



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION

(UN-AUDITED)

For the nine months period ended September 30, 2018

Pakistan Kuwait Investment Company (Private) Limited

Condensed Interim Statement of Financial Position

As at September 30, 2018

	Note	September 30, 2018 (Un -Audited)	December 31, 2017 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		52,092	61,148
Balances with other banks		6,513	18,730
Lendings to financial institutions	6	1,022,753	2,476,726
Investments	7	25,351,470	22,922,841
Advances	8	2,382,286	3,166,570
Operating fixed assets		213,118	196,533
Deferred tax assets		-	-
Other assets		593,800	286,616
		29,622,032	29,129,164
LIABILITIES			
Bills payable		-	-
Borrowings	9	1,423,339	2,562,007
Deposits and other accounts		-	2,500
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,430,724	1,283,926
Other liabilities		642,894	473,321
		3,496,957	4,321,754
NET ASSETS		26,125,075	24,807,410
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		7,431,389	7,431,389
Unappropriated profit		12,450,514	10,696,759
		25,881,903	24,128,148
Surplus on revaluation of 'available-for-sale' securities - net of tax	10	243,172	679,262
		26,125,075	24,807,410
CONTINGENCIES AND COMMITMENTS	11		

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


Chief Financial Officer


Chief Executive


Director


Director


Director

Pakistan Kuwait Investment Company (Private) Limited
Condensed Interim Profit and Loss Account - (Un-audited)
For the nine months period ended September 30, 2018

	Quarter ended	Nine months period ended	Quarter ended	Nine months period ended
	September 30, 2018	September 30, 2018	September 30, 2017	September 30, 2017
	(Rupees in '000)			
Mark-up / return / interest earned	211,514	696,331	189,099	562,273
Mark-up / return / interest expensed	8,253	58,199	26,240	78,343
Net mark-up / interest income	203,261	638,132	162,859	483,930
Reversal of provision against non-performing loans and advances - net	(51,322)	(63,940)	(15,174)	(281,108)
Provision for diminution / impairment in the value of investments	7,936	37,698	114,988	159,314
Bad debts written off directly	-	-	-	-
	(43,386)	(26,242)	99,814	(121,794)
Net mark-up / interest income after provisions	246,647	664,374	63,045	605,724
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	900	3,200	1,150	1,777
Dividend income	49,024	130,221	20,201	137,733
Income from dealing in foreign currencies	-	-	-	-
Gain on sale of securities	19,662	146,919	1,635	90,421
Unrealised (loss) / gain on revaluation of 'held-for-trading' securities	(5,654)	(5,214)	2,929	1,469
Share in results of associates - net	736,616	2,203,053	489,559	1,632,518
Other income	48,027	167,310	2,442	15,965
Total non mark-up / interest income	848,575	2,645,489	517,916	1,879,883
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	157,577	464,604	125,473	355,208
Provision on other assets	-	25,488	-	-
Other charges	-	-	-	-
Total non mark-up / interest expenses	157,577	490,092	125,473	355,208
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	937,645	2,819,771	455,488	2,130,399
Taxation				
- Current	84,709	340,424	115,208	306,986
- Prior years	-	-	-	-
- Deferred	76,274	208,952	(4,164)	372,838
	160,983	549,376	111,044	679,824
PROFIT AFTER TAXATION	776,662	2,270,395	344,444	1,450,575
	-----Rupees-----			
Basic and diluted earning per share (On share of Rs. 25,000 each)	3,236	9,460	1,435	6,044

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


Chief Financial Officer


Chief Executive


Director


Director


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Pakistan Kuwait Investment Company (Private) Limited
 Condensed Interim Statement of Comprehensive Income - (Un-audited)
 For the nine months period ended September 30, 2018

	Note	Quarter	Nine months	Quarter	Nine months
		ended	period ended	ended	period ended
		September 30, 2018		September 30, 2017	
----- (Rupees in '000) -----					
Profit for the period		776,662	2,270,395	344,444	1,450,575
Other comprehensive income					
Not to be reclassified to profit and loss account in subsequent periods					
Share of remeasurement of defined benefit plans of associates		-	(19,925)	-	(11,909)
Deferred tax on remeasurement of defined benefit plans of associates		-	3,285	-	-
Comprehensive income transferred to equity		776,662	2,253,755	344,444	1,438,666
Component of comprehensive income not transferred to equity					
Share of (deficit) on revaluation of 'available for sale' securities of associates	7.2	(194,390)	(313,138)	(224,057)	(441,912)
Deferred tax on revaluation of 'available for sale' securities of associates		29,158	46,956	33,399	67,445
(Deficit) on revaluation of 'available for sale' securities		(70,279)	(181,822)	(95,945)	(615,500)
Deferred tax on revaluation of 'available-for-sale' securities		11,707	11,914	(37,597)	34,196
Total comprehensive income for the period		552,858	1,817,665	20,244	482,895

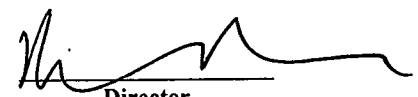
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 Chief Financial Officer


 Chief Executive


 Director


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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, 2018

	Share Capital	Statutory Reserve	Non-distributable Reserve	Capital Market Equalization Reserve	Unappropriated profit	Total
(Rupees in '000)						
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
Transactions with the owners of the Company						
Final dividend for the year ended December 31, 2016 @ 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
Profit for the quarter ended December 31, 2017	-	-	-	-	399,654	399,654
Other comprehensive income	-	-	-	-	(32,492)	(32,492)
Total comprehensive income	-	-	-	-	367,162	367,162
Transfer to statutory reserve	-	370,046	-	-	(370,046)	-
Transfer to capital market equalization reserve	-	-	-	185,023	(185,023)	-
Balance as at December 31, 2017	6,000,000	5,515,229	935,264	980,896	10,696,759	24,128,148
Profit for the nine months period ended September 30, 2018	-	-	-	-	2,270,395	2,270,395
Other comprehensive income	-	-	-	-	(16,640)	(16,640)
Total comprehensive income	-	-	-	-	2,253,755	2,253,755
Transactions with the owners of the Company						
Dividend for the year ended December 31, 2017 @ 2,083.3 per share approved subsequently to year end	-	-	-	-	(500,000)	(500,000)
Balance as at September 30, 2018	6,000,000	5,515,229	935,264	980,896	12,450,514	25,881,903

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

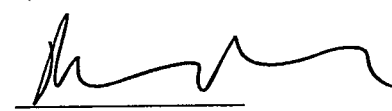
Transfers to statutory reserve and capital market equalization reserve are made for the year in the annual financial statements.


 Chief Financial Officer


 Chief Executive


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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, 2018

	2018	2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,819,771	2,130,399
Less: Dividend income	<u>(130,221)</u>	<u>(137,733)</u>
	2,689,550	1,992,666
Adjustments for:		
Depreciation	9,058	7,204
Amortization	3,523	6,440
Reversal of provision against non-performing loans and advances - net	(63,940)	(281,108)
Provision for diminution / impairment in the value of investments	37,698	159,314
Provision for impairment in other assets	25,488	-
Unrealised loss / (gain) on revaluation of 'held for trading' securities	5,214	(1,469)
Share in results of associates - net	(2,203,053)	(1,632,518)
Gain on disposal of operating fixed assets	-	(1,157)
	<u>(2,186,012)</u>	<u>(1,743,294)</u>
	503,538	249,372
Decrease in operating assets		
Lendings to financial institutions	1,453,973	2,232,590
'Held-for-trading' securities	(14,250)	(98,574)
Advances	848,224	1,699,379
Others assets (excluding advance taxation)	47,044	118,481
	<u>2,334,991</u>	<u>3,951,876</u>
(Decrease) in operating liabilities		
Borrowings from financial institutions	(1,138,668)	(74,759)
Deposits and other accounts	(2,500)	(50)
Other liabilities (excluding current taxation)	66,794	(6,302)
	<u>(1,074,374)</u>	<u>(81,111)</u>
	1,764,155	4,120,137
Income tax paid	<u>(138,856)</u>	<u>(239,231)</u>
<i>Net cash inflow from operating activities</i>	1,625,299	3,880,906
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities	(1,766,016)	(3,673,284)
Net investment in associates	-	(902,464)
Dividend received	648,610	1,197,221
Investments in operating fixed assets	(29,166)	(12,209)
Sale proceeds of operating fixed assets	-	1,157
<i>Net cash (outflow) from investing activities</i>	<u>(1,146,572)</u>	<u>(3,389,579)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(500,000)	(500,000)
<i>Net cash used in financing activities</i>	<u>(500,000)</u>	<u>(500,000)</u>
(Decrease) in cash and cash equivalents	(21,273)	(8,673)
Cash and cash equivalents at beginning of the period	79,878	78,686
Cash and cash equivalents at end of the period	<u>58,605</u>	<u>70,013</u>

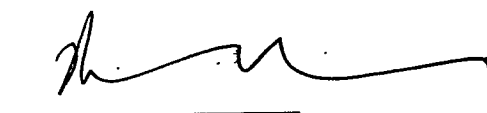
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 Chief Financial Officer


 Chief Executive


 Director


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 Director

Pakistan Kuwait Investment Company (Private) Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For the nine months period ended September 30, 2018

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, 2017.

3. STATEMENT OF COMPLIANCE

3.1 The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of International Accounting Standard – 34 – "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017, provisions of and directives issued under Companies Act, 2017 and the directives issued by the State Bank of Pakistan (SBP). Where the provisions of and directives issued under the Companies Act, 2017 and the directives issued by SBP differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and directives issued by 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 this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

3.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective for the financial year commencing January 1, 2019.

IFRS 9 'Financial Instruments'

The Company is currently awaiting instructions from the SBP, as applicability of IAS 39 was deferred by the SBP till further instructions. However, the SBP has instructed banks and development financial institutions to prepare potential qualitative and quantitative impact assessments as a result of adoption of IFRS 9 using the performance financial statements for the year ended December 31, 2017. The Company is required to submit its impact assessment to the SBP in due course of time.

IFRS 15 'Revenue from contracts with customers'

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 'Revenue' which covers contracts for goods and services and IAS 11 'Construction Contracts' which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risks and rewards. A new five step process has been introduced which must be applied before revenue can be recognised. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

The Company does not expect any significant impact on revenue recognition from adoption of the standard.

7. INVESTMENTS

7.1 Investments by type

	September 30, 2018			December 31, 2017		
	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	133,977	-	133,977	119,727	-	119,727
Available for sale securities						
Market treasury bills	4,989,636	-	4,989,636	3,548,276	-	3,548,276
Pakistan investment bonds	398,928	-	398,928	897,119	-	897,119
Shares of listed companies	3,460,132	-	3,460,132	3,371,254	-	3,371,254
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	1,511,691	-	1,511,691	839,120	-	839,120
Unlisted term finance certificates	298,373	-	298,373	298,479	-	298,479
	10,824,015	-	10,824,015	9,119,503	-	9,119,503
Associates	14,533,496	-	14,533,496	13,660,400	-	13,660,400
	25,491,488	-	25,491,488	22,899,630	-	22,899,630
Provision for diminution / impairment in the value of investments	(426,905)	-	(426,905)	(455,168)	-	(455,168)
Total investments - net of provisions	25,064,583	-	25,064,583	22,444,462	-	22,444,462
(Deficit) / surplus on revaluation of 'held for trading' securities	(5,214)	-	(5,214)	4,455	-	4,455
Surplus on revaluation of 'available for sale' securities	292,101	-	292,101	473,924	-	473,924
Total investments	25,351,470	-	25,351,470	22,922,841	-	22,922,841

7.2 Movement in investments in associates

	Nine months period ended September 30, 2018	Nine months period ended September 30, 2017
Investments at beginning of the period	13,660,400	12,807,290
Investment in associates	-	902,465
Share in (deficit) on revaluation / reserves of associates	(313,138)	(441,912)
Share in remeasurement of defined benefits plans of associates	(19,925)	(11,909)
Share of profit from associates recognized in profit and loss account	2,203,053	1,632,518
Dividends received from associates	(996,894)	(1,039,360)
Investments at end of the period	<u>14,533,496</u>	<u>13,849,092</u>

7.3 The cost of investment in associates as at September 30, 2018 amounted to Rs. 2,895 million (December 31, 2017: Rs. 2,895 million). Share in results of associates recorded under equity method of accounting net of dividend and income taxes amounted to Rs. 1,028 million (September 30, 2017: Rs. 292 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, 2017, except for Al-Meezan Mutual Fund's holding, where holding percentage varies due to change in total units in issue.

		September 30, 2018	December 31, 2017
		(Rupees in '000)	
8. ADVANCES	<i>Note</i>		
In Pakistan			
Advances		2,948,341	3,676,709
Net investment in finance leases		522,708	642,564
		<u>3,471,049</u>	<u>4,319,273</u>
Provision for non-performing advances	8.2	(1,088,763)	(1,152,703)
Advances - net of provision		<u>2,382,286</u>	<u>3,166,570</u>

8.1 Advances include Rs. 1,088.763 million (December 31, 2017: Rs. 1,153.527 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2018			Provision Required	Provision Held
	Domestic	Overseas	Total		
(Rupees in '000)					
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	1,088,763	-	1,088,763	1,088,763	1,088,763
	<u>1,088,763</u>	<u>-</u>	<u>1,088,763</u>	<u>1,088,763</u>	<u>1,088,763</u>

Category of classification	December 31, 2017			Provision Required	Provision Held
	Domestic	Overseas	Total		
(Rupees in '000)					
Substandard	-	-	-	-	-
Doubtful	1,647	-	1,647	823	823
Loss	1,151,880	-	1,151,880	1,151,880	1,151,880
	<u>1,153,527</u>	<u>-</u>	<u>1,153,527</u>	<u>1,152,703</u>	<u>1,152,703</u>

8.2 Particulars of provision for non-performing advances - specific

	Nine months period ended September 30, 2018	Year ended December 31, 2017
	(Rupees in '000)	

Opening balance	1,152,703	1,437,645
Reversals for the period / year	(63,940)	(284,942)
Closing balance	<u>1,088,763</u>	<u>1,152,703</u>

9. **BORROWINGS**

Secured

Borrowing from SBP

Under Long Term Finance Facility - (LTFF)

Under Finance Facility for Storage of Agricultural Produce (FFSAP)

Term Finance Facility

Note

	September 30, 2018	December 31, 2017
	(Rupees in '000)	

1,423,339

1,560,360

-

1,647

-

1,000,000

1,423,339

2,562,007

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 5.00 percent per annum. SBP allocates an overall yearly limit under the facility to individual Participating Financial Institution (PFI). The sanctioned limit for the company from July 1, 2018 to June 30, 2019 is Rs. 1,000 million out of which no disbursement was made.

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 2.00 percent per annum. SBP allocates an overall yearly limit to individual PFI. The sanctioned limit for the company was Rs. 300 million.

10. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES - NET OF TAX	September 30, 2018	December 31, 2017
	(Rupees in '000)	
Federal government securities	11,794	54,831
Shares of listed companies	267,340	408,693
Listed / unlisted / TFCs / sukuk	12,967	10,399
Share of surplus on revaluation of investments of associates	<u>(104,079)</u>	<u>209,059</u>
	188,022	682,982
Deferred Tax	55,150	(3,720)
	<u>243,172</u>	<u>679,262</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Taxation

The Income Tax Department has amended the deemed assessment orders for the tax years from 2003 to 2017, raising a tax demand of Rs. 3,430 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 2017 under this head amount to Rs 7,741 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 of 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, September 15, 2015, September 8, 2017, March 6, 2018 and March 7, 2018 for tax years 2004 to 2007, tax year 2010, tax years 2011 to 2013, tax year 2015, tax years 2014 and 2017 and tax year 2016 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 2017 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. 1,358 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.

11.2 Other commitments

	September 30, 2018	December 31, 2017
	(Rupees in '000)	
Undisbursed sanctions for financial assistance in the form of		
- TFCs and Sukuks	-	400,000
- loans and advances	650,000	450,000
	<u>650,000</u>	<u>850,000</u>

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

12.1 On balance sheet financial instruments

	September 30, 2018									
	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	-	4,988,289	-	-	-	4,988,289	-	4,988,289	-	4,988,289
- Pakistan investment bonds	-	412,068	-	-	-	412,068	-	412,068	-	412,068
- Shares of listed companies	128,764	3,458,769	-	-	-	3,587,533	3,587,533	-	-	3,587,533
- Listed preference shares	-	40,150	-	-	-	40,150	40,150	-	-	40,150
- Listed sukuk / term finance certificates	-	1,516,266	-	-	-	1,516,266	-	1,516,266	-	1,516,266
- Unlisted term finance certificates	-	273,128	-	-	-	273,128	-	273,128	-	273,128
Financial assets not measured at fair value										
Cash and balances with treasury banks	-	-	-	52,092	-	52,092	-	-	-	-
Balances with other banks	-	-	-	6,513	-	6,513	-	-	-	-
Investments										
- Investments in associates - listed	-	13,396,466	-	-	-	13,396,466	34,491,085	-	-	34,491,085
- Shares in unlisted companies	-	540	-	-	-	540	-	-	-	-
- Shares of unlisted associates	-	1,137,030	-	-	-	1,137,030	-	-	-	-
Advances	-	-	-	2,382,286	-	2,382,286	-	-	-	-
Other assets	-	-	-	563,267	-	563,267	-	-	-	-
Financial liabilities not measured at fair value										
Borrowings	-	-	-	-	(1,423,339)	(1,423,339)	-	-	-	-
Other liabilities	-	-	-	-	(582,626)	(582,626)	-	-	-	-
	128,764	25,222,706	-	3,004,158	(2,005,965)	26,349,663				

	December 31, 2017									
	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	-	3,547,663	-	-	-	3,547,663	-	3,547,663	-	3,547,663
- Pakistan investment bonds	-	953,175	-	-	-	953,175	-	953,175	-	953,175
- Shares of listed companies	124,182	3,473,133	-	-	-	3,597,315	3,597,315	-	-	3,597,315
- Listed sukuk / term finance certificates	-	849,254	-	-	-	849,254	-	849,254	-	849,254
- Unlisted term finance certificates	-	265,106	-	-	-	265,106	-	265,106	-	265,106
Financial assets not measured at fair value										
Cash and balances with treasury banks	-	-	-	61,148	-	61,148	-	-	-	-
Balances with other banks	-	-	-	18,730	-	18,730	-	-	-	-
Investments										
- Investments in associates - listed	-	12,578,211	-	-	-	12,578,211	25,068,357	-	-	25,068,357
- Listed preference shares	-	50,000	-	-	-	50,000	40,150	-	-	40,150
- Shares in unlisted companies	-	540	-	-	-	540	-	-	-	-
- Shares of unlisted associates	-	1,082,189	-	-	-	1,082,189	-	-	-	-
Advances	-	-	-	3,166,570	-	3,166,570	-	-	-	-
Other assets	-	-	-	88,931	-	88,931	-	-	-	-
Financial liabilities not measured at fair value										
Borrowings	-	-	-	-	(2,562,007)	(2,562,007)	-	-	-	-
Deposits and other accounts	-	-	-	-	(2,500)	(2,500)	-	-	-	-
Other liabilities	-	-	-	-	(426,535)	(426,535)	-	-	-	-
	124,182	22,799,271	-	3,335,379	(2,991,042)	23,267,790				

The fair value of financial assets and liabilities not carried at fair value except for investments in listed associates 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).

13. 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, 2018						
Total income - gross	666,202	373,549	750	2,300,981	5,552	3,347,034
Total mark-up / return / interest expense	(58,089)	(110)	-	-	-	(58,199)
Segment provision / impairment / unrealised gain / losses	63,940	-	-	(42,912)	-	21,028
	5,851	(110)	-	(42,912)	-	(37,171)
Net operating income	672,053	373,439	750	2,258,069	5,552	3,309,863
Administrative expenses and other charges						(490,092)
Profit before taxation						2,819,771
Nine months period ended September 30, 2018						
Segment assets - net	5,256,885	6,487,590	-	17,076,533	801,024	29,622,032
Segment non-performing loans	1,088,763	-	-	-	-	1,088,763
Segment provision required and held	1,088,763	-	-	-	-	1,088,763
Segment liabilities	1,479,227	34	-	8,888	2,008,808	3,496,957
Segment return on net assets (ROA) % *	16.49%	7.07%	-	18.60%	0.92%	-
Segment cost of funds (%) *	3.50%	5.87%	-	-	-	-

* 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, 2017						
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 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						
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%	-	-	-	-

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

14. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associates, associated undertaking, 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.

Details of transactions with related parties during the period / year ended, other than those which have been disclosed elsewhere in these financial statements are as follows:

	September 30, 2018				December 31, 2017			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Balances with other banks								
In saving account	-	-	3,755	-	-	-	12,476	-
Investments								
Opening balance	-	-	13,660,400	500	-	-	12,807,290	500
Investment made during the period / year	-	-	-	-	-	-	902,464	-
Equity method accounting adjustments	-	-	873,096	-	-	-	(49,354)	-
Closing balance	-	-	14,533,496	500	-	-	13,660,400	500
Advances								
Opening balance	-	8,445	-	-	-	23,553	-	-
Addition during the period / year	-	15,700	-	-	-	600	-	-
Repaid during the period / year	-	(8,407)	-	-	-	(11,264)	-	-
Transfer in / (out) - net	-	13,787	-	-	-	(4,444)	-	-
Closing balance	-	29,525	-	-	-	8,445	-	-
Other Assets								
Interest / mark-up accrued	-	-	41	-	-	-	30	-
Dividend receivable from Associates	-	-	478,306	-	-	-	-	-
Receivable from Pak Kuwait Takaful Company	-	-	-	9,740	-	-	-	9,740
Non-current asset held for sale	-	-	-	135,000	-	-	-	135,000
Provision against other assets	-	-	-	(144,740)	-	-	-	(144,740)
	-	-	478,347	-	-	-	30	-
Deposits and other accounts								
Opening balance	-	-	-	2,500	-	-	-	2,500
Received during the period / year	-	-	-	-	-	-	-	2,500
Withdrawn during the period / year	-	-	-	(2,500)	-	-	-	(2,500)
Closing balance	-	-	-	-	-	-	-	2,500
Other Liabilities								
Interest / mark-up payable	-	-	-	-	-	-	-	41
Payable to NCCPL	-	-	58	-	-	-	60	-

	September 30, 2018				September 30, 2017			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	-	815	208	-	-	700	225	-
Dividend income	-	-	996,894	-	-	-	1,039,360	-
Other income								
- Nominee Director Fee	-	-	6,583	85	-	-	6,993	105
Expense								
Mark-up / return / interest paid	-	-	-	104	-	-	-	107
Operating expenses								
- Directors Fee	13,054	-	-	-	8,325	-	-	-
- Remuneration to key management personnel (including retirement benefits)	-	82,840	-	-	-	78,660	-	-
- NCCPL Charges	-	-	-	352	-	-	-	338
- FMCL Office Maintenance Charges	-	-	-	19,146	-	-	-	18,367
- Contribution made to Staff Provident Fund	-	-	-	12,317	-	-	-	12,988
- Contribution made to Staff Gratuity Fund	-	-	-	13,483	-	-	-	13,649

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, Head of Operations, Head of Human Resources and Head of Information Technology.

15. LIQUIDITY RISK

The Company calculates the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per SBP Basel III Liquidity Standards issued under BPRD circular no. 08 dated June 23, 2016. As of September 30, 2018, the company LCR stood at 1,475% (December 31, 2017: 375%) and NSFR stood at 135% (December 31, 2017: 133%) against the SBP's minimum requirement of 90% and 100% respectively.

16. DATE OF AUTHORISATION FOR ISSUE

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

31 OCT. 2018

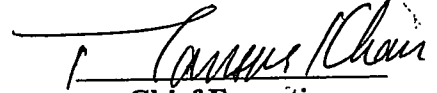
17. GENERAL

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



Director



Director