, Deputy General Manager / Chief Financial Officer, Head of Corporate Finance & Investment Banking, Head of Risk Management, Head of Capital Markets & Treasury, Head of Compliance, Head of Internal Audit and the Head of Human Resources. Their salaries and other benefits amount to Rs. 61.203 million (September 30, 2012: Rs. 42.158 million) and staff retirement benefits amount to Rs. 6.926 million (September 30, 2012: Rs. 6.350 million).

### 15. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison.

### 16. DATE OF AUTHORISATION FOR ISSUE

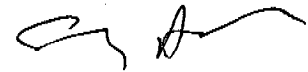
These consolidated condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 18 NOV 2013.

### 17. GENERAL AND NON-ADJUSTING EVENT

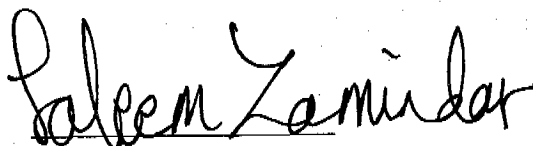
- 17.1. The JCR-VIS Credit Rating Company Limited has reaffirmed long term credit ratings of AAA (Triple A) and the short term rating of A1+ (A one plus) for the holding company. The Pakistan Credit Rating Agency (PACRA) has also maintained the long-term entity rating to AAA (Triple A) and the short term rating at A1+ (A one plus).
- 17.2. The figures have been rounded off to nearest thousand rupees.



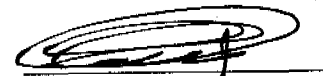
Deputy General Manager / Chief Financial Officer



Chief Executive



Director



Director