



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

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

For the half year ended June 30, 2014



KPMG Taseer Hadi & Co.
Chartered Accountants
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Independent Auditors' Review Report to the Members of Pakistan Kuwait Investment Company (Private) Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan Kuwait Investment Company (Private) Limited** ("the Company") as at June 30, 2014, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of the condensed 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 the condensed interim financial information based on our review.

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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.


Other Matters

The figures for the quarter ended June 30, 2014 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The financial statements of the Company for the year ended December 31, 2013 and six months period ended June 30, 2013 were audited / reviewed by another firm of chartered accountants who have expressed unmodified opinion / conclusion dated January 27, 2014 and August 26, 2013 thereon respectively.

Date: August 25, 2014

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Pakistan Kuwait Investment Company (Private) Limited

Condensed Interim Statement of Financial Position


As at June 30, 2014

	Note	June 30, 2014 (Un -Audited) (Rupees in '000)	December 31, 2013 (Audited)
ASSETS			
Cash and balances with treasury banks		52,115	30,795
Balances with other banks		9,635	27,561
Lendings to financial institutions	6	154,266	5,824,062
Investments	7	19,545,435	11,886,802
Advances	8	4,022,172	3,772,490
Operating fixed assets		195,108	203,854
Deferred tax assets		-	-
Other assets		691,713	545,733
		24,670,444	22,291,297
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	9	6,057,994	5,042,353
Deposits and other accounts	10	402,243	349,680
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		397,163	256,857
Other liabilities		487,065	373,302
		7,344,465	6,022,192
NET ASSETS		17,325,979	16,269,105
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		3,553,438	3,553,438
Unappropriated profit		6,856,251	6,126,502
		16,409,689	15,679,940
Surplus on revaluation of 'available-for-sale' securities - net of tax	11	916,290	589,165
		17,325,979	16,269,105
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

KPMG/TI


Deputy General Manager / Chief Financial Officer


Chief Executive


Director


Director

Pakistan Kuwait Investment Company (Private) Limited

Condensed Interim Profit and Loss Account - (Un-audited)

For the half year ended June 30, 2014

	Note		Quarter ended	Half year ended	Quarter ended	Half year ended
	June 30, 2014	June 30, 2013	-----Rupees in '000-----			
Mark-up / return / interest earned	372,280	741,583	512,347	1,073,521		
Mark-up / return / interest expensed	180,020	343,881	338,360	724,166		
Net mark-up / interest income	192,260	397,702	173,987	349,355		
Reversal of provision against non-performing loans and advances - net	(8,483)	(17,102)	(24,670)	(26,593)		
Reversal of provision for diminution / impairment in the value of investments	(85)	(616)	440	(616)		
Bad debts written off directly	-	-	-	-		
	(8,568)	(17,718)	(24,230)	(27,209)		
Net mark-up / interest income after provisions	200,828	415,420	198,217	376,564		
NON MARK-UP / INTEREST INCOME						
Fee, commission and brokerage income	412	1,162	-	-		
Dividend income	50,964	122,125	9,575	98,648		
Income from dealing in foreign currencies	-	-	-	-		
Gain on sale of securities	105,543	302,950	113,255	383,199		
Unrealised (loss) / gain on revaluation of 'held-for-trading' securities	(1,441)	(2,947)	483	-		
Share in results of associates - net	571,610	1,032,938	479,452	870,439		
Other income	8,030	14,622	6,862	13,823		
Total non mark-up / interest income	735,118	1,470,850	609,627	1,366,109		
NON MARK-UP / INTEREST EXPENSES						
Administrative expenses	83,873	226,992	111,159	230,198		
Other charges	-	-	-	-		
Total non mark-up / interest expenses	83,873	226,992	111,159	230,198		
Extra ordinary / unusual items	-	-	-	-		
PROFIT BEFORE TAXATION	852,073	1,659,278	696,685	1,512,475		
Taxation						
- Current	88,401	180,107	79,313	188,026		
- Prior years	-	-	-	-		
- Deferred	38,386	74,422	27,095	72,394		
	126,787	254,529	106,408	260,420		
PROFIT AFTER TAXATION	725,286	1,404,749	590,277	1,252,055		
	-----Rupees-----					
Basic and diluted earning per share (On share of Rs. 25,000 each)	3,022	5,853	2,459	5,217		

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

KPMG 711


Deputy General Manager / Chief Financial Officer


Director


Chief Executive


Director

Pakistan Kuwait Investment Company (Private) Limited
 Condensed Interim Statement of Comprehensive Income (Un-audited)
 For the half year ended June 30, 2014

Note	Quarter ended	Half year ended	Quarter ended	Half year ended
	June 30, 2014		June 30, 2013	
	----- (Rupees in '000) -----			
Profit for the period	725,286	1,404,749	590,277	1,252,055
Other comprehensive income				
Not to be reclassified to profit and loss account in subsequent periods				
Remeasurement of defined benefit plan	-	-	-	-
Comprehensive income transferred to equity	<u>725,286</u>	<u>1,404,749</u>	<u>590,277</u>	<u>1,252,055</u>
Component of comprehensive income not transferred to equity				
Share of other comprehensive income of associates	7.2 247,063	488,193	(128,731)	(114,950)
Deferred tax on share of other comprehensive income of associates	(23,761)	(48,177)	9,676	8,089
(Deficit) / surplus on revaluation of 'available for sale' securities	(73,302)	(95,190)	247,206	202,933
Deferred tax on (deficit) / surplus on revaluation of 'available-for-sale' securities	11,558	(17,701)	(34,884)	(15,353)
Total comprehensive income for the period	<u>886,844</u>	<u>1,731,874</u>	<u>683,544</u>	<u>1,332,774</u>

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

KPMG 7/11


 Deputy General Manager / Chief Financial Officer


 Director


 Chief Executive


 Director

Pakistan Kuwait Investment Company (Private) Limited
Condensed Interim Statement of Changes in Equity - (Un-audited)
For the half year ended June 30, 2014

	Share capital	Reserve Statutory	Unappropriated profit	Total
------(Rupees in '000)-----				
Balance as at January 01, 2013	6,000,000	3,285,976	4,490,626	13,776,602
Profit for the half year ended June 30, 2013	-	-	1,252,055	1,252,055
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,252,055	1,252,055
Transactions with the owners of the Company				
Dividend for the year ended December 31, 2012 @ Rs. 1,875 per share approved subsequent to year end	-	-	(450,000)	(450,000)
Balance as at June 30, 2013	<u>6,000,000</u>	<u>3,285,976</u>	<u>5,292,681</u>	<u>14,578,657</u>
Balance as at January 01, 2014	6,000,000	3,553,438	6,126,502	15,679,940
Profit for the half year ended June 30, 2014	-	-	1,404,749	1,404,749
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,404,749	1,404,749
Transactions with the owners of the Company				
Dividend for the year ended December 31, 2013 @ Rs. 2,812.5 per share approved subsequent to year end	-	-	(675,000)	(675,000)
Balance as at June 30, 2014	<u>6,000,000</u>	<u>3,553,438</u>	<u>6,856,251</u>	<u>16,409,689</u>

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

KPMG 711


Deputy General Manager / Chief Financial Officer


Chief Executive


Director


Director

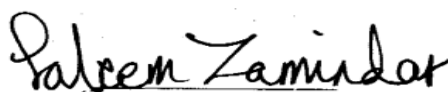
Pakistan Kuwait Investment Company (Private) Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the half year ended June 30, 2014

	June 30, 2014	June 30, 2013
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,659,278	1,512,475
Less: Dividend income	122,125	98,648
	<u>1,537,153</u>	<u>1,413,827</u>
Adjustments for:		
Depreciation	5,951	8,098
Amortization	6,372	5,033
Reversal of provision against non-performing loans and advances - net	(17,102)	(26,593)
Reversal of provision for diminution / impairment in the value of investments	(616)	(616)
Unrealised loss on revaluation of 'held for trading' securities	2,947	-
Share in results of associates - net	(1,032,938)	(870,439)
Gain on disposal of operating fixed assets	(1,927)	-
	<u>(1,037,313)</u>	<u>(884,517)</u>
	499,840	529,310
Decrease in operating assets		
Lendings to financial institutions	5,669,796	-
'Held-for-trading' securities	(96,563)	6,410
Advances	(232,580)	260,147
Others assets (excluding advance taxation)	(278,413)	18,857
	<u>5,062,240</u>	<u>285,414</u>
Increase / (decrease) in operating liabilities		
Borrowings from financial institutions	1,015,641	(6,686,780)
Deposits and other accounts	52,563	(412,490)
Other liabilities (excluding current taxation)	113,763	(56,462)
	<u>1,181,967</u>	<u>(7,155,732)</u>
	6,744,047	(6,341,008)
Income tax paid	(46,208)	(89,530)
<i>Net cash inflow / (outflow) from operating activities</i>	<u>6,697,839</u>	<u>(6,430,538)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities	(6,247,917)	6,436,931
Net investment in associates	(33,506)	27,367
Net investment in 'held-to-maturity' securities	(7,448)	(103,321)
Dividend income received	271,075	98,871
Investments in operating fixed assets	(3,576)	17,801
Sale proceeds of operating fixed assets	1,927	-
<i>Net cash (outflow) / inflow from investing activities</i>	<u>(6,019,445)</u>	<u>6,477,649</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(675,000)	(450,000)
<i>Net cash used in financing activities</i>	<u>(675,000)</u>	<u>(450,000)</u>
Increase / (decrease) in cash and cash equivalents	<u>3,394</u>	<u>(402,889)</u>
Cash and cash equivalents at beginning of the period	58,356	745,626
Cash and cash equivalents at end of the period	<u>61,750</u>	<u>342,737</u>

The annexed notes 1 to 16 form an integral part of the condensed interim financial information.

KPMG TR


Deputy General Manager / Chief Financial Officer


Director


Chief Executive


Director

Pakistan Kuwait Investment Company (Private) Limited
Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2014

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 has one representative office in Lahore. 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.

2. BASIS OF PRESENTATION

2.1 The condensed interim financial information has 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, the condensed interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2013.

2.2 The condensed interim financial information is the only set of financial information prepared by the Company consequent to the disposal of its subsidiary First Choice Securities Limited (FCSL) in 2013, in which associates are accounted for based on the equity method in accordance with IAS 28 'Investment in Associates'. Previously, the Company prepared unconsolidated and consolidated financial statements, where associates were accounted for at cost in unconsolidated and on equity method in consolidated financial statements. For comparison purposes, relevant figures have been taken from the consolidated financial statements as at December 31, 2013 for statement of financial position and June 30, 2013 for profit and loss items.

3. STATEMENT OF COMPLIANCE

3.1 The condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" as applicable in Pakistan, provisions of and directives issued under the Companies Ordinance, 1984 and the directives issued by SBP. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 and directives issued by the SBP have been followed.

3.2 The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial Instruments: Disclosures' through SRO 411(1)/ 2008. Accordingly, the requirements of these International Financial Reporting Standards (IFRSs) and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in preparation of consolidated financial statements for the year ended December 31, 2013.

5. FINANCIAL RISK MANAGEMENT / JUDGEMENTS AND ESTIMATES

The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Company for the year ended December 31, 2013.

In preparing this interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

	<i>Note</i>	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
6. LENDINGS TO FINANCIAL INSTITUTIONS		(Rupees in '000)	
Repurchase agreement lendings (Reverse Repo)	<i>6.1</i>	<u>154,266</u>	5,824,062
		<u>154,266</u>	<u>5,824,062</u>

	<i>Note</i>	June 30, 2014			December 31, 2013		
6.1 Securities held as collateral against lendings to financial institutions		Held by the Company	Further given as collateral	Total	Held by the Company	Further given as collateral	Total
		-----Rupees in '000-----					
Pakistan Investment Bond	<i>6.1.1</i>	<u>154,266</u>	-	<u>154,266</u>	-	-	-
Market Treasury Bills	<i>6.1.1</i>	-	-	-	<u>5,824,062</u>	-	<u>5,824,062</u>

6.1.1 This represents lending to a financial institution against purchase and resale of government securities. Market value of these securities as at June 30, 2014 amounted to Rs. 154.8 million (December 31, 2013: 5,821 million). The markup on this lending is 8.00 (December 31, 2013: 9.95 and 10.00) percent per annum with maturity of two (December 31, 2013: two to nine) days.

7. INVESTMENTS

7.1 Investments by type

Note	June 30, 2014 (Un-audited)			December 31, 2013 (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	96,563	-	96,563	-	-	-
Available for sale securities						
Market treasury bills	480,597	-	480,597	-	-	-
Pakistan investment bonds	4,602,150	1,232,566	5,834,716	902,893	-	902,893
Shares of listed companies	2,975,185	-	2,975,185	2,375,294	-	2,375,294
Shares of unlisted companies	109,847	-	109,847	110,501	-	110,501
Listed preference shares	55,029	-	55,029	55,029	-	55,029
Listed sukuk	236,375	-	236,375	-	-	-
Unlisted term finance certificates	607,823	-	607,823	607,938	-	607,938
	9,067,006	1,232,566	10,299,572	4,051,655	-	4,051,655
Held to maturity securities						
Unlisted Preference Shares	117,745	-	117,745	110,297	-	110,297
Associates	7.2					
	8,758,295	-	8,758,295	7,354,069	-	7,354,069
Total investments - at cost	18,039,609	1,232,566	19,272,175	11,516,021	-	11,516,021
Provision for diminution / impairment in the value of investments	(138,404)	-	(138,404)	(139,020)	-	(139,020)
Total investments - net of provisions	17,901,205	1,232,566	19,133,771	11,377,001	-	11,377,001
Deficit on revaluation of 'held for trading' securities	(2,947)	-	(2,947)	-	-	-
Surplus on revaluation of 'available for sale' securities	403,567	11,044	414,611	509,801	-	509,801
Total investments	18,301,825	1,243,610	19,545,435	11,886,802	-	11,886,802

7.2 Movement in investments in associates

	Half year ended June 30, 2014 (Un-audited) (Rupees in '000)	Half year ended June 30, 2013 (Un-audited)
Investments at beginning of the period / year	7,354,069	6,479,283
Disposal of investment in associates	(65,478)	(27,367)
Investment in associate	98,984	-
Share in surplus on revaluation / reserves of associates	488,193	(114,950)
Share of profit from associates recognized in income statement	1,032,938	870,439
Dividends received from associates	(150,411)	-
Investments at end of period / year	8,758,295	7,207,405

7.3 For equity accounting purposes, the financial information of associates are taken as of March 31, 2014, being the latest available financial information.

7.4 The cost of investment in associates as at June 30, 2014 amounted to Rs. 2,064 million (December 31, 2013: Rs 1,992 million). Share in results of associates recorded under equity method of accounting, net of dividend and income taxes amounted to Rs 739 million (June 30, 2013: 776 million).

8. ADVANCES

In Pakistan

Note	June 30, 2014 (Un-audited) (Rupees in '000)	December 31, 2013 (Audited)
Advances	4,701,160	4,353,948
Net investment in finance leases	1,037,676	1,152,308
	5,738,836	5,506,256
Provision for non-performing advances	8.2	(1,716,664)
Advances - net of provision	4,022,172	3,772,490

- 8.1 Advances include Rs.1,974.473 million (December 31, 2013: Rs 1,992.396 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	515,617	-	515,617	257,808	257,808
Loss	1,458,856	-	1,458,856	1,458,856	1,458,856
	<u>1,974,473</u>	<u>-</u>	<u>1,974,473</u>	<u>1,716,664</u>	<u>1,716,664</u>

8.2 Particulars of provision for non-performing advances - specific	Note	Half year ended June 30, 2014 (Un-audited) (Rupees in '000)	Year ended December 31, 2013 (Audited)
Opening balance		1,733,766	1,636,742
Charge for the period / year		-	142,082
Reversals for the period / year		(17,102)	(45,058)
		(17,102)	97,024
Amounts written off against provisions		-	-
Closing balance		<u>1,716,664</u>	<u>1,733,766</u>

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

		June 30, 2014 (Un-audited) (Rupees in '000)	December 31, 2013 (Audited)
Secured			
Repurchase agreement borrowings - Government securities	9.1	1,228,047	-
Borrowing from SBP under LTF-EOP	9.2	39,129	49,948
Borrowing from SBP under LTFF	9.3	187,663	227,606
Borrowing from SBP under FFSAP	9.4	13,155	14,799
Term Finance Facility	9.5	4,500,000	4,750,000
Unsecured			
Murabaha	9.6	90,000	-
		<u>6,057,994</u>	<u>5,042,353</u>

- 9.1 The Company has arranged borrowing from financial institutions against sale and repurchase of government securities. The mark-up on these finances range between 9.65 to 9.90 percent per annum (December 31, 2013: Nil) with maturity of four days (December 31, 2013 : Nil).

- 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. The sanctioned limit was Rs. 1,000 million.

- 9.3 This represents Long Term Finance Facility (LTFF) on concessional rates to promote industrial growth leading to exports. The loans availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of one and a half years with mark-up payable at maximum of 10.10 percent per annum. SBP allocates an overall yearly limit under the facility to individual Participating Financial Institution (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** The Company has availed Long Term Finance facilities from two banks. The interest rates on these facilities range from 10.66 to 10.73 percent per annum (December 31, 2013: 9.93 and 10.59 percent per annum) with maturities between November 29, 2014 and June 25, 2018 (December 31, 2013: November 29, 2014 and June 25, 2018).
- 9.6** This represents finance obtained from an Islamic bank. The profit rate on the finance is 10.00 (December 31, 2013: Nil) percent per annum with maturity on July 04, 2014 (December 31, 2013: Nil).

10. DEPOSITS AND OTHER ACCOUNTS	Note	June 30, 2014 (Un-audited) (Rupees in '000)	December 31, 2013 (Audited)
Certificates of investment (COIs) / deposits	<i>10.1</i>	<u>402,243</u>	<u>349,680</u>

- 10.1** The profit rates on these COIs / deposits range between 9.70 and 12.25 (December 31, 2013: 8.75 and 12.25) percent per annum. The COIs / deposits are due for maturity between July 03, 2014 and June 26, 2015 (December 31, 2013: January 03, 2014 and March 22, 2015).

11. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES - NET OF TAX	June 30, 2014 (Un-audited) (Rupees in '000)	December 31, 2013 (Audited)
Federal government securities	(6,918)	2
Shares of listed companies	420,379	509,799
Listed sukuk	1,151	-
Share of surplus on revaluation held by associates	<u>610,187</u>	<u>121,994</u>
Deferred Tax	<u>(108,509)</u>	<u>(42,630)</u>
	<u>916,290</u>	<u>589,165</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Other contingencies

There is no change in the status of other contingencies as disclosed in note 19.1 of the consolidated financial statements for the year ended December 31, 2013.

12.2 Other commitments

	June 30, 2014 (Un-audited) (Rupees in '000)	December 31, 2013 (Audited)
Commitment - acquisition of software	4,068	5,218
Undisbursed sanctions for financial assistance in the form of loans and advances	<u>1,309,604</u>	<u>3,060,355</u>
	<u>1,313,672</u>	<u>3,065,573</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, 2014 - (Un-audited)						
Total income - gross	465,474	419,255	1,162	1,315,200	14,289	2,215,380
Total mark-up / return / interest expense	(253,975)	(89,906)	-	-	-	(343,881)
Segment provision / impairment / unrealised gain / losses	17,718	-	-	(2,947)	-	14,771
	(236,257)	(89,906)	-	(2,947)	-	(329,110)
Net operating income	229,217	329,349	1,162	1,312,253	14,289	1,886,270
Administrative expenses and other charges						(226,992)
Profit before taxation						1,659,278

Half year ended June 30, 2014 - (Un-audited)

Segment assets - net	5,658,503	6,626,802	-	10,972,215	1,412,924	24,670,444
Segment non-performing loans	1,974,473	-	-	-	-	1,974,473
Segment provision required and held	1,716,664	-	-	-	-	1,716,664
Segment liabilities	4,815,129	1,720,289	-	-	809,047	7,344,465
Segment return on net assets (ROA) % *	15.33%	10.99%	-	38.33%	2.02%	-
Segment cost of funds (%) *	10.23%	10.94%	-	-	-	-

* Based on daily average assets and funds. Return / cost has been annualized for rates.

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupees in '000) -----						
Half year ended June 30, 2013 - (Un-audited)						
Total income - gross	469,011	751,898	-	1,209,169	9,552	2,439,630
Total mark-up / return / interest expense	(201,205)	(522,961)	-	-	-	(724,166)
Segment provision / impairment / unrealised losses	27,209	-	-	-	-	27,209
	(173,996)	(522,961)	-	-	-	(696,957)
Net operating income	295,015	228,937	-	1,209,169	9,552	1,742,673
Administrative expenses and other charges						(230,198)
Profit before taxation						1,512,475

Half year ended June 30, 2013 - (Un-audited)

Segment assets - net	6,236,756	8,791,098	-	8,243,035	1,337,447	24,608,336
Segment non-performing loans	1,743,601	-	-	-	-	1,743,601
Segment provision required and held	1,610,149	-	-	-	-	1,610,149
Segment liabilities	5,174,993	3,661,376	-	-	547,995	9,384,364
Segment return on net assets (ROA) %	14.35%	9.65%	-	20.86%	1.18%	-
Segment cost of funds (%)	9.49%	9.55%	-	-	-	-

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

14. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associates, associated undertakings, 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.

	Half year ended June 30, 2014 (Un-audited) (Rupees in '000)	Half year ended June 30, 2013 (Un-audited) (Rupees in '000)
Expenses charged to :		
- associates	10,625	8,617
- other related party	115	-
Expenses charged by:		
- associates	469	381
- other related party	8,445	8,471
Dividend income from associates	150,411	-
Mark-up earned on bank deposit with an associate	265	367
Mark-up earned on loans and advances		
- key management personnel	322	472
Mark-up expense on COIs of related parties		
- associates	-	1,569
- other related party	152	152
Sale of shares of associate	1,000	-
Contribution made to provident fund	8,428	8,016
	June 30, 2014 (Un-audited) (Rupees in '000)	December 31, 2013 (Audited) (Rupees in '000)
Loans and advances to key management personnel		
Balance as at January 1	28,907	38,062
Addition during the period / year	828	-
Disbursement during the period / year	2,498	2,234
Recovery during the period / year	(8,093)	(11,389)
Balance as at	(4,767)	(9,155)
	24,140	28,907
Bank balances with an associate	7,026	25,154
Mark-up receivable on bank deposit with an associate	50	49
Deposits / COIs from:		
- other related party	2,500	2,500
Mark-up payable to :		
- other related party	1,311	1,159
Investments in:		
- associates	8,758,295	7,354,069
- other related parties	500	500

Key management personnel

Key management personnel include the Managing Director, Deputy General Manager / Chief Financial Officer, Head of Corporate Finance & Investment Banking, Head of Risk Management, Head of Capital Markets & Treasury, Head of Compliance, Head of Internal Audit and the Head of Human Resources. Their salaries and other benefits amount to Rs. 51.877 million (June 30, 2013: Rs. 41.703 million) and staff retirement benefits amount to Rs. 5.554 million (June 30, 2013: Rs. 4.537 million).

15. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue in the Board of Directors meeting held on August 23, 2014.

16. GENERAL

16.1. 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 also maintained the long-term entity rating of AAA (Triple A) and the short term rating at A1+ (A one plus).

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

KPMG 711


Deputy General Manager / Chief Financial Officer


Director


Chief Executive


Director