



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

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

For the three months period ended March 31, 2010

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

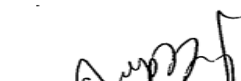
	Note	March 31, 2010 (Un -Audited) (Rupees in '000)	December 31, 2009 (Audited)
ASSETS			
Cash and balances with treasury banks		56,597	92,512
Balances with other banks		781,395	1,797,223
Lendings to financial institutions		400,000	800,000
Investments	6	14,657,081	17,091,939
Advances	7	3,400,209	3,607,442
Operating fixed assets		110,837	111,266
Deferred tax assets		374,260	382,183
Other assets		357,915	323,272
		20,138,294	24,205,837
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	8	7,659,408	10,377,872
Deposits and other accounts	9	2,892,334	4,075,951
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liability		-	-
Other liabilities		356,615	691,429
		10,908,357	15,145,252
NET ASSETS		9,229,937	9,060,585
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		2,884,894	2,884,894
Accumulated Profit		178,530	-
		9,063,424	8,884,894
Surplus on revaluation of 'available-for-sale' securities - net of tax		166,513	175,691
		9,229,937	9,060,585


CONTINGENCIES AND COMMITMENTS

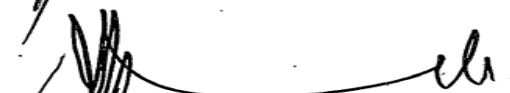
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The annexed notes 1 to 14 form an integral part of these unconsolidated interim condensed financial information.


 Deputy General Manager


 Director


 Chief Executive

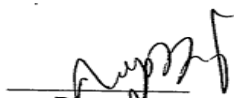

 Director

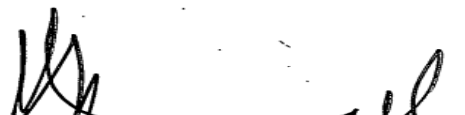
Pakistan Kuwait Investment Company (Private) Limited
 Unconsolidated Interim Condensed Profit and Loss Account - (Un-audited)
 For the three months period ended March 31, 2010


	Three months period ended March 31, 2010	Three months period ended March 31, 2009
------(Rupees in '000)-----		
Mark-up / return / interest earned	493,239	394,969
Mark-up / return / interest expensed	365,105	188,480
Net mark-up / interest income	<u>128,134</u>	<u>206,489</u>
Provision against non-performing advances - net	(5,118)	85,181
Provision for diminution / impairment in the value of investments	7,561	147,377
Bad debts written off directly	-	-
	<u>2,443</u>	<u>232,558</u>
Net mark-up / interest income / (expense) after provisions	<u>125,691</u>	<u>(26,069)</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	30	213
Dividend income	58,980	24,226
Gain on sale of securities - net	134,883	186,241
Income from dealing in foreign currencies	-	-
Unrealised (deficit) on revaluation of 'held for trading' securities	(1,133)	(1,574)
Unrealised surplus / (deficit) on revaluation of 'derivative instruments'	-	-
Other income	3,978	7,072
Total non mark-up / interest income	<u>196,738</u>	<u>216,178</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	72,236	63,484
Other charges	1,099	203
Total non mark-up / interest expenses	<u>73,335</u>	<u>63,687</u>
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	<u>249,094</u>	<u>126,422</u>
Taxation		
- Current	64,356	102,951
- Prior years	-	-
- Deferred	6,208	(48,417)
	<u>70,564</u>	<u>54,534</u>
PROFIT AFTER TAXATION	<u>178,530</u>	<u>71,888</u>
Basic and diluted earnings per share (On share of Rs. 25,000 each)	<u>744</u>	<u>300</u>

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 Deputy General Manager


 Director


 Chief Executive

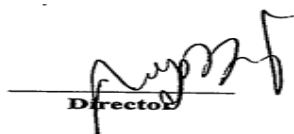

 Director

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

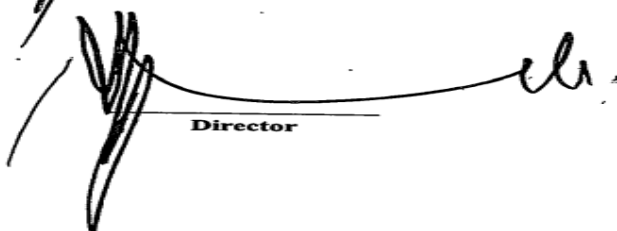
	Share capital	Reserves			Unappropriated profit / (Accumulated loss)	Total
		Statutory	Tax	Revenue		
----- (Rupees in '000) -----						
Balance as at January 01, 2009	6,000,000	3,288,822	-	3,158,890	(4,079,185)	8,368,527
Profit for the three months period January 01 to March 31, 2009	-	-	-	-	71,888	71,888
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(4,007,297)	8,440,415
Transfer from contingencies reserve to accumulated loss	-	-	-	(274,837)	274,837	-
Transfer from marketable and government securities reserve to accumulated loss	-	-	-	(2,884,053)	2,884,053	-
Balance as at March 31, 2009	<u>6,000,000</u>	<u>3,288,822</u>	<u>-</u>	<u>-</u>	<u>(848,407)</u>	<u>8,440,415</u>
Balance as at January 01, 2010	6,000,000	2,884,894	-	-	-	8,884,894
Profit for the three months period January 01 to March 31, 2010	-	-	-	-	178,530	178,530
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	178,530	9,063,424
Balance as at March 31, 2010	<u>6,000,000</u>	<u>2,884,894</u>	<u>-</u>	<u>-</u>	<u>178,530</u>	<u>9,063,424</u>

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


 Deputy General Manager


 Director


 Chief Executive



 Director


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


	Three months period ended March 31, 2010	Three months period ended March 31, 2009
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	249,094	126,422
Less: Dividend income	(58,980)	(24,226)
	<u>190,114</u>	<u>102,196</u>
Adjustments for:		
Depreciation	3,259	2,663
Amortization	20	-
Unrealised deficit on revaluation of 'held for trading' securities	1,133	1,574
Provision against non-performing advances - net	(5,118)	85,181
Provision for diminution / impairment in the value of investments	7,561	147,377
Gain on sale of operating fixed assets	(192)	(1,067)
	<u>6,663</u>	<u>235,728</u>
	<u>196,777</u>	<u>337,924</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	400,000	(419,122)
'Held for trading' securities	77,331	75,608
Advances	212,351	154,518
Others assets	6,286	(77,787)
	<u>695,968</u>	<u>(266,783)</u>
(Decrease) / increase in operating liabilities		
Borrowings from financial institutions	(2,718,464)	(460,439)
Deposits	(1,183,617)	1,103,451
Other liabilities (excluding current taxation)	(109,605)	(25,745)
	<u>(4,011,686)</u>	<u>617,267</u>
	<u>(3,118,941)</u>	<u>688,408</u>
Income tax paid	(289,489)	(18,709)
<i>Net cash (outflows) / inflows from operating activities</i>	<u>(3,408,430)</u>	<u>669,699</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities / subsidiaries	2,341,367	(2,049,701)
Dividend received	18,170	9,130
Investments in operating fixed assets	(3,547)	(16,877)
Sale proceeds from sale of operating fixed assets	697	11,252
<i>Net cash inflows / (outflows) from investing activities</i>	<u>2,356,687</u>	<u>(2,046,196)</u>
Decrease in cash and cash equivalents	<u>(1,051,743)</u>	<u>(1,376,497)</u>
Cash and cash equivalents at beginning of the period	<u>1,889,735</u>	<u>2,776,537</u>
Cash and cash equivalents at end of the period	<u>837,992</u>	<u>1,400,040</u>

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 Deputy General Manager


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 Chief Executive


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

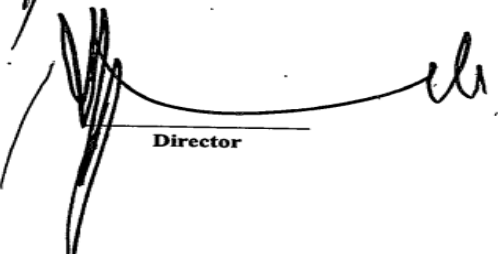
	Three months period ended March 31, 2010 ----- (Rupees in '000) -----	Three months period ended March 31, 2009
Profit for the period	178,530	71,888
Other comprehensive income	-	-
Total comprehensive income for the period	<u>178,530</u>	<u>71,888</u>

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


 Deputy General Manager


 Director


 Chief Executive


 Director

Pakistan Kuwait Investment Company (Private) Limited

Notes to the Unconsolidated Interim Condensed Financial Information (Un-audited)

For the three months period ended March 31, 2010

1. STATUS AND NATURE OF BUSINESS

Pakistan Kuwait Investment Company (Private) Limited ("the 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. The Company has two 100% owned subsidiaries, First Choice Securities Limited (FCSL) and Pak Kuwait Financial Services Limited (PKFSL). FCSL is principally engaged in the business of equity brokerage, money markets and foreign exchange brokerage, equity research and corporate financial advisory services. The principal business of PKFSL is to provide Assets Management Services. Both FCSL and PKFSL have not started their operations.

2. BASIS OF PRESENTATION

These unconsolidated interim condensed financial information have been prepared based on the format prescribed by the State Bank of Pakistan (SBP) vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these unconsolidated interim condensed financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2009.

3. STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated interim condensed financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and the directives issued by SBP. In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, and directives issued by the SBP shall prevail. The disclosures in these accounts have, however, been limited based on the requirements of the Companies Ordinance, 1984.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for Banks and Development Financial Institutions (DFIs) in Pakistan. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by the SBP.

4. ACCOUNTING POLICIES

The accounting policies adopted for the purpose of these uncolidated interim condensed financial information are the same as those applied in preparation of annual financial statements for the year ended December 31, 2009.

5. FINANCIAL RISK MANAGEMENT

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

6. INVESTMENTS

6.1 Investments by type

	March 31, 2010			December 31, 2009		
	Held by the company	Given as collateral	Total	Held by the company	Given as collateral	Total
------(Rupees in '000)-----						
Held for trading securities						
Shares of listed companies	164,144	-	164,144	189,068	-	189,068
Pakistan Investment Bonds	-	-	-	49,202	-	49,202
Available-for-sale securities						
Market treasury bills	3,365,814	4,876,466	8,242,280	2,394,775	8,077,406	10,472,181
Pakistan Investment Bonds	1,623,371	-	1,623,371	1,670,908	-	1,670,908
Shares of listed companies	1,906,378	-	1,906,378	1,866,308	-	1,866,308
Shares of unlisted companies	119,953	-	119,953	119,968	-	119,968
Listed preference shares	93,399	-	93,399	93,489	-	93,489
Listed term finance certificates	228,565	-	228,565	364,765	-	364,765
Unlisted term finance certificates	136,110	-	136,110	136,111	-	136,111
Associates	2,270,560	-	2,270,560	2,270,560	-	2,270,560
Subsidiaries	81,120	-	81,120	81,120	-	81,120
Total investments - at cost	9,989,414	4,876,466	14,865,880	9,236,274	8,077,406	17,313,680
Less: Provision for diminution in the value of investments	(361,009)	-	(361,009)	(383,487)	-	(383,487)
Total investments - net of provisions	9,628,405	4,876,466	14,504,871	8,852,787	8,077,406	16,930,193
(Deficit) on revaluation of 'held for trading' securities	(1,133)	-	(1,133)	938	-	938
Surplus / (deficit) on revaluation of 'available-for-sale' securities	161,268	(7,925)	153,343	174,825	(14,017)	160,808
Total investments	9,788,540	4,868,541	14,657,081	9,028,550	8,063,389	17,091,939

6.1 Investments by segments

	March 31, 2010	December 31, 2009
(Rupees in '000)		
Government securities	9,828,023	12,148,866
Quoted securities	4,251,194	4,366,060
Unquoted securities	577,864	577,013
	14,657,081	17,091,939

7 ADVANCES

In Pakistan

Advances	3,469,823	3,744,176
Net investment in finance leases	1,320,923	1,258,922
	4,790,746	5,003,098
Provision for non-performing advances	(1,390,537)	(1,395,656)
Advances net of provision	3,400,209	3,607,442

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

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

7.2 Particulars of provision for non-performing advances - Specific

	March 31, 2010	December 31, 2009
	(Rupees in '000)	
Opening balance	1,395,656	910,181
Charge for the quarter	9,993	598,945
Reversals	(15,112)	(71,719)
	(5,119)	527,226
Amounts written off against provisions	-	(41,751)
Closing balance	<u>1,390,537</u>	<u>1,395,656</u>

8. BORROWINGS FROM FINANCIAL INSTITUTIONS

	March 31, 2010	December 31, 2009
	(Rupees in '000)	
Secured		
Repurchase agreement borrowings	8.1 4,872,085	8,067,577
Term finance certificates (TFCs)	8.2 1,350,000	1,450,000
Borrowing from SBP under LTF-EOP	8.3 273,557	300,412
Borrowing from SBP under LTFF	8.4 163,766	59,883
Murabaha	1,000,000	500,000
Unsecured		
Term finance certificates (TFCs)	-	-
	<u>7,659,408</u>	<u>10,377,872</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 is 10.40 to 12.08 (December 31, 2009: 12% to 12.35%) percent per annum with maturity of one day to nineteen days (December 31, 2009 : four days to sixty three days).
- 8.2 This represents finance obtained through issue of privately placed term finance certificates of five years maturity. The mark-up is payable on quarterly basis and the principal is repayable in five equal semi annual instalments commencing 36 months from the date of disbursement. The facility is secured by first hypothecation charge ranking pari passu, on existing and future assets of the company. The rate of profit is 3 months KIBOR ask rate plus basis points ranges from 50 to 65 (December 31, 2009: 65) basis points. As at March 31, 2010 the effective rate ranges between 12.71 to 13.00 (December 31, 2009: 13.02 and 13.24) percent per annum.

- 8.3 In order to facilitate the export oriented projects, SBP has introduced a scheme to refinance the fixed term loan availed from Banks / DFIs.

A one time swap facility option under the Scheme (LTF-EOP) has been extended to textile sector for import of plant and machinery, allowed by the State Bank of Pakistan through their SMED Circular No.19 of 2006. The loan is repayable over a maximum period of 7.5 years from the date of first disbursement with mark-up payable at maximum of 5 percent per annum.

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

- 8.4 Represents Long Term Finance Facility on concessional rates to promote industrial growth leading to exports. The loans availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years. SBP allocates an overall yearly limit under the facility to individual PFI. The sanctioned limit was Rs. 500 million. The outstanding balance under the arrangements amounts to Rs. 163.766 million as at March 31, 2010 (December 31, 2009: 59.833 million)

9. **DEPOSITS AND OTHER ACCOUNTS**

		March 31, 2010	December 31, 2009
		(Rupees in '000)	
Certificates of investment (COIs) / deposits			
Financial institutions		1,321,000	-
Others	<i>9.1</i>	1,571,334	4,075,951
		2,892,334	4,075,951

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

10. **CONTINGENCIES AND COMMITMENTS**

		March 31, 2010	December 31, 2009
10.1 Other contingencies		(Rupees in '000)	
Direct credit substitute – guarantee issued		-	1,550

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

10.3 **Other commitments**

		March 31, 2010	December 31, 2009
		(Rupees in '000)	
Commitment - acquisition of software		29,644	48,817
Undisbursed sanctions for financial assistance in the form of			
- equity participation		166,220	166,220
- loans and advances		945,796	317,945
		1,141,660	532,982

11. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupees in '000) -----						
Three months period ended March 31, 2010						
Total income - gross	118,800	376,358	-	192,013	3,939	691,110
Total mark-up / return / interest expense	(50,711)	(314,394)	-	-	-	(365,105)
Segment provision / impairment / unrealised losses	5,983	-	-	(9,559)	-	(3,576)
	(44,728)	(314,394)	-	(9,559)	-	(368,681)
Net operating income	74,072	61,964	-	182,454	3,939	322,429
Administrative expenses and other charges						(73,335)
Profit before taxation						249,094
Three months period ended March 31, 2010						
Segment assets - net	3,588,601	11,996,197	-	4,027,275	526,221	20,138,294
Segment non-performing loans	1,693,254	-	-	-	-	1,693,254
Segment provision required and held	1,390,537	-	-	-	-	1,390,537
Segment liabilities	1,893,555	8,880,362	-	-	134,440	10,908,357
Segment return on net assets (ROA) % *	13.44%	12.37%	-	18.53%	1.53%	
Segment cost of funds (%) *	13.72%	12.33%	-	-	-	

* Based on daily average assets and funds.

	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupee in '000) -----						
Three months period ended March 31, 2009						
Total income - gross	115,783	285,668	-	205,434	5,836	612,721
Total mark-up / return / interest expense	(86,169)	(102,311)	-	-	-	(188,480)
Segment provision / impairment / unrealised gains	(79,928)	-	-	(154,204)	-	(234,132)
	(166,097)	(102,311)	-	(154,204)	-	(422,612)
Net operating (loss) / income	(50,314)	183,357	-	51,230	5,836	190,109
Administrative expenses and other charges						(63,687)
Profit before taxation						126,422
Year ended December 31, 2009						
Segment assets - net	4,308,612	14,972,506	-	4,029,573	895,146	24,205,837
Segment non-performing loans	1,693,697	-	-	-	-	1,693,697
Segment provision required and held	1,395,656	-	-	-	-	1,395,656
Segment liabilities	1,930,019	12,757,835	-	-	457,398	15,145,252
Segment return on net assets (ROA) %	13.23%	15.26%	-	22.05%	2.53%	-
Segment cost of funds (%)	13.20%	11.01%	-	-	-	-

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

12. RELATED PARTY TRANSACTIONS

The 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.

	Three months period ended March 31, 2010	Three months period ended March 31, 2009
	(Rupees in '000)	
Expenses charged to an associate	4,329	4,150
Expenses charged by		
- associates	2,015	1,869
- other related party	3,616	4,978
Dividend income from other related parties	-	-
Mark-up earned on placement / COI / with an associate	-	-
Mark-up earned on bank deposit with an associate	229	171
Mark-up earned on loans and advances		
- associates	-	563
- other related party	-	-
Mark-up expense on COIs of related parties	3,225	174
Contribution made to provident fund	1,691	1,300
Contribution made to gratuity fund	2,436	2,733
	March 31, 2010	December 31, 2009
	(Rupees in '000)	
Placements / COIs with an associate		
Balance as at January 1	-	-
Addition / (deletion) during the period / year	-	-
Recovery during the period / year	-	-
Balance as at	-	-
Loans and advances to key management personnel		
Balance as at January 1	22,523	6,704
Disbursement during the period / year	-	19,000
Recovery during the period / year	(7,976)	(3,181)
Balance as at	14,547	22,523
Advances to associates / other related parties / subsidiaries	-	-
Mark-up receivable on placement / COI / leases & loans and advances		
- with associates	-	-
Bank balances with an associate	9,621	57,089
Mark-up receivable on bank deposit with an associate	75	297
Deposits / COIs from associate & other related party	157,500	102,500
Mark-up payable to associate & other related party	4,291	4,160
Investments in		
- quoted, at market values		
- associates	4,252,705	3,721,029
- unquoted, at cost		
- subsidiary companies	81,120	81,120
- associates	357,053	357,053
- other related parties	500	500
Commitments for investment in equity of / loan to associates	166,220	166,220

Key management personnel

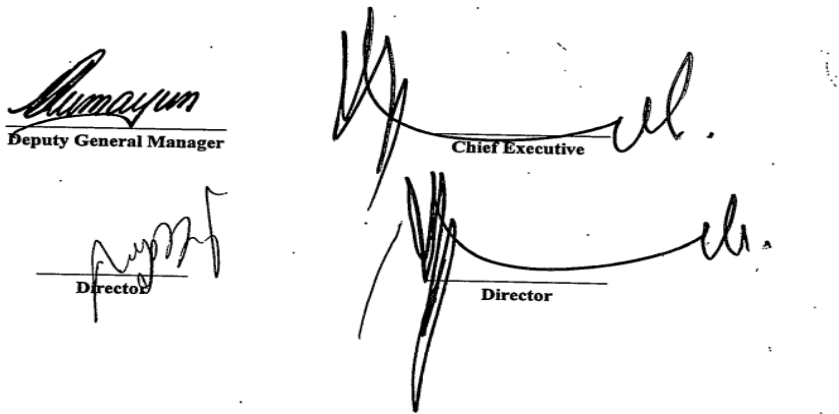
Key management personnel include the Managing Director, Deputy General Manager / Chief Financial Officer, Head of Corporate Finance & Investment Banking, Head of Risk Management, Head of Capital Markets & Treasury, Head of Wealth Management, Head of Compliance, Head of Internal Audit and the Head of Human Resources. Their salaries and other benefits amount to Rs. 13.245 million (March 31, 2009: Rs. 11.065 million) and staff retirement benefits amount to Rs. 0.785 million (March 31 2009: Rs. 0.471 million).

13. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated interim condensed financial information were authorised for issue in the Board of Directors meeting held on May 02, 2010.

14. GENERAL

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



The image shows four handwritten signatures, each with a printed title underneath. On the left side, there is a signature for the Deputy General Manager and a signature for a Director. On the right side, there is a signature for the Chief Executive and another signature for a Director. The signatures are in black ink and vary in style, with some being more stylized and others more legible.