



PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED

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

For the three months period ended March 31, 2017

Pakistan Kuwait Investment Company (Private) Limited

Condensed Interim Statement of Financial Position

As at March 31, 2017

	Note	March 31, 2017 (Un -Audited)	December 31, 2016 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		61,298	61,995
Balances with other banks		79,060	16,691
Lendings to financial institutions	6	1,801,257	2,632,880
Investments	7	23,355,185	21,206,169
Advances	8	3,634,703	4,422,496
Operating fixed assets		197,285	201,875
Deferred tax assets		-	-
Other assets		228,005	399,306
		29,356,793	28,941,412
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	9	2,638,645	2,661,764
Deposits and other accounts	10	3,650	3,650
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,166,587	1,135,537
Other liabilities		937,821	453,141
		4,746,703	4,254,092
NET ASSETS		24,610,090	24,687,320
REPRESENTED BY			
Share capital		6,000,000	6,000,000
Reserves		6,876,320	6,876,320
Unappropriated profit		10,279,509	9,946,000
		23,155,829	22,822,320
Surplus on revaluation of 'available-for-sale' securities - net of tax	11	1,454,261	1,865,000
		24,610,090	24,687,320
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 three months period ended March 31, 2017

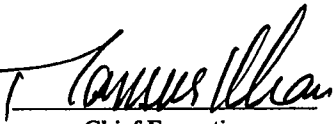
	<u>Three months period ended March 31, 2017</u>	<u>Three months period ended March 31, 2016</u>
	-----Rupees in '000-----	
Mark-up / return / interest earned	189,801	318,947
Mark-up / return / interest expensed	<u>26,056</u>	<u>94,386</u>
Net mark-up / interest income	163,745	224,561
Reversal of provision against non-performing loans and advances - net	(154,964)	(19,584)
Provision for diminution / impairment in the value of investments	21,484	17,947
Bad debts written off directly	-	-
Net mark-up / interest income after provisions	<u>(133,480)</u>	<u>(1,637)</u>
	297,225	226,198
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	150	238
Dividend income	43,629	133,439
Income from dealing in foreign currencies	-	-
Gain on sale of securities	68,203	27
Unrealised (loss) / gain on revaluation of 'held-for-trading' securities	(2,217)	3,707
Share in results of associates - net	706,919	413,444
Other income	6,019	7,144
Total non mark-up / interest income	<u>822,703</u>	<u>557,999</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	91,920	117,121
Provision for impairment on operating fixed assets	-	-
Other charges	-	-
Total non mark-up / interest expenses	<u>91,920</u>	<u>117,121</u>
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	1,028,008	667,076
Taxation		
- Current	104,705	114,632
- Prior years	-	-
- Deferred	<u>89,707</u>	<u>(23,223)</u>
PROFIT AFTER TAXATION	<u>194,412</u>	<u>91,409</u>
	<u>833,596</u>	<u>575,667</u>
	-----Rupees-----	
Basic and diluted earning per share (On share of Rs. 25,000 each)	<u>3,473</u>	<u>2,399</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
 Condensed Interim Statement of Comprehensive Income
 For the three months period ended March 31, 2017

	Three months period ended March 31, 2017	Three months period ended March 31, 2016
	----- (Rupees in '000) -----	
Profit for the period	833,596	575,667
Other comprehensive income		
Share of remeasurement of defined benefit plans of associates - net of deferred tax	(87)	(8,172)
Comprehensive income transferred to equity	833,509	567,495
Component of comprehensive income not transferred to equity		
Share of (deficit) / surplus on revaluation of 'available for sale' securities of associates	(163,556)	67,932
Deferred tax on revaluation of 'available for sale' securities of associates	20,420	(5,173)
(Deficit) on revaluation of 'available for sale' securities	(305,840)	(194,797)
Deferred tax on revaluation of 'available-for-sale' securities	38,237	90,322
Total comprehensive income for the period	422,770	525,779


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 Changes in Equity - (Un-audited)
 For the three months period ended March 31, 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 three months period ended March 31, 2016	-	-	-	-	575,667	575,667
Other comprehensive income	-	-	-	-	(8,172)	(8,172)
Total comprehensive income	-	-	-	-	567,495	567,495
Share of gain on bargain purchase by an associate	-	-	88,236	-	-	88,236
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 March 31, 2016	<u>6,000,000</u>	<u>4,454,684</u>	<u>931,499</u>	<u>450,623</u>	<u>8,090,733</u>	<u>19,927,539</u>
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 three months period ended March 31, 2017	-	-	-	-	833,596	833,596
Other comprehensive income	-	-	-	-	(87)	(87)
Total comprehensive income	-	-	-	-	833,509	833,509
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 March 31, 2017	<u>6,000,000</u>	<u>5,145,183</u>	<u>935,264</u>	<u>795,873</u>	<u>10,279,509</u>	<u>23,155,829</u>

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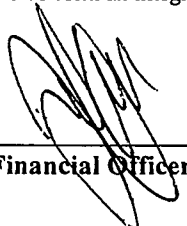
Pakistan Kuwait Investment Company (Private) Limited


Condensed Interim Cash Flow Statement - (Un-audited)

For the three months period ended March 31, 2017

	March 31, 2017	March 31, 2016
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,028,008	667,076
Less: Dividend income	<u>(43,629)</u>	<u>(133,439)</u>
	984,379	533,637
Adjustments for:		
Depreciation	2,367	2,180
Amortization	2,574	2,996
Reversal of provision against non-performing loans and advances - net	(154,964)	(19,584)
Provision for diminution / impairment in the value of investments	21,484	17,947
Unrealised loss / (gain) on revaluation of 'held for trading' securities	2,217	(3,707)
Share in results of associates - net	(706,919)	(413,444)
Dividend Payable	(500,000)	(455,000)
Gain on disposal of operating fixed assets	-	-
	<u>(1,333,241)</u>	<u>(868,612)</u>
	(348,862)	(334,975)
Decrease / (Increase) in operating assets		
Lendings to financial institutions	831,623	-
'Held-for-trading' securities	(94,930)	16,162
Advances	942,757	(167,913)
Others assets (excluding advance taxation)	<u>125,737</u>	<u>85,087</u>
	1,805,187	(66,664)
Increase in operating liabilities		
Borrowings from financial institutions	(23,119)	(357,205)
Deposits and other accounts	-	260,020
Other liabilities (excluding current taxation)	<u>484,680</u>	<u>415,819</u>
	461,561	318,634
	1,917,886	(83,005)
Income tax paid	<u>(67,712)</u>	<u>(85,215)</u>
<i>Net cash inflow / (outflow) from operating activities</i>	1,850,174	(168,220)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in 'available-for-sale' securities	(2,216,380)	(361,901)
Net investment in 'held-to-maturity' securities	-	143,292
Dividend received	428,229	399,859
Investments in operating fixed assets	(351)	(59)
Sale proceeds of operating fixed assets	-	-
<i>Net cash (outflow) / inflow from investing activities</i>	<u>(1,788,502)</u>	<u>181,191</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	-
<i>Net cash used in financing activities</i>	-	-
Increase in cash and cash equivalents	61,672	12,971
Cash and cash equivalents at beginning of the period	78,686	84,675
Cash and cash equivalents at end of the period	<u>140,358</u>	<u>97,646</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 three months period ended March 31, 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 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, 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 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, 2016.

6. LENDINGS TO FINANCIAL INSTITUTIONS	March 31,	December 31,
	2017 (Un-audited)	2016 (Audited)
Repurchase agreement lendings (Reverse Repo)	1,801,257	2,632,880
	<u>1,801,257</u>	<u>2,632,880</u>

6.1 Securities held as collateral against lendings to financial institutions	Note	March 31, 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	1,801,257	-	1,801,257	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 these securities as at March 31, 2017 amounted to Rs. 1,763.430 (December 31, 2016: 2,622.955) million. The markup on these lendings are 5.85 and 5.95 (December 31, 2016: 5.75 and 5.85) percent per annum with maturity in three days (December 31, 2016: three and six days).

7. INVESTMENTS

7.1 Investments by type

	March 31, 2017 (Un-audited)			December 31, 2016 (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	147,214	-	147,214	52,285	-	52,285
Available for sale securities						
Market treasury bills	3,983,410	-	3,983,410	2,092,831	-	2,092,831
Pakistan investment bonds	895,331	-	895,331	894,785	-	894,785
Shares of listed companies	3,181,370	-	3,181,370	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	857,376	-	857,376	857,464	-	857,464
Unlisted term finance certificates	527,200	-	527,200	527,253	-	527,253
	9,609,942	-	9,609,942	7,391,341	-	7,391,341
Associates	12,974,539	-	12,974,539	12,807,290	-	12,807,290
	22,731,695	-	22,731,695	20,250,916	-	20,250,916
Provision for diminution / impairment in the value of investments	(402,943)	-	(402,943)	(381,565)	-	(381,565)
Total investments - net of provisions	22,328,752	-	22,328,752	19,869,351	-	19,869,351
Surplus on revaluation of 'held for trading' securities	(2,217)	-	(2,217)	2,330	-	2,330
Surplus on revaluation of 'available for sale' securities	1,028,650	-	1,028,650	1,334,488	-	1,334,488
Total investments	23,355,185	-	23,355,185	21,206,169	-	21,206,169

7.2 Movement in investments in associates	Three months period ended March 31, 2017 (Un-audited)	Three months period ended March 31, 2016 (Un-audited)
	Investments at beginning of the period	12,807,290
Share of gain on bargain purchase by an associate	-	88,236
Share in surplus / (deficit) on revaluation / reserves of associates	(163,556)	67,932
Share in remeasurement of defined benefits plans of associates - net of deferred tax	(87)	(8,172)
Share of profit from associates recognized in profit and loss account	706,919	413,444
Dividends received from associates	(376,027)	(376,027)
Investments at end of period	<u>12,974,539</u>	<u>10,379,810</u>

7.2 For equity accounting purposes, the financial information of associates is taken as of March 31, 2017, being the latest available financial information.

7.4 The cost of investment in associates as at March 31, 2017 amounted to Rs. 1,992 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. 279 million (March 31, 2016: Rs. 24 million).

7.3 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.

8. ADVANCES	Note	March 31,	December 31,
		2017 (Un-audited)	2016 (Audited)
In Pakistan			
Advances		4,130,705	5,035,049
Net investment in finance leases		786,679	825,092
		<u>4,917,384</u>	<u>5,860,141</u>
Provision for non-performing advances	8.2	(1,282,681)	(1,437,645)
Advances - net of provision		<u>3,634,703</u>	<u>4,422,496</u>

8.1 Advances include Rs. 1,390.293 million (December 31, 2016: Rs. 1,546.078 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision	Provision
				Required	Held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	215,220	-	215,220	107,608	107,608
Loss	1,175,073	-	1,175,073	1,175,073	1,175,073
	<u>1,390,293</u>	<u>-</u>	<u>1,390,293</u>	<u>1,282,681</u>	<u>1,282,681</u>

8.2 Particulars of provision for non-performing advances - specific	Three months period ended	
	March 31, 2017 (Un-audited)	Year ended December 31, 2016 (Audited)
Opening balance	1,437,645	1,504,586
Charge for the period / year	-	-
Reversals for the period / year	(154,964)	(66,941)
	<u>(154,964)</u>	<u>(66,941)</u>
Amounts written off against provisions	-	-
Closing balance	<u>1,282,681</u>	<u>1,437,645</u>

9. BORROWINGS FROM FINANCIAL INSTITUTIONS	Note	March 31,	December 31,
		2017 (Un-audited)	2016 (Audited)
Secured			
Borrowing from SBP			
Under Long Term Finance Facility - (LTFF)	9.1	1,635,354	1,656,829
Under Finance Facility for Storage of Agricultural Produce (FFSAP)	9.2	3,291	4,935
Term Finance Facility	9.3	1,000,000	1,000,000
		<u>2,638,645</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 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 6.00 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 6.59 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	March 31, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
Certificates of investment (COIs)	10.1	<u>3,650</u>	<u>3,650</u>
10.1 The profit rates on these COIs are 5.65 and 5.70 (December 31, 2016: 5.65 and 5.70) percent per annum. The COIs are due for maturity on May 08, 2017 and September 21, 2017 (December 31, 2016: May 08, 2017 and September 21, 2017).			
11. SURPLUS ON REVALUATION OF 'AVAILABLE-FOR-SALE' SECURITIES - NET OF TAX		March 31, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
Federal government securities		92,760	100,755
Shares of listed companies		903,144	1,204,593
Listed / unlisted / TFCs / sukuk		32,746	29,142
Share of surplus on revaluation of investments of associates		<u>555,171</u>	<u>718,727</u>
Deferred Tax		1,583,821	2,053,217
		<u>(129,560)</u>	<u>(188,217)</u>
		<u>1,454,261</u>	<u>1,865,000</u>
12. CONTINGENCIES AND COMMITMENTS			
12.1 Other contingencies			
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 has preferred an appeal which has been heard. The order of the said appeal is pending.</p> <p>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.</p> <p>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.</p>			
12.2 Other commitments			
		March 31, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited)
Undisbursed sanctions for financial assistance in the form of - loans and advances		<u>1,027,382</u>	<u>1,235,359</u>
		<u>1,027,382</u>	<u>1,235,359</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

13.1 On balance sheet financial instruments

March 31, 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	-	3,982,547	-	-	3,982,547	-	3,982,547	-	3,982,547
- Pakistan investment bonds	-	988,954	-	-	988,954	-	988,954	-	988,954
- Shares of listed companies	144,997	3,818,818	-	-	3,963,815	3,963,815	-	-	3,963,815
- Listed preference shares	-	44,200	-	-	44,200	44,200	-	-	44,200
- Listed sukuk / term finance certificates	-	885,660	-	-	885,660	-	885,660	-	885,660
- Unlisted term finance certificates	-	498,025	-	-	498,025	-	498,025	-	498,025
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	61,298	-	61,298	-	-	-	61,298
Balances with other banks	-	-	79,060	-	79,060	-	-	-	79,060
Investments									
- Investments in associates - listed	-	11,624,089	-	-	11,624,089	26,755,947	-	-	26,755,947
- Shares in unlisted companies	-	17,446	-	-	17,446	-	-	-	17,446
- Shares of unlisted associates	-	1,350,450	-	-	1,350,450	-	-	-	1,350,450
Advances	-	-	3,634,703	-	3,634,703	-	-	-	3,634,703
Other assets	-	-	47,701	-	47,701	-	-	-	47,701
Financial liabilities not measured at fair value									
Borrowings	-	-	-	(2,638,645)	(2,638,645)	-	-	-	(2,638,645)
Deposits and other accounts	-	-	-	(3,650)	(3,650)	-	-	-	(3,650)
Other liabilities	-	-	-	(894,623)	(894,623)	-	-	-	(894,623)
144,997	23,210,189	-	3,822,762	(3,536,918)	23,641,030				

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) -----						
Three months period ended March 31, 2017 - (Un-audited)						
Total income - gross	90,223	102,268	-	818,751	3,479	1,014,721
Total mark-up / return / interest expense	(26,005)	(51)	-	-	-	(26,056)
Segment provision / impairment / unrealised gain / losses	154,964	-	-	(23,701)	-	131,263
	128,959	(51)	-	(23,701)	-	105,207
Net operating income	219,182	102,217	-	795,050	3,479	1,119,928
Administrative expenses and other charges						(91,920)
Profit before taxation						1,028,008
Three months period ended March 31, 2017 - (Un-audited)						
Segment assets - net	6,337,506	6,923,893	-	15,654,504	440,890	29,356,793
Segment non-performing loans	1,390,293	-	-	-	-	1,390,293
Segment provision required and held	1,282,681	-	-	-	-	1,282,681
Segment liabilities	2,725,807	3,807	-	48,331	1,968,758	4,746,703
Segment return on net assets (ROA) % *	5.33%	6.56%	-	21.16%	3.16%	-
Segment cost of funds (%) *	3.80%	5.42%	-	-	-	-

* 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) -----						
Three months period ended March 31, 2016 - (Un-audited)						
Total income - gross	133,983	185,066	-	546,911	7,279	873,239
Total mark-up / return / interest expense	(25,538)	(68,848)	-	-	-	(94,386)
Segment provision / impairment / unrealised losses	19,584	-	-	(14,240)	-	5,344
	(5,954)	(68,848)	-	(14,240)	-	(89,042)
Net operating income	128,029	116,218	-	532,671	7,279	784,198
Administrative expenses and other charges						(117,121)
Profit before taxation						667,076
Three months period ended March 31, 2016 - (Un-audited)						
Segment assets - net	7,992,177	6,831,490	-	13,259,106	653,490	28,736,263
Segment non-performing loans	1,600,913	-	-	-	-	1,600,913
Segment provision required and held	1,485,003	-	-	-	-	1,485,003
Segment liabilities	2,247,716	4,186,267	-	314	1,527,057	7,961,354
Segment return on net assets (ROA) %	7.64%	10.93%	-	16.68%	4.46%	-
Segment cost of funds (%)	5.11%	6.24%	-	-	-	-

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.

	Three months period ended March 31, 2017 (Un-audited) (Rupees in '000)	Three months period ended March 31, 2016 (Un-audited) (Rupees in '000)
Expenses charged to :		
- associates	2,419	7,381
- other related party	1,188	20
Expenses charged by:		
- associates	127	200
- other related party	6,104	5,659
Dividend income from associates	376,027	376,027
Mark-up earned on bank deposit with an associate	60	51
Mark-up earned on loans and advances:		
- key management personnel	134	131
Mark-up expense on COIs of a related party:		
- other related party	35	50
Contribution made to provident fund		4,366
	March 31, 2017 (Un-audited) (Rupees in '000)	December 31, 2016 (Audited) (Rupees in '000)
Loans and advances to key management personnel		
Balance as at January 1	23,553	10,350
Disbursement during the period / year	-	21,600
(Deletion) / addition during the period / year	919	-
Recovery during the period / year	(13,260)	(8,397)
	(12,341)	13,203
Balance as at	11,212	23,553
Bank balances with an associate - Meezan Bank	65,274	13,717
Mark-up receivable on bank deposit with an associate - Meezan Bank	28	30
Deposits / COIs from:		
- other related party	2,500	2,500
Mark-up payable to :		
- other related party	75	40
Investments in:		
- associates	12,974,539	12,807,290
- other related party	500	500

Key management personnel

Key management personnel include the Managing Director, 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 Head of Human Resources. Their salaries and other benefits amount to Rs. 19.792 million (March 31, 2016: Rs. 21.780 million) and staff retirement benefits amount to Rs. 5.295 million (March 31, 2016: Rs. 2.654 million).

17. DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue in the Board of Directors meeting held on May 03, 2017.


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