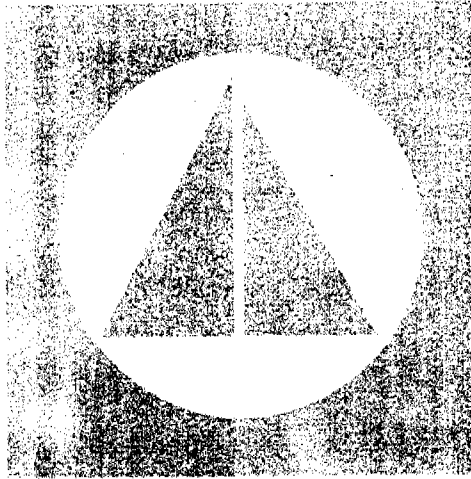


**CONSOLIDATED AND CONDENSED
INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2007



Pak Kuwait

Pakistan Kuwait Investment Company (Private) Limited

الشركة الباكستانية الكويتية للاستثمار الخاصة المحدودة

Pakistan Kuwait Investment Company (Private) Limited
Consolidated and Condensed Interim Balance Sheet
As at June 30, 2007

	Note	June 30, 2007 (Unaudited)	December 31, 2006
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		34,837	41,680
Balances with other banks		4,068,684	7,186,336
Lendings to financial institutions		7,303,656	8,344,074
Investments	6	9,099,331	8,655,953
Loans and advances	7	4,583,941	4,873,865
Other assets		508,613	260,995
Intangible assets		37,750	37,750
Operating fixed assets	8	128,623	127,547
Deferred tax assets		-	-
		25,765,435	29,528,200
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	9	8,923,140	12,600,057
Deposits and other accounts	10	1,772,500	3,741,500
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		642,448	529,365
Deferred tax liabilities		226,965	197,305
		11,565,053	17,068,227
NET ASSETS		14,200,382	12,459,973
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		5,712,523	4,784,369
Unappropriated profit		1,895,718	1,891,851
		13,608,241	12,676,220
Surplus on revaluation of assets - net of tax		592,141	(216,247)
		14,200,382	12,459,973

CONTINGENCIES AND COMMITMENTS

11

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

Saleem Yousaf
 Chief Financial Officer

Mehd.
 Chief Executive

Mehd.
 Chief Executive

[Signature]
 Director

Pakistan Kuwait Investment Company (Private) Limited
Consolidated and Condensed Interim Profit and Loss Accounts (Un-audited)
For the six months period ended 30 June 2007

	For the quarter ended		For the six months period ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	(Rupees in '000)			
Mark-up/Return/ Interest Earned	381,260	423,356	799,525	804,343
Mark-up/Return/ Interest Expensed	226,039	289,269	491,038	551,585
Net Mark-up / Interest Income	155,221	134,087	308,487	252,758
(Reversal of) / provision against non-performing loans and advances	(22,220)	72,719	(30,165)	74,219
Impairment loss on 'available for sale' securities	-	-	4,232	-
Provision /(reversal of) for diminution in the value of investments	10,470	-	10,470	-
Bad debts written-off directly	-	-	-	-
	(11,750)	72,719	(15,463)	74,219
Net mark-up/interest income after provisions	166,971	61,368	323,950	178,539
NON MARK-UP / INTEREST INCOME				
Fees, Commission and Brokerage Income	5,819	16,732	6,578	33,029
Dividend Income	20,454	30,226	49,875	77,450
Gain on sale of securities	820,540	186,440	950,895	1,321,085
Income from dealing in foreign currencies	(1,407)	1,007	(2,134)	1,534
Unrealised surplus / (deficit) on revaluation of 'held for trading' securities	16,488	(723,030)	44,422	(936,830)
Unrealised (deficit) on revaluation of 'derivative instruments'	(903)	(1,136)	(1,943)	(1,264)
Other Income	407	6,654	1,236	268,654
Total non mark-up / interest income	861,398	(483,107)	1,048,929	763,658
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	102,023	109,052	195,428	193,853
Other charges	-	(1,013)	40	1,136
Total non mark-up / interest expenses	102,023	108,039	195,468	194,989
Share of results of Associates	123,629	39,792	256,985	203,639
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	926,346	(489,986)	1,434,396	950,847
Taxation				
- Current	65,188	5,241	108,833	64,405
- Prior years	-	(208,903)	-	(208,903)
- Deferred	180	(19)	29,542	78,549
	65,368	(203,681)	138,375	(65,949)
PROFIT AFTER TAXATION	860,978	(286,305)	1,296,021	1,016,796
Earnings per share (On share of Rs 25,000 each)	3,587	(1,193)	5,400	4,237

Note: The appropriation of profit are set out in the statement of change in equity

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

Saleem Yousaf
Chief Financial Officer

Amal d.
Chief Executive

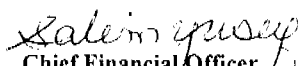
Amal d.
Chief Executive

[Signature]
Director

Pakistan Kuwait Investment Company (Private) Limited
Consolidated and Condensed Interim Statement of Changes in Equity (Un-audited)
For the six months period ended 30 June 2007

	Share capital	Reserves			Unappropriated profit	Total
		Capital	Statutory	Revenue		
----- (Rupees in '000) -----						
Balance as at January 1, 2006	2,000,000	80,045	2,757,061	4,501,479	2,301,641	11,640,226
Profit for the six months period ended 30 June 2006	-	-	-	-	1,016,796	1,016,796
Transfer to statutory reserve	-	-	162,590	-	(162,590)	-
Dividend paid @ Rs.833.33 per share	-	-	-	-	(200,000)	(200,000)
Transfer to contingencies reserve	-	-	-	67,581	(67,581)	-
Issue of Bonus shares	4,000,000	-	-	(3,232,855)	(767,145)	-
Transfer to marketable and government securities reserve	-	-	-	369,128	(369,128)	-
Balance as at June 30, 2006	6,000,000	80,045	2,919,651	1,705,333	1,751,993	12,457,022
Balance as at January 01, 2007	6,000,000	80,045	2,998,991	1,705,333	1,891,851	12,676,220
Profit for the six months period ended June 30, 2007	-	-	-	-	1,296,021	1,296,021
Transfer to statutory reserve	-	-	211,083	-	(211,083)	-
Dividend paid @ Rs.1,516.67 per share	-	-	-	-	(364,000)	(364,000)
Transfer to contingencies reserve	-	-	-	50,686	(50,686)	-
Transfer to marketable and government securities reserve	-	-	-	666,385	(666,385)	-
Balance as at June 30, 2007	6,000,000	80,045	3,210,074	2,422,404	1,895,718	13,608,241

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


 Chief Financial Officer


 Chief Executive

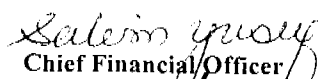


 Chief Executive


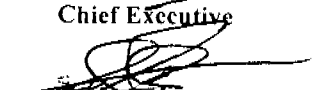

 Director

Pakistan Kuwait Investment Company (Private) Limited
Consolidated and Condensed Interim Cash Flow Statements (Un-audited)
For the six months period ended 30 June 2007

	2007	2006
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,434,396	950,847
Less: Dividend income	(49,875)	(77,450)
	<u>1,384,521</u>	<u>873,397</u>
Adjustments for non-cash charges:		
Depreciation	9,658	10,522
Amortization	1,518	7,491
Provision for diminution in value of investments/other assets	(10,470)	-
Provision against non performing advances	(30,165)	74,219
Unrealised (deficit) on revaluation of 'held-for-trading' securities	(44,422)	936,830
(Gain) on sale of fixed assets	(25)	-
Share in result of associates	256,985	203,639
	<u>183,079</u>	<u>1,232,701</u>
	1,567,600	2,106,098
(Increase) / Decrease in operating assets		
Lendings to financial institutions	1,040,418	(387,468)
Held for trading securities	454,589	155,032
Loans and advances	320,089	433,959
Other assets (excluding advance taxation)	(248,303)	(322,495)
	<u>1,566,793</u>	<u>(120,972)</u>
Increase / (Decrease) in operating liabilities		
Borrowings from financial institutions	(3,676,917)	1,882,845
Deposits and other accounts	(1,969,000)	(1,399,170)
Other liabilities (excluding current taxation)	(328,058)	(454,744)
	<u>(5,973,975)</u>	<u>28,931</u>
	(2,839,582)	2,014,057
Income tax paid	(31,692)	(48,665)
Net cash flow from operating activities	<u>(2,871,274)</u>	<u>1,965,392</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	(293,072)	(954,842)
Dividend income received	50,560	64,965
Investments in operating fixed assets	(11,826)	(3,282)
Sale proceeds of property and equipments disposed off	1,117	-
Net cash flow from investing activities	<u>(253,221)</u>	<u>(893,159)</u>
	(3,124,495)	1,072,233
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(200,000)
Net cash flow from financing activities	<u>-</u>	<u>(200,000)</u>
	(3,124,495)	872,233
(Decrease) in cash and cash equivalents	<u>(3,124,495)</u>	<u>872,233</u>
Cash and cash equivalents at beginning of the period	7,228,016	4,825,836
Cash and cash equivalents at end of the period	<u>4,103,521</u>	<u>5,698,069</u>

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


Chief Financial Officer

Chief Executive


Chief Executive

Director

Pakistan Kuwait Investment Company (Private) Limited
Notes to the Consolidated & Condensed Interim Financial Information (Un-Audited)
For the six months period ended 30 June 2007

1. STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as a Private Limited Company on 17 March 1979. The registered office is situated at 4th Floor, Block 'C', Finance and Trade Center, Shahrah-e-Faisal, Karachi. The company is a joint venture between the Governments of Pakistan and Kuwait. The objective of the company is to profitably promote industrial investments in Pakistan.

The Group comprises of the holding company and a 100% owned subsidiary First Choice Securities Limited and associates namely, Meezan Bank Limited, Plexus (Private) Limited, Pak Kuwait Takaful Company Limited, Falcon Greenwood (Private) Limited The General Tyre and Rubber Company of Pakistan Limited, Al Meezan Investment Management Limited, Al Meezan Mutual Fund Limited, Meezan Islamic Fund, Meezan Balanced Fund, Meezan Islamic Income Fund, National Commodity Exchange Limited and National Clearing Company Limited.

2. BASIS OF PRESENTATION

The condensed interim financial statements are presented in a condensed form in accordance with the requirements of 'International Accounting Standard 34 -- Interim Financial Reporting' and on the 'Format of the Accounts and Mode of Disclosures' issued by the State Bank of Pakistan through its BSD Circular Letter No 02 dated 12 May 2004.

3. ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and key sources of estimation uncertainty were the same as those applied to financial statements for the year ended December 31, 2006. With respect to impairment of available for sale equity investments, had the decline in the market value of all 'available for sale' securities below cost considered as impairment, the company would be required to make an additional provision of Rs. 147.025 million at the period end.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the purpose of these condensed interim financial statements are the same as those applied in preparation of annual financial statements for the year ended December 31, 2006.

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, 2006.

6. INVESTMENTS

Investments by type	June 30, 2007			December 31, 2006		
	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	400,930	-	400,930	899,941	-	899,941
Available-for-sale securities						
Market treasury bills	99,579	-	99,579	-	242,646	242,646
Shares of listed companies	4,623,553	-	4,623,553	4,119,663	-	4,119,663
Shares of unlisted companies	142,699	-	142,699	143,598	-	143,598
Listed term finance certificates	273,853	-	273,853	455,314	-	455,314
Unlisted term finance certificates	184,769	-	184,769	235,488	-	235,488
Held to maturity securities						
Pakistan Investment Bonds	-	-	-	201,518	-	201,518
Associates	2,915,572	-	2,915,572	2,731,354	-	2,731,354
Total investments – at cost	8,640,955	-	8,640,955	8,786,876	242,646	9,029,522
Less:						
Provision for diminution in value of investments	(65,000)	-	(65,000)	(54,531)	-	(54,531)
Total investments – net of Provisions	8,575,955	-	8,575,955	8,732,345	242,646	8,974,991
(Deficit) on revaluation of 'held for trading' securities	(17,129)	-	(17,129)	(61,551)	-	(61,551)
Surplus / (deficit) on revaluation of 'available for sale' securities	540,505	-	540,505	(257,105)	(382)	(257,487)
Total investments	9,099,331	-	9,099,331	8,413,689	242,264	8,655,953

6.1 Investments by segments

	June 30, 2007	December 31, 2006
	(Rupees in '000)	
Government Securities	99,533	444,164
Quoted Securities	8,271,071	7,441,069
Unquoted Securities	728,727	770,720
	9,099,331	8,655,953

6.2 The break up value of shares of unlisted companies based on their latest available financial statements at June 30, 2007 amounted to Rs. 642.135 million (December 31, 2006: Rs. 605.578 million).

7. LOANS AND ADVANCES

	June 30, 2007	December 31, 2006
	(Rupees in '000)	
Loans, cash credits, running finances, etc. in Pakistan	2,953,850	3,113,590
Net investments in finance leases in Pakistan	1,974,532	2,134,881
	<u>4,928,382</u>	<u>5,248,471</u>
Provision for non-performing loans and advances & finance lease	(344,441)	(374,606)
	<u>4,583,941</u>	<u>4,873,865</u>

7.1 Advances and leases include Rs.344.441 million (December 31, 2006: Rs.377.245 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	-	-	-	-	-
Loss	344,441	-	344,441	344,441	344,441
	<u>344,441</u>	<u>-</u>	<u>344,441</u>	<u>344,441</u>	<u>344,441</u>

7.2 Particulars of provision for non-performing advances - Specific

	June 30, 2007	December 31, 2006
	(Rupees in '000)	
Opening balance	374,606	157,174
Charge for the period	730	225,492
Reversal	(30,895)	(8,060)
	<u>(30,165)</u>	<u>217,432</u>
Closing balance	<u>344,441</u>	<u>374,606</u>

8. OPERATING FIXED ASSETS

8.1 Additions to fixed assets

Following additions have been made to tangible fixed assets during the six months period ended June 30, 2007:

	Six months 30 June, 2007	Six months to 30 June 2006
	(Rupees in '000)	
Office furniture, fixtures, equipment and computers	724	1,233
Vehicles	11,105	886
Capital work in progress	-	2
	<u>11,829</u>	<u>2,121</u>

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

		June 30, 2007	December 31, 2006
(Rupees in '000)			
Secured			
Repurchase agreement borrowings	9.1	3,719,616	7,387,546
Term finance certificates (TFCs)	9.2	1,750,000	1,750,000
Borrowing from SBP under LTF-EOP	9.3	453,524	462,511
Unsecured			
Term finance certificates (TFCs)	9.4	3,000,000	3,000,000
		<u>8,923,140</u>	<u>12,600,057</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 range between 8.30 (December 31, 2006: 8.5) percent per annum to 9.10 (December 31, 2006: 9.10) percent per annum with maturity ranging from three days (December 31, 2006: four days) to twenty six days (December 31, 2006: two months).

9.2 This represents finance obtained through issue of privately placed term finance certificates of five years maturity. The markup is payable on quarterly basis and the principal is repayable in five equal semi annual installments 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 125 (December 31, 2006: 125) basis points. As at June 30, 2007 the effective rate ranged between 10.96 (December 31, 2006: 11.55) to 11.21 (December 31, 2006: 11.75) percent per annum.

9.3 The company has been approved as Participating Finance Institution (PFI) by the State Bank of Pakistan (SBP) under the Scheme (LTF-EOP) introduced to refinance the fixed term loan availed from Banks / DFIs and has been allocated a refinance limit of Rs.1,000 million. 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 including 2% spread for the lending institution.

Out of sanctioned limit, the outstanding amount was Rs.453.524 million as on June 30, 2007 (December 31, 2006 Rs.462.511 million).

9.4 These represent finances obtained through issue of privately placed term finance certificates of five years maturity. The mark-up is payable semi-annually. The rate of profit ranges from 85 (December 31, 2006: 85) to 170 (December 31, 2006: 170) basis points over the cut-off yield of the last successful auction of six month T-bills. As at June 30, 2007 the effective rates ranged between 9.66 (December 31, 2006: 9.66) to 10.60 (December 31, 2006: 10.51) percent per annum.

10. DEPOSITS AND OTHER ACCOUNTS

		June 30, 2007	December 31, 2006
		(Rupees in '000)	
Certificates of investments (COIs) / Deposits			
Financial Institutions	10.1	1,700,000	3,650,000
Others	10.1	72,500	91,500
		<u>1,772,500</u>	<u>3,741,500</u>

- 10.1 The profit rates on these certificates of investment (COIs) / deposits range between 9.4 (December 31 2006: 9.30) to 10.43 (December 31, 2006: 11.2) percent per annum. The COIs are due for maturity between July 12, 2007 to March 22, 2010 (December 31, 2006: January 04, 2007 to March 22, 2010).

11. CONTINGENCIES AND COMMITMENTS

11.1 Other contingencies

		June 30, 2007	December 31, 2006
		(Rupees in '000)	
Direct credit substitute – guarantee issued		<u>9,846</u>	<u>9,846</u>

- 11.2 There is no change in status of other contingencies as disclosed in the financial statements for the year ended December 31, 2006.

		June 30, 2007	December 31, 2006
		(Rupees in '000)	
11.3 Other commitments			
Underwriting commitment		-	-
Undisbursed sanctions for financial assistance in the form of equity participation or loans and leases		533,575	482,695
Commitment for sale of listed securities		-	-
Commitments for future sale of listed securities		-	490,759
		<u>533,575</u>	<u>973,454</u>

- 11.4 The company has executed an Interest Rate Swap Transaction with a bank on April 2, 2004 for a period of four years, whereby it converted its floating rate liability of Rs.100 million into a fixed rate liability. Under the arrangement the company will be paying the agreed fixed rate to the bank in exchange for a variable rate of payment.

12. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follow:

Six months period ended June 30, 2007						
	Corporate Finance	Treasury	Investment Banking	Capital Market	Others	Total
----- (Rupees in '000) -----						
Total income – gross	312,631	485,029	6,090	1,257,767	1,443	2,062,960
Total markup / return / interest expensed	(263,411)	(227,627)	-	-	-	(491,038)
Segment provision / impairment / unrealized losses	19,695	(1,943)	-	40,190	-	57,942
	(243,716)	(229,570)	-	40,190	-	(433,096)
Net operating income	68,915	255,459	6,090	1,297,957	1,443	1,629,864
Administrative expenses and other charges	-	-	-	-	-	(195,468)
Net income	68,915	255,459	6,090	1,297,957	1,443	1,434,396
Segment assets – net	5,540,365	11,497,387	-	8,238,487	489,196	25,765,435
Segment non performing loans	344,441	-	-	-	-	344,441
Segment provision required and held	344,441	-	-	-	-	344,441
Segment liabilities	5,334,065	5,492,116	-	82,093	656,779	11,565,053
Segment return on net assets (ROA)%	11.35	7.12	-	32.19	0.61	-
Segment cost of funds (%)	10.07	5.52	-	-	-	-

Six months period ended June 30, 2006						
	Corporate Finance	Treasury	Investment Banking	Capital Market	Others	Total
----- (Rupees in '000) -----						
Total income – gross	552,801	517,777	26,047	1,601,053	12,055	2,709,733
Total markup / return / interest expense	(211,584)	(340,001)	-	-	-	(551,585)
Segment provision / impairment / unrealized losses	(74,219)	(1,264)	-	(936,830)	-	(1,012,313)
	(285,803)	(341,265)	-	(936,830)	-	(1,563,898)
Net operating income	266,998	176,512	26,047	664,223	12,055	1,145,835
Administrative expenses and other charges	-	-	-	-	-	(194,989)
Net Income	266,998	176,512	26,047	664,223	12,055	950,846
Segment assets – net	7,025,563	9,538,985	-	7,661,162	490,084	24,715,794
Segment non performing loans	384,873	-	-	-	-	384,873
Segment provision required and held	231,393	-	-	-	-	231,393
Segment liabilities	4,870,918	7,183,474	-	1,467	494,133	12,549,992
Segment return on net assets (ROA)%	16.10	11.06	-	40.99	4.36	-
Segment cost of funds (%)	10.19	9.06	-	-	-	-

13. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include associated companies with or without common directors, retirement benefit funds, directors and key management personnel.

The company enters into transactions with related parties in the normal course of business. These include loans, dividend income, placements, and investments. These transactions were carried out on commercial terms and at market rates.

The transactions and balances with related parties are summarized below:

	Six Months period ended 30 June 2007	Six Months period ended 30 June 2006
	(Rupees in '000)	
Expenses charged to an associate	8,066	6,946
Expenses charged by:		
associated companies	1,481	1,814
other related parties	5,738	9,116
Dividend income from:		
associated companies	-	-
other related parties	6,341	1,582
Mark-up earned on placement/COI with associated companies:		
associated companies	3,626	3,367
other related parties	-	17
Mark-up earned on advances to:		
associated companies	4,050	5,086
other related parties	8,443	10,212
Mark-up expense on COIs of related parties	129	113
Contribution made to provided fund	2,842	2,085
Contribution made to gratuity fund	4,902	3,920
	June 30, 2007	December 31, 2006
	(Rupees in '000)	
Placements / COIs with an associate		
Balance as at 1 January	149,381	139,654
Additions during the period / year	3,770	6,967
Exchange (loss) / gains	(1,275)	2,760
Balance as at	<u>151,876</u>	<u>149,381</u>

Loans and advances to key management personnel

Balance as at 1 January	9,126	5,702
Disbursements during the period / year	19,644	12,000
Recoveries during the period / year	(9,247)	(8,576)
Balance as at	19,523	9,126

Advance to an associate / other related parties

Balance as at 1 January	284,158	362,940
Repayments during the period / year	(51,031)	(78,782)
Balance as at	233,127	284,158

June 30, **December 31,**
2007 **2006**
(Rupees in '000)

Mark-up receivable on placements / COIs / Leases and advances from associates		
associates	622	994
other related parties	4,128	4,670
Bank balances with an associate	88,084	43,923
Receivables from an associate	-	2,339
Mark up payable to an associate	72	72
Investments in		
- quoted, at market values		
associates	4,610,670	3,235,601
other related parties	212,811	173,307
- unquoted, at cost		
subsidiary company	50,000	50,000
associates	359,053	378,553
other related parties	500	500
Commitments for investment in equity / loan of / to associates	94,220	94,220
Advance against units / share subscription	-	30,000

Key Management Personnel

Key management personnel include the Managing Director, Deputy General Manager, Senior Executive Vice President, Chief Financial Officer and the Company Secretary. Their salaries and other benefits amounted to Rs. 39.797 million (June 30, 2006: Rs.26.231 million) and staff retirement benefits Rs. 1.583 million (June 30, 2006: Rs. 1.034 million).

14. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial statements were authorised for issue in the board of directors meeting held on 12 Aug 2007.

Saleem Jussay
Chief Financial Officer

Amal D.
Chief Executive

Amal D.
Chief Executive

[Signature]
Director