



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2011

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REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Pakistan Kuwait Investment Company (Private) Limited** as at 30 June 2011 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of comprehensive income and notes to the accounts for the six month period then ended (hereinafter referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30 June 2011.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
CHARTERED ACCOUNTANTS

28 July 2011
KARACHI:

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

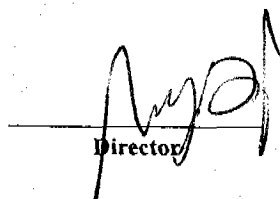
	Note	June 30, 2011 (Un - Audited)	December 31, 2010 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		47,152	51,424
Balances with other banks		7,190	1,363,207
Lendings to financial institutions	6	-	250,000
Investments	7	14,550,294	15,207,224
Advances	8	6,654,352	4,969,190
Operating fixed assets		228,329	220,636
Deferred tax assets		230,747	279,633
Other assets		719,920	556,665
		<u>22,437,984</u>	<u>22,897,979</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		-	-
Other liabilities		400,644	334,007
		<u>13,085,939</u>	<u>13,279,888</u>
NET ASSETS		<u>9,352,045</u>	<u>9,618,091</u>
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		2,992,287	2,992,287
Unappropriated profit		371,754	429,576
		<u>9,364,041</u>	<u>9,421,863</u>
(Deficit) / surplus on revaluation of 'available-for-sale' securities - net of tax	11	<u>(11,996)</u>	<u>196,228</u>
		<u>9,352,045</u>	<u>9,618,091</u>
CONTINGENCIES AND COMMITMENTS	12		

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

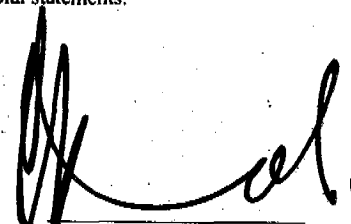
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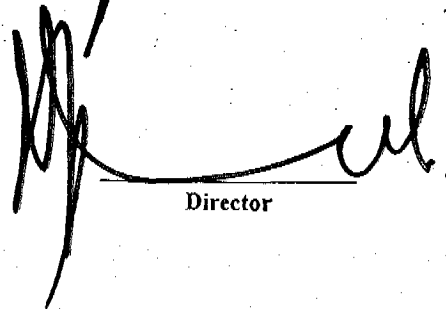
Deputy General Manager / Chief Financial Officer



Director



Chief Executive




Director

Pakistan Kuwait Investment Company (Private) Limited
 Unconsolidated 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	473,781	1,004,823	527,304	1,020,543
Mark-up / return / interest expensed	304,426	679,925	328,466	693,571
Net mark-up / interest income	169,355	324,898	198,838	326,972
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	-	-	-	-
	(13,509)	2,528	10,678	13,121
Net mark-up / interest income after provisions	182,864	322,370	188,160	313,851
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	1,380	1,380	9	39
Dividend income	31,372	93,327	24,287	83,267
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities - net	63,828	229,187	43,889	178,772
Unrealised gain on revaluation of 'held-for-trading' securities	-	-	1,133	-
Other income	5,471	9,871	6,118	10,096
Total non mark-up / interest income	102,051	333,765	75,436	272,174
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	104,402	198,763	87,168	159,404
Other provisions / write offs	-	-	-	-
Other charges	-	-	50	1,149
Total non mark-up / interest expenses	104,402	198,763	87,218	160,553
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	180,513	457,372	176,378	425,472
Taxation				
- Current	64,318	109,994	72,268	136,624
- Prior years	-	-	-	-
- Deferred	(2,079)	45,200	(20,581)	(14,373)
	62,239	155,194	51,687	122,251
PROFIT AFTER TAXATION	118,274	302,178	124,691	303,221
Unappropriated profit brought forward	613,480	429,576	178,530	-
Unappropriated profit carried forward	731,754	731,754	303,221	303,221
------(Rupees)-----				
Basic and diluted earning per share (On share of Rs. 25,000 each)	493	1,259	520	1,263

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


 Deputy General Manager / Chief Financial Officer


 Chief Executive


 Director


 Director

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

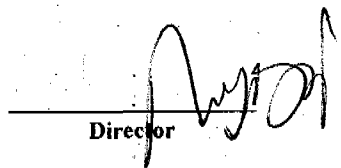
	Share capital	Reserves		Unappropriated profit	Total
		Statutory	Revenue		
(Rupees in '000)					
Balance as at January 01, 2010	6,000,000	2,884,894	-	-	8,884,894
Profit for the half year ended June 30, 2010	-	-	-	303,221	303,221
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	303,221	303,221
Balance as at June 30, 2010	6,000,000	2,884,894	-	303,221	9,188,115
Balance as at January 01, 2011	6,000,000	2,992,287	-	429,576	9,421,863
It for the half year ended June 30, 2011	-	-	-	302,178	302,178
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	302,178	302,178
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	-	371,754	9,364,041

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

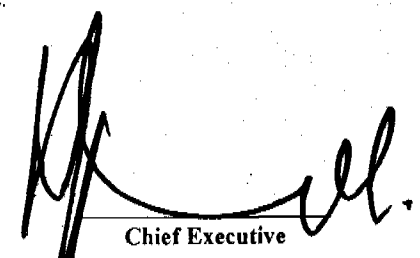
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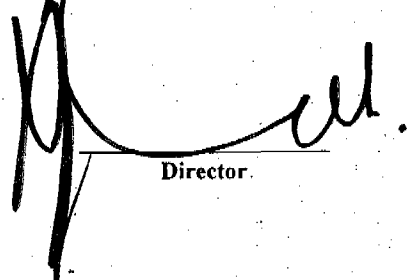
Deputy General Manager / Chief Financial Officer



Director



Chief Executive



Director

Pakistan Kuwait Investment Company (Private) Limited
 Unconsolidated 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	457,372	425,472
Less: Dividend income	93,327	83,267
	<u>364,045</u>	<u>342,205</u>
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)	-
Gain on sale of operating fixed assets	(25)	(2,442)
	<u>10,267</u>	<u>17,560</u>
	374,312	359,765
(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)	(152,032)	62,748
	<u>(1,512,036)</u>	<u>(1,290,986)</u>
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)	507,481	(108,864)
	<u>246,895</u>	<u>194,269</u>
	(890,829)	(736,952)
	<u>(550,838)</u>	<u>(394,649)</u>
Income tax paid		
Net cash (outflow) from operating activities	<u>(1,441,667)</u>	<u>(1,131,601)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities / subsidiaries	374,706	149,342
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>441,378</u>	<u>225,781</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	<u>(1,360,289)</u>	<u>(905,820)</u>
Cash and cash equivalents at beginning of the period	1,414,631	1,889,735
Cash and cash equivalents at end of the period	<u>54,342</u>	<u>983,915</u>

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


 Deputy General Manager / Chief Financial Officer


 Director


 Chief Executive



 Director

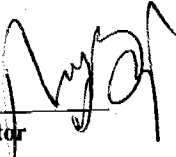
Pakistan Kuwait Investment Company (Private) Limited
 Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the half year ended June 30, 2011

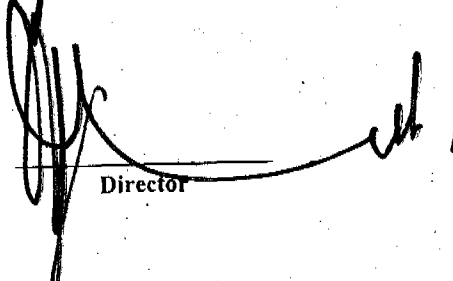
	Quarter ended June 30, 2011	Half year ended	Quarter ended June 30, 2010	Half year ended
	(Rupees in '000)			
Profit for the period	118,274	302,178	124,691	303,221
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	118,274	302,178	124,691	303,221
Component of comprehensive income not transferred to equity				
(Deficit) on revaluation of 'available-for-sale' securities - net of tax	(94,046)	(208,224)	(237,988)	(247,166)
Total Comprehensive Income / (loss) for the period	24,228	93,954	(113,297)	56,055

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


 Deputy General Manager / Chief Financial Officer


 Chief Executive


 Director


 Director

Pakistan Kuwait Investment Company (Private) Limited
Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)
For the half year ended June 30, 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Kuwait Investment Company (Private) Limited ("the 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 Company is a 50:50 joint venture between the Governments of Pakistan and Kuwait. The objective of the Company is to profitably promote industrial investments in Pakistan.
- 1.2 As at 1 January 2011, the Company had two 100% owned subsidiaries, First Choice Securities Limited (FCSL) and Pak Kuwait Financial Services Limited (PKFSL). 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. 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 principal business of PKFSL was to provide Asset Management Services.
- 1.3 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest.

2. BASIS OF PRESENTATION

These unconsolidated 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 unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2010.

3. STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated condensed interim financial statements of the Company 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 unconsolidated 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 unconsolidated 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 Company 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.

Dr. Anwar

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, 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 Company had initiated legal proceedings for recovery of the outstanding amount. Based on the principle of prudence the Company had fully provided the amount.

During the period, the 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 Company	Given as collateral	Total	Held by the Company	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	1,898,613	-	1,898,613	1,921,289	-	1,921,289
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
	6,617,757	5,953,831	12,571,588	6,748,578	6,183,943	12,932,521
Associates	2,270,560	-	2,270,560	2,270,560	-	2,270,560
Subsidiaries (Note 1.2)	50,000	-	50,000	81,120	-	81,120
Total investments - at cost	8,938,317	5,953,831	14,892,148	9,136,850	6,183,943	15,320,793
Less: Provision for diminution / impairment in the value of investments	(292,244)	-	(292,244)	(267,620)	-	(267,620)
Total investments - net of provisions	8,646,073	5,953,831	14,599,904	8,869,230	6,183,943	15,053,173
(Deficit) on revaluation of 'held-for-trading' securities	-	-	-	(880)	-	(880)
(Deficit) / surplus on revaluation of 'available-for-sale' securities	(27,178)	(22,432)	(49,610)	274,909	(119,978)	154,931
Total investments	8,618,895	5,931,399	14,550,294	9,143,259	6,063,965	15,207,224

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

8. ADVANCES

In Pakistan

Advances

Net investment in finance leases

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

6,241,587

- 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 Required	Provision 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, 2011 (Un-audited)	December 31, 2010 (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)
Amounts written off against provisions		(7,850)	24,959
Closing balance		<u>1,412,765</u>	<u>1,420,615</u>

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

		June 30, 2011 (Un-audited)	December 31, 2010 (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 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 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 8.20 percent per annum. SBP allocates an overall yearly limit under the facility to individual PFI. The sanctioned limit was Rs. 500 million.

over

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 ranges 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)	December 31, 2010 (Audited)
		(Rupees in '000)	
Certificates of investment (COIs) / deposits	10.1	<u>3,740,030</u>	<u>3,138,512</u>

10.1 The profit rates on these COIs / deposits range between 12.00 and 13.75 (December 31, 2010: 11.50 and 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. (DEFICIT) / SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES-NET OF TAX	June 30, 2011 (Un-audited)	December 31, 2010 (Audited)
	(Rupees in '000)	
Federal and provincial government securities	(113,228)	(167,798)
Quoted shares	62,021	323,793
Other securities	<u>1,597</u>	<u>(1,065)</u>
	(49,610)	154,930
Deferred Tax	<u>37,614</u>	<u>41,298</u>
	<u>(11,996)</u>	<u>196,228</u>

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 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 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 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 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)	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	<u>1,230,000</u>	<u>161,287</u>
	<u>1,270,904</u>	<u>193,141</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)						
Half year ended June 30, 2011 - (Un-audited)						
Total income - gross	413,992	595,711	1,380	318,577	8,928	1,338,588
Total mark-up / return / interest expense	(47,058)	(632,867)	-	-	-	(679,925)
Segment (provision) / reversal of provision / (impairment) / (unrealised losses)	30,303	9,000	-	(41,831)	-	(2,528)
	(16,755)	(623,867)	-	(41,831)	-	(682,453)
Net operating income / (loss)	397,237	(28,156)	1,380	276,746	8,928	656,135
Administrative expenses and other charges						(198,763)
Profit before taxation						457,372
Half year ended June 30, 2011 - (Un-audited)						
Segment assets - net	7,451,915	9,838,166	-	3,736,158	1,411,745	22,437,984
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	-	-	307,056	13,085,939
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	289,032	733,943	-	259,793	9,949	1,292,717
Total mark-up / return / interest expense	(101,716)	(591,855)	-	-	-	(693,571)
Segment (provision) / reversal of provision / (impairment) / (unrealised losses)	9,158	-	-	(22,279)	-	(13,121)
	(92,558)	(591,855)	-	(22,279)	-	(706,692)
Net operating income	196,474	142,088	-	237,514	9,949	586,025
Administrative expenses and other charges						(160,553)
Profit before taxation						425,472
Year ended December 31, 2010 - (Audited)						
Segment assets - net	5,689,274	11,820,169	-	4,142,823	1,245,713	22,897,979
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	-	-	98,269	13,279,888
Segment return on net assets (ROA) %	14.15%	12.42%	-	13.98%	1.35%	
Segment cost of funds (%)	11.30%	12.16%	-	-	-	

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

Signature

14. RELATED PARTY TRANSACTIONS

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

The Company 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		
- quoted shares, at market values		
- associates	4,887,459	4,142,589
- unquoted shares, at cost		
- subsidiary companies	50,000	81,120
- associates	357,053	357,053
- 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 unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors meeting held on ~~28 JUL 2011~~

16. GENERAL

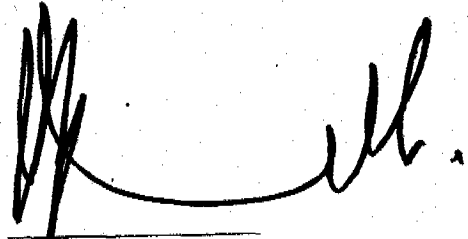
16.1. The figures have been rounded off to nearest thousand rupees.

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 Company. The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating to AAA (Triple A) and maintained the short term rating at A1+ (A one plus), the highest level.

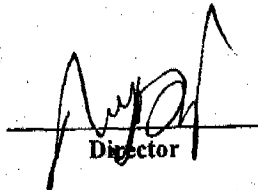
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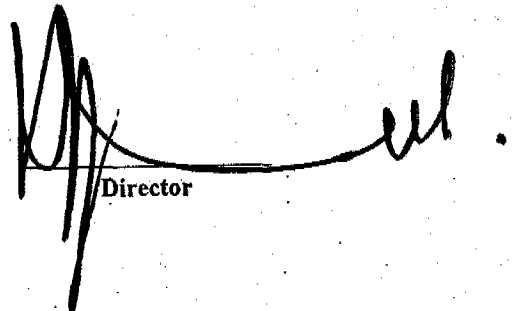
Deputy General Manager / Chief Financial Officer



Chief Executive



Director



Director