



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

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

For the nine months period ended September 30, 2016

Pakistan Kuwait Investment Company (Private) Limited
 Condensed Interim Statement of Financial Position
 As at September 30, 2016

	Note	September 30, 2016 (Un -Audited)	December 31, 2015 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		61,088	63,957
Balances with other banks		60,514	20,718
Lendings to financial institutions	6	1,555,167	-
Investments	7	20,389,943	22,142,622
Advances	8	4,605,866	5,113,644
Operating fixed assets		202,666	169,034
Deferred tax assets		-	-
Other assets		461,369	857,012
		<u>27,336,613</u>	<u>28,366,987</u>
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	9	2,393,000	6,246,955
Deposits and other accounts	10	258,500	179,750
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,018,066	857,838
Other liabilities		626,937	466,550
		<u>4,296,503</u>	<u>7,751,093</u>
NET ASSETS		<u><u>23,040,110</u></u>	<u><u>20,615,894</u></u>
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		5,840,571	5,748,570
Unappropriated profit		9,914,371	7,978,238
		<u>21,754,942</u>	<u>19,726,808</u>
Surplus on revaluation of 'available-for-sale' securities - net of tax	11	1,285,168	889,086
		<u><u>23,040,110</u></u>	<u><u>20,615,894</u></u>
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes 1 to 18 form an integral part of the condensed interim financial information.


 Chief Financial Officer


 Chief Executive


 Director



 Chief Executive


 Director

Pakistan Kuwait Investment Company (Private) Limited
Condensed Interim Profit and Loss Account - (Un-audited)
For the nine months period ended September 30, 2016

Note	Quarter ended September 30, 2016	Nine months period ended September 30, 2016	Quarter ended September 30, 2015	Nine months period ended September 30, 2015
	-----Rupees in '000-----			
Mark-up / return / interest earned	209,762	841,940	311,038	912,679
Mark-up / return / interest expensed	38,489	216,829	93,389	272,472
Net mark-up / interest income	171,273	625,111	217,649	640,207
Reversal of provision against non-performing loans and advances - net	(18,442)	(56,266)	(14,488)	(37,431)
Provision for diminution / impairment in the value of investments	19,916	37,863	303,568	417,493
Bad debts written off directly	-	-	-	-
	1,474	(18,403)	289,080	380,062
Net mark-up / interest income / (loss) after provisions	169,799	643,514	(71,431)	260,145
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	1,724	3,516	2,587	13,046
Dividend income	66,127	224,723	58,786	234,864
Income from dealing in foreign currencies	-	-	-	-
Gain / (loss) on sale of securities	96,467	154,519	(5,049)	189,035
Unrealised (loss) / gain on revaluation of 'held-for-trading' securities	(574)	1,179	(1,066)	(854)
Share in results of associates - net	1,171,429	2,228,659	645,200	1,502,822
Other income	9,947	25,578	6,180	18,911
Total non mark-up / interest income	1,345,120	2,638,174	706,638	1,957,824
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	170,773	424,970	142,329	390,415
Provision / Reversal of provision on fixed assets and non-current asset held for sale - net	587	(42,106)	-	30
Other charges	-	-	-	-
Total non mark-up / interest expenses	171,360	382,864	142,329	390,445
Extra ordinary / unusual items	-	-	-	-
	1,343,559	2,898,824	492,878	1,827,524
PROFIT BEFORE TAXATION				
Taxation				
- Current	128,001	369,022	140,628	344,503
- Prior years	-	-	-	-
- Deferred	89,745	131,258	(4,241)	230,157
	217,746	500,280	136,387	574,660
PROFIT AFTER TAXATION	1,125,813	2,398,544	356,491	1,252,864
	-----Rupees-----			
Basic and diluted earning per share (On share of Rs. 25,000 each)	4,691	9,994	1,485	5,220

The annexed notes 1 to 18 form an integral part of the condensed interim financial information.


Chief Financial Officer


Chief Executive


Director


Chief Executive


Director


Pakistan Kuwait Investment Company (Private) Limited
 Condensed Interim Statement of Comprehensive Income - (Un-audited)
 For the nine months period ended September 30, 2016

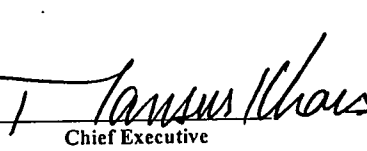
Note	Quarter ended	Nine months period ended	Quarter ended	Nine months period ended
	September 30, 2016		September 30, 2015	
	----- (Rupees in '000) -----			
Profit for the period	1,125,813	2,398,544	356,491	1,252,864
Other comprehensive income				
Not to be reclassified to profit and loss account in subsequent periods				
Share of remeasurement of defined benefit plans of associates - net of deferred tax	761	(7,411)	-	(6,590)
Comprehensive income transferred to equity	<u>1,126,574</u>	<u>2,391,133</u>	<u>356,491</u>	<u>1,246,274</u>
Component of comprehensive income not transferred to equity				
Share of surplus / (deficit) on revaluation of 'available for sale' securities of associates	2.2 271,748	271,867	78,202	(127,658)
Deferred tax on revaluation of 'available for sale' securities of associates	(38,371)	(38,065)	(14,790)	6,435
Surplus / (deficit) on revaluation of 'available for sale' securities	87,111	153,185	(40,215)	130,088
Deferred tax on revaluation of 'available-for-sale' securities	(48,742)	9,095	(86,702)	(19,831)
Total comprehensive income for the period	<u>1,398,320</u>	<u>2,787,215</u>	<u>292,986</u>	<u>1,235,308</u>

The annexed notes 1 to 18 form an integral part of the condensed interim financial information.


 Chief Financial Officer


 Chief Executive

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Pakistan Kuwait Investment Company (Private) Limited
 Condensed Interim Statement of Changes in Equity - (Un-audited)
 For the nine months period ended September 30, 2016

	Share Capital	Statutory Reserve	Non-distributable Reserve	Capital Market Equalization Reserve	Unappropriated profit	Total
(Rupees in '000)						
Balance as at January 01, 2015	6,000,000	4,088,974	843,263	267,768	7,312,036	18,512,041
Profit for the nine months period ended September 30, 2015	-	-	-	-	1,252,864	1,252,864
Other comprehensive income	-	-	-	-	(6,590)	(6,590)
Total comprehensive income	-	-	-	-	1,246,274	1,246,274
Transactions with the owners of the Company						
Final dividend for the year ended December 31, 2014 @ Rs. 2,500 per share approved subsequent to year end	-	-	-	-	(600,000)	(600,000)
Balance as at September 30, 2015	<u>6,000,000</u>	<u>4,088,974</u>	<u>843,263</u>	<u>267,768</u>	<u>7,958,310</u>	<u>19,158,315</u>
Balance as at January 01, 2016	6,000,000	4,454,684	843,263	450,623	7,978,238	19,726,808
Profit for the nine months period ended September 30, 2016	-	-	-	-	2,398,544	2,398,544
Other comprehensive income	-	-	-	-	(7,411)	(7,411)
Total comprehensive income	-	-	-	-	2,391,133	2,391,133
Share of gain on bargain purchase by an associate	-	-	92,001	-	-	92,001
Transactions with the owners of the Company						
Final dividend for the year ended December 31, 2015 @ Rs. 1,895.8 per share approved subsequent to year end	-	-	-	-	(455,000)	(455,000)
Balance as at September 30, 2016	<u>6,000,000</u>	<u>4,454,684</u>	<u>935,264</u>	<u>450,623</u>	<u>9,914,371</u>	<u>21,754,942</u>

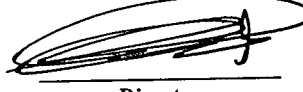
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 Chief Executive


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 Chief Executive

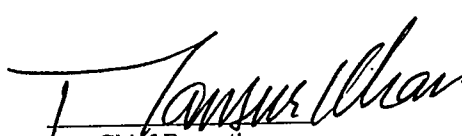

 Director

Pakistan Kuwait Investment Company (Private) Limited
Condensed Interim Cash Flow Statement - (Un-audited)
For the nine months period ended September 30, 2016

	September 30, 2016	September 30, 2015
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,898,824	1,827,524
Less: Dividend income	<u>(224,723)</u>	<u>(234,864)</u>
	2,674,101	1,592,660
Adjustments for:		
Depreciation	6,679	6,638
Amortization	8,942	9,549
Reversal of provision against non-performing loans and advances - net	(56,266)	(37,431)
Reversal of provision on fixed assets and non-current asset held for sale - net	(42,106)	-
Provision for diminution / impairment in the value of investments	37,863	417,493
Unrealised (gain) / loss on revaluation of 'held for trading' securities	(1,179)	855
Share in results of associates - net	(2,228,659)	(1,502,822)
Gain on disposal of operating fixed assets	-	(645)
	<u>(2,274,726)</u>	<u>(1,106,363)</u>
	399,375	486,297
(Increase) in operating assets		
Lendings to financial institutions	(1,555,167)	28,000
'Held-for-trading' securities	12,196	(24,084)
Advances	564,044	(1,956,774)
Others assets (excluding advance taxation)	392,673	88,869
	<u>(586,254)</u>	<u>(1,863,989)</u>
(Decrease) / Increase in operating liabilities		
Borrowings from financial institutions	(3,853,955)	2,380,130
Deposits and other accounts	78,750	(199,290)
Other liabilities (excluding current taxation)	160,387	31,938
	<u>(3,614,818)</u>	<u>2,212,778</u>
	(3,801,697)	835,086
Income tax paid	<u>(211,589)</u>	<u>(399,019)</u>
Net cash (outflow) / inflow from operating activities	(4,013,286)	436,067
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities	3,188,692	(940,351)
Net investment in associates	70,197	-
Net investment in 'held-to-maturity' securities	143,292	(12,920)
Dividend received	1,106,561	1,106,271
Investments in operating fixed assets	(3,529)	(2,691)
Sale proceeds of operating fixed assets	-	2,154
Net cash inflow from investing activities	<u>4,505,213</u>	<u>152,463</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(455,000)	(600,000)
Net cash used in financing activities	<u>(455,000)</u>	<u>(600,000)</u>
Increase in cash and cash equivalents	36,927	(11,470)
Cash and cash equivalents at beginning of the period	84,675	74,002
Cash and cash equivalents at end of the period	<u>121,602</u>	<u>62,532</u>

The annexed notes 1 to 18 form an integral part of the condensed interim financial information.


Chief Financial Officer


Chief Executive


Director


Chief Executive


Director

Pakistan Kuwait Investment Company (Private) Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2016

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 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

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, this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015.

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 the condensed interim financial information are consistent with those applied in preparation of financial statements for the year ended December 31, 2015. Standards which became effective during the period and related to financial statements of the Company had no impact in the current period financial statements.

5. FINANCIAL RISK MANAGEMENT / JUDGEMENTS AND ESTIMATES

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, 2015.

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 were the same as those that applied to the financial statements as at and for the year ended December 31, 2015.

6. LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)
Letter of placement

September 30, 2016
(Un-audited)
December 31, 2015
(Audited)
(Rupees in '000)

1,555,167
-
1,555,167

6.1 Securities held as collateral against lendings to financial institutions

Note

September 30, 2016

December 31, 2015

Held by the Company	Further given as collateral	Total	Held by the Company	Further given as collateral	Total
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(Rupees in '000)

Market treasury bills

6.1.1

1,555,167	-	1,555,167	-	-	-
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6.1.1 This represents lending to financial institutions against purchase and resale of government securities. Market value of these securities as at September 30, 2016 amounted to Rs. 1,542,560 million (December 31, 2015: Nil). The markup on these lendings is 5.85% (December 31, 2015: Nil) percent per annum with maturity in three (December 31, 2015: Nil) days.

7. INVESTMENTS

7.1 Investments by type

Note

September 30, 2016

December 31, 2015

September 30, 2016 (Un-audited)			December 31, 2015 (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

50,940	-	50,940	63,136	-	63,136
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Available for sale securities
Market treasury bills

2,559,580	-	2,559,580	488,940	-	488,940
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Pakistan investment bonds

894,236	-	894,236	4,168,583	1,718,057	5,886,640
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Shares of listed companies

2,975,696	-	2,975,696	3,364,172	-	3,364,172
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Shares of unlisted companies

110,226	-	110,226	110,226	-	110,226
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Listed preference shares

55,029	-	55,029	55,029	-	55,029
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Listed sukuk / term finance certificates

857,464	-	857,464	857,640	-	857,640
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Unlisted term finance certificates

641,587	-	641,587	607,478	-	607,478
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8,093,818	-	8,093,818	9,652,068	1,718,057	11,370,125
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Held to maturity securities

Unlisted Preference Shares

-	-	-	143,292	-	143,292
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Associates

7.2

11,669,398	-	11,669,398	10,194,397	-	10,194,397
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19,814,156	-	19,814,156	20,052,893	1,718,057	21,770,950
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Provision for diminution / impairment in the value of investments
Total investments - net of provisions

(460,802)	-	(460,802)	(508,526)	-	(508,526)
19,353,354	-	19,353,354	19,544,367	1,718,057	21,262,424

Surplus / (deficit) on revaluation of 'held for trading' securities

1,179	-	1,179	(2,026)	-	(2,026)
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Surplus on revaluation of 'available for sale' securities

1,035,410	-	1,035,410	830,802	51,422	882,224
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Total investments

20,389,943	-	20,389,943	20,373,143	1,769,479	22,142,622
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Nine months period ended September 30, 2016
(Un-audited)
Nine months period ended September 30, 2015
(Un-audited)
(Rupees in '000)

7.2 Movement in investments in associates

Investments at beginning of the period

10,194,397

9,832,324

Disposal of investment in associate

(169,074)

-

Investment in associates

98,877

-

Share of gain on bargain purchase by an associate

92,001

-

Share in surplus / (deficit) on revaluation / reserves of associates

271,867

(127,658)

Share in remeasurement of defined benefits plans of associates - net of deferred tax

(7,411)

(6,590)

Share of profit from associates recognized in profit and loss account

2,228,659

1,502,822

Provision of an associate

-

(121,863)

Dividends received from associates

(1,039,918)

(1,048,318)

Investments at end of period

11,669,398

10,030,717

7.3 For equity accounting purposes, the financial information of associates is taken as of September 30, 2016, being the latest available financial information. (September 30, 2015: Financial Statements of significant associates as of June 30, 2015 were used).

7.4 The cost of investment in associates as at September 30, 2016 amounted to Rs. 1,992 million (December 31, 2015: Rs. 1,958 million). Share in results of associates recorded under equity method of accounting net of dividend and income taxes amounted to Rs. 1,033 million (September 30, 2015: Rs. 270 million).

7.5 The Company's associates and its holding in associates are the same as provided in the Financial Statements for the year ended December 31, 2015, except for a mutual fund, Meezan Balanced Fund, which was disposed off during the period.

	Note	September 30, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited) (Rupees in '000)
8. ADVANCES			
In Pakistan			
Advances		5,186,525	5,525,923
Net investment in finance leases		867,661	1,092,307
		<u>6,054,186</u>	<u>6,618,230</u>
Provision for non-performing advances	8.2	(1,448,320)	(1,504,586)
Advances - net of provision		<u>4,605,866</u>	<u>5,113,644</u>

8.1 Advances include Rs. 1,560.082 million (December 31, 2015: Rs. 1,621.319 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	223,520	-	223,520	111,758	111,758
Loss	1,336,562	-	1,336,562	1,336,562	1,336,562
	<u>1,560,082</u>	<u>-</u>	<u>1,560,082</u>	<u>1,448,320</u>	<u>1,448,320</u>

8.2 Particulars of provision for non-performing advances - specific	Nine months period ended September 30, 2016 (Un-audited) (Rupees in '000)	Year ended December 31, 2015 (Audited) (Rupees in '000)
Opening balance	1,504,586	1,564,607
Charge for the period / year	-	-
Reversals for the period / year	(56,266)	(60,021)
	<u>(56,266)</u>	<u>(60,021)</u>
Amounts written off against provisions	-	-
Closing balance	<u>1,448,320</u>	<u>1,504,586</u>

9. BORROWINGS FROM FINANCIAL INSTITUTIONS	Note	September 30, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited) (Rupees in '000)
Secured			
Repurchase agreement borrowings - Government securities		-	1,725,636
Borrowing from SBP		-	6,676
Under Long Term Facility - Export Oriented Project (LTF-EOP)		-	802,613
Under Long Term Finance Facility - (LTFF)	9.1	1,388,065	802,613
Under Finance Facility for Storage of Agricultural Produce (FFSAP)	9.2	4,935	8,030
Term Finance Facility	9.3	1,000,000	1,000,000
Unsecured			
Murabaha		-	2,704,000
		<u>2,393,000</u>	<u>6,246,955</u>

9.1 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 5 percent per annum. SBP allocates an overall yearly limit under the facility to individual Participating Financial Institution (PFI). The sanctioned limit was Rs. 1,000 million.

9.2 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 2.5 percent per annum. SBP allocates an overall yearly limit to individual PFI. The sanctioned limit was Rs. 300 million.

9.3 The Company has availed Long Term Finance facility from a bank. The interest rate on this facility is 6.54 percent per annum (December 31, 2015: 7.00 percent per annum) with maturity on June 25, 2018 (December 31, 2015: June 25, 2018).

10. DEPOSITS AND OTHER ACCOUNTS	Note	September 30, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
Certificates of investment (COIs) / deposits	10.1	<u>258,500</u>	<u>179,750</u>
10.1	The profit rates on these COIs / deposits range between 5.70 and 6.25 (December 31, 2015: 6.25 and 8.25) percent per annum. The COIs / deposits are due for maturity between October 19, 2016 and September 21, 2017 (December 31, 2015: February 18, 2016 and June 24, 2016).		

11. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES - NET OF TAX	September 30, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
Federal government securities	116,830	269,244
Shares of listed companies	899,735	597,393
Listed TFC / sukuk	18,845	15,588
Share of surplus on revaluation of investments of associates	<u>444,945</u>	<u>173,078</u>
	1,480,355	1,055,303
Deferred Tax	<u>(195,187)</u>	<u>(166,217)</u>
	<u>1,285,168</u>	<u>889,086</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Other contingencies

The Income Tax Department has amended the deemed assessment orders for the tax years from 2003 to 2015, raising a tax demand of Rs. 2,986 million, mainly due to additions in respect of allocation of expenses against dividend income subject to tax at reduced rate / Final Tax Regime and capital gains.

In such orders, the taxation authority has not accepted the Company's contention on the matter of allocation of expenses on capital gains and dividend income. The total additions made in tax years 2003 to 2015 under this head amounts to Rs 6,672 million.

In tax year 2003, the Appellate Tribunal Inland Revenue (ATIR) had directed the tax authorities for the allocation to be made taking into account the 'cost of investment' rather than 'gross turnover'. Subsequently, the action of the Taxation Officer in refusing to issue the appeal effect in view of the departmental appeal before the High Court was contested in appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] for application of section 124A of the Income Tax Ordinance, 2001 (Ordinance). The CIR(A) adjudged the matter in favour of the Company directing the Officer to give effect to the directions which have been maintained by the ATIR in the subsequent departmental appeal.

Relying on the above decision of ATIR, the CIR(A) through orders dated September 23, 2011, November 30, 2012 and June 15, 2015 for tax years 2004 to 2007, tax year 2010 and tax years 2011 to 2013 respectively, directed for the application of provision of section 124A of the Ordinance. The action was, however, maintained by the CIR(A) in the tax years 2008 and 2009 and appeals are currently pending before the ATIR. The department has preferred appeals against the order of the CIR(A) in the years 2004 to 2007 and 2010 to 2013 which are currently pending before the ATIR.

Appeal effect orders for the years 2003 to 2007 and 2010 have been issued. These are to attain finality once the departmental appeals before the ATIR / High Court as the case may be, are decided. However, in the recent order for tax year 2003, the Officer has not followed the directions of the CIR(A) and allocated expenses on the basis of turnover for which the Company is in the process of filing appeal before the CIR(A).

Further, the Company had made representation before Federal Board of Revenue for necessary clarification and has also referred the above matter to Alternate Dispute Resolution Committee, a mechanism available to provide an opportunity to taxpayers for an easy and efficient resolution of disputes. The same is still pending.

The Company has made provision of Rs. 1,276 million against the demand for the abovementioned years based on cost of investment. The management is confident that the ultimate outcome of the appeals would be in favor of the Company inter alia on the basis of the advice of the tax consultants and the relevant law and the facts.

12.2 Other commitments	September 30, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited)
Undisbursed sanctions for financial assistance in the form of	100,000	-
- equity participation	<u>2,264,028</u>	<u>2,452,764</u>
- loans and advances	<u>2,364,028</u>	<u>2,452,764</u>
	September 30, 2016 (Un-audited) (Rupees in '000)	September 30, 2015 (Un-audited)
13. Reversal of provision on fixed assets and non-current asset held for sale - net	(45,724)	-
Reversal of provision on fixed assets	3,618	-
Provision for diminution / impairment in the value of non-current asset held for sale	<u>(42,106)</u>	<u>-</u>

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

14.1 On balance sheet financial instruments

September 30, 2016 - (Un-audited)									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
- Investments									
Market treasury bills	2,558,355	-	-	-	2,558,355	-	2,558,355	-	2,558,355
Pakistan investment bonds	1,012,430	-	-	-	1,012,430	-	1,012,430	-	1,012,430
Shares of listed companies	52,119	3,551,876	-	-	3,603,995	3,603,995	-	-	3,603,995
Listed preference shares	-	44,200	-	-	44,200	44,200	-	-	44,200
Listed sukuk / term finance certificates	-	876,309	-	-	876,309	-	876,309	-	876,309
Financial assets not measured at fair value									
- Cash and balances with treasury banks									
- Balances with other banks	-	-	61,088	-	61,088	-	-	-	61,088
- Investments	-	-	60,514	-	60,514	-	-	-	60,514
Listed shares / funds in associates	10,565,662	-	-	-	10,565,662	22,364,046	-	-	22,364,046
Shares in unlisted companies	17,446	-	-	-	17,446	-	-	-	17,446
Shares of unlisted associates	1,103,737	-	-	-	1,103,737	-	-	-	1,103,737
Unlisted term finance certificates	607,950	-	-	-	607,950	-	-	-	607,950
- Advances	-	-	4,605,866	-	4,605,866	-	-	-	4,605,866
- Other assets	-	-	85,432	-	85,432	-	-	-	85,432
Financial liabilities not measured at fair value									
Borrowings									
Deposits and other accounts	-	-	-	(2,393,000)	(2,393,000)	-	-	-	(2,393,000)
Other liabilities	-	-	-	(258,500)	(258,500)	-	-	-	(258,500)
	-	-	-	(580,584)	(580,584)	-	-	-	(580,584)
52,119	20,337,965	-	4,812,900	(3,232,084)	21,970,900	26,012,241	4,447,094	-	30,459,335

December 31, 2015 - (Audited)									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
- Investments									
Market treasury bills	488,640	-	-	-	488,640	-	488,640	-	488,640
Pakistan investment bonds	6,156,183	-	-	-	6,156,183	-	6,156,183	-	6,156,183
Shares of listed companies	61,111	3,599,202	-	-	3,660,313	3,660,313	-	-	3,660,313
Listed preference shares	-	44,200	-	-	44,200	44,200	-	-	44,200
Listed sukuk / term finance certificates	-	864,311	-	-	864,311	-	864,311	-	864,311
Financial assets not measured at fair value									
- Cash and balances with treasury banks									
- Balances with other banks	-	-	63,957	-	63,957	-	-	-	63,957
- Lendings to financial institutions	-	-	20,718	-	20,718	-	-	-	20,718
- Investments	-	-	-	-	-	-	-	-	-
Listed shares / funds in associates	9,357,812	-	-	-	9,357,812	17,280,344	-	-	17,280,344
Shares in unlisted companies	17,446	-	-	-	17,446	-	-	-	17,446
Shares in unlisted preference shares	-	143,292	-	-	143,292	-	-	-	143,292
Shares of unlisted associates	836,585	-	-	-	836,585	-	-	-	836,585
Unlisted term finance certificates	573,840	-	-	-	573,840	-	-	-	573,840
- Advances	-	-	5,113,644	-	5,113,644	-	-	-	5,113,644
- Other assets	-	-	371,284	-	371,284	-	-	-	371,284
Financial liabilities not measured at fair value									
Borrowings									
Deposits and other accounts	-	-	-	(6,246,955)	(6,246,955)	-	-	-	(6,246,955)
Other liabilities	-	-	-	(179,750)	(179,750)	-	-	-	(179,750)
	-	-	-	(433,292)	(433,292)	-	-	-	(433,292)
61,111	21,938,219	143,292	5,569,603	(6,859,997)	20,852,228	20,984,857	7,509,134	-	28,493,991

The fair value of financial assets and liabilities not carried at fair value are not significantly different from their carrying values since assets and liabilities are either short term in nature or in case of loans are frequently repriced.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

15. 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) -----						
Nine months period ended September 30, 2016 - (Un-audited)						
Total income - gross	385,003	464,498	1,500	2,607,901	20,033	3,478,935
Total mark-up / return / interest expense	(74,342)	(142,487)	-	-	-	(216,829)
Segment provision / impairment / unrealised gain / losses	56,265	-	-	(36,683)	-	19,582
	(18,077)	(142,487)	-	(36,683)	-	(197,247)
Net operating income	366,926	322,011	1,500	2,571,218	20,033	3,281,688
Administrative expenses and other charges						(382,864)
Profit before taxation						2,898,824
Nine months period ended September 30, 2016 - (Un-audited)						
Segment assets - net	7,277,898	5,258,311	-	14,253,412	546,992	27,336,613
Segment non-performing loans	1,560,082	-	-	-	-	1,560,082
Segment provision required and held	1,448,320	-	-	-	-	1,448,320
Segment liabilities	2,478,527	265,772	-	108,583	1,443,621	4,296,503
Segment return on net assets (ROA) % *	6.74%	10.27%	-	26.06%	4.88%	-
Segment cost of funds (%) *	4.48%	6.17%	-	-	-	-

* 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) -----						
Nine months period ended September 30, 2015 - (Un-audited)						
Total income - gross	352,584	557,601	-	1,940,533	20,639	2,871,357
Total mark-up / return / interest expense	(173,861)	(98,611)	-	-	-	(272,472)
Segment provision / impairment / unrealised losses	(84,430)	-	-	(296,486)	-	(380,916)
	(258,291)	(98,611)	-	(296,486)	-	(653,388)
Net operating income	94,293	458,990	-	1,644,047	20,639	2,217,969
Administrative expenses and other charges						(390,445)
Profit before taxation						1,827,524
Nine months period ended September 30, 2015 - (Un-audited)						
Segment assets - net	7,366,461	6,893,781	-	12,665,250	799,601	27,725,093
Segment non-performing loans	1,648,662	-	-	-	-	1,648,662
Segment provision required and held	1,527,176	-	-	-	-	1,527,176
Segment liabilities	1,767,609	4,483,167	-	15,752	1,207,578	7,474,106
Segment return on net assets (ROA) %	9.01%	10.58%	-	19.03%	2.58%	-
Segment cost of funds (%)	8.24%	7.09%	-	-	-	-

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

16. 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.

	Nine months period ended September 30, 2016 (Un-audited) (Rupees in '000)	Nine months period ended September 30, 2015 (Un-audited) (Rupees in '000)
Expenses charged to related parties	20,315	12,688
Expenses charged by related parties	18,237	17,824
Dividend income from associates	1,039,918	1,048,318
Mark-up earned on bank deposit with an associate	186	352
Mark-up earned on loans and advances:		
- key management personnel	326	226
Mark-up expense on COIs of a related party:		
- other related party	127	176
Contribution made to provident fund	11,678	13,573
	September 30, 2016 (Un-audited) (Rupees in '000)	December 31, 2015 (Audited) (Rupees in '000)
Loans and advances to key management personnel		
Balance as at January 1	10,350	24,004
Disbursement during the period / year	18,891	2,442
(Deletion) / addition during the period / year	(1,315)	(8,117)
Recovery during the period / year	(4,986)	(7,979)
	12,590	(13,654)
Balance as at	22,940	10,350
Bank balances with an associate	58,725	18,081
Mark-up receivable on bank deposit with an associate	16	40
Deposits / COIs from:		
- other related party	2,500	2,500
Mark-up payable to :		
- other related party	4	161
Investments in:		
- associates	11,669,398	10,194,397
- other related party	500	414,164

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. 61.350 million (September 30, 2015: Rs. 72.834 million) and staff retirement benefits amount to Rs. 4.321 million (September 30, 2015: Rs.9.165 million).

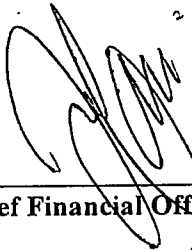
17. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue in the Board of Directors meeting held on 16 NOV 2015.

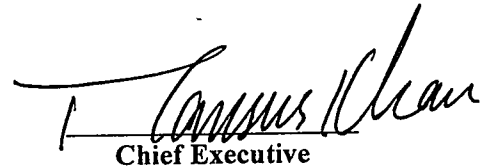
18. GENERAL

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

18.2. The figures have been rounded off to nearest thousand rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive



Director



Chief Executive



Director