

**PAKISTAN KUWAIT INVESTMENT
COMPANY (PRIVATE) LIMITED**

**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

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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 2013 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim cash flow statement, 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 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30 June 2013.

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.

Emet S. Young Ford Rhodes Sidat Hyder
Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 26 August 2013

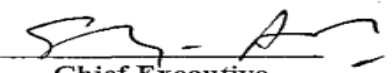
Karachi

Pakistan Kuwait Investment Company (Private) Limited
 Unconsolidated Condensed Interim Statement of Financial Position
 As at June 30, 2013

	Note	June 30, 2013 (Un -Audited)	December 31, 2012 (Audited) Restated
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		51,790	32,650
Balances with other banks		290,874	712,522
Lendings to financial institutions		-	-
Investments	6	13,593,634	19,793,097
Advances	7	5,008,847	5,242,401
Operating fixed assets		215,154	211,333
Deferred tax assets		283,725	276,517
Other assets		243,747	361,204
		19,687,771	26,629,724
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	8	8,153,195	14,839,975
Deposits and other accounts	9	602,939	1,015,429
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		319,483	375,676
		9,075,617	16,231,080
NET ASSETS		10,612,154	10,398,644
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		3,285,976	3,285,976
Unappropriated profit		902,544	876,584
		10,188,520	10,162,560
Surplus on revaluation of 'available-for-sale' securities - net of tax	10	423,634	236,084
		10,612,154	10,398,644
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes 1 to 15 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 Profit and Loss Account - (Un-audited)
 For the half year ended June 30, 2013


	Quarter ended	Half year ended	Quarter ended	Half year ended
	June 30, 2013		June 30, 2012	
------(Rupees in '000)-----				
Mark-up / return / interest earned	511,805	1,072,420	549,206	1,132,752
Mark-up / return / interest expensed	338,360	724,166	380,819	779,311
Net mark-up / interest income	173,445	348,254	168,387	353,441
(Reversal of provision) / provision against non-performing loans and advances - net	(24,670)	(26,593)	8,068	13,224
(Reversal of provision) against non-performing lending to financial institution	-	-	-	(2,822)
(Reversal of provision) / provision for diminution / impairment in the value of investments	440	(616)	13,089	47,439
Bad debts written off directly	-	-	-	-
	(24,230)	(27,209)	21,157	57,841
Net mark-up / interest income after provisions	197,675	375,463	147,230	295,600
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	-	-	-	228
Dividend income	9,575	98,648	7,887	78,118
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities	113,255	383,199	49,907	94,389
Unrealised gain / (loss) on revaluation of 'held-for-trading' securities	483	-	(53)	(53)
Other income	6,862	13,823	5,165	11,418
Total non mark-up / interest income	130,175	495,670	62,906	184,100
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	111,038	230,034	94,231	193,524
Provision for impairment on operating fixed assets	-	-	45,724	45,724
Other charges	-	-	262	262
Total non mark-up / interest expenses	111,038	230,034	140,217	239,510
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	216,812	641,099	69,919	240,190
Taxation				
- Current	79,166	187,699	55,722	136,739
- Prior years	-	-	-	-
- Deferred	(22,349)	(22,560)	(18,068)	(34,564)
	56,817	165,139	37,654	102,175
PROFIT AFTER TAXATION	159,995	475,960	32,265	138,015
Unappropriated profit brought forward (restated)	1,192,549	876,584	659,343	553,593
Unappropriated profit carried forward	1,352,544	1,352,544	691,608	691,608
	-----Rupees-----			
Basic and diluted earning per share (On share of Rs. 25,000 each)	667	1,983	134	575

The annexed notes 1 to 15 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 Comprehensive Income (Un-audited)
 For the half year ended June 30, 2013

	Quarter ended	Half year ended	Quarter ended	Half year ended
	June 30, 2013		June 30, 2012	
	Restated			
	(Rupees in '000)			
Profit for the period	159,995	475,960	32,265	138,015
Remeasurement of defined benefit plan net of deferred tax	-	-	(362)	(725)
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	159,995	475,960	31,903	137,290
Component of comprehensive income not transferred to equity				
Surplus / (deficit) on revaluation of 'available-for-sale' securities	247,155	202,902	(31,560)	116,225
Deferred tax on revaluation of 'available-for-sale' securities	(34,884)	(15,352)	2,128	6,069
Total comprehensive income for the period	372,266	663,510	2,471	259,584

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 Deputy General Manager / Chief Financial Officer


 Chief Executive



 Director

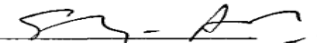

 Director

Pakistan Kuwait Investment Company (Private) Limited
 Unconsolidated Condensed Interim Statement of Changes in Equity - (Un-audited)
 For the half year ended June 30, 2013


	Share capital	Reserve Statutory	Unappropriated profit	Total
------(Rupees in '000)-----				
Balance as at January 01, 2012	6,000,000	3,114,865	559,890	9,674,755
Effect of change in accounting policy (refer note 4.1)			(6,297)	(6,297)
Balance as at January 01, 2012 (restated)	6,000,000	3,114,865	553,593	9,668,458
Profit for the half year ended June 30, 2012	-	-	138,015	138,015
Other comprehensive loss	-	-	(725)	(725)
Total comprehensive income	-	-	137,290	137,290
Dividend for the year ended December 31, 2011 @ Rs. 1,500 per share approved subsequent to year end	-	-	(360,000)	(360,000)
Balance as at June 30, 2012 (restated)	6,000,000	3,114,865	330,883	9,445,748
Balance as at January 01, 2013	6,000,000	3,285,976	884,331	10,170,307
Effect of change in accounting policy (refer note 4.1)	-	-	(7,747)	(7,747)
Balance as at January 01, 2013 (restated)	6,000,000	3,285,976	876,584	10,162,560
Profit for the half year ended June 30, 2013	-	-	475,960	475,960
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	475,960	475,960
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	6,000,000	3,285,976	902,544	10,188,520

The annexed notes 1 to 15 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 Cash Flow Statement (Un-audited)
 For the half year ended June 30, 2013

	June 30, 2013	June 30, 2012
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	641,099	240,190
Less: Dividend income	98,648	78,118
	<u>542,451</u>	<u>162,072</u>
Adjustments for:		
Depreciation	8,098	5,135
Amortization	5,033	2,066
Provision for impairment on operating fixed assets	-	45,724
(Reversal of provision) / Provision against non-performing loans and advances - net	(26,593)	13,224
(Reversal of provision) / provision for diminution / impairment in the value of investments	(616)	47,439
(Reversal of provision) against non-performing lending to financial institution	-	(2,822)
Unrealised loss on revaluation of 'held for trading' securities	-	53
Gain on disposal of operating fixed assets	-	(1,434)
	<u>(14,078)</u>	<u>109,385</u>
	<u>528,373</u>	<u>271,457</u>
Decrease in operating assets		
Lendings to financial institutions	-	(197,178)
'Held-for-trading' securities	6,410	(5,967)
Advances	260,147	1,091,074
Others assets (excluding advance taxation)	18,907	41,375
	<u>285,464</u>	<u>929,304</u>
(Decrease) / increase in operating liabilities		
Borrowings from financial institutions	(6,686,780)	2,977,837
Deposits and other accounts	(412,490)	(809,210)
Other liabilities (excluding current taxation)	(56,197)	(105,595)
	<u>(7,155,467)</u>	<u>2,063,032</u>
	<u>(6,341,630)</u>	<u>3,263,793</u>
Income tax paid	(89,372)	(18,842)
<i>Net cash (outflow) / inflow from operating activities</i>	<u>(6,431,002)</u>	<u>3,244,951</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment	6,396,572	(3,361,173)
Dividend income	98,871	74,800
Investments in operating fixed assets	(16,949)	(19,401)
Sale proceeds of operating fixed assets	-	1,454
<i>Net cash inflow / (outflow) from investing activities</i>	<u>6,478,494</u>	<u>(3,304,320)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(450,000)	(360,000)
<i>Net cash outflow from financing activities</i>	<u>(450,000)</u>	<u>(360,000)</u>
(Decrease) in cash and cash equivalents	<u>(402,508)</u>	<u>(419,369)</u>
Cash and cash equivalents at beginning of the period	<u>745,172</u>	<u>465,801</u>
Cash and cash equivalents at end of the period	<u><u>342,664</u></u>	<u><u>46,432</u></u>

The annexed notes 1 to 15 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, 2013

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.
- 1.2 The Company has a 100% owned subsidiary, First Choice Securities Limited (FCSL). FCSL principal business includes equity brokerage, commodity brokerage, equity research and corporate advisory services. FCSL has not started its operations.

2. BASIS OF PRESENTATION

- 2.1 These 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 December 31, 2012.
- 2.2 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiary and associates are accounted for on the basis of direct equity interest.

3. STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" as applicable in Pakistan, provisions of and directives issued under the Companies Ordinance, 1984 and the directives issued by SBP. In case directives requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and directives issued by the SBP have been followed.
- 3.2 The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial Instruments: Disclosures' through SRO 411(1)/ 2008. Accordingly, the requirements of these International Financial Reporting Standards (IFRSs) and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in preparation of financial statements for the year ended December 31, 2012 except as follows:

New, Amended And Revised Standards And Interpretations of IFRSs

The Company has adopted the following new amended IFRS which became effective during the period.

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 19 – Employee Benefits – (Revised)

Improvements to various standards issued by IASB (2009-2011 cycle)

IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipments – Classification of Servicing equipment

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above revision, amendments, improvements and interpretation of the standards did not have any effect on the financial statements, other than the amendments to IAS 19 'Employees Benefits' as described in 4.1.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

4.1 Change in accounting policy

Amendments to IAS 19 range from fundamental changes to simple clarification and rewording. The significant changes to IAS 19 include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.
- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard – 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated.

The effects of the retrospective application of the change in accounting policies are as follows:

	December 31, 2012 (Rupees in '000)
Increase in the staff retirement gratuity	(11,918)
Increase in deferred tax asset	4,171
Net decrease in equity	<u><u>(7,747)</u></u>
	June 30, 2012 (Rupees in '000)
Decrease in other comprehensive income (OCI) for the period	<u><u>725</u></u>

There is no change in the unconsolidated condensed interim profit and loss account

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, 2012.

6. INVESTMENTS

6.1 Investments by type

	June 30, 2013			December 31, 2012		
	(Un-audited)			(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	-	-	-	6,410	-	6,410
Available-for-sale securities						
Market treasury bills	5,197,873	2,258,907	7,456,780	2,573,779	10,684,921	13,258,700
Pakistan Investment Bonds	1,151,224	-	1,151,224	1,642,868	-	1,642,868
Shares of listed companies	1,667,586	-	1,667,586	1,801,211	-	1,801,211
Shares of unlisted companies	109,966	-	109,966	127,686	-	127,686
Listed preference shares	55,029	-	55,029	55,029	-	55,029
Listed term finance certificates	25,064	-	25,064	82,037	-	82,037
Unlisted term finance certificates	608,083	-	608,083	608,168	-	608,168
	8,814,825	2,258,907	11,073,732	6,890,778	10,684,921	17,575,699
Held to maturity securities						
Unlisted Preference Shares	103,321	-	103,321	-	-	-
Associates	2,070,242	-	2,070,242	2,095,242	-	2,095,242
Subsidiary	60,000	-	60,000	60,000	-	60,000
Total investments - at cost	11,048,388	2,258,907	13,307,295	9,052,430	10,684,921	19,737,351
Provision for diminution / impairment in the value of investments	(193,569)	-	(193,569)	(221,235)	-	(221,235)
Total investments - net of provisions	10,854,819	2,258,907	13,113,726	8,831,195	10,684,921	19,516,116
Deficit on revaluation of 'held-for-trading' securities	-	-	-	(25)	-	(25)
Surplus / (deficit) on revaluation of 'available-for-sale' securities	1,398,620	(918,712)	479,908	267,333	9,673	277,006
Total investments - at market value	12,253,439	1,340,195	13,593,634	9,098,503	10,694,594	19,793,097

7. ADVANCES

	June 30, 2013	December 31, 2012
	(Un-audited)	(Audited)
(Rupees in '000)		
In Pakistan		
Advances	5,394,650	5,567,283
Net investment in finance leases	1,224,346	1,311,860
	6,618,996	6,879,143
Provision for non-performing advances	(1,610,149)	(1,636,742)
Advances - net of provision	5,008,847	5,242,401

- 7.1 Advances include Rs.1,743.601 million (December 31, 2012: Rs 1,771.283 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	266,903	-	266,903	133,451	133,451
Loss	1,476,698	-	1,476,698	1,476,698	1,476,698
	<u>1,743,601</u>	<u>-</u>	<u>1,743,601</u>	<u>1,610,149</u>	<u>1,610,149</u>

7.2 **Particulars of provision for non-performing advances - specific**

	Note	June 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited)
Opening balance		1,636,742	1,577,790
Charge for the period		-	83,074
Reversals		(26,593)	(24,122)
		(26,593)	58,952
Amounts written off against provisions		-	-
Closing balance		<u>1,610,149</u>	<u>1,636,742</u>

8. BORROWINGS FROM FINANCIAL INSTITUTIONS

		June 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited)
Secured			
Repurchase agreement borrowings - Government securities	8.1	2,258,437	10,694,704
Borrowing from SBP under LTF-EOP	8.2	60,767	71,899
Borrowing from SBP under LTFF	8.3	267,548	305,285
Borrowing from SBP under FFSAP	8.4	16,443	18,087
Term Finance Facility	8.5	4,750,000	3,750,000
Unsecured			
Murabaha	8.6	800,000	-
		<u>8,153,195</u>	<u>14,839,975</u>

- 8.1 The Company has arranged borrowings from various financial institutions against sale and repurchase of government securities. The mark-up on these finances range between 9.00 and 9.05 (December 31, 2012: 8.25 to 9.25) percent per annum with maturity ranging from two days to five days (December 31, 2012 : two days to four days).
- 8.2 In order to facilitate the export oriented projects, SBP has introduced a scheme to refinance the fixed term loan availed from Banks / DFIs. A one time swap facility option under the Scheme (LTF-EOP) has been extended to textile sector for import of plant and machinery, allowed by the 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.
- 8.3 This represents Long Term Finance Facility (LTFF) on concessional rates to promote industrial growth leading to exports. The loans availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years with mark-up payable at maximum of 10.10 percent per annum. SBP allocates an overall yearly limit under the facility to individual Participating Financial Institution (PFI). The sanctioned limit was Rs. 500 million.

- 8.4** This represents Financing Facility for Storage of Agricultural Produce (FFSAP) on concessional rates to develop the agricultural produce marketing and enhance storage capacity. The loans availed under the facility shall be repayable within a maximum period of seven years including a maximum grace period of six months with mark-up payable at maximum of 6.50 percent per annum. SBP allocates an overall yearly limit to individual PFI. The sanctioned limit was Rs. 500 million.
- 8.5** The Company has availed Long Term Finance facilities from two banks. The interest rates on these facilities range from 9.61 to 10.09 percent per annum (December 31, 2012: 9.96 and 10.70 percent per annum) with maturities between November 29, 2014 and June 25, 2018 (December 31, 2012: November 29, 2014 and October 1, 2015).
- 8.6** This represents finance obtained from an Islamic bank. The profit rate on the finance is 9.00 (December 31, 2012: Nil) percent per annum with maturity on July 02, 2013 (December 31, 2011: Nil).

9. DEPOSITS AND OTHER ACCOUNTS	Note	June 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited)
Certificates of investment (COIs) / deposits	9.1	<u><u>602,939</u></u>	<u><u>1,015,429</u></u>

- 9.1** The profit rates on these COIs / deposits range between 8.90 and 12.25 (December 31, 2012: 9.20 and 12.25) percent per annum. The COIs / deposits are due for maturity between July 04, 2013 and March 22, 2015 (December 31, 2012: January 04, 2013 and March 22, 2015).

10. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES - NET OF TAX	June 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited)
Federal government securities	77,445	88,214
Shares of listed companies	402,377	188,351
Listed term finance certificate	86	441
	<u>479,908</u>	<u>277,006</u>
Deferred Tax	<u>(56,274)</u>	<u>(40,922)</u>
	<u><u>423,634</u></u>	<u><u>236,084</u></u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Other contingencies

11.1.1 Letter of comfort issued	<u><u>-</u></u>	<u><u>64,000</u></u>
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- 11.1.2** There is no change in the status of other contingencies as disclosed in note 19.1 of the financial statements for the year ended December 31, 2012.

11.2 Other commitments

11.2 Other commitments	June 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited)
Commitment - acquisition of software	5,218	6,718
Undisbursed sanctions for financial assistance in the form of loans and advances	<u>1,767,000</u>	<u>403,208</u>
	<u><u>1,772,218</u></u>	<u><u>409,926</u></u>

12. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activities is as follows :

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupees in '000) -----						
Half year ended June 30, 2013 - (Un-audited)						
Total income - gross	419,230	751,898	-	387,410	9,552	1,568,090
Total mark-up / return / interest expense	(201,205)	(522,961)	-	-	-	(724,166)
Segment provision / impairment / unrealised gains	27,209	-	-	-	-	27,209
	(173,996)	(522,961)	-	-	-	(696,957)
Net operating income	245,234	228,937	-	387,410	9,552	871,133
Administrative expenses and other charges						(230,034)
Profit before taxation						641,099

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

Segment assets - net	5,734,171	8,791,098	-	3,547,883	1,614,619	19,687,771
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	-	-	239,248	9,075,617
Segment return on net assets (ROA) % *	14.35%	9.65%	-	20.86%	1.18%	
Segment cost of funds (%) *	9.49%	9.55%	-	-	-	

* 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, 2012 - (Un-audited)						
Total income - gross	459,236	666,754	228	180,004	10,683	1,316,905
Total mark-up / return / interest expense	(121,416)	(657,895)	-	-	-	(779,311)
Segment provision / impairment / unrealised losses	(14,177)	2,822	-	(46,539)	-	(57,894)
	(135,593)	(655,073)	-	(46,539)	-	(837,205)
Net operating income	323,643	11,681	228	133,465	10,683	479,700
Administrative expenses and other charges						(239,510)
Profit before taxation						240,190

Year ended December 31, 2012 - (Audited)

Segment assets - net	5,910,146	15,246,503	-	3,668,325	1,800,579	26,625,553
Segment non-performing loans	1,771,283	-	-	-	-	1,771,283
Segment provision required and held	1,636,742	-	-	-	-	1,636,742
Segment liabilities	4,225,806	11,710,134	-	-	283,222	16,219,162
Segment return on net assets (ROA) %	13.53%	11.99%	-	9.99%	1.05%	
Segment cost of funds (%)	10.98%	11.88%	-	-	-	

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

13. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associates, associated undertakings, subsidiary company, 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, 2013 (Un-audited) (Rupees in '000)	Six months period ended June 30, 2012 (Un-audited)
Expenses charged to an associate	8,617	8,429
Expenses charged by		
- associates	381	495
- other related party	8,471	8,276
Mark-up earned on bank deposit with an associate	367	240
Mark-up earned on loans and advances		
- key management personnel	472	374
Mark-up expense on COIs of related parties		
- associates	1,569	3,144
- other related party	152	774
Gain on sale of shares of an associate	72,976	-
Contribution made to provident fund	8,016	8,079
	June 30, 2013 (Un-audited) (Rupees in '000)	December 31, 2012 (Audited)
Loans and advances to key management personnel		
Balance as at January 1	38,062	43,918
Disbursement during the period / year	-	12,716
Recovery during the period / year	(2,099)	(18,572)
Balance as at	(2,099)	(5,856)
	35,963	38,062
Bank balances with an associate	37,844	8,474
Mark-up receivable on bank deposit with an associate	40	40
Deposits / COIs from associate & other related party		
- associates	25,000	35,000
- other related party	2,500	2,500
Mark-up payable to related party		
- associates	901	1,274
- other related party	1,004	852
Investments in		
- quoted, at market values		
- associates	9,845,556	8,933,309
- unquoted, at cost		
- subsidiary companies	60,000	60,000
- associates	174,000	199,000
- 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. 41.703 million (June 30, 2012: Rs. 28.376 million) and staff retirement benefits amount to Rs. 4.537 million (June 30, 2012: Rs. 4.298 million).

14. DATE OF AUTHORISATION FOR ISSUE


These unconsolidated condensed interim financial statements were authorised for issue in the Board of Directors meeting held on August 26, 2013.

15. GENERAL AND NON-ADJUSTING EVENT

- 15.1. 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 to AAA (Triple A) and the short term rating at A1+ (A one plus).
- 15.2. Subsequent to the half year ended, June 30, 2013, the Board of Directors of the Company on July 2, 2013, approved the disposal of its subsidiary, First Choice Securities Limited, in response to an offer received from an investor. These financial statements do not include the effect of such disposal.
- 15.3. The figures have been rounded off to nearest thousand rupees.


Deputy General Manager / Chief Financial Officer


Chief Executive


Director


Director