



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

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

For the nine months period ended September 30, 2017

Pakistan Kuwait Investment Company (Private) Limited

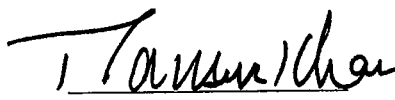
Condensed Interim Statement of Financial Position

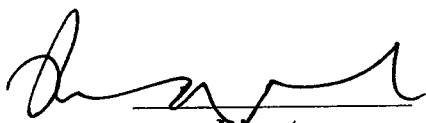
As at September 30, 2017

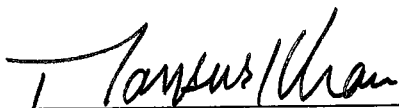
	Note	September 30, 2017 (Un -Audited)	December 31, 2016 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		61,920	61,995
Balances with other banks		8,093	16,691
Lendings to financial institutions	6	400,290	2,632,880
Investments	7	25,246,484	21,206,169
Advances	8	3,004,225	4,422,496
Operating fixed assets		200,439	201,875
Deferred tax assets		-	-
Other assets		192,942	399,306
		29,114,393	28,941,412
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	9	2,587,005	2,661,764
Deposits and other accounts	10	3,600	3,650
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,406,734	1,135,537
Other liabilities		446,839	453,141
		4,444,178	4,254,092
NET ASSETS		24,670,215	24,687,320
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		6,876,320	6,876,320
Unappropriated profit		10,884,666	9,946,000
		23,760,986	22,822,320
Surplus on revaluation of 'available-for-sale' securities - net of tax	11	909,229	1,865,000
		24,670,215	24,687,320
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 17 form an integral part of the condensed interim financial information.


Chief Financial Officer


Chief Executive


Director


Chief Executive


Director

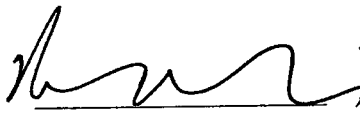
Pakistan Kuwait Investment Company (Private) Limited
Condensed Interim Profit and Loss Account - (Un-audited)
For the nine months period ended September 30, 2017


	Quarter ended September 30, 2017	Nine months period ended September 30, 2017	Quarter ended September 30, 2016	Nine months period ended September 30, 2016
	-----Rupees in '000-----			
Mark-up / return / interest earned	189,099	562,273	209,762	841,940
Mark-up / return / interest expensed	26,240	78,343	38,489	216,829
Net mark-up / interest income	162,859	483,930	171,273	625,111
Reversal of provision against non-performing loans and advances - net	(15,174)	(281,108)	(18,442)	(56,266)
Provision for diminution / impairment in the value of investments	114,988	159,314	19,916	37,863
Bad debts written off directly	-	-	-	-
	99,814	(121,794)	1,474	(18,403)
Net mark-up / interest income after provisions	63,045	605,724	169,799	643,514
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	1,150	1,777	1,724	3,516
Dividend income	20,201	137,733	66,127	224,723
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities	1,635	90,421	96,467	154,519
Unrealised gain / (loss) on revaluation of 'held-for-trading' securities	2,929	1,469	(574)	1,179
Share in results of associates - net	489,559	1,632,518	1,171,429	2,228,659
Other income	2,442	15,965	9,947	25,578
Total non mark-up / interest income	517,916	1,879,883	1,345,120	2,638,174
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	125,473	355,208	170,773	424,970
Reversal of provision on fixed assets and non-current asset held for sale - net	-	-	587	(42,106)
Other charges	-	-	-	-
Total non mark-up / interest expenses	125,473	355,208	171,360	382,864
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	455,488	2,130,399	1,343,559	2,898,824
Taxation				
- Current	115,208	306,986	128,001	369,022
- Prior years	-	-	-	-
- Deferred	(4,164)	372,838	89,745	131,258
	111,044	679,824	217,746	500,280
PROFIT AFTER TAXATION	344,444	1,450,575	1,125,813	2,398,544
	-----Rupees-----			
Basic and diluted earning per share (On share of Rs. 25,000 each)	1,435	6,044	4,691	9,994

The annexed notes 1 to 17 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, 2017

	Note	Quarter	Nine months	Quarter	Nine months
		ended	period ended	ended	period ended
		September 30, 2017		September 30, 2016	
----- (Rupees in '000) -----					
Profit for the period		344,444	1,450,575	1,125,813	2,398,544
Other comprehensive income					
Share of remeasurement of defined benefit plans of associates - net of deferred tax		-	(11,909)	761	(7,411)
Comprehensive income transferred to equity		344,444	1,438,666	1,126,574	2,391,133
Component of comprehensive income not transferred to equity					
Share of (deficit) / surplus on revaluation of 'available for sale' securities of associates	7.2	(224,057)	(441,912)	271,748	271,867
Deferred tax on revaluation of 'available for sale' securities of associates		33,399	67,445	(38,371)	(38,065)
(Deficit) / surplus on revaluation of 'available for sale' securities		(95,945)	(615,500)	87,111	153,185
Deferred tax on revaluation of 'available-for-sale' securities		(37,597)	34,196	(48,742)	9,095
Total comprehensive income for the period		20,244	482,895	1,398,320	2,787,215

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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, 2017

	Share Capital	Statutory Reserve	Non-distributable Reserve	Capital Market Equalization Reserve	Unappropriated profit	Total
(Rupees in '000)						
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	6,000,000	4,454,684	935,264	450,623	9,914,371	21,754,942
Balance as at January 01, 2017	6,000,000	5,145,183	935,264	795,873	9,946,000	22,822,320
Profit for the nine months period ended September 30, 2017	-	-	-	-	1,450,575	1,450,575
Other comprehensive income	-	-	-	-	(11,909)	(11,909)
Total comprehensive income	-	-	-	-	1,438,666	1,438,666
Dividend for the year ended December 31, 2016 @ Rs. 2,083.3 per share approved subsequently to year end	-	-	-	-	(500,000)	(500,000)
Balance as at September 30, 2017	6,000,000	5,145,183	935,264	795,873	10,884,666	23,760,986

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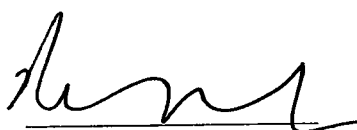
Pakistan Kuwait Investment Company (Private) Limited
Condensed Interim Cash Flow Statement - (Un-audited)
For the nine months period ended September 30, 2017

	2017	2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,130,399	2,898,824
Less: Dividend income	(137,733)	(224,723)
	<u>1,992,666</u>	<u>2,674,101</u>
Adjustments for:		
Depreciation	7,204	6,679
Amortization	6,440	8,942
Reversal of provision against non-performing loans and advances - net	(281,108)	(56,266)
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	159,314	37,863
Unrealised gain on revaluation of 'held for trading' securities	(1,469)	(1,179)
Share in results of associates - net	(1,632,518)	(2,228,659)
Gain on disposal of operating fixed assets	(1,157)	-
	<u>(1,743,294)</u>	<u>(2,274,726)</u>
	249,372	399,375
Decrease / (Increasing) in operating assets		
Lendings to financial institutions	2,232,590	(1,555,167)
'Held-for-trading' securities	(98,574)	12,196
Advances	1,699,379	564,044
Others assets (excluding advance taxation)	118,481	392,673
	<u>3,951,876</u>	<u>(586,254)</u>
(Decrease) in operating liabilities		
Borrowings from financial institutions	(74,759)	(3,853,955)
Deposits and other accounts	(50)	78,750
Other liabilities (excluding current taxation)	(6,302)	160,387
	<u>(81,111)</u>	<u>(3,614,818)</u>
	4,120,137	(3,801,697)
Income tax paid	(239,231)	(211,589)
<i>Net cash inflow / (outflow) from operating activities</i>	<u>3,880,906</u>	<u>(4,013,286)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities	(3,673,284)	3,188,692
Net investment in associates	(902,464)	70,197
Net investment in 'held-to-maturity' securities	-	143,292
Dividend received	1,197,221	1,106,561
Investments in operating fixed assets	(12,209)	(3,529)
Sale proceeds of operating fixed assets	1,157	-
<i>Net cash (outflow) / inflow from investing activities</i>	<u>(3,389,579)</u>	<u>4,505,213</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(500,000)	(455,000)
<i>Net cash used in financing activities</i>	<u>(500,000)</u>	<u>(455,000)</u>
(Decrease) / Increase in cash and cash equivalents	(8,673)	36,927
Cash and cash equivalents at beginning of the period	78,686	84,675
Cash and cash equivalents at end of the period	<u>70,013</u>	<u>121,602</u>

The annexed notes 1 to 17 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, 2017

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, 2016.

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 repealed Companies Ordinance, 1984 and the directives issued by SBP. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 and directives issued by the SBP have been followed.
- 3.2** The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 on May 30, 2017. SECP vide its Circular No. 17 of 2017 and press release of July 20, 2017, has clarified that all those companies whose financial year, including quarterly and other interim period, closes on or before June 30, 2017 can prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures and has also enhanced the definition of related parties.
- 3.3** 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, 2016. 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, 2016.

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 expenses. 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, 2016.

6. LENDINGS TO FINANCIAL INSTITUTIONS	September 30,	December 31,
	2017	2016
	(Un-audited)	(Audited)
Repurchase agreement lendings (Reverse Repo)	400,290	2,632,880
	<u>400,290</u>	<u>2,632,880</u>

6.1 Securities held as collateral against lendings to financial institutions	Note	September 30, 2017			December 31, 2016		
		Held by the Company	Further given as collateral	Total	Held by the Company	Further given as collateral	Total
		Rupees in '000					
Market treasury bills	6.1.1	400,290	-	400,290	2,632,880	-	2,632,880

6.1.1 This represents lending to financial institutions against purchase and resale of government securities. Market value of this security as at September 30, 2017 amounted to Rs. 399.392 (December 31, 2016: 2,622.955) million. The markup rate on this lendings is 5.70 (December 31, 2016: 5.75 and 5.85) percent per annum with maturity in two days (December 31, 2016: three and six days).

7. INVESTMENTS

7.1 Investments by type

	September 30, 2017			December 31, 2016		
	(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	150,859	-	150,859	52,285	-	52,285
Available for sale securities						
Market treasury bills	5,473,205	-	5,473,205	2,092,831	-	2,092,831
Pakistan investment bonds	896,498	-	896,498	894,785	-	894,785
Shares of listed companies	3,158,979	-	3,158,979	2,853,753	-	2,853,753
Shares of unlisted companies	110,226	-	110,226	110,226	-	110,226
Listed preference shares	55,029	-	55,029	55,029	-	55,029
Listed sukuk / term finance certificates	848,204	-	848,204	857,464	-	857,464
Unlisted term finance certificates	412,813	-	412,813	527,253	-	527,253
	10,954,954	-	10,954,954	7,391,341	-	7,391,341
Associates	13,849,092	-	13,849,092	12,807,290	-	12,807,290
	24,954,905	-	24,954,905	20,250,916	-	20,250,916
Provision for diminution / impairment in the value of investments	(428,880)	-	(428,880)	(381,565)	-	(381,565)
Total investments - net of provisions	24,526,025	-	24,526,025	19,869,351	-	19,869,351
Surplus on revaluation of 'held for trading' securities	1,469	-	1,469	2,330	-	2,330
Surplus on revaluation of 'available for sale' securities	718,990	-	718,990	1,334,488	-	1,334,488
Total investments	25,246,484	-	25,246,484	21,206,169	-	21,206,169

7.2 Movement in investments in associates	Nine months	Nine months
	period ended	period ended
	September 30, 2017	September 30, 2016
	(Un-audited)	(Un-audited)
	Rupees in '000	
Investments at beginning of the period	12,807,290	10,194,397
Disposal of investment in associate	-	(169,074)
Investment in associates	902,465	98,877
Share of gain on bargain purchase by an associate	-	92,001
Share in (deficit) / surplus on revaluation / reserves of associates	(441,912)	271,867
Share in remeasurement of defined benefits plans of associates - net of deferred tax	(11,909)	(7,411)
Share of profit from associates recognized in profit and loss account	1,632,518	2,228,659
Provision of an associate	-	-
Dividends received from associates	(1,039,360)	(1,039,918)
Investments at end of the period	<u>13,849,092</u>	<u>11,669,398</u>

7.3 The cost of investment in associates as at September 30, 2017 amounted to Rs. 2,895 million (December 31, 2016: Rs. 1,992 million). Share in results of associates recorded under equity method of accounting net of dividend and income taxes amounted to Rs. 292 million (September 30, 2016: Rs. 1,033 million).

7.4 The Company's associates and its holding in associates are the same as provided in the Financial Statements for the year ended December 31, 2016, except for Al-Meezan Mutual Fund's holding.

	Note	September 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
8. ADVANCES			
In Pakistan			
Advances		3,477,687	5,035,049
Net investment in finance leases		683,075	825,092
		<u>4,160,762</u>	<u>5,860,141</u>
Provision for non-performing advances	8.2	<u>(1,156,537)</u>	<u>(1,437,645)</u>
Advances - net of provision		<u>3,004,225</u>	<u>4,422,496</u>

8.1 Advances include Rs. 1,157.362 million (December 31, 2016: Rs. 1,546.078 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2017 (Un-Audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)				
Substandard	-	-	-	-	-
Doubtful	1,647	-	1,647	822	822
Loss	1,155,715	-	1,155,715	1,155,715	1,155,715
	<u>1,157,362</u>	<u>-</u>	<u>1,157,362</u>	<u>1,156,537</u>	<u>1,156,537</u>
	December 31, 2016 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)				
Substandard	-	-	-	-	-
Doubtful	216,863	-	216,863	108,430	108,430
Loss	1,329,215	-	1,329,215	1,329,215	1,329,215
	<u>1,546,078</u>	<u>-</u>	<u>1,546,078</u>	<u>1,437,645</u>	<u>1,437,645</u>

8.2 Particulars of provision for non-performing advances - specific	Nine months period ended September 30, 2017 (Un-audited) (Rupees in '000)	Year ended December 31, 2016 (Audited)
	Opening balance	1,437,645
Charge for the period / year	-	-
Reversals for the period / year	(281,108)	(66,941)
Amounts written off against provisions	-	-
Closing balance	<u>1,156,537</u>	<u>1,437,645</u>

9. BORROWINGS FROM FINANCIAL INSTITUTIONS	Note	September 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
	Secured		
Borrowing from SBP			
Under Long Term Finance Facility - (LTFF)	9.1	1,585,358	1,656,829
Under Finance Facility for Storage of Agricultural Produce (FFSAP)	9.2	1,647	4,935
Term Finance Facility	9.3	1,000,000	1,000,000
		<u>2,587,005</u>	<u>2,661,764</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 for the company 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 6.50 percent per annum. SBP allocates an overall yearly limit to individual PFI. The sanctioned limit for the company was Rs. 500 million.

9.3 The Company has availed Long Term Finance facility from a bank. The interest rate on this facility is 6.65 percent per annum (December 31, 2016: 6.61 percent per annum) with maturity on June 25, 2018 (December 31, 2016: June 25, 2018).

10. DEPOSITS AND OTHER ACCOUNTS	Note	September 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in '000)			
Certificates of investment (COIs)	10.1	<u>3,600</u>	<u>3,650</u>

10.1 The profit rates on these COIs are 5.75 and 5.80 (December 31, 2016: 5.65 and 5.70) percent per annum. The COIs are due for maturity on December 05, 2017 and September 21, 2018 (December 31, 2016: May 08, 2017 and September 21, 2017).

11. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES - NET OF TAX	September 30, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in '000)		
Federal government securities	68,851	100,755
Shares of listed companies	623,058	1,204,593
Listed / unlisted / TFCs / sukuk	27,080	29,142
Share of surplus on revaluation of investments of associates	<u>276,815</u>	<u>718,727</u>
	995,804	2,053,217
Deferred Tax	<u>(86,575)</u>	<u>(188,217)</u>
	<u>909,229</u>	<u>1,865,000</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 2016, raising a tax demand of Rs. 3,130 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 exempt capital gains and dividend income. The total additions made in tax years 2003 to 2016 under this head amounts to Rs 7,214 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 tax order for the 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 has preferred an appeal which has been heard. The order of the said appeal is pending.

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. 1,317 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, 2017 (Un-audited)	December 31, 2016 (Audited)
(Rupees in '000)		
Undisbursed sanctions for financial assistance in the form of		
- equity participation	100,000	-
- loans and advances	<u>650,000</u>	<u>1,235,359</u>
	<u>750,000</u>	<u>1,235,359</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

13.1 On balance sheet financial instruments

September 30, 2017 - (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	-	5,472,544	-	-	5,472,544	-	5,472,544	-	5,472,544
- Pakistan investment bonds	-	966,144	-	-	966,144	-	966,144	-	966,144
- Shares of listed companies	152,329	3,501,510	-	-	3,653,839	3,653,839	-	-	3,653,839
- Listed sukuk / term finance certificates	-	872,789	-	-	872,789	-	872,789	-	872,789
- Unlisted term finance certificates	-	381,670	-	-	381,670	-	381,670	-	381,670
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	61,920	-	61,920	-	-	-	61,920
Balances with other banks	-	-	8,093	-	8,093	-	-	-	8,093
Investments									
- Investments in associates - listed	-	12,575,815	-	-	12,575,815	27,660,074	-	-	27,660,074
- Listed preference shares	-	50,000	-	-	50,000	-	-	-	50,000
- Shares in unlisted companies	-	540	-	-	540	-	-	-	540
- Shares of unlisted associates	-	1,273,277	-	-	1,273,277	-	-	-	1,273,277
Advances	-	-	3,004,225	-	3,004,225	-	-	-	3,004,225
Other assets	-	-	48,890	-	48,890	-	-	-	48,890
Financial liabilities not measured at fair value									
Borrowings	-	-	-	(2,587,005)	(2,587,005)	-	-	-	(2,587,005)
Deposits and other accounts	-	-	-	(3,600)	(3,600)	-	-	-	(3,600)
Other liabilities	-	-	-	(394,542)	(394,542)	-	-	-	(394,542)
152,329	25,094,289	-	3,123,128	(2,985,147)	25,384,599				

December 31, 2016 - (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	-	2,092,214	-	-	2,092,214	-	2,092,214	-	2,092,214
- Pakistan investment bonds	-	996,156	-	-	996,156	-	996,156	-	996,156
- Shares of listed companies	54,616	3,814,026	-	-	3,868,642	3,868,642	-	-	3,868,642
- Listed preference shares	-	44,200	-	-	44,200	44,200	-	-	44,200
- Listed sukuk / term finance certificates	-	881,375	-	-	881,375	-	881,375	-	881,375
- Unlisted term finance certificates	-	498,845	-	-	498,845	-	498,845	-	498,845
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	61,995	-	61,995	-	-	-	61,995
Balances with other banks	-	-	16,691	-	16,691	-	-	-	16,691
Investments									
- Investments in associates - listed	-	11,557,055	-	-	11,557,055	25,864,523	-	-	25,864,523
- Shares in unlisted companies	-	17,446	-	-	17,446	-	-	-	17,446
- Shares of unlisted associates	-	1,250,235	-	-	1,250,235	-	-	-	1,250,235
Advances	-	-	4,422,496	-	4,422,496	-	-	-	4,422,496
Other assets	-	-	93,177	-	93,177	-	-	-	93,177
Financial liabilities not measured at fair value									
Borrowings	-	-	-	(2,661,764)	(2,661,764)	-	-	-	(2,661,764)
Deposits and other accounts	-	-	-	(3,650)	(3,650)	-	-	-	(3,650)
Other liabilities	-	-	-	(414,492)	(414,492)	-	-	-	(414,492)
54,616	21,151,552	-	4,594,359	(3,079,906)	22,720,621				

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).

14. 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, 2017 - (Un-audited)						
Total income - gross	226,741	341,241	1,327	1,860,673	10,705	2,440,687
Total mark-up / return / interest expense	(78,153)	(190)	-	-	-	(78,343)
Segment provision / impairment / unrealised gain / losses	264,202	-	-	(140,939)	-	123,263
	186,049	(190)	-	(140,939)	-	44,920
Net operating income	412,790	341,051	1,327	1,719,734	10,705	2,485,607
Administrative expenses and other charges						(355,208)
Profit before taxation						2,130,399

Nine months period ended September 30, 2017 - (Un-audited)

Segment assets - net	5,474,830	6,919,904	-	16,294,574	425,085	29,114,393
Segment non-performing loans	1,157,362	-	-	-	-	1,157,362
Segment provision required and held	1,156,537	-	-	-	-	1,156,537
Segment liabilities	2,668,913	3,652	-	4,283	1,767,330	4,444,178
Segment return on net assets (ROA) % *	4.98%	6.61%	-	15.91%	3.36%	-
Segment cost of funds (%) *	3.84%	5.59%	-	-	-	-

* 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, 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 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%	-	-	-	-

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

15. 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, 2017 (Un-audited) (Rupees in '000)	Nine months period ended September 30, 2016 (Un-audited) (Rupees in '000)
Expenses charged to :		
- associates	6,993	20,180
- other related party	3,337	135
Expenses charged by:		
- associates	338	578
- other related party	18,004	17,659
Dividend income from associates	1,039,360	1,039,918
Mark-up earned on bank deposit with an associate	225	186
Mark-up earned on loans and advances:		
- key management personnel	387	326
Mark-up expense on COIs of a related party:		
- other related party	107	127
Contribution made to provident fund	12,988	11,678
	September 30, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited) (Rupees in '000)
Loans and advances to key management personnel	23,553	10,350
Balance as at January 1,	600	21,600
Disbursement during the period / year	919	-
Addition during the period / year	(14,870)	(8,397)
Recovery during the period / year	(13,351)	13,203
Balance as at	<u>10,202</u>	<u>23,553</u>
Bank balances with an associate - Meezan Bank	6,766	13,717
Mark-up receivable on bank deposit with an associate - Meezan Bank	35	30
Deposits / COIs from:		
- other related party	2,500	2,500
Mark-up payable to :		
- other related party	4	40
Investments in:		
- associates	13,849,092	12,807,290
- other related party	500	500

Key management personnel

Key management personnel include the Managing Director, Chief Financial Officer, Head of Risk Management, Head of Capital Markets & Treasury, Head of Compliance, Head of Internal Audit and Head of Human Resources. Their salaries and other benefits amount to Rs. 56.97 million (September 30, 2016: Rs. 61.350 million) and staff retirement benefits amount to Rs. 8.15 million (September 30, 2016: Rs. 4.321 million).

16. DATE OF AUTHORISATION FOR ISSUE

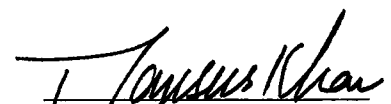
The condensed interim financial information was authorised for issue in the Board of Directors meeting held on 08 NOV 2017.

17. GENERAL

- 17.1. 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.
- 17.2. The figures have been rounded off to nearest thousand rupees, unless otherwise stated.



Chief Financial Officer



Chief Executive



Director



Chief Executive



Director