



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

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

For the half year ended June 30, 2011

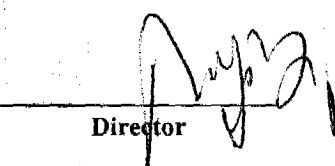
Pakistan Kuwait Investment Company (Private) Limited
 Consolidated Condensed Interim Statement of Financial Position
 As at June 30, 2011

	Note	June 30, 2011 (Un -Audited) (Rupees in '000)	December 31, 2010 (Audited)
ASSETS			
Cash and balances with treasury banks		47,152	51,424
Balances with other banks		19,054	1,409,688
Lendings to financial institutions	6	-	250,000
Investments	7	17,576,775	17,521,580
Advances	8	6,654,352	4,969,190
Operating fixed assets		268,429	260,736
Deferred tax assets		-	3,539
Other assets		719,998	556,774
		<u>25,285,760</u>	<u>25,022,931</u>
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	9	8,945,265	9,807,369
Deposits and other accounts	10	3,740,030	3,138,512
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		127,724	-
Other liabilities		401,189	334,277
		<u>13,214,208</u>	<u>13,280,158</u>
		<u>12,071,552</u>	<u>11,742,773</u>
NET ASSETS			
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		2,992,287	2,992,287
Unappropriated profit		2,974,532	2,510,618
		<u>11,966,819</u>	<u>11,502,905</u>
Surplus on revaluation of 'available-for-sale' securities - net of tax	11	104,733	239,868
		<u>12,071,552</u>	<u>11,742,773</u>
CONTINGENCIES AND COMMITMENTS			
	12		

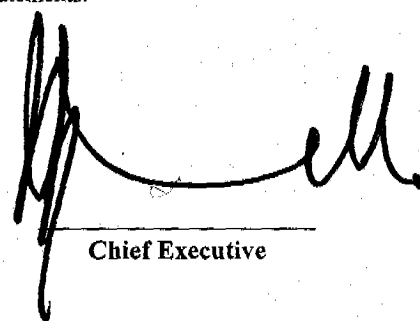
The annexed notes 1 to 16 form an integral part of these Consolidated condensed interim financial statements.



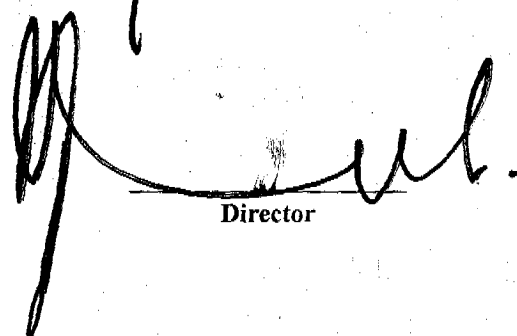
Deputy General Manager / Chief Financial Officer



Director



Chief Executive



Director

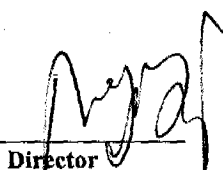
Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Profit and Loss Account - (Un-audited)

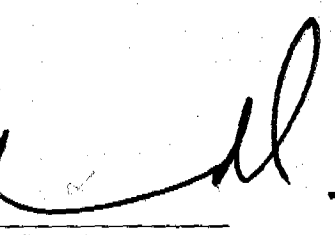
For the half year ended June 30, 2011

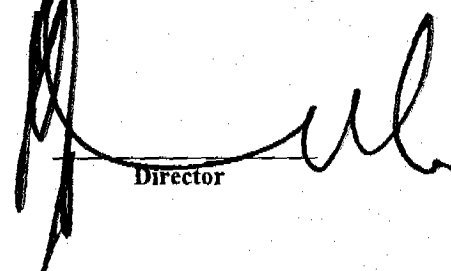
	Quarter ended June 30, 2011	Half year ended	Quarter ended June 30, 2010	Half year ended
(Rupees in '000)				
Mark-up / return / interest earned	474,137	1,005,515	527,856	1,022,958
Mark-up / return / interest expensed	304,426	679,925	328,466	693,571
Net mark-up / interest income	169,711	325,590	199,390	329,387
Reversal of provision against non-performing advances - net	(2,064)	(7,850)	(5,306)	(10,424)
Recovery of written off advances	(22,594)	(22,594)	-	-
Reversal of provision against non-performing lending to financial institution	(4,500)	(9,000)	-	-
Provision for diminution / impairment in the value of investments	15,649	41,972	15,984	23,545
Bad debts written off directly	-	-	-	-
Net mark-up / interest income after provisions	183,220	323,062	188,712	316,266
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	1,380	1,380	9	39
Dividend income	31,372	84,879	24,287	83,267
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	59,786	225,145	43,888	178,772
Unrealised surplus on revaluation of 'held-for-trading' securities	-	-	1,133	-
Share in results of Associates	256,404	604,630	122,066	288,130
Other income	5,471	9,871	6,119	10,096
Total non mark-up / interest income	354,413	925,905	197,502	560,304
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	104,568	199,037	86,299	159,696
Other provisions / write offs	-	-	-	-
Other charges	-	-	50	1,149
Total non mark-up / interest expenses	104,568	199,037	86,349	160,845
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	433,065	1,049,930	299,865	715,725
Taxation				
- Current	64,385	110,140	72,765	137,368
- Prior years	-	-	-	-
- Deferred	28,479	115,876	(8,152)	16,614
	92,864	226,016	64,613	153,982
PROFIT AFTER TAXATION	340,201	823,914	235,252	561,743
Unappropriated profit brought forward	2,994,331	2,510,618	1,975,770	1,649,279
Unappropriated profit carried forward	3,334,532	3,334,532	2,211,022	2,211,022
(Rupees)				
Basic and diluted earning per share (On share of Rs. 25,000 each)	1,418	3,433	980	2,341

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


Deputy General Manager / Chief Financial Officer


Director



Chief Executive

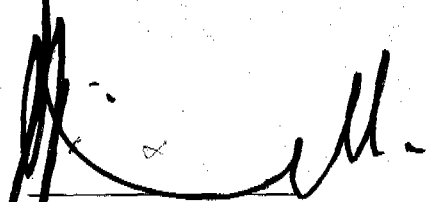

Director

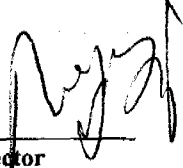
Pakistan Kuwait Investment Company (Private) Limited
Consolidated Condensed Interim Statement of Changes in Equity - (Un-audited)
For the half year ended June 30, 2011

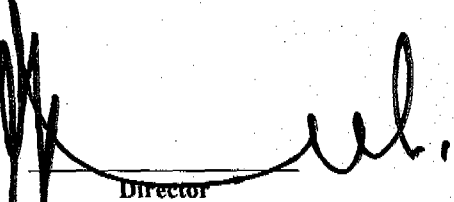
	Share capital	Reserves		Unappropriated profit	Total
		Statutory	Revenue		
(Rupees in '000)					
Balance as at January 01, 2010	6,000,000	2,884,894	-	1,649,279	10,534,173
Profit for the half year ended June 30, 2010	-	-	-	561,743	561,743
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	561,743	561,743
Balance as at June 30, 2010	6,000,000	2,884,894	-	2,211,022	11,095,916
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
Final Dividend for the year ended December 31, 2010 @ Rs. 1,500 per share approved subsequent to year end.	-	-	-	(360,000)	(360,000)
Balance as at June 30, 2011	6,000,000	2,992,287	-	2,974,532	11,966,819

The annexed notes 1 to 16 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 half year ended June 30, 2011

	June 30, 2011	June 30, 2010
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,049,930	715,725
Less: Dividend income	<u>84,879</u>	<u>83,267</u>
	965,051	632,458
Adjustments for:		
Depreciation	7,130	6,841
Amortization	634	40
Reversal of provision against non-performing advances - net	(7,850)	(10,424)
Recovery of written off advances	(22,594)	
Provision for diminution / impairment in the value of investments	41,972	23,545
(Reversal of provision) against non-performing lending to financial institution	(9,000)	-
Share in results of Associates	(604,630)	(288,130)
Gain on sale of operating fixed assets	(25)	(2,442)
	<u>(594,363)</u>	<u>(270,570)</u>
	370,688	361,888
(Increase) / decrease in operating assets		
Lendings to financial institutions	259,001	(952,085)
'Held-for-trading' securities	35,713	239,209
Advances	(1,654,718)	(640,858)
Others assets (excluding advance taxation)	<u>(152,180)</u>	<u>59,415</u>
	(1,512,184)	(1,294,319)
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	(862,104)	1,527,750
Deposits	601,518	(1,224,617)
Other liabilities (excluding current taxation)	<u>507,756</u>	<u>(108,209)</u>
	247,170	194,924
	<u>(894,326)</u>	<u>(737,507)</u>
Income tax paid	(550,838)	(394,649)
Net cash (outflow) from operating activities	<u>(1,445,164)</u>	<u>(1,132,156)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities / subsidiaries	343,586	150,783
Dividend income	82,104	90,757
Investments in operating fixed assets	(15,457)	(17,384)
Sale proceeds from sale of operating fixed assets	25	3,066
Net cash inflow from investing activities	<u>410,258</u>	<u>227,222</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(360,000)	-
Net cash (outflow) from financing activities	<u>(360,000)</u>	<u>-</u>
(Decrease) in cash and cash equivalents	(1,394,906)	(904,934)
Cash and cash equivalents at beginning of the period	<u>1,461,112</u>	<u>1,935,346</u>
Cash and cash equivalents at end of the period	<u>66,206</u>	<u>1,030,412</u>

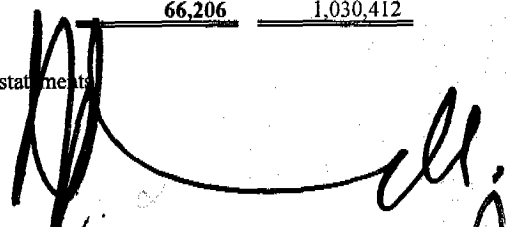
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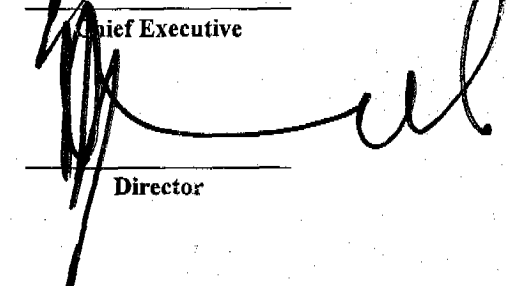
Deputy General Manager / Chief Financial Officer



Director



Chief Executive



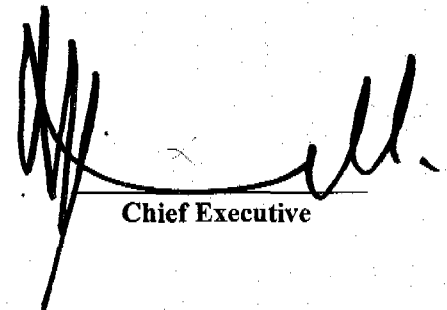
Director

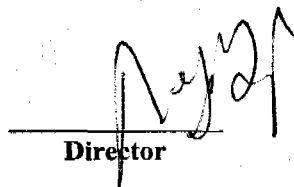
Pakistan Kuwait Investment Company (Private) Limited
 Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the half year ended June 30, 2011

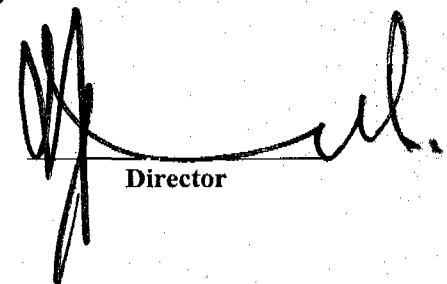
	Quarter ended June 30, 2011	Half year ended June 30, 2011	Quarter ended June 30, 2010	Half year ended June 30, 2010
	(Rupees in '000)			
Profit for the period	340,201	823,914	235,252	561,743
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	340,201	823,914	235,252	561,743
Component of comprehensive income not transferred to equity				
(Deficit) on revaluation of 'available-for-sale' securities - net of tax	(85,952)	(135,135)	(232,655)	(249,968)
Total Comprehensive Income for the period	254,249	688,779	2,597	311,775

The annexed notes 1 to 16 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 half year ended June 30, 2011

1. STATUS AND NATURE OF BUSINESS

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.

The Group as at 1 January 2011 had two 100% owned subsidiaries, First Choice Securities Limited (FCSL) and Pak Kuwait Financial Services Limited (PKFSL). FCSL principal business includes equity brokerage, money market and foreign exchange brokerage, equity research and corporate financial advisory services. FCSL has not started its operations. During the period, PKFSL has been liquidated through Easy Exit Scheme of Securities and Exchange Commission of Pakistan (SECP). PKFSL's liquidation was confirmed by SECP under Easy Exit Scheme via notification in the official gazette dated 10 January, 2011. The holding company has its representative offices in Islamabad and Lahore.

2. BASIS OF PRESENTATION

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 31 December 2010.

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", provisions of and directives issued under the Companies Ordinance, 1984 and the directives issued by the SBP. In case requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for Banks and Development Financial Institutions (DFIs) in Pakistan. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirement 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, 2010, except as follows:

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

IAS 24 – Related Party Disclosure (Revised)
IAS 32 – Financial Instruments: Presentation – Classification of Right Issues (Amendment)
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB in April 2010

IFRS 3 – Business Combinations
IAS 27 – Consolidated and Separate Financial Statements
IAS 1 – Presentation of Financial Statements
IFRIC 13 – Customer Loyalty Programmes
IAS 34 – Interim Financial Reporting

The adoption of the above standards, amendments and interpretations 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 financial statements of the holding company for the year ended December 31, 2010.

6. LENDINGS TO FINANCIAL INSTITUTIONS

Certificates of investment (COIs) in local currency
Provision against COI

Note	June 30, 2011 (Un-audited)	December 31, 2010 (Audited)
	11,822	270,822
6.1	(11,822)	(20,822)
	-	250,000

- 6.1 This represents provision outstanding against clean lending under COI to an investment bank. The lending was made on September 20, 2008 and matured on December 20, 2008. On maturity the investment bank was unable to repay and the holding company had initiated legal proceedings for recovery of the outstanding amount. Based on the principle of prudence the holding company had fully provided the amount.
- During the period, the holding company has recovered Rs. 9 million in the form of cash. The balance amount will be received in eight monthly installments in 2011 and 2012.

7. INVESTMENTS

7.1 Investments by type

	June 30, 2011 (Un-audited)			December 31, 2010 (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	-	-	-	36,592	-	36,592
Available-for-sale securities						
Market treasury bills	2,570,472	5,524,101	8,094,573	3,547,284	5,008,370	8,555,654
Pakistan Investment Bonds	1,196,081	429,730	1,625,811	449,199	1,175,573	1,624,772
Shares of listed companies	1,899,113	-	1,899,113	1,921,789	-	1,921,789
Shares of unlisted companies	125,099	-	125,099	125,122	-	125,122
Listed preference shares	93,399	-	93,399	93,399	-	93,399
Listed term finance certificates	125,580	-	125,580	153,687	-	153,687
Unlisted term finance certificates	608,513	-	608,513	458,598	-	458,598
	6,618,257	5,953,831	12,572,088	6,749,078	6,183,943	12,933,021
Associates	5,268,947	-	5,268,947	4,587,944	-	4,587,944
Total investments - at cost	11,887,204	5,953,831	17,841,035	11,373,614	6,183,943	17,557,557
Less: Provision for diminution / impairment in the value of investments	(214,827)	-	(214,827)	(190,203)	-	(190,203)
Total investments - net of provisions	11,672,377	5,953,831	17,626,208	11,183,411	6,183,943	17,367,354
(Deficit) on revaluation of 'held-for-trading' securities	-	-	-	(880)	-	(880)
(Deficit) / surplus on revaluation of 'available-for-sale' securities	(27,001)	(22,432)	(49,433)	275,084	(119,978)	155,106
Total investments	11,645,376	5,931,399	17,576,775	11,457,615	6,063,965	17,521,580

8. ADVANCES

In Pakistan

Advances

Net investment in finance leases

	June 30, 2011 (Un-audited)	December 31, 2010 (Audited)
	6,327,739	4,735,906
	1,739,378	1,653,899
	8,067,117	6,389,805

Provision for non-performing advances

Advances - net of provision

	(1,412,765)	(1,420,615)
	6,654,352	4,969,190

- 8.1 Advances include Rs.1,577.770 million (December 31, 2010: Rs 1,648.540 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision	Provision
				Required	Held
(Rupees in '000)					
Substandard	27,500	-	27,500	6,875	6,875
Doubtful	288,760	-	288,760	144,380	144,380
Loss	1,261,510	-	1,261,510	1,261,510	1,261,510
	<u>1,577,770</u>	<u>-</u>	<u>1,577,770</u>	<u>1,412,765</u>	<u>1,412,765</u>

8.2 Particulars of provision for non-performing advances - specific

	Note	June 30,	December 31,
		2011	2010
		(Un-audited)	(Audited)
		(Rupees in '000)	
Opening balance		1,420,615	1,395,656
Charge for the period		38,751	87,089
Reversals		(46,601)	(62,130)
		(7,850)	24,959
Amounts written off against provisions		-	-
Closing balance		<u>1,412,765</u>	<u>1,420,615</u>

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

	Note	June 30,	December 31,
		2011	2010
		(Un-audited)	(Audited)
		(Rupees in '000)	
Secured			
Repurchase agreement borrowings	9.1	5,939,890	6,067,160
Term finance certificates (TFCs)		-	1,250,000
Borrowing from SBP under LTF-EOP	9.2	135,131	188,757
Borrowing from SBP under LTFF	9.3	275,225	301,452
Borrowing from SBP under FFSAP	9.4	23,019	-
Unsecured			
Murabaha	9.5	2,572,000	2,000,000
		<u>8,945,265</u>	<u>9,807,369</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 13.20 to 13.95 (December 31, 2010: 12.60 to 13.90) percent per annum with maturity of two days to forty one days (December 31, 2010 : three days to sixty 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 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.
- 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 8.20 percent per annum. SBP allocates an overall yearly limit under the facility to individual PFI. The sanctioned limit was Rs. 500 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 This represents finance obtained from an Islamic bank. The profit rate on the finance range between 13.35 and 13.60 (December 31, 2010: 12.75 and 13.00) percent per annum with maturity between 07 July 2011 and 01 August 2011 (December 31, 2010: 03 January 2011 and 14 January 2011).

10. DEPOSITS AND OTHER ACCOUNTS	Note	June 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited) (Rupees in '000)
Certificates of investment (COIs) / deposits	10.1	3,740,030	3,138,512

- 10.1 The profit rates on these COIs / deposits range between 12.00 to 13.75 (December 31, 2010: 11.50 to 13.75) percent per annum. The COIs are due for maturity between July 02, 2011 and March 22, 2015 (December 31, 2010: January 11, 2011 and March 22, 2015).

11. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES-NET OF TAX	June 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited) (Rupees in '000)
Federal and provincial government securities	(113,228)	(167,798)
Quoted shares	62,165	323,967
Other securities	1,597	(1,065)
Share of surplus on revaluation held by associates	135,145	50,325
	85,679	205,429
Deferred Tax	19,054	34,439
	104,733	239,868

12. CONTINGENCIES AND COMMITMENTS

12.1 Other contingencies

The Income Tax Department has amended the deemed assessment orders for the tax year 2004 to 2010, raising a tax demand of Rs 1,856 million, mainly due to additions in respect of allocation of expenses against exempt capital gains and dividend income subject to tax at reduced rate.

The tax department has not accepted the holding company's contention on the matter of allocation of expenses on exempt capital gains and dividend income for the tax years 2004 to 2010. The total additions made in tax years 2004 to 2010 under this head amounts to Rs 3,612 million.

In tax year 2003 same issue has been set aside by the Appellate Tribunal Inland Revenue (ATIR), with direction to the tax authorities that the allocation of financial cost has to be made by taking into account the 'cost of investment' rather than 'gross turnover'. Further the holding company has made representation before Federal Board of Revenue for necessary clarification and has also referred the above matter to Alternate Dispute Resolution Committee (ADRC), a mechanism available to provide an opportunity to tax payer for an easy and efficient resolution of dispute.

An appeal has been filed for the tax years 2004, 2005, 2006, 2007 and 2010 with the Commissioner of Inland Revenue (Appeals) and for tax years 2008 and 2009 with ATIR. The holding company has already made provision of Rs.723 million on that issue against the demand for the above-mentioned years based on cost of investment. The management is confident that the ultimate outcome of the appeal would be in favor of the holding company inter alia on the basis of the advice of the tax consultants and the relevant law and the facts.

12.2 Other commitments

12.2 Other commitments	June 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited) (Rupees in '000)
Commitment - acquisition of software	14,684	15,634
Undisbursed sanctions for financial assistance in the form of:		
- equity participation	26,220	16,220
- loans and advances	1,230,000	161,287
	1,270,904	193,141

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)					
Half year ended June 30, 2011 - (Un-audited)						
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 / (loss)	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
Half year ended June 30, 2011 - (Un-audited)						
Segment assets - net	7,818,573	9,838,166	-	6,447,991	1,181,030	25,285,760
Segment non-performing loans	1,577,770	-	-	-	-	1,577,770
Segment provision required and held	1,412,765	-	-	-	-	1,412,765
Segment liabilities	526,963	12,251,920	-	-	435,325	13,214,208
Segment return on net assets (ROA) % *	14.57%	12.71%	-	16.81%	1.38%	
Segment cost of funds (%) *	9.23%	12.90%	-	-	-	

* Based on daily average assets and funds.

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
	(Rupee in '000)					
Half year ended June 30, 2010 - (Un-audited)						
Total income - gross	304,823	733,943	-	534,548	9,948	1,583,262
Total mark-up / return / interest expense	(101,716)	(591,855)	-	-	-	(693,571)
Segment provision / impairment / unrealised gains	9,158	-	-	(22,279)	-	(13,121)
	(92,558)	(591,855)	-	(22,279)	-	(706,692)
Net operating income	212,265	142,088	-	512,269	9,948	876,570
Administrative expenses and other charges						(160,845)
Profit before taxation						715,725
Year ended December 31, 2010 - (Audited)						
Segment assets - net	5,885,142	11,820,169	-	6,261,507	1,056,113	25,022,931
Segment non-performing loans	1,648,540	-	-	-	-	1,648,540
Segment provision required and held	1,420,615	-	-	-	-	1,420,615
Segment liabilities	1,852,024	11,329,595	-	-	98,539	13,280,158
Segment return on net assets (ROA) %	14.15%	12.42%	-	13.98%	1.35%	
Segment cost of funds (%)	11.30%	12.16%	-	-	-	

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, 2011 (Un-audited) (Rupees in '000)	Six months period ended June 30, 2010 (Audited)
Expenses charged to an associate	7,868	7,494
Expenses charged by		
- associates	746	1,148
- other related party	8,850	6,473
Dividend income from other related parties	8,448	-
Mark-up earned on bank deposit with an associate	353	566
Mark-up earned on loans and advances		
- key management personnel	570	31
Mark-up expense on COIs of related parties	7,300	7,701
Contribution made to provident fund	7,430	3,506
Contribution made to gratuity fund	8,546	4,872
	June 30, 2011 (Un-audited) (Rupees in '000)	December 31, 2010 (Audited)
Loans and advances to key management personnel		
Balance as at January 1	42,447	22,523
Disbursement during the period / year	2,065	29,043
Recovery during the period / year	(2,684)	(9,119)
	(619)	19,924
Balance as at	41,828	42,447
Bank balances with an associate	3,539	11,611
Mark-up receivable on bank deposit with an associate	40	75
Deposits / COIs from associate & other related party		
Balance as at January 1	127,500	102,500
Deposits / COIs issued during the period / year	110,000	107,500
Matured during the period / year	(175,000)	(82,500)
	(65,000)	25,000
Balance as at	62,500	127,500
Mark-up payable to associate & other related party	3,118	5,280
Investments in		
- associates	5,268,947	4,587,944
- other related parties	500	500
Commitments for investment in equity of / loan to associates	16,220	16,220

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 Wealth Management, Head of Compliance, Head of Internal Audit and the Head of Human Resources. Their salaries and other benefits amount to Rs. 33.859 million (June 30, 2010: Rs. 27.157 million) and staff retirement benefits amount to Rs. 4.052 million (June 30, 2010: Rs. 1.570 million).

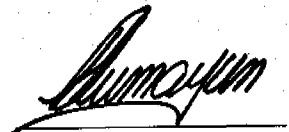
15. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue in the Board of Directors meeting held on 28 JUL 2011

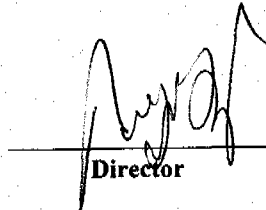
16. GENERAL

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

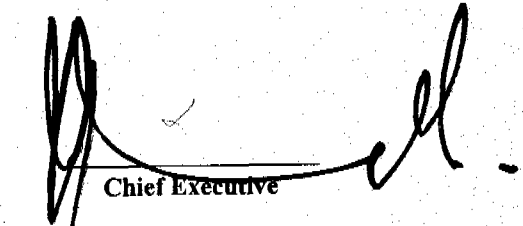
16.2. The JCR-VIS Credit Rating Company Limited has reaffirmed long term credit ratings of AAA (Triple A) and the short term rating of A1+ (A one plus) for the holding company. The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating of holding company to AAA (Triple A) and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



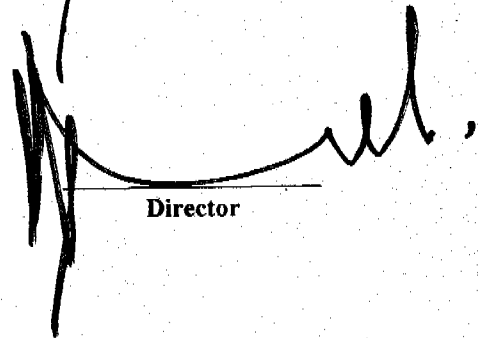
Deputy General Manager / Chief Financial Officer



Director



Chief Executive



Director