



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

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**


**(UN AUDITED)**

**For the half year ended June 30, 2012**

**Pakistan Kuwait Investment Company (Private) Limited**  
**Consolidated Condensed Interim Statement of Financial Position**  
*As at June 30, 2012*

	Note	June 30, 2012 (Un - Audited)	December 31, 2011 (Audited)
<b>(Rupees in '000)</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		25,037	442,766
Balances with other banks		22,143	24,653
Lendings to financial institutions	6	200,000	-
Investments	7	19,956,040	15,966,871
Advances	8	5,449,737	6,554,035
Operating fixed assets		249,381	282,125
Deferred tax assets		-	-
Other assets		504,653	660,108
		<b>26,406,991</b>	<b>23,930,558</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings from financial institutions	9	12,139,491	9,161,654
Deposits and other accounts	10	917,391	1,726,601
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		144,591	119,981
Other liabilities		229,097	334,203
		<b>13,430,570</b>	<b>11,342,439</b>
<b>NET ASSETS</b>		<b>12,976,421</b>	<b>12,588,119</b>
<b>REPRESENTED BY</b>			
Share capital		6,000,000	6,000,000
Reserves		3,114,865	3,114,865
Unappropriated profit		3,685,214	3,388,567
		<b>12,800,079</b>	<b>12,503,432</b>
Surplus / (deficit) on revaluation of 'available-for-sale' securities - net of tax	11	176,342	84,687
		<b>12,976,421</b>	<b>12,588,119</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.

  
**Chief Financial Officer / Officiating Chief Executive**

  
**Director**

  
**Director**

Pakistan Kuwait Investment Company (Private) Limited  
Consolidated Condensed Interim Profit and Loss Account - (Un-audited)

For the half year ended June 30, 2012

	Quarter ended June 30, 2012	Half year ended June 30, 2012	Quarter ended June 30, 2011	Half year ended June 30, 2011
	(Rupees in '000)			
Mark-up / return / interest earned	549,838	1,134,007	474,137	1,005,515
Mark-up / return / interest expensed	380,819	779,311	304,426	679,925
Net mark-up / interest income	169,019	354,696	169,711	325,590
Provision / (reversal of provision) against non-performing advances - net	8,068	13,224	(2,064)	(7,850)
Recovery of written off advances	-	-	(22,594)	(22,594)
Reversal of provision against non-performing lending to financial institution	-	(2,822)	(4,500)	(9,000)
Provision for diminution / impairment in the value of investments	13,089	47,439	15,649	41,972
Bad debts written off directly	-	-	-	-
	21,157	57,841	(13,509)	2,528
Net mark-up / interest income after provisions	147,862	296,855	183,220	323,062
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	-	228	1,380	1,380
Dividend income	7,887	78,118	31,372	84,879
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	49,907	94,389	59,786	225,145
Unrealised (loss) on revaluation of 'held-for-trading' securities	(53)	(53)	-	-
Share in results of associates	390,015	585,808	256,404	604,630
Other income	5,165	11,418	5,471	9,871
Total non mark-up / interest income	452,921	769,908	354,413	925,905
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	94,350	193,659	104,568	199,037
Provision for impairment on fixed assets	45,724	45,724	-	-
Other charges	262	262	-	-
Total non mark-up / interest expenses	140,336	239,645	104,568	199,037
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	460,447	827,118	433,065	1,049,930
Taxation				
- Current	55,902	137,136	64,385	110,140
- Prior years	-	-	-	-
- Deferred	28,445	33,335	28,479	115,876
	84,347	170,471	92,864	226,016
<b>PROFIT AFTER TAXATION</b>	376,100	656,647	340,201	823,914
Unappropriated profit brought forward	4,151,692	3,871,145	2,994,331	2,510,618
Unappropriated profit carried forward	4,527,792	4,527,792	3,334,532	3,334,532
	-----Rupees-----			
Basic and diluted earning per share (On share of Rs. 25,000 each)	1,567	2,736	1,418	3,433

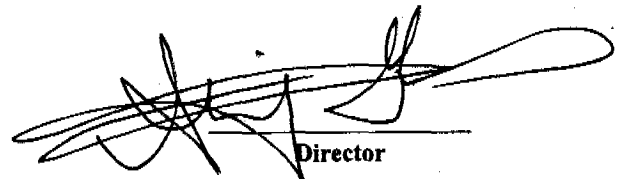
The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.



Chief Financial Officer / Officiating Chief Executive



Director



Director

**Pakistan Kuwait Investment Company (Private) Limited**  
**Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)**  
*For the half year ended June 30, 2012*

	Quarter ended June 30, 2012	Six months period ended June 30, 2012	Quarter ended June 30, 2011	Six months period ended June 30, 2011
----- (Rupees in '000) -----				
Profit for the period	376,100	656,647	340,201	823,914
Other comprehensive income	-	-	-	-
<b>Comprehensive income transferred to equity</b>	<b>376,100</b>	<b>656,647</b>	<b>340,201</b>	<b>823,914</b>
<b>Component of comprehensive income not transferred to equity</b>				
(Deficit) / Surplus on revaluation of 'available-for-sale' securities - net of tax	(55,099)	82,928	(86,913)	(119,750)
Deferred tax on revaluation of 'available-for-sale' securities - net of tax	4,484	8,727	961	(15,385)
<b>Total Comprehensive Income for the period</b>	<b>325,485</b>	<b>748,302</b>	<b>254,249</b>	<b>688,779</b>

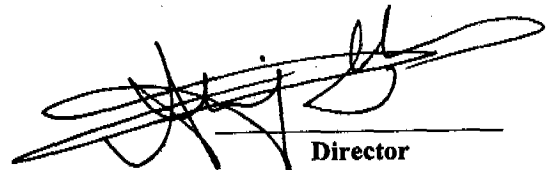
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**Chief Financial Officer / Officiating Chief Executive**



**Director**



**Director**

**Pakistan Kuwait Investment Company (Private) Limited**  
**Consolidated Condensed Interim Statement of Changes in Equity - (Un-audited)**  
*For the half year ended June 30, 2012*

	Share capital	Reserves Statutory	Unappropriated profit	Total
(Rupees in '000)				
Balance as at January 01, 2011	6,000,000	2,992,287	2,510,618	11,502,905
Profit for the half year ended June 30, 2011	-	-	823,914	823,914
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	823,914	823,914
Dividend for the year ended December 31, 2010 @1,500 per share approved subsequently to year end	-	-	(360,000)	(360,000)
<b>Balance as at June 30, 2011</b>	<b>6,000,000</b>	<b>2,992,287</b>	<b>2,974,532</b>	<b>11,966,819</b>
Balance as at January 01, 2012	6,000,000	3,114,865	3,388,567	12,503,432
Profit for the half year ended June 30, 2012	-	-	656,647	656,647
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	656,647	656,647
Dividend for the year ended December 31, 2011 @1,500 per share approved subsequently to year end	-	-	(360,000)	(360,000)
<b>Balance as at June 30, 2012</b>	<b>6,000,000</b>	<b>3,114,865</b>	<b>3,685,214</b>	<b>12,800,079</b>

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.



**Chief Financial Officer / Officiating Chief Executive**



**Director**




**Director**

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

For the half year ended June 30, 2012

	June 30, 2012	June 30, 2011
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	827,118	1,049,930
Less: Dividend income	78,118	84,879
	<u>749,000</u>	<u>965,051</u>
Adjustments for:		
Depreciation	5,135	7,130
Amortization	2,066	634
Provision for impairment on fixed assets	45,724	-
Provision /(reversal of provision) against non-performing advances - net	13,224	(7,850)
Recovery of written off advances	-	(22,594)
Provision for diminution / impairment in the value of investments	47,439	41,972
(Reversal of provision) against non-performing lending to financial institution	(2,822)	(9,000)
Unrealised loss on revaluation of 'held for trading' securities	53	-
Share in results of associates	(585,808)	(604,630)
Gain on sale of operating fixed assets	(1,434)	(25)
	<u>(476,423)</u>	<u>(594,363)</u>
	272,577	370,688
Decrease / (increase) in operating assets		
Lendings to financial institutions	(197,178)	259,001
'Held-for-trading' securities	(5,967)	35,713
Advances	1,091,074	(1,654,718)
Others assets (excluding advance taxation)	38,894	(152,180)
	926,823	(1,512,184)
Increase in operating liabilities		
Borrowings from financial institutions	2,977,837	(862,104)
Deposits	(809,210)	601,518
Other liabilities (excluding current taxation)	(105,105)	66,912
	<u>2,063,522</u>	<u>(193,674)</u>
	3,262,922	(1,335,170)
Income tax paid	(18,842)	(109,994)
Net cash inflow / (outflow) from operating activities	<u>3,244,080</u>	<u>(1,445,164)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in 'available-for-sale' securities / subsidiaries	(3,361,173)	343,586
Dividend income	74,800	82,104
Investments in operating fixed assets	(19,401)	(15,457)
Sale proceeds from sale of operating fixed assets	1,454	25
Net cash (outflow) / inflow from investing activities	<u>(3,304,320)</u>	<u>410,258</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(360,000)	(360,000)
Net cash (outflow) from financing activities	<u>(360,000)</u>	<u>(360,000)</u>
(Decrease) in cash and cash equivalents	(420,240)	(1,394,906)
Cash and cash equivalents at beginning of the period	467,419	1,461,112
Cash and cash equivalents at end of the period	<u>47,179</u>	<u>66,206</u>

The annexed notes 1 to 16 form an integral part of these consolidated condensed interim financial statements.

  
**Chief Financial Officer / Officiating Chief Executive**

  
**Director**

  
**Director**

**Pakistan Kuwait Investment Company (Private) Limited**  
**Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)**  
*For the half year ended June 30, 2012*

**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 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 has a 100% owned subsidiary, First Choice Securities Limited (FCSL). FCSL principal business includes equity brokerage, money markets and foreign exchange brokerage, equity research and corporate financial advisory services. FCSL has not started its operations.

**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 for the year ended December 31, 2011.

**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 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(I)/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 for the purpose of these consolidated condensed interim financial statements are the same as those applied in preparation of annual financial statements for the year ended December 31, 2011, except as follows:

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

IAS 12 – Income Taxes (Amendment) - Recovery of Underlying Assets

The adoption of the above amendments did not have any effect on the financial statements.

**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, 2011.

6. LENDINGS TO FINANCIAL INSTITUTIONS

June 30, 2012  
(Un-audited)  
(Rupees in '000)

December 31, 2011  
(Audited)  
(Rupees in '000)

Certificates of investment (COIs)  
Provision against COI

6.1	200,000	2,822
	-	(2,822)
	<u>200,000</u>	<u>-</u>

6.1 The return on COI is 12.25 percent per annum and is due for maturity by September 28, 2012.

7. INVESTMENTS

7.1 Investments by type

	June 30, 2012 (Un-audited)			December 31, 2011 (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	5,967	-	5,967	-	-	-
<b>Available-for-sale securities</b>						
Market treasury bills	1,624,634	8,018,609	9,643,243	852,049	6,031,097	6,883,146
Pakistan Investment Bonds	1,641,539	-	1,641,539	1,640,304	-	1,640,304
Shares of listed companies	1,944,172	-	1,944,172	1,393,125	-	1,393,125
Shares of unlisted companies	137,500	-	137,500	125,155	-	125,155
Listed preference shares	93,399	-	93,399	93,399	-	93,399
Listed term finance certificates	111,651	-	111,651	121,109	-	121,109
Unlisted term finance certificates	608,283	-	608,283	608,398	-	608,398
	<u>6,161,178</u>	<u>8,018,609</u>	<u>14,179,787</u>	<u>4,833,539</u>	<u>6,031,097</u>	<u>10,864,636</u>
<b>Associates</b>	5,995,597	-	5,995,597	5,443,111	-	5,443,111
<b>Total investments - at cost</b>	<u>12,162,742</u>	<u>8,018,609</u>	<u>20,181,351</u>	<u>10,276,650</u>	<u>6,031,097</u>	<u>16,307,747</u>
Less: Provision for diminution / impairment in the value of investments	(231,223)	-	(231,223)	(230,587)	-	(230,587)
<b>Total investments - net of provisions</b>	<u>11,931,519</u>	<u>8,018,609</u>	<u>19,950,128</u>	<u>10,046,063</u>	<u>6,031,097</u>	<u>16,077,160</u>
<b>Deficit on revaluation of 'held-for-trading' securities</b>	(53)	-	(53)	-	-	-
<b>Surplus / (deficit) on revaluation of 'available-for-sale' securities</b>	31,323	(25,358)	5,965	(96,986)	(13,303)	(110,289)
<b>Total investments</b>	<u>11,962,789</u>	<u>7,993,251</u>	<u>19,956,040</u>	<u>9,949,077</u>	<u>6,017,794</u>	<u>15,966,871</u>

8. ADVANCES

June 30, 2012  
(Un-audited)  
(Rupees in '000)

December 31, 2011  
(Audited)  
(Rupees in '000)

**In Pakistan**

Advances  
Net investment in finance leases

5,610,245	6,622,329
1,430,506	1,509,496
<u>7,040,751</u>	<u>8,131,825</u>

Provision for non-performing advances  
Advances - net of provision

(1,591,014)	(1,577,790)
<u>5,449,737</u>	<u>6,554,035</u>



- 8.1 Advances include Rs.1,765.291 million (December 31, 2011: Rs 1,723.232 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	61,250	-	61,250	15,312	15,312
Doubtful	256,677	-	256,677	128,338	128,338
Loss	1,447,364	-	1,447,364	1,447,364	1,447,364
	<u>1,765,291</u>	<u>-</u>	<u>1,765,291</u>	<u>1,591,014</u>	<u>1,591,014</u>

8.2 Particulars of provision for non-performing advances - specific

	Note	June 30, 2012 (Un-audited)	December 31, 2011 (Audited)
		(Rupees in '000)	
Opening balance		1,577,790	1,420,615
Charge for the period		28,685	270,662
Reversals		(15,461)	(113,487)
		13,224	157,175
Amounts written off against provisions		-	-
Closing balance		<u>1,591,014</u>	<u>1,577,790</u>

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

		June 30, 2012 (Un-audited)	December 31, 2011 (Audited)
		(Rupees in '000)	
<b>Secured</b>			
Repurchase agreement borrowings	9.1	7,998,268	6,025,238
Borrowing from SBP under LTF-EOP	9.2	89,959	116,044
Borrowing from SBP under LTFF	9.3	281,533	248,997
Borrowing from SBP under FFSAP	9.4	19,731	21,375
Long Term Finance	9.5	1,750,000	1,750,000
<b>Unsecured</b>			
Murabaha	9.6	2,000,000	1,000,000
		<u>12,139,491</u>	<u>9,161,654</u>

- 9.1 The holding company has arranged borrowings from various financial institutions against sale and repurchase of government securities. The mark-up on these finances ranges between 11.85 to 11.90 (December 31, 2011: 11.65 to 11.93) percent per annum with maturity of three days to six days (December 31, 2011 : three days to thirty eight days).
- 9.2 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 State Bank of Pakistan through their SMED Circular No.19 of 2006. The loan is repayable over a maximum period of 7.5 years from the date of first disbursement with mark-up payable at maximum of 5 percent per annum.
- 9.3 This represents Long Term Finance Facility on concessional rates to promote industrial growth leading to exports. The loans availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years with mark-up payable at maximum of 10.10 percent per annum. SBP allocates an overall yearly limit under the facility to individual PFI. The sanctioned limit was Rs. 300 million.

9.4 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.

9.5 The holding company has availed Long Term Finance facility. The interest rates on this facility are 12.41 and 12.43 percent per annum (December 31, 2011: 12.35 and 12.47) with maturities on November 29, 2014 and January 1, 2015 (December 31, 2011: November 29, 2014 and January 1, 2015).

9.6 This represents finance obtained from an Islamic bank. The profit rate on the finance is 12.00 (December 31, 2011: 12.50) percent per annum with maturities on August 27, 2012 and August 30, 2012 (December 31, 2011: January 16, 2012).

10. DEPOSITS AND OTHER ACCOUNTS	Note	June 30, 2012 (Un-audited)	December 31, 2011 (Audited)
(Rupees in '000)			
Certificates of investment (COIs) / deposits	10.1	917,391	1,726,601
		<u>917,391</u>	<u>1,726,601</u>

10.1 The profit rates on these COIs / deposits range between 11.75 and 13.70 (December 31, 2011: 11.40 and 13.90) percent per annum. The COIs / deposits are due for maturity between July 5, 2012 and March 22, 2015 (December 31, 2011: January 13, 2012 and March 22, 2015).

11. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES-NET OF TAX	June 30, 2012 (Un-audited)	December 31, 2011 (Audited)
(Rupees in '000)		
Federal government securities	(81,047)	(51,504)
Shares of listed companies	86,376	(58,976)
Listed term finance certificate	633	191
Share of surplus on revaluation held by associates	161,674	194,997
	<u>167,636</u>	<u>84,708</u>
Deferred Tax	8,706	(21)
	<u>176,342</u>	<u>84,687</u>

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Other contingencies

There is no change in the status of other contingencies of the holding company as disclosed in note 19.1 of the consolidated financial statements for the year ended December 31, 2011.

### 12.2 Other commitments

12.2 Other commitments	June 30, 2012 (Un-audited)	December 31, 2011 (Audited)
(Rupees in '000)		
Commitment - acquisition of software	7,194	10,452
Undisbursed sanctions for financial assistance in the form of loans and advances	44,736	417,000
	<u>51,930</u>	<u>427,452</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>Half year ended June 30, 2012 - (Un-audited)</b>						
Total income - gross	517,836	666,754	228	708,467	10,683	1,903,968
Total mark-up / return / interest expense	(121,416)	(657,895)	-	-	-	(779,311)
Segment provision / impairment / unrealised losses	(14,177)	2,822	-	(46,539)	-	(57,894)
	(135,593)	(655,073)	-	(46,539)	-	(837,205)
Net operating income / (loss)	382,243	11,681	228	661,928	10,683	1,066,763
Administrative expenses and other charges						(239,645)
Profit before taxation						827,118
<b>Half year ended June 30, 2012 - (Un-audited)</b>						
Segment assets - net	6,576,262	11,022,515	-	7,281,529	1,526,685	26,406,991
Segment non-performing loans	1,765,291	-	-	-	-	1,765,291
Segment provision required and held	1,591,014	-	-	-	-	1,591,014
Segment liabilities	2,221,758	10,915,659	-	-	293,153	13,430,570
Segment return on net assets (ROA) % *	13.53%	11.99%	-	9.99%	1.05%	-
Segment cost of funds (%) *	10.98%	11.88%	-	-	-	-

\* Based on daily average assets and funds.

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
(Rupee in '000)						
<b>Half year ended June 30, 2011 - (Un-audited)</b>						
Total income - gross	478,691	595,711	1,380	846,710	8,928	1,931,420
Total mark-up / return / interest expense	(47,058)	(632,867)	-	-	-	(679,925)
Segment provision / impairment / unrealised losses	30,303	9,000	-	(41,831)	-	(2,528)
	(16,755)	(623,867)	-	(41,831)	-	(682,453)
Net operating income	461,936	(28,156)	1,380	804,879	8,928	1,248,967
Administrative expenses and other charges						(199,037)
Profit before taxation						1,049,930
<b>Year ended December 31, 2011 - (Audited)</b>						
Segment assets - net	7,567,378	9,005,931	-	6,221,428	1,135,821	23,930,558
Segment non-performing loans	1,723,232	-	-	-	-	1,723,232
Segment provision required and held	1,577,790	-	-	-	-	1,577,790
Segment liabilities	2,218,139	8,751,839	-	-	372,461	11,342,439
Segment return on net assets (ROA) %	14.57%	12.71%	-	16.81%	1.38%	-
Segment cost of funds (%)	9.23%	12.90%	-	-	-	-

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, subsidiary companies, 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.

	Six months period ended June 30, 2012 (Un-audited) (Rupees in '000)	Six months period ended June 30, 2011 (Un-audited) (Rupees in '000)
<b>Expenses charged to an associate</b>	8,429	7,868
<b>Expenses charged by</b>		
- associates	495	746
- other related party	8,276	8,850
<b>Dividend income from related parties</b>	-	8,448
<b>Mark-up earned on bank deposit with an associate</b>	240	353
<b>Mark-up earned on loans and advances</b>		
- key management personnel	374	570
<b>Mark-up expense on COIs of related parties</b>		
- associates	3,144	7,084
- other related party	774	216
<b>Contribution made to provident fund</b>	8,079	7,430
<b>Contribution made to gratuity fund</b>	-	8,546
	June 30, 2012 (Un-audited) (Rupees in '000)	December 31, 2011 (Audited) (Rupees in '000)
<b>Loans and advances to key management personnel</b>	43,918	47,223
Balance as at January 1	2,252	2,175
Disbursement during the period / year	(16,188)	(5,480)
Recovery during the period / year	(13,936)	(3,305)
<b>Balance as at</b>	<b>29,982</b>	<b>43,918</b>
<b>Bank balances with an associate</b>	17,457	2,194
<b>Mark-up receivable on bank deposit with an associate</b>	20	44
<b>Deposits / COIs from associate &amp; other related party</b>		
- associates	60,000	50,000
- other related party	2,500	12,500
<b>Mark-up payable to related party</b>		
- associates	2,455	2,650
- other related party	698	1,302
<b>Investments in</b>		
- associates	5,995,597	5,443,111
- 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. 28.376 million (June 30, 2011: Rs. 33.859 million) and staff retirement benefits amount to Rs. 4.298 million (June 30, 2011: Rs. 4.052 million).

### 15. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 26 AUG 2012

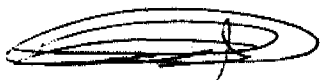
### 16. GENERAL

16.1. The figures have been rounded off to nearest thousand rupees.

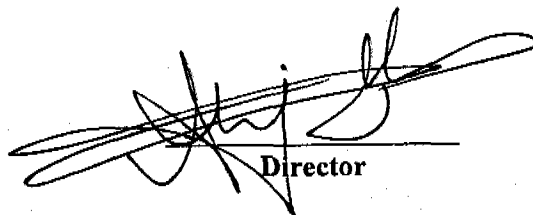
16.2. The JCR-VIS Credit Rating Company Limited has reaffirmed long term credit ratings of AAA (Triple A) and the short term rating of A1+ (A one plus) for the holding company. The Pakistan Credit Rating Agency (PACRA) has also maintained the long-term entity rating at AAA (Triple A) and the short term rating at A1+ (A one plus).



Chief Financial Officer / Officiating Chief Executive



Director



Director