



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN AUDITED)**

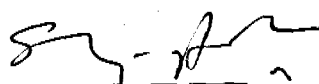
For the three months period ended March 31, 2013

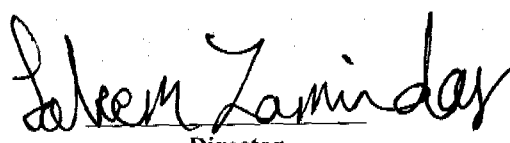
Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Statement of Financial Position
As at March 31, 2013

| | Note | March 31, 2013 (Un -Audited) (Rupees in '000) | December 31, 2012 (Audited) |
|---|------|--|-----------------------------------|
| ASSETS | | | |
| Cash and balances with treasury banks | | 24,159 | 32,650 |
| Balances with other banks | | 532,744 | 712,976 |
| Lendings to financial institutions | | - | - |
| Investments | 6 | 26,642,414 | 24,203,303 |
| Advances | 7 | 4,970,163 | 5,242,401 |
| Operating fixed assets | | 248,104 | 252,233 |
| Deferred tax assets | | - | - |
| Other assets | | 497,814 | 361,485 |
| | | 32,915,398 | 30,805,048 |
| LIABILITIES | | | |
| Bills payable | | - | - |
| Borrowings from financial institutions | 8 | 16,437,028 | 14,839,975 |
| Deposits and other accounts | 9 | 1,346,050 | 1,015,429 |
| Subordinated loans | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities | | 263,751 | 236,413 |
| Other liabilities | | 320,393 | 364,285 |
| | | 18,367,222 | 16,456,102 |
| NET ASSETS | | 14,548,176 | 14,348,946 |
| REPRESENTED BY | | | |
| Share capital | | 6,000,000 | 6,000,000 |
| Reserves | | 3,285,976 | 3,285,976 |
| Unappropriated profit | | 4,710,151 | 4,498,373 |
| | | 13,996,127 | 13,784,349 |
| Surplus on revaluation of 'available-for-sale' securities - net of tax | 10 | 552,049 | 564,597 |
| | | 14,548,176 | 14,348,946 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 11 | | |

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.


Deputy General Manager / Chief Financial Officer


Chief Executive


Director


Director

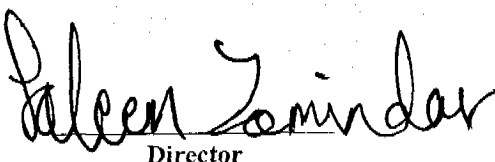
Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Profit and Loss Account - (Un-audited)
For the three months period ended March 31, 2013

| | Three months period ended March 31, 2013 | Three months period ended March 31, 2012 |
|---|---|---|
| | ----- (Rupees in '000) ----- | |
| Mark-up / return / interest earned | 561,174 | 584,169 |
| Mark-up / return / interest expensed | 385,806 | 398,492 |
| Net mark-up / interest income | 175,368 | 185,677 |
| (Reversal of provision) / provision against non-performing advances - net | (1,923) | 5,156 |
| (Reversal of provision) against non-performing lending to financial institution | - | (2,822) |
| (Reversal of provision) / provision for diminution / impairment in the value of investments | (1,056) | 34,350 |
| Bad debts written off directly | - | - |
| | (2,979) | 36,684 |
| Net mark-up / interest income after provisions | 178,347 | 148,993 |
| NON MARK-UP / INTEREST INCOME | | |
| Fee, commission and brokerage income | - | 228 |
| Dividend income | 89,073 | 70,231 |
| Income from dealing in foreign currencies | - | - |
| Gain on sale of securities - net | 269,944 | 44,482 |
| Unrealised loss on revaluation of 'held-for-trading' securities | (483) | - |
| Share in results of associates - net | 390,987 | 195,793 |
| Other income | 6,961 | 6,253 |
| Total non mark-up / interest income | 756,482 | 316,987 |
| NON MARK-UP / INTEREST EXPENSES | | |
| Administrative expenses | 119,039 | 99,309 |
| Provision for impairment on fixed assets | - | - |
| Other charges | - | - |
| Total non mark-up / interest expenses | 119,039 | 99,309 |
| Extra ordinary / unusual items | - | - |
| | 815,790 | 366,671 |
| PROFIT BEFORE TAXATION | | |
| Taxation | | |
| - Current | 108,713 | 81,234 |
| - Prior years | - | - |
| - Deferred | 45,299 | 4,890 |
| | 154,012 | 86,124 |
| PROFIT AFTER TAXATION | | |
| Unappropriated profit brought forward | 661,778 | 280,547 |
| Unappropriated profit carried forward | 3,388,567 | 3,871,145 |
| | 4,050,345 | 4,151,692 |
| | ----- Rupees ----- | |
| | 2,757 | 1,169 |

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Deputy General Manager / Chief Financial Officer


Chief Executive


Director


Director

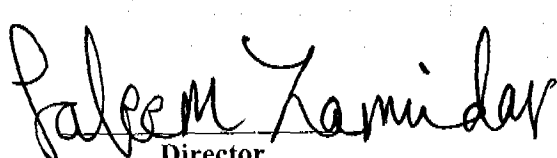
Pakistan Kuwait Investment Company (Private) Limited
 Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the three months period ended March 31, 2013

| | Three months period ended March 31, 2013 | Three months period ended March 31, 2012 |
|--|--|--|
| | ----- (Rupees in '000) ----- | |
| Profit for the period | 661,778 | 280,547 |
| Other comprehensive income | - | - |
| Comprehensive income transferred to equity | <u>661,778</u> | <u>280,547</u> |
| Component of comprehensive income not transferred to equity | | |
| (Deficit) / surplus on revaluation of 'available-for-sale' securities - net of tax | (30,492) | 138,027 |
| Deferred tax on revaluation of 'available-for-sale' securities - net of tax | 17,944 | 4,243 |
| Total Comprehensive Income for the period | <u><u>649,230</u></u> | <u><u>422,817</u></u> |

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.


 Deputy General Manager / Chief Financial Officer


 Chief Executive



 Director

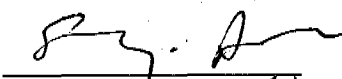

 Director

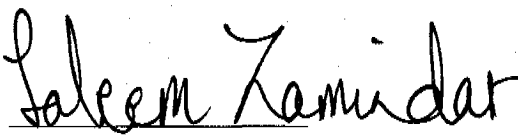
Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Statement of Changes in Equity - (Un-audited)
For the three months period ended March 31, 2013

| | 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 |
| Profit for the three months period ended March 31, 2012 | - | - | 280,547 | 280,547 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | 280,547 | 280,547 |
| Dividend for the year ended December 31, 2011 @ Rs. 1,500 per share approved subsequently to year end | - | - | (360,000) | (360,000) |
| Balance as at March 31, 2012 | <u>6,000,000</u> | <u>3,114,865</u> | <u>3,309,114</u> | <u>12,423,979</u> |
| Balance as at January 01, 2013 | 6,000,000 | 3,285,976 | 4,498,373 | 13,784,349 |
| Profit for the three months period ended March 31, 2013 | - | - | 661,778 | 661,778 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | 661,778 | 661,778 |
| Dividend for the year ended December 31, 2012 @ Rs. 1,875 per share approved subsequent to year end. | - | - | (450,000) | (450,000) |
| Balance as at March 31, 2013 | <u>6,000,000</u> | <u>3,285,976</u> | <u>4,710,151</u> | <u>13,996,127</u> |

The annexed notes 1 to 15 form an integral part of these consolidated condensed interim financial statements.


Deputy General manager / Chief Financial Officer


Chief Executive


Director

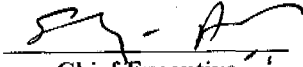

Director

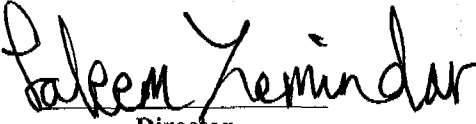
Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2013

| | March 31, 2013 | March 31, 2012 |
|---|--------------------|--------------------|
| | (Rupees in '000) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 815,790 | 366,671 |
| Less: Dividend income | 89,073 | 70,231 |
| | <u>726,717</u> | <u>296,440</u> |
| Adjustments for: | | |
| Depreciation | 4,173 | 4,940 |
| Amortization | 2,404 | 851 |
| Provision for impairment on fixed assets | - | - |
| (Reversal of provision) / Provision against non-performing advances - net | (1,923) | 5,156 |
| Recovery of written off advances | - | - |
| (Reversal of provision) / provision for diminution / impairment in the value of investments | (1,056) | 34,350 |
| (Reversal of provision) against non-performing lending to financial institution | - | (2,822) |
| Unrealised loss on revaluation of 'held for trading' securities | 483 | - |
| Share in results of associates - net | (390,987) | (195,793) |
| Gain on sale of operating fixed assets | - | (1,219) |
| | <u>(386,906)</u> | <u>(154,537)</u> |
| | 339,811 | 141,903 |
| Decrease in operating assets | | |
| Lendings to financial institutions | - | 2,822 |
| 'Held-for-trading' securities | (26,681) | 1,378 |
| Advances | 274,161 | 601,199 |
| Others assets (excluding advance taxation) | (123,789) | (51,521) |
| | <u>123,691</u> | <u>553,878</u> |
| Increase in operating liabilities | | |
| Borrowings from financial institutions | 1,597,053 | 1,000,214 |
| Deposits | 330,621 | 864,923 |
| Other liabilities (excluding current taxation) | (43,940) | 13,454 |
| | <u>1,883,734</u> | <u>1,878,591</u> |
| | 2,347,236 | 2,574,372 |
| Income tax paid | (63,406) | (11,691) |
| <i>Net cash inflow from operating activities</i> | <u>2,283,830</u> | <u>2,562,681</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net investment in 'available-for-sale' securities / subsidiaries | (2,051,513) | (2,963,942) |
| Dividend income | 31,407 | (454) |
| Investments in operating fixed assets | (2,447) | (6,668) |
| Sale proceeds from sale of operating fixed assets | - | 1,216 |
| <i>Net cash outflow from investing activities</i> | <u>(2,022,553)</u> | <u>(2,969,848)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid | (450,000) | - |
| <i>Net cash outflow from financing activities</i> | <u>(450,000)</u> | <u>-</u> |
| (Decrease) in cash and cash equivalents | <u>(188,723)</u> | <u>(407,167)</u> |
| Cash and cash equivalents at beginning of the period | <u>745,626</u> | <u>467,419</u> |
| Cash and cash equivalents at end of the period | <u>556,903</u> | <u>60,252</u> |

The annexed notes 1 to 15 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 three months period ended March 31, 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 has a 100% owned subsidiary, First Choice Securities Limited (FCSL). FCSL principal business includes equity brokerage, commodity brokerage, equity research and corporate advisory services. FCSL has not started its operations.

2. BASIS OF PRESENTATION

- 2.1 These 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 financial statements should be read in conjunction with the annual consolidated financial statements of the holding company for the year ended December 31, 2012.

3. STATEMENT OF COMPLIANCE

- 3.1 These 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(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 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, 2012, except as follows:

The holding company 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 of the holding company for the year ended December 31, 2012.

6. INVESTMENTS

6.1 Investments by type

| | March 31, 2013 (Un-audited) | | | December 31, 2012 (Audited) | | |
|---|--------------------------------|---------------------|------------|--------------------------------|---------------------|------------|
| | Held by the Group | Given as collateral | Total | Held by the Group | Given as collateral | Total |
| | (Rupees in '000) | | | | | |
| Held for trading securities | | | | | | |
| Shares of listed companies | 33,091 | - | 33,091 | 6,410 | - | 6,410 |
| Available-for-sale securities | | | | | | |
| Market treasury bills | 3,355,747 | 12,326,547 | 15,682,294 | 2,596,379 | 10,684,921 | 13,281,300 |
| Pakistan Investment Bonds | 1,150,748 | - | 1,150,748 | 1,642,868 | - | 1,642,868 |
| Shares of listed companies | 2,018,379 | - | 2,018,379 | 1,801,711 | - | 1,801,711 |
| Shares of unlisted companies | 109,826 | - | 109,826 | 127,686 | - | 127,686 |
| Listed preference shares | 55,029 | - | 55,029 | 55,029 | - | 55,029 |
| Listed term finance certificates | 50,176 | - | 50,176 | 82,037 | - | 82,037 |
| Unlisted term finance certificates | 608,168 | - | 608,168 | 608,168 | - | 608,168 |
| | 7,348,073 | 12,326,547 | 19,674,620 | 6,913,878 | 10,684,921 | 17,598,799 |
| Associates | 6,860,066 | - | 6,860,066 | 6,479,283 | - | 6,479,283 |
| Total investments - at cost | 14,241,230 | 12,326,547 | 26,567,777 | 13,399,571 | 10,684,921 | 24,084,492 |
| Less: Provision for diminution / impairment in the value of investments | (157,714) | - | (157,714) | (158,273) | - | (158,273) |
| Total investments - net of provisions | 14,083,516 | 12,326,547 | 26,410,063 | 13,241,298 | 10,684,921 | 23,926,219 |
| (Deficit) on revaluation of 'held-for-trading' securities | (483) | - | (483) | (25) | - | (25) |
| Surplus / (deficit) on revaluation of 'available-for-sale' securities | 250,083 | (17,249) | 232,834 | 267,436 | 9,673 | 277,109 |
| Total investments | 14,333,116 | 12,309,298 | 26,642,414 | 13,508,709 | 10,694,594 | 24,203,303 |

7. ADVANCES

| | March 31, 2013 (Un-audited) | December 31, 2012 (Audited) |
|---------------------------------------|--------------------------------|--------------------------------|
| | (Rupees in '000) | |
| In Pakistan | | |
| Advances | 5,308,303 | 5,567,283 |
| Net investment in finance leases | 1,296,679 | 1,311,860 |
| | 6,604,982 | 6,879,143 |
| Provision for non-performing advances | (1,634,819) | (1,636,742) |
| Advances - net of provision | 4,970,163 | 5,242,401 |

- 7.1 Advances include Rs.1,768.271 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 | 1,501,368 | - | 1,501,368 | 1,501,368 | 1,501,368 |
| | <u>1,768,271</u> | <u>-</u> | <u>1,768,271</u> | <u>1,634,819</u> | <u>1,634,819</u> |

7.2 Particulars of provision for non-performing advances - specific

| | Note | March 31, 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 | | (1,923) | (24,122) |
| | | (1,923) | 58,952 |
| Amounts written off against provisions | | - | - |
| Closing balance | | <u>1,634,819</u> | <u>1,636,742</u> |

8. BORROWINGS FROM FINANCIAL INSTITUTIONS

| | | March 31, 2013 (Un-audited) (Rupees in '000) | December 31, 2012 (Audited) |
|---|-----|---|-----------------------------------|
| Secured | | | |
| Repurchase agreement borrowings - Government securities | 8.1 | 12,318,813 | 10,694,704 |
| Borrowing from SBP under LTF-EOP | 8.2 | 64,253 | 71,899 |
| Borrowing from SBP under LTFF | 8.3 | 287,519 | 305,285 |
| Borrowing from SBP under FFSAP | 8.4 | 16,443 | 18,087 |
| Term Finance Facility | 8.5 | 3,750,000 | 3,750,000 |
| | | <u>16,437,028</u> | <u>14,839,975</u> |

- 8.1 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 9.20 to 9.50 (December 31, 2012: 8.25 to 9.25) percent per annum with maturity of one day to twenty nine days (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 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.
- 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 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 9.81 to 10.00 percent per annum (December 31, 2012: 9.96 and 10.70 percent per annum) with maturities between November 29, 2014 and October 1, 2015 (December 31, 2012: November 29, 2014 and October 1, 2015).

| 9. DEPOSITS AND OTHER ACCOUNTS | Note | March 31, 2013 (Un-audited) (Rupees in '000) | December 31, 2012 (Audited) (Rupees in '000) |
|--|------|---|---|
| Certificates of investment (COIs) / deposits | 9.1 | <u>1,346,050</u> | <u>1,015,429</u> |
| | | <u>1,346,050</u> | <u>1,015,429</u> |
| 9.1 The profit rates on these COIs / deposits range between 8.80 and 12.25 (December 31, 2012: 9.20 and 12.25) percent per annum. The COIs / deposits are due for maturity between April 02, 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 | | March 31, 2013 (Un-audited) (Rupees in '000) | December 31, 2012 (Audited) (Rupees in '000) |
| Federal government securities | | 10,372 | 88,245 |
| Shares of listed companies | | 222,157 | 188,422 |
| Listed term finance certificate | | 306 | 441 |
| Share of surplus on revaluation held by associates | | <u>379,107</u> | <u>365,326</u> |
| | | 611,942 | 642,434 |
| Deferred Tax | | <u>(59,893)</u> | <u>(77,837)</u> |
| | | <u>552,049</u> | <u>564,597</u> |
| 11. CONTINGENCIES AND COMMITMENTS | | | |
| 11.1 Other contingencies | | | |
| 11.1.1 Letter of comfort issued | | - | <u>64,000</u> |
| 11.1.2 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. | | | |
| 11.2 Other commitments | | | |
| | | March 31, 2013 (Un-audited) (Rupees in '000) | December 31, 2012 (Audited) (Rupees in '000) |
| Commitment - acquisition of software | | 5,868 | 6,718 |
| Undisbursed sanctions for financial assistance in the form of loans and advances | | <u>1,500,000</u> | <u>403,208</u> |
| | | <u>1,505,868</u> | <u>409,926</u> |

12. 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) ----- | | | | | | |
| Three months period ended March 31, 2013 - (Un-audited) | | | | | | |
| Total income - gross | 274,953 | 422,759 | - | 615,612 | 4,815 | 1,318,139 |
| Total mark-up / return / interest expense | (98,894) | (286,912) | - | - | - | (385,806) |
| Segment provision / impairment / unrealised gains | 2,979 | - | - | (483) | - | 2,496 |
| | (95,915) | (286,912) | - | (483) | - | (383,310) |
| Net operating income | 179,038 | 135,847 | - | 615,129 | 4,815 | 934,829 |
| Administrative expenses and other charges | | | | | | (119,039) |
| Profit before taxation | | | | | | 815,790 |

| | | | | | | |
|--|-----------|------------|---|-----------|-----------|------------|
| Three months period ended March 31, 2013 - (Un-audited) | | | | | | |
| Segment assets - net | 6,047,575 | 17,292,006 | - | 8,261,943 | 1,313,874 | 32,915,398 |
| Segment non-performing loans | 1,768,271 | - | - | - | - | 1,768,271 |
| Segment provision required and held | 1,634,819 | - | - | - | - | 1,634,819 |
| Segment liabilities | 4,201,250 | 13,664,863 | - | - | 501,109 | 18,367,222 |
| Segment return on net assets (ROA) % * | 16.39% | 10.13% | - | 27.72% | 1.25% | - |
| Segment cost of funds (%) * | 9.38% | 9.95% | - | - | - | - |

* 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) ----- | | | | | | |
| Three months period ended March 31, 2012 - (Un-Audited) | | | | | | |
| Total income - gross | 249,085 | 339,111 | 228 | 306,886 | 5,846 | 901,156 |
| Total mark-up / return / interest expense | (60,148) | (338,344) | - | - | - | (398,492) |
| Segment provision / impairment / unrealised losses | (5,210) | 2,821 | - | (34,295) | - | (36,684) |
| | (65,358) | (335,523) | - | (34,295) | - | (435,176) |
| Net operating income | 183,727 | 3,588 | 228 | 272,591 | 5,846 | 465,980 |
| Administrative expenses and other charges | | | | | | (99,309) |
| Profit before taxation | | | | | | 366,671 |

| | | | | | | |
|---|-----------|------------|---|-----------|-----------|------------|
| Year ended December 31, 2012 - (Audited) | | | | | | |
| Segment assets - net | 6,327,172 | 15,246,503 | - | 7,661,506 | 1,569,867 | 30,805,048 |
| Segment non-performing loans | 1,771,283 | - | - | - | - | 1,771,283 |
| Segment provision required and held | 1,636,742 | - | - | - | - | 1,636,742 |
| Segment liabilities | 4,225,806 | 11,710,134 | - | - | 520,162 | 16,456,102 |
| Segment return on net assets (ROA) % | 13.07% | 11.99% | - | 14.17% | 1.27% | - |
| Segment cost of funds (%) | 10.91% | 11.73% | - | - | - | - |

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

13. RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, associated undertakings, subsidiary company, 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.

| | Three months period ended March 31, 2013 (Un-audited) (Rupees in '000) | Three months period ended March 31, 2012 (Un-audited) (Rupees in '000) |
|---|---|---|
| Expenses charged to an associate | 4,234 | 4,125 |
| Expenses charged by | | |
| - associates | 188 | 331 |
| - other related party | 4,098 | 4,023 |
| Dividend income from related parties | - | - |
| Mark-up earned on bank deposit with an associate | 106 | 67 |
| Mark-up earned on loans and advances | | |
| - key management personnel | 237 | 181 |
| Mark-up expense on COIs of related parties | | |
| - associates | 863 | 1,546 |
| - other related party | 76 | 419 |
| Gain on sale of shares of an associate | 72,976 | - |
| Contribution made to provident fund | 4,077 | 4,111 |
| Contribution made to gratuity fund | - | 3,858 |
| | March 31, 2013 (Un-audited) | December 31, 2012 (Audited) |
| | (Rupees in '000) | |
| Loans and advances to key management personnel | | |
| Balance as at January 1 | 38,062 | 43,918 |
| Disbursement during the period / year | - | 12,716 |
| Recovery during the period / year | (904) | (18,572) |
| | (904) | (5,856) |
| Balance as at | <u>37,158</u> | <u>38,062</u> |
| Bank balances with an associate | 28,948 | 8,474 |
| Mark-up receivable on bank deposit with an associate | 40 | 40 |
| Deposits / COIs from associate & other related party | | |
| - associates | 35,000 | 35,000 |
| - other related party | 2,500 | 2,500 |
| Mark-up payable to related party | | |
| - associates | 657 | 1,274 |
| - other related party | 928 | 852 |
| Investments in | | |
| - associates | 6,860,066 | 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. 20.476 million (March 31, 2012: Rs. 14.708 million) and staff retirement benefits amount to Rs. 2.251 million (March 31, 2012: Rs. 2.043 million).

14. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 24 APR 2012.

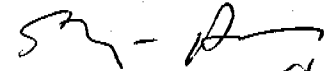
15. GENERAL

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

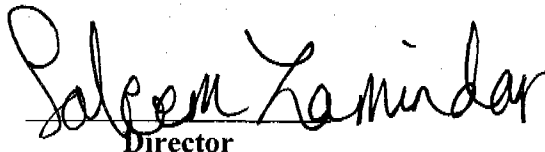
15.2. The JCR-VIS Credit Rating Company Limited has reaffirmed long term credit ratings of AAA (Triple A) and the short term rating of A1+ (A one plus) for the holding company. The Pakistan Credit Rating Agency (PACRA) has also maintained the long-term entity rating to AAA (Triple A) and the short term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




Deputy General Manager / Chief Financial Officer



Chief Executive



Director



Director