



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

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

For the three months period ended March 31, 2010

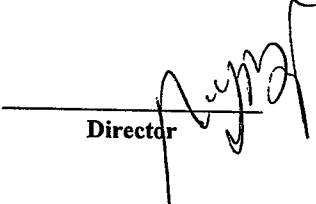
Pakistan Kuwait Investment Company (Private) Limited
 Consolidated Interim Condensed Balance Sheet
 As at March 31, 2010

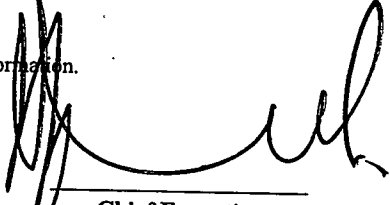
	Note	March 31, 2010 (Un-audited)	December 31, 2009 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		56,597	92,512
Balances with other banks		826,154	1,842,834
Lendings to financial institutions		400,000	800,000
Investments	6	16,642,679	18,930,038
Advances	7	3,400,209	3,607,442
Operating fixed assets		150,937	151,366
Deferred tax assets		133,754	154,595
Other assets		363,839	323,993
		<u>21,974,169</u>	<u>25,902,780</u>
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	8	7,659,408	10,377,872
Deposits and other accounts	9	2,892,334	4,075,951
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		-	-
Other liabilities		-	-
		<u>357,706</u>	<u>693,414</u>
		<u>10,909,448</u>	<u>15,147,237</u>
NET ASSETS		<u><u>11,064,721</u></u>	<u><u>10,755,543</u></u>
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		2,884,894	2,884,894
Accumulated Profit		1,975,770	1,649,279
		<u>10,860,664</u>	<u>10,534,173</u>
Surplus / (deficit) on revaluation of 'available-for-sale' securities - net of tax		204,057	221,370
		<u><u>11,064,721</u></u>	<u><u>10,755,543</u></u>
CONTINGENCIES AND COMMITMENTS			

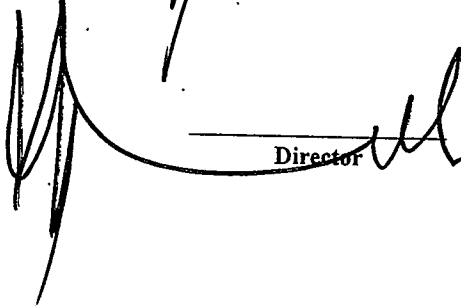
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The annexed notes 1 to 14 form an integral part of these consolidated interim condensed financial information.


 Deputy General Manager


 Director



 Chief Executive

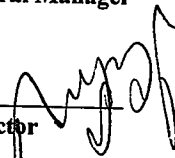

 Director

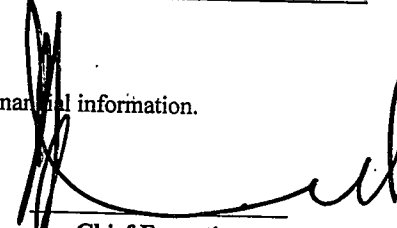
Pakistan Kuwait Investment Company (Private) Limited
Consolidated Interim Condensed Profit and Loss Account - (Un-audited)
For the three months period ended March 31, 2010

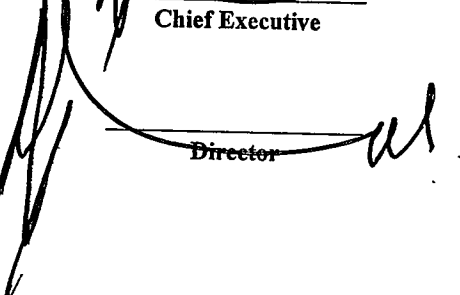
	Three months period ended March 31, 2010	Three months period ended March 31, 2009
(Rupees in '000)		
Mark-up / return / interest earned	495,102	396,252
Mark-up / return / interest expensed	365,105	188,480
Net mark-up / interest income	<u>129,997</u>	<u>207,772</u>
Provision against non-performing advances - net	(5,118)	85,181
Provision for diminution / impairment in the value of investments	7,561	147,032
Bad debts written off directly	-	-
Net mark-up / interest income / (expense) after provisions	<u>2,443</u>	<u>232,213</u>
	<u>127,554</u>	<u>(24,441)</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	30	213
Dividend income	58,980	24,226
Gain / (Loss) on sale of securities - net	134,883	186,241
Income from dealing in foreign currencies	-	-
Unrealised (deficit) on revaluation of 'held for trading' securities	(1,133)	(1,574)
Unrealised surplus / (deficit) on revaluation of 'derivative instruments'	-	-
Share in results of associates - net	166,064	165,141
Other income	3,978	7,072
Total non mark-up / interest income	<u>362,802</u>	<u>381,319</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	73,397	63,591
Other charges	1,099	203
Total non mark-up / interest expenses	<u>74,496</u>	<u>63,794</u>
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	<u>415,860</u>	<u>293,084</u>
Taxation		
- Current	64,603	103,356
- Prior years	-	-
- Deferred	24,766	(31,903)
PROFIT AFTER TAXATION	<u>89,369</u>	<u>71,453</u>
	<u>326,491</u>	<u>221,631</u>
Basic and diluted earnings per share (On share of Rs. 25,000 each)	<u>1,360</u>	<u>923</u>

The annexed notes 1 to 14 form an integral part of these consolidated interim condensed financial information.


 Deputy General Manager


 Director


 Chief Executive

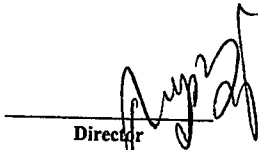

 Director

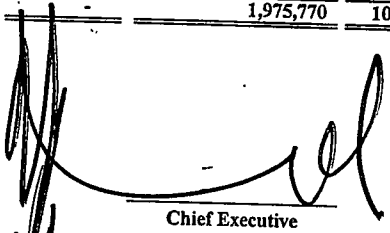
Pakistan Kuwait Investment Company (Private) Limited
 Consolidated Interim Condensed Statement of Changes in Equity - (Un-audited)
 For the three months period ended March 31, 2010

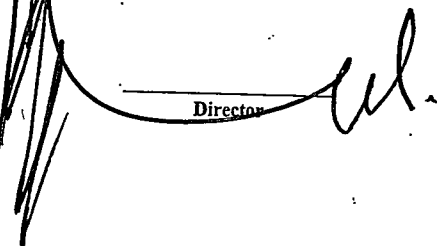
	Share capital	Reserves			Unappropriated profit/(Accumulated loss)	Total
		Statutory	Tax	Revenue		
(Rupees in '000)						
Balance as at January 01, 2009	6,000,000	3,288,822	-	3,158,890	(3,142,880)	9,304,832
Profit for the three months period January 01 to March 31, 2009	-	-	-	-	221,631	221,631
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(2,921,249)	9,526,463
Transfer from contingencies reserve to accumulated loss	-	-	-	(274,837)	274,837	-
Transfer from marketable and government securities reserve to accumulated loss	-	-	-	(2,884,053)	2,884,053	-
Balance as at March 31, 2009	<u>6,000,000</u>	<u>3,288,822</u>	<u>-</u>	<u>-</u>	<u>237,641</u>	<u>9,526,463</u>
Balance as at January 01, 2010	6,000,000	2,884,894	-	-	1,649,279	10,534,173
Profit for the three months period January 01 to March 31, 2010	-	-	-	-	326,491	326,491
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,975,770	10,860,664
Balance as at March 31, 2010	<u>6,000,000</u>	<u>2,884,894</u>	<u>-</u>	<u>-</u>	<u>1,975,770</u>	<u>10,860,664</u>

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 Deputy General Manager


 Director

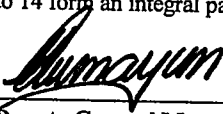

 Chief Executive

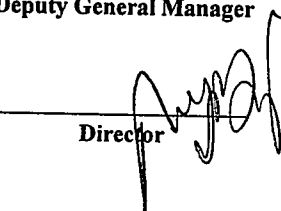

 Director

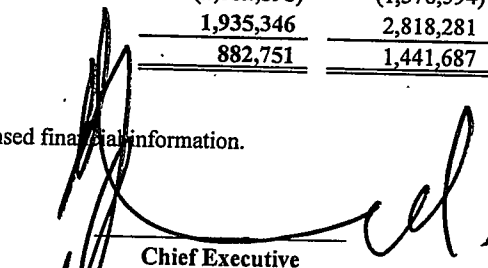
Pakistan Kuwait Investment Company (Private) Limited
Consolidated Interim Condensed Cash Flow Statement (Un-audited)
For the three months period ended March 31, 2010

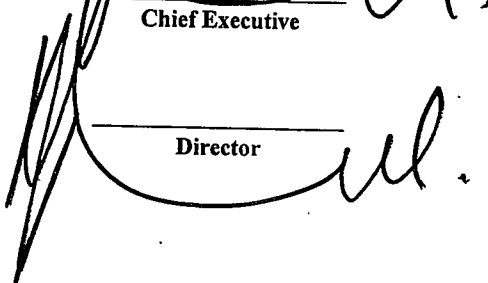
	Three months period ended March 31, 2010	Three months period ended March 31, 2009
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	415,860	293,084
Less: Dividend income	(58,980)	(24,226)
	<u>356,880</u>	<u>268,858</u>
Adjustments for:		
Depreciation	3,259	2,663
Amortization	20	-
Unrealised deficit on revaluation of 'held for trading' securities	1,133	1,574
Provision against non-performing advances - net	(5,118)	85,181
Provision for diminution / impairment in the value of investments	7,561	147,032
Share in results of associates - net	(166,064)	(165,141)
Gain on sale of operating fixed assets	(192)	(1,067)
	<u>(159,401)</u>	<u>70,242</u>
	197,479	339,100
Decrease / (increase) in operating assets		
Lendings to financial institutions	400,000	(419,122)
'Held for trading' securities	77,331	75,608
Advances	212,351	154,518
Others assets	6,792	(78,932)
	<u>696,474</u>	<u>(267,928)</u>
(Decrease) / increase in operating liabilities		
Borrowings from financial institutions	(2,718,464)	(460,439)
Deposits	(1,183,617)	1,103,451
Other liabilities (excluding current taxation)	(111,667)	(25,368)
	<u>(4,013,748)</u>	<u>617,644</u>
	(3,119,795)	688,816
	<u>(289,489)</u>	<u>(19,114)</u>
	(3,409,284)	669,702
Income tax paid		
<i>Net cash inflows / (outflows) from operating activities</i>		
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities / subsidiaries	2,341,369	(2,049,724)
Dividend received	18,170	9,130
Investments in operating fixed assets	(3,547)	(16,954)
Sale proceeds from sale of operating fixed assets	697	11,252
<i>Net cash inflows / (outflows) from investing activities</i>	<u>2,356,689</u>	<u>(2,046,296)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid		
<i>Net cash inflows / (outflows) from financing activities</i>		
	-	-
Decrease in cash and cash equivalents	(1,052,595)	(1,376,594)
Cash and cash equivalents at beginning of the period	1,935,346	2,818,281
Cash and cash equivalents at end of the period	<u>882,751</u>	<u>1,441,687</u>

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 Deputy General Manager


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 Chief Executive

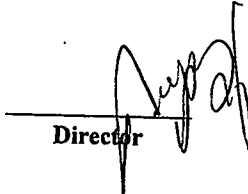

 Director

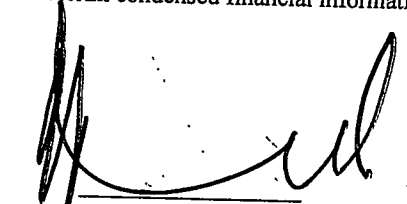
Pakistan Kuwait Investment Company (Private) Limited
Consolidated Interim Condensed Statement of Comprehensive Income (Un-audited)
For the three months period ended March 31, 2010

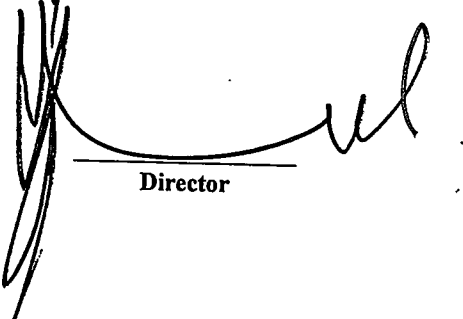
	Note	Three months period ended March 31, 2010	Three months period ended March 31, 2009
(Rupees in '000)			
Profit for the period		326,491	221,631
Other comprehensive income		-	-
Total comprehensive income for the period		<u>326,491</u>	<u>221,631</u>

The annexed notes 1 to 14 form an integral part of these consolidated interim condensed financial information.


 Deputy General Manager


 Director


 Chief Executive


 Director

Pakistan Kuwait Investment Company (Private) Limited
Notes to the Consolidated Interim Condensed Financial Information (Un-audited)
For the three months period ended March 31, 2010

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 comprises of the holding company and two 100% owned subsidiaries, First Choice Securities Limited (FCSL) and Pak Kuwait Financial Services Limited (PKFSL) and associates namely, Meezan Bank Limited, Al Meezan Investment Management Limited, Al Meezan Mutual Fund Limited, Meezan Balance Fund, Plexus (Private) Limited, Pak Kuwait Takaful Company Limited, The General Tyre and Rubber Company of Pakistan Limited, Falcon Greenwood (Private) Limited, National Commodity Exchange Limited, and National Clearing Company Limited.

2. BASIS OF PRESENTATION

These consolidated interim condensed financial information 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 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these consolidated interim condensed financial information should be read in conjunction with the annual financial statements of the holding company for the year ended 31 December 2009.

3. STATEMENT OF COMPLIANCE

3.1 These consolidated interim condensed financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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 shall prevail. The disclosures in these accounts have, however, been limited based on the requirements of International Accounting Standard 34, Interim Financial Reporting.

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 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 interim condensed financial information are the same as those applied in preparation of annual financial statements for the year ended December 31, 2009.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2009.

6. INVESTMENTS

6.1 Investments by type

	March 31, 2010			December 31, 2009		
	Held by the company	Given as collateral	Total	Held by the company	Given as collateral	Total
	(Rupees in '000)					
Held for trading securities						
Shares of listed companies	164,144	-	164,144	189,068	-	189,068
Pakistan Investment Bonds	-	-	-	49,202	-	49,202
Available-for-sale securities						
Market treasury bills	3,365,814	4,876,466	8,242,280	2,394,775	8,077,406	10,472,181
Pakistan Investment Bonds	1,623,371	-	1,623,371	1,670,908	-	1,670,908
Shares of listed companies	1,906,878	-	1,906,878	1,866,808	-	1,866,808
Shares of unlisted companies	119,953	-	119,953	119,968	-	119,968
Listed preference shares	93,399	-	93,399	93,489	-	93,489
Listed term finance certificates	228,565	-	228,565	364,765	-	364,765
Unlisted term finance certificates	136,110	-	136,110	136,111	-	136,111
Associates	4,260,067	-	4,260,067	4,111,632	-	4,111,632
Total investments - at cost	11,898,301	4,876,466	16,774,767	10,996,726	8,077,406	19,074,132
Less: Provision for diminution in the value of investments	(284,477)	-	(284,477)	(306,017)	-	(306,017)
Total investments - net of provisions	11,613,824	4,876,466	16,490,290	10,690,709	8,077,406	18,768,115
(Deficit) on revaluation of 'held for trading' securities	(1,133)	-	(1,133)	938	-	938
Surplus / (deficit) on revaluation of 'available-for-sale' securities	161,447	(7,925)	153,522	175,002	(14,017)	160,985
Total investments	11,774,138	4,868,541	16,642,679	10,866,649	8,063,389	18,930,038

6.1 Investments by segments

	March 31, 2010	December 31, 2009
	(Rupees in '000)	
Government securities	9,828,024	12,192,291
Quoted securities	6,036,927	5,970,392
Unquoted securities	777,728	767,355
	16,642,679	18,930,038

7 ADVANCES

In Pakistan

Advances

Net investment in finance leases

Provision for non-performing advances

Advances net of provision

3,469,823	3,744,176
1,320,923	1,258,922
4,790,746	5,003,098

(1,390,537)	(1,395,656)
3,400,209	3,607,442

- 7.1 Advances include Rs.1,693.254 million (December 31, 2009: Rs 1,693.697 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision	
				Required	Held
	(Rupees in '000)				
Substandard	242,023	-	242,023	60,505	60,505
Doubtful	242,399	-	242,399	121,200	121,200
Loss	1,208,832	-	1,208,832	1,208,832	1,208,832
	<u>1,693,254</u>	<u>-</u>	<u>1,693,254</u>	<u>1,390,537</u>	<u>1,390,537</u>

- 7.2 Particulars of provision for non-performing advances - Specific

	March 31, 2010	December 31, 2009
	(Rupees in '000)	
Opening balance	1,395,656	910,181
Charge for the quarter	9,993	598,945
Reversals	(15,112)	(71,719)
Amounts written off against provisions	(5,119)	527,226
Closing balance	<u>1,390,537</u>	<u>1,395,656</u>

8. BORROWINGS FROM FINANCIAL INSTITUTIONS

	March 31, 2010	December 31, 2009
	(Rupees in '000)	
Secured		
Repurchase agreement borrowings	8.1	4,872,085
Term finance certificates (TFCs)	8.2	8,067,577
Borrowing from SBP under LTF-EOP	8.3	1,350,000
Borrowing from SBP under LTFF	8.4	273,557
Murabaha		163,766
Unsecured		59,883
Term finance certificates (TFCs)		1,000,000
	<u>7,659,408</u>	<u>10,377,872</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 is 10.40 to 12.08 (December 31, 2009: 12% to 12.35%) percent per annum with maturity of one day to nineteen days (December 31, 2009 : four days to sixty three days).
- 8.2 This represents finance obtained through issue of privately placed term finance certificates of five years maturity. The mark-up is payable on quarterly basis and the principal is repayable in five equal semi annual instalments commencing 36 months from the date of disbursement. The facility is secured by first hypothecation charge ranking pari passu, on existing and future assets of the holding company. The rate of profit is 3 months KIBOR ask rate plus basis points ranges from 50 to 65 (December 31, 2009: 65) basis points. As at March 31, 2010 the effective rate ranges between 12.71 to 13.00 (December 31, 2009: 13.02 and 13.24) percent per annum.

- 8.3 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.

The outstanding balance under swap arrangement amounts to Rs 273.571 million as at March 31, 2010 (December 31, 2009: Rs 300.412 million).

- 8.4 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. SBP allocates an overall yearly limit under the facility to individual PFI. The sanctioned limit was Rs. 500 million. The outstanding balance under the arrangement amounts to Rs. 163.766 million as at March 31, 2010 (December 31, 2009: 59.833 million).

9. DEPOSITS AND OTHER ACCOUNTS

Certificates of investment (COIs) / deposits

Financial institutions

Others

9.1

March 31,
2010

December 31,
2009

(Rupees in '000)

1,321,000

1,571,334

2,892,334

4,075,951

4,075,951

- 9.1 The profit rates on these COIs / deposits range between 11.40 to 13.65 (December 31, 2009: 11.40 to 14.00) percent per annum. The COIs are due for maturity between April 14, 2010 and March 22, 2015 (December 31, 2009: January 2, 2010 and May 5, 2012).

10. CONTINGENCIES AND COMMITMENTS

10.1 Other contingencies

March 31,
2010

December 31,
2009

(Rupees in '000)

Direct credit substitute – guarantee issued

-

1,550

- 10.2 There is no change in the status of other contingencies as disclosed in the financial statements for the year ended December 31, 2009.

10.3 Other commitments

March 31,
2010

December 31,
2009

(Rupees in '000)

Commitment - acquisition of software

29,644

48,817

Undisbursed sanctions for financial assistance in the form of

- equity participation

166,220

166,220

- loans and advances

945,796

317,945

1,141,660

532,982

11. **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, 2010						
Total income - gross	132,670	376,358	-	346,070	3,939	859,037
Total mark-up / return / interest expense	(50,711)	(314,394)	-	-	-	(365,105)
Segment provision / impairment / unrealised losses	5,983	-	-	(9,559)	-	(3,576)
	(44,728)	(314,394)	-	(9,559)	-	(368,681)
Net operating income	87,942	61,964	-	336,511	3,939	490,356
Administrative expenses and other charges						(74,496)
Profit before taxation						415,860
Three months period ended March 31, 2010						
Segment assets - net	3,788,467	11,996,198	-	5,813,007	376,497	21,974,169
Segment non-performing loans	1,693,254	-	-	-	-	1,693,254
Segment provision required and held	1,390,537	-	-	-	-	1,390,537
Segment liabilities	1,894,647	8,880,362	-	-	134,439	10,909,448
Segment return on net assets (ROA) % *	13.44%	12.37%	-	18.53%	1.53%	
Segment cost of funds (%) *	13.72%	12.33%	-	-	-	

* Based on daily average assets and funds.

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
(Rupee in '000)						
Three months period ended March 31, 2009						
Total income - gross	154,543	285,668	-	333,098	5,836	779,145
Total mark-up / return / interest expense	(86,169)	(102,311)	-	-	-	(188,480)
Segment provision / impairment / unrealised gains	(79,583)	-	-	(154,204)	-	(233,787)
	(165,752)	(102,311)	-	(154,204)	-	(422,267)
Net operating (loss) / income	(11,209)	183,357	-	178,894	5,836	356,878
Administrative expenses and other charges						(63,794)
Profit before taxation						293,084
Year ended December 31, 2009						
Segment assets - net	4,584,710	14,972,506	-	5,678,006	667,558	25,902,780
Segment non-performing loans	1,693,697	-	-	-	-	1,693,697
Segment provision required and held	1,395,656	-	-	-	-	1,395,656
Segment liabilities	1,931,927	12,757,835	-	-	457,475	15,147,237
Segment return on net assets (ROA) %	13.23%	15.26%	-	22.05%	2.53%	
Segment cost of funds (%)	13.20%	11.01%	-	-	-	

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

12. 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.

	Three months period ended March 31, 2010 (Rupees in '000)	Three months period ended March 31, 2009
Expenses charged to an associate	4,329	4,150
Expenses charged by		
- associates	2,015	639
- other related party	3,616	4,978
Dividend income from other related parties	-	-
Mark-up earned on placement / COI / with an associate	-	-
Mark-up earned on bank deposit with an associate	229	171
Mark-up earned on loans and advances		
- associates	-	563
- other related party	-	-
Mark-up expense on COIs of related parties	3,225	174
Contribution made to provident fund	1,691	1,300
Contribution made to gratuity fund	2,436	2,733
	March 31, 2010	December 31, 2009 (Rupees in '000)
Placements / COIs with an associate		
Balance as at January 1	-	-
Addition / (deletion) during the period / year	-	-
Recovery during the period / year	-	-
Balance as at	-	-
Loans and advances to key management personnel		
Balance as at January 1	22,523	6,704
Disbursement during the period / year	-	19,000
Recovery during the period / year	(7,976)	(3,181)
Balance as at	(7,976)	15,819
	14,547	22,523
Advances to associates / other related parties / subsidiaries	-	-
Mark-up receivable on placement / COI / leases & loans and advances		
- with associates	-	-
Bank balances with an associate	9,621	57,089
Mark-up receivable on bank deposit with an associate	75	297
Deposits / COIs from associate & other related party	157,500	102,500
Mark-up payable to associate & other related party	4,291	4,160
Investments in		
- associates	4,260,067	4,111,632
- other related parties	500	500
Commitments for investment in equity of / loan to associates	166,220	166,220

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. 13.245 million (March 31, 2009: Rs. 11.065 million) and staff retirement benefits amount to Rs. 0.785 million (March 31 2009: Rs. 0.471 million).

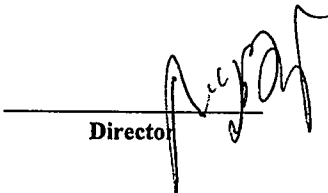
13. DATE OF AUTHORISATION FOR ISSUE


These consolidated interim condensed financial information were authorised for issue in the Board of Directors meeting held on **02 MAY 2010**.

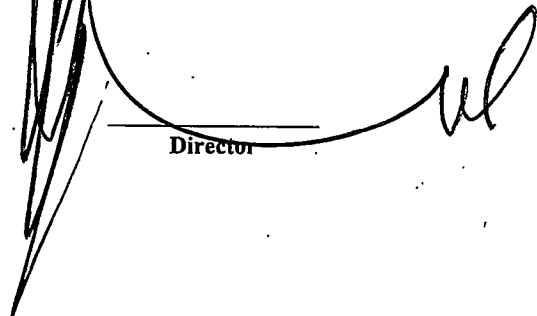
14. GENERAL

The JCR-VIS Credit Rating Company Limited has maintained 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 maintained the long-term entity rating of A++ and the short term rating at A1+(A one plus).


Deputy General Manager


Director


Chief Executive


Director