



KPMG Taseer Hadi & Co.  
Chartered Accountants

# Pak China Investment Company Limited

## Condensed Interim Financial Statements

For the six months ended

30 June 2018



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sixth Floor, State Life Building, Blue Area  
Islamabad, Pakistan  
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## **INDEPENDENT AUDITORS' REVIEW REPORT**

**To the members of Pak China Investment Company Limited**

**Report on review of Interim Financial Statements**

### **Introduction**

We have reviewed the accompanying condensed interim financial statement of financial position of Pak China Investment Company Limited ("the Company") as at 30 June 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

**Other matter**

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 30 June 2018 and 30 June 2017, have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is Atif Zamurrad Malik.

A handwritten signature in black ink, appearing to read 'Atif Zamurrad Malik'.

**KPMG Taseer Hadi & Co.  
Chartered Accountants**

**Islamabad  
26 September 2018**

**PAK CHINA INVESTMENT COMPANY LIMITED**  
**Condensed Interim Statement of Financial Position**  
**As at 30 June 2018**

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Note	------(Rupees)-----	
<b>ASSETS</b>			
Cash and balances with treasury banks		63,145,036	26,529,844
Balances with other banks		3,419,198,742	2,168,944,684
Lendings to financial institutions		-	-
Investments	7	4,695,308,268	13,848,108,959
Advances	8	7,698,973,721	7,899,991,599
Operating fixed assets	9	192,059,050	174,362,497
Deferred tax asset - net	10	71,844,889	104,637,929
Other assets		364,099,743	198,390,647
		16,504,629,449	24,420,966,159
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	11	1,277,580,751	9,576,859,910
Deposits and other accounts		-	-
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liability - net		-	-
Other liabilities		169,871,785	175,535,989
		1,447,452,536	9,752,395,899
<b>NET ASSETS</b>		<b>15,057,176,913</b>	<b>14,668,570,260</b>
<b>REPRESENTED BY:</b>			
Share capital		9,116,400,000	9,116,400,000
Reserves	12	1,188,399,263	1,110,843,079
Unappropriated profit		4,751,306,178	4,441,081,441
		15,056,105,441	14,668,324,520
Surplus on revaluation of assets - net of tax	13	1,071,472	245,740
		15,057,176,913	14,668,570,260
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

  
Chairman

  
Managing Director

  
Director

  
Chief Financial Officer


**PAK CHINA INVESTMENT COMPANY LIMITED**  
**Condensed Interim Profit and Loss Account (Un-audited)**  
**For the six months ended 30 June 2018**

		30 June 2018		30 June 2017	
	Note	For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
------(Rupees)-----					
Mark-up / return / interest earned	15	253,147,813	480,579,492	461,181,969	887,294,484
Mark-up / return / interest expensed	16	(19,334,978)	(94,864,167)	(260,940,125)	(461,095,953)
Net mark-up / interest income		233,812,835	385,715,325	200,241,844	426,198,531
(Provision) / reversal against non-performing loans and advances		(14,406,949)	(7,956,382)	48,896,107	36,779,049
(Provision) / reversal for diminution in the value of investments		-	-	-	71,805,000
Bad debts written-off directly		-	-	-	-
		(14,406,949)	(7,956,382)	48,896,107	108,584,049
Net mark-up / interest income after provisions		219,405,886	377,758,943	249,137,951	534,782,580
Non mark-up / interest income					
Fee, commission and brokerage income		15,447,946	19,822,282	116,950,579	130,778,377
Dividend income		743,593	743,593	-	-
Exchange gain		64,915,903	116,221,698	3,070,821	2,043,960
Gain on sale of securities - net		104,089,589	172,245,443	62,959,000	63,487,994
Unrealised gain / (loss) on revaluation of investments classified as held for trading		-	-	-	-
Other income		2,665,045	6,298,000	2,456,439	4,912,878
Total non mark-up / interest income		187,862,076	315,331,016	185,436,839	201,223,209
Non mark-up / interest expenses					
Administrative expenses		(77,759,554)	(154,724,969)	(86,197,502)	(157,430,554)
Impairment loss on available for sale invesment		(2,839,897)	(2,839,897)	-	-
Other charges		(120,000)	(120,000)	(51,352,478)	(51,352,478)
Total non mark-up / interest expenses		(80,719,451)	(157,684,866)	(137,549,980)	(208,783,032)
Share of profit of assooiates		326,548,511	535,405,093	297,024,810	527,222,757
Profit before extraordinary / unusual item and taxation		13,154,586	13,154,586	36,375,113	36,375,113
		339,703,097	548,559,679	333,399,923	563,597,870
Extra ordinary / unusual items		-	-	-	-
Profit before taxation		339,703,097	548,559,679	333,399,923	563,597,870
Taxation					
- Current		(62,132,903)	(99,744,075)	(76,384,862)	(125,223,820)
- Prior		(25,319,832)	(25,319,832)	(33,353,378)	(33,353,378)
- Deferred		(18,459,236)	(33,077,451)	(35,096,520)	(37,636,207)
		(105,911,971)	(158,141,358)	(144,834,760)	(196,213,405)
Profit after taxation		233,791,126	390,418,321	188,565,163	367,384,465
Earnings per share - basic and diluted					
		0.26	0.43	0.21	0.40

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

  
Chairman

  
Managing Director

  
Director

  
Chief Financial Officer




PAK CHINA INVESTMENT COMPANY LIMITED  
Condensed Interim Statement of Comprehensive Income (Un-audited)  
For the six months ended 30 June 2018

	30 June 2018		30 June 2017	
	For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
	(Rupees)			
Profit after taxation	233,791,126	390,418,321	188,565,163	367,384,465
Other comprehensive income				
<i>Items that are not to be reclassified to profit and loss in subsequent periods</i>				
Share of other comprehensive income from associates	(3,106,516)	(3,106,516)	(431,896)	(431,896)
Deferred tax	469,116	469,116	32,450	32,450
	(2,637,400)	(2,637,400)	(399,446)	(399,446)
<i>Items that may be reclassified to profit and loss in subsequent periods</i>	-	-	-	-
Comprehensive income transferred to equity	231,153,726	387,780,921	188,165,717	366,985,019
Components of comprehensive income not reflected in equity				
Net change in fair value of available for sale securities	(44,318,710)	1,031,361	(53,910,994)	(66,363,537)
Deferred tax	2,813,931	(202,490)	(2,770,690)	(1,798,159)
	(41,504,779)	828,871	(56,681,684)	(68,161,696)
Total comprehensive income during the period - net of tax	189,648,947	388,609,792	131,484,033	298,823,323

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

  
Chairman

  
Managing Director

  
Director

  
Chief Financial Officer

**PAK CHINA INVESTMENT COMPANY LIMITED**  
**Condensed Interim Cash Flow Statement (Un-Audited)**  
**For the six months ended 30 June 2018**

	30 June 2018 For the half year ended	30 June 2017 For the half year ended
	------(Rupees)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	548,559,679	563,597,870
Less: Dividend Income	(743,593)	-
Share of income of associates	(13,154,586)	(36,375,113)
	<u>534,661,500</u>	<u>527,222,757</u>
<b>Adjustments:</b>		
Depreciation on operating fixed assets	3,592,724	5,829,293
Amortization	139,028	150,951
Provision for retirement benefits	6,189,678	4,839,360
Provision / (reversal) against loans and advances - net	7,956,382	(36,779,049)
Provision / (reversal) for diminution in the value of investments - net	-	(71,805,000)
(Gain) / loss on sale of operating fixed assets - net	(992,090)	70,183
Exchange gain	(116,221,698)	(2,043,960)
Impairment loss on available for sale investment	2,839,897	-
	<u>(96,496,079)</u>	<u>(99,738,222)</u>
	<u>438,165,421</u>	<u>427,484,535</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	-	2,647,918,347
Advances	193,061,496	(1,593,272,281)
Other assets (excluding advance taxation)	(152,241,406)	409,232,785
	<u>40,820,090</u>	<u>1,463,878,851</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	-	-
Borrowings	(8,299,279,159)	7,474,458,871
Deposits and other accounts	-	-
Other liabilities (excluding current taxation)	(21,499,249)	116,129,175
	<u>(8,320,778,408)</u>	<u>7,590,588,046</u>
	<u>(7,841,792,897)</u>	<u>9,481,951,432</u>
Payments on account of staff retirement benefits	(6,667,687)	(8,265,695)
Income taxes paid	(138,696,000)	(199,263,665)
<b>Net cash (outflow) / inflow from operating activities</b>	<u>(7,987,156,584)</u>	<u>9,274,422,072</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	9,175,493,068	(11,316,936,822)
Net investment in held -to-maturity securities	-	-
Net investment in associates	-	-
Dividend income received	2,747,285	4,007,383
Investments in operating fixed assets	(21,428,307)	(3,979,832)
Sale proceeds from disposal of operating fixed assets	992,090	-
<b>Net cash inflow / (outflow) from investing activities</b>	<u>9,157,804,136</u>	<u>(11,316,909,271)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Exchange differences on cash and cash equivalents	116,221,698	2,043,960
<b>Increase / (decrease) in cash and cash equivalents during the period</b>	<u>1,170,647,552</u>	<u>(2,042,487,199)</u>
Cash and cash equivalents at the beginning of the period	2,195,474,528	5,167,463,066
<b>Cash and cash equivalents at the end of the period</b>	<u><u>3,482,343,778</u></u>	<u><u>3,127,019,827</u></u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Managing Director



Director



Chief Financial Officer

PAK CHINA INVESTMENT COMPANY LIMITED  
Condensed Interim Statement Of Changes In Equity (Un-Audited)  
For the six months ended 30 June 2018

	Share capital	Statutory reserve	Unappropriated profit	Total
	(Rupees)			
Balance as at January 01, 2017 (Audited)	9,116,400,000	977,364,488	3,907,167,079	14,000,931,567
<b>Change in equity for six months ended June 30, 2017</b>				
Total comprehensive income for the six months ended June 30 2017				
Profit after taxation for the six months ended June 30, 2017	-	-	367,384,465	367,384,465
Other comprehensive income - net of tax	-	-	(399,446)	(399,446)
Total comprehensive income for the six months ended June 30 2017	-	-	366,985,019	366,985,019
Transfer to statutory reserve	-	73,397,004	(73,397,004)	-
<b>Balance as at 30 June 2017 (Un-audited)</b>	<b>9,116,400,000</b>	<b>1,050,761,492</b>	<b>4,200,755,094</b>	<b>14,367,916,586</b>
<b>Change in equity for six months ended December 31, 2017</b>				
Profit after taxation for the six months ended December 31, 2017	-	-	303,609,884	303,609,884
Other comprehensive income - net of tax	-	-	(3,201,950)	(3,201,950)
Total comprehensive income for the six months ended December 31, 2017	-	-	300,407,934	300,407,934
Transfer to statutory reserve	-	60,081,587	(60,081,587)	-
<b>Balance as at 31 December 2017 (Audited)</b>	<b>9,116,400,000</b>	<b>1,110,843,079</b>	<b>4,441,081,441</b>	<b>14,668,324,520</b>
<b>Change in equity for six months ended June 30, 2018</b>				
Profit after taxation for the six months ended June 30, 2018	-	-	390,418,321	390,418,321
Other comprehensive income - net of tax	-	-	(2,637,400)	(2,637,400)
Total comprehensive income for the six months ended June 30, 2018	-	-	387,780,921	387,780,921
Transfer to statutory reserve	-	77,556,184	(77,556,184)	-
<b>Balance as at 30 June 2018 (Un-audited)</b>	<b>9,116,400,000</b>	<b>1,188,399,263</b>	<b>4,751,306,178</b>	<b>15,056,105,441</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

  
Chairman

  
Managing Director

  
Director

  
Director

  
Chief Financial Officer



**PAK CHINA INVESTMENT COMPANY LIMITED**  
**Notes to the Condensed Interim Financial Statements (Un-audited)**  
**For the six months ended 30 June 2018**

**1 STATUS AND NATURE OF BUSSINESS**

Pak China Investment Company Limited ("the Company") was incorporated in Pakistan as a public limited company on 27 July 2007. The registered office of the Company is situated at 13th Floor, Saudi Pak Tower, Blue Area, Islamabad. The Company is a 50:50 joint venture between the 'Government of China' and the 'Government of Pakistan', through China Development Bank and the Ministry of Finance, Government of Pakistan respectively. The objective of the Company is to invest in infrastructure projects, both directly and through the establishment of various subsidiary companies.

The Company has commenced business after obtaining a Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan on 02 November 2007 and a permission to commence business from the State Bank of Pakistan (SBP) on 10 January 2008.

**2 BASIS OF MEASUREMENT**

- 2.1** These condensed interim financial statements have been prepared under historical cost convention except that certain investments are stated at fair values and certain staff retirement benefits are carried at present value.
- 2.2** These condensed interim financial statements are presented in Pak Rupee which is the Company's functional and presentation currency.

**3 STATEMENT OF COMPLIANCE**

- 3.1** These condensed interim financial statements of the Company have 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 comprise of:

- International Accounting Standard (IAS) 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 the Banking Companies Ordinance, 1962, and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives prevail.

- 3.2** The SBP, vide BSD Circular letter no. 11, dated 11 September 2002 has deferred the applicability of IAS -39, "*Financial Instruments: Recognition and Measurement*" and IAS 40 - "*Investment Property*" for banks/DFIs till further instructions. Further, the SECP has deferred the applicability of IFRS - 7 "*Financial Instruments: Disclosures*". Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified, accounted for and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3** The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated 12 May 2004 and IAS 34, *Interim Financial Reporting*. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2017.

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### 3.4 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 from the dates mentioned below against the respective standard or interpretation:

#### - IFRS 9 'Financial Instruments' - effective date: 1 July 2018

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 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 31 December 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' - effective date: 1 July 2018

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 is currently in the process of assessing the potential impacts of changes required in revenue recognition policies upon adoption of the standard.

#### - IFRS 16 'Leases' - effective date: 1 January 2019

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting for lessors will not significantly change.

As at the reporting date, the Company has non-cancellable operating lease commitments. However, the Company is currently in the process of assessing the potential impacts of changes as a result of adoption of IFRS 16.

### 3.5 Standards, interpretations and amendments to approved accounting standards that are effective

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 1 January 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these condensed interim financial statements.

## 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended 31 December 2017.

## 5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements for the year ended 31 December 2017.

## 6 FINANCIAL RISK MANAGEMENT

The financial risk management policies and objectives adopted by the Company are consistent with those disclosed in the annual audited financial statements for the year ended 31 December 2017.

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## 7 INVESTMENTS

Note	30 June 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
(Rupees)						
7.1 Investments by types						
Available-for-sale securities						
Market Treasury Bills	989,023,000	-	989,023,000	5,728,536,380	5,250,320,320	10,978,856,700
Ordinary shares of listed companies	54,786,014	-	54,786,014	57,625,911	-	57,625,911
Term Finance Certificates	1,388,056,852	-	1,388,056,852	871,614,393	-	871,614,393
Mutual Funds	-	-	-	132,248	-	132,248
Sukuks	1,226,597,372	-	1,226,597,372	912,089,492	-	912,089,492
	3,658,463,238	-	3,658,463,238	7,569,998,424	5,250,320,320	12,820,318,744
Associates						
Pakistan Stock Exchange Limited	1,114,952,649	-	1,114,952,649	1,119,551,591	-	1,119,551,591
Central Depository Company of Pakistan Limited	289,940,999	-	289,940,999	277,318,603	-	277,318,603
	1,404,893,648	-	1,404,893,648	1,396,870,194	-	1,396,870,194
	5,063,356,886	-	5,063,356,886	8,966,868,618	5,250,320,320	14,217,188,938
Provision for diminution in the value of investments	(369,434,062)	-	(369,434,062)	(369,434,062)	-	(369,434,062)
Investments - net of provisions	4,693,922,824	-	4,693,922,824	8,597,434,556	5,250,320,320	13,847,754,876
Surplus/Defecit) on revaluation of available for sale investments	1,385,444	-	1,385,444	713,048	(358,965)	354,083
Total investments	4,695,308,268	-	4,695,308,268	8,598,147,604	5,249,961,355	13,848,108,959

7.2 This represents an investment in 11,832,836 ordinary shares of Rs. 10 each of Agritech Limited costing to Rs. 364.149 million. The market value of these shares as at 30 June, 2018 was Rs.54.786 million (31 December 2017: Rs. 57.626 million). The Company has recognized an cumulative impairment loss of Rs. 309.363 million (31 Decemeber 2017: Rs. 306.523 million) against these shares, being the difference between the cost and market value of these shares.

## 7.3 Particulars of provision for diminution in the value of investments

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
Opening balance	369,434,062	441,239,062
Charge for the period / year	-	-
Reversal during the period / year	-	(71,805,000)
	369,434,062	369,434,062

	30 June 2018 (Un-audited) Rupees	31 December 2017 (Audited) Rupees
<b>7.4 Investments in associates</b>		
<b>Pakistan Stock Exchange Limited (PSX)</b>		
Cost of 40,073,830 shares (2017: 40,073,830 shares) of Rs. 28 each per share (purchase price)	1,122,067,240	1,122,067,240
Percentage of shareholding	5%	5%
Opening balance	1,119,551,591	-
Share of (loss) / profit for the period	(961,200)	10,092,750
Share of other comprehensive income of the period	(1,634,050)	(586,250)
Less: Dividend received	(2,003,692)	(12,022,149)
Closing balance	<u>1,114,952,649</u>	<u>1,119,551,591</u>
<b>Central Depository Company of Pakistan Limited (CDC)</b>		
Cost of 3,250,000 shares (2017: 3,250,000 shares) of Rs. 76.92 each per share (purchase piece)	250,000,000	250,000,000
Percentage of shareholding	5%	5%
Opening balance	277,318,603	-
Share of profit for the period	14,115,786	36,538,934
Share of other comprehensive income of the period	(1,493,390)	(70,331)
Less: Dividend received	-	(9,150,000)
Closing balance	<u>289,940,999</u>	<u>277,318,603</u>

Central Depository Company of Pakistan Limited (CDC) and Pakistan Stock Exchange (PSX) are associates of the Company due to common directorship.

The market value of PSX as at 30 June 2018 was Rs. 19.75 per share. Management has carried out an impairment analysis using discounted cash flows and concluded that no impairment is required to be recognized in these condensed interim financial statements.

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## 8 ADVANCES

Loans, cash, credits, running finances, etc.

In Pakistan

Advances

Staff loans

Net investment in finance lease

Advances - gross

Provision against non-performing loans and advances

Specific

General

Advances (net of provisions)

Note	30 June 2018	31 December 2017
	(Un-audited)	(Audited)
	------(Rupees)-----	
8.1	8,126,969,767	8,219,858,050
	53,604,793	37,091,419
	8,180,574,560	8,256,949,469
	-	116,686,587
	8,180,574,560	8,373,636,056
8.2	331,551,444	313,163,564
8.2	150,049,395	160,480,893
	481,600,839	473,644,457
	7,698,973,721	7,899,991,599

8.1 Advances include Rs.625.164 million (31 December 2017: Rs.313.164 million), placed under non-performing status as detailed below:

Category of classification	30 June 2018 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	-----Rupees-----								
Substandard	312,000,000	-	312,000,000	18,387,880	-	18,387,880	18,387,880	-	18,387,880
Doubtful	-	-	-	-	-	-	-	-	-
Loss	313,163,564	-	313,163,564	313,163,564	-	313,163,564	313,163,564	-	313,163,564
	625,163,564	-	625,163,564	331,551,444	-	331,551,444	331,551,444	-	331,551,444
Category of classification	31 December 2017 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	-----Rupees-----								
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Loss	313,163,564	-	313,163,564	313,163,564	-	313,163,564	313,163,564	-	313,163,564
	313,163,564	-	313,163,564	313,163,564	-	313,163,564	313,163,564	-	313,163,564

8.2 Movement in provision against non-performing advances is as follows:

	30 June 2018 (Un-audited)			31 December 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	------(Rupees)-----			------(Rupees)-----		
Opening balance	313,163,564	160,480,893	473,644,457	383,163,564	122,543,186	505,706,750
Charge for the period / year	18,387,880	-	18,387,880	-	37,937,707	37,937,707
Reversed for the period / year	-	(10,431,498)	(10,431,498)	(70,000,000)	-	(70,000,000)
	331,551,444	150,049,395	481,600,839	313,163,564	160,480,893	473,644,457

2017

## 9 OPERATING FIXED ASSETS

Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	----- (Rupees) -----	
Capital work-in-progress	25,054,000	4,500,000
Property and equipment	166,804,974	169,523,393
Intangible assets	200,076	339,104
9.1	<u>192,059,050</u>	<u>174,362,497</u>

- 9.1 Additions and disposals during the period amounted to Rs. 21.428 million (6 months ended 30 June 2017: Rs. 3.98 million) and Rs. 1.565 million (6 months ended 30 June 2017: Rs. 0.922 million), respectively.

Depreciation and amortization expense for the period amounted to Rs. 3.592 million (6 months ended 30 June 2017: Rs. 5.829 million) and Rs. 0.139 million (6 months ended 30 June 2017: Rs. 0.151 million), respectively.

## 10 DEFERRED TAX ASSET / (LIABILITY) - NET

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	----- (Rupees) -----	

The details of the tax effect of taxable and deductible temporary differences are as follows:

## Taxable temporary differences on:

Accelerated tax depreciation	5,467,150	5,807,959
Provision for staff retirements gratuity	2,661,329	2,896,502
Provision against non-performing advances	22,203,922	20,582,659
Provision for diminution in the value of investments	107,135,878	110,830,219
Impairment loss on investments	47,259,336	48,037,000
	<u>184,727,615</u>	<u>188,154,339</u>

## Deductible temporary differences on:

Unrealized exchange gain	(107,665,246)	(76,511,331)
Surplus on revaluation of securities	(207,817)	(23,112)
Share of profit of associates	(5,009,663)	(6,981,967)
	<u>(112,882,726)</u>	<u>(83,516,410)</u>
	<u>71,844,889</u>	<u>104,637,929</u>

## 11 BORROWINGS

## In Pakistan

## Secured

Borrowings from State Bank of Pakistan under:  
Financing facility for storage of agriculture products  
Renewable energy power projects

-	8,221,059
<u>139,580,751</u>	<u>150,317,731</u>
139,580,751	158,538,790

Repurchase agreement borrowings

-	5,248,321,120
<u>139,580,751</u>	<u>5,406,859,910</u>

## Unsecured

Call borrowings

1,138,000,000	4,170,000,000
<u>1,277,580,751</u>	<u>9,576,859,910</u>

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	30 June 2018	31 December 2017
	(Un-audited)	(Audited)
	----- (Rupees) -----	
<b>12 RESERVES</b>		
Statutory Reserves	<u>1,188,399,263</u>	<u>1,110,843,079</u>
At the beginning of the period	1,110,843,079	977,364,488
Add : Transfer during the period	<u>77,556,184</u>	<u>133,478,591</u>
	<u>1,188,399,263</u>	<u>1,110,843,079</u>

According to BPD Circular No. 15 dated 31 May 2004 issued by the SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund till such time the reserve fund equals the amount of paid-up capital and after that a sum not less than 5% of profit after tax shall be credited to statutory reserve. Accordingly, the Company has transferred 20% of its after tax profit for the year to statutory reserve.

### 13 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Market Treasury Bills	67,000	(21,950)
Term Finance Certificates	1,318,444	374,895
Mutual Funds	-	1,138
	<u>1,385,444</u>	<u>354,083</u>
Deferred tax	(207,817)	(23,112)
Surplus on revaluation of assets - Net	<u>1,177,627</u>	<u>330,971</u>
Company's share of equity-accounted investees' OCI		
Change in fair value of available-for-sale financial assets - net of tax	<u>(106,155)</u>	<u>(85,231)</u>
	<u>1,071,472</u>	<u>245,740</u>

### 14 CONTINGENCIES AND COMMITMENTS

<b>Transaction related contingent liabilities</b>		
Letters of guarantees	799,000,000	645,000,000
<b>Trade related contingent liabilities</b>		
Letters of credit	<u>57,078,625</u>	<u>122,958,539</u>

The Company makes commitments to extend credit in the normal course of its business, but these being revocable commitments, normally do not attract any significant penalty or expense if the facility is unilaterally withdrawn. As at the balance sheet date, however, the Company's outstanding irrevocable commitments amounts to Rs. 97.865 million (2017: Rs.947.813 million).

	Half year ended 30 June 2018	Half year ended 30 June 2017
	(Un-audited)	(Un-audited)
	----- (Rupees) -----	
<b>15 MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances	365,091,976	279,004,704
On available-for-sale investments	61,602,626	465,897,987
On deposits with banks	26,751,073	94,843,657
On securities purchased under resale agreements	<u>27,133,817</u>	<u>47,548,136</u>
	<u>480,579,492</u>	<u>887,294,484</u>
<b>16 MARK-UP / RETURN / INTEREST EXPENSED</b>		
Interest expense on SBP Refinance	2,124,981	2,647,961
Interest expense on Certificate of Investments	-	1,356,164
Interest expense on clean Borrowings	24,040,496	422,921,871
Interest expense on Repo Borrowings	<u>68,698,690</u>	<u>34,169,957</u>
	<u>94,864,167</u>	<u>461,095,953</u>

16/06/18

## 17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	Half year ended 30 June 2018 (Un-audited)			
	Corporate finance	Trading and sales	Others	Total
	(Rupees)			
Total income - gross	474,464,151	328,302,943	6,298,000	809,065,094
Total expenses	(13,091,805)	(92,568,640)	(154,844,970)	(260,505,415)
Net income / (loss)	461,372,346	235,734,303	(148,546,970)	548,559,679

	Half year ended 30 June 2017 (Un-audited)			
	Corporate finance	Trading and sales	Others	Total
	(Rupees)			
Total income - gross	500,510,744	619,474,414	4,907,648	1,124,892,806
Total expenses	54,583,610	(458,447,992)	(157,430,554)	(561,294,936)
Net income / (loss)	555,094,354	161,026,422	(152,522,906)	563,597,870

	Half year ended 30 June 2018 (Un-audited)			
	Corporate finance	Trading and sales	Others	Total
	(Rupees)			
Segment Assets - Gross	12,432,986,101	4,475,670,623	447,919,996	17,356,576,720
Segment Non-Performing loans	913,934,062	-	-	913,934,062
Segment provision held including General provision	(843,768,447)	-	-	(843,768,447)
Segment Liabilities	(287,682,927)	(1,138,820,055)	(20,949,554)	(1,447,452,536)

	As at 31 December 2017 (Audited)			
	Corporate finance	Trading and sales	Others	Total
	(Rupees)			
Segment Assets - Gross	11,738,056,333	13,175,523,065	350,465,273	25,264,044,671
Segment Non-Performing loans	682,597,626	-	-	682,597,626
Segment provision held including General provision	(843,078,519)	-	-	(843,078,519)
Segment Liabilities	(290,472,377)	(9,422,335,939)	(39,587,583)	(9,752,395,899)

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## 18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings can not be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values. Since these are either short term in nature or, in the case of deposits, are frequently pre-priced.

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

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

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for 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 assets and liabilities that are not based on observable market data (i.e. unobservable inputs).

The following table provides the fair value measurement hierarchy of those of the Company's asset and liabilities that are recognised or disclosed at fair value in these condensed interim financial statements.

### On balance sheet financial instruments

		FAIR VALUE			
	Carrying / Notional value Rupees	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
<b>30 June 2018 (Un-audited)</b>					
<b>Financial assets measured at fair value</b>					
- Investments					
Government Securities (T bills and PIBs)	989,023,670	-	989,090,000	-	989,090,000
Ordinary shares of listed companies	54,786,014	54,786,014	-	-	54,786,014
Debt securities (TFCs and Sukuks)	176,178,444	176,178,444	-	-	176,178,444
<b>Financial assets not measured at fair value</b>					
- Investments					
Debt securities (TFCs and Sukuks)	2,069,054,903	-	-	-	-
<b>31 December 2017 (Audited)</b>					
<b>Financial assets measured at fair value</b>					
- Investments					
Government Securities (T bills and PIBs)	10,978,856,700	-	10,978,834,750	-	10,978,834,750
Ordinary shares of listed companies	57,625,911	57,625,911	-	-	57,625,911
Debt securities (TFCs and Sukuks)	1,414,269,823	5,835,833	-	-	5,835,833
Investment in mutual fund units	132,248	133,386	-	-	133,386
<b>Financial assets not measured at fair value</b>					
- Investments					
Debt securities (TFCs and Sukuks)	1,039,374,823	-	-	-	-

The Company's policy is to recognize transfer into and out of the different fair value hierarchy levels at the date, the event or change in circumstances, that caused the transfer occurred. There were no transfers between level 1 and level 2 during the year.

#### (a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and Term Finance Certificates.

#### (b) Financial instruments in level 2

Financial instruments included in level 1 comprise of investments in Market Treasury Bills.

#### (c) Financial instruments in level 3

Currently no financial instruments are classified in level 3.

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## 19 RELATED PARTY TRANSACTIONS

The Company has related party relationships with entities in which its shareholders have any interest, key management personnel, directors and employees' funds. The Government of Pakistan (Ministry of Finance) is a related party of the Company; therefore all government authorities, agencies, affiliates and other organizations ("state-controlled entities") are related parties of the Company. Transactions with these state-controlled entities are not very significant and impracticable to quantify, for disclosure in these condensed interim financial statements. Other entity which for its business acquisition or provision of services relies / depends to a greater extent on the bank / DFI i.e. major portion (50% or more) of its business (upstream or downstream) is also a related party.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

Details of balances outstanding at period end and transactions with related parties are as follows:

	June 30, 2018						December 31, 2017					
	Key Management Personnel	Directors	Companies with having equity 50% and above	Associated companies	Employees benefit plans	Employees Provident Trust	Key Management Personnel	Directors	Companies with having equity 50% and above	Associated companies	Employees benefit plans	Employees Provident Trust
	Rupees						Rupees					
<b>Balances outstanding as at period end</b>												
- Advances	1,283,198	-	10,000,000	27,957,930	-	-	1,000,000	-	30,000,000	-	-	-
- Investments	-	-	-	1,404,893,648	-	-	-	-	-	1,396,870,194	-	-
- Receivables/markup	-	-	510,239	1,697,850	-	4,344,613	-	-	1,423,505	-	-	-
- Borrowings	-	-	-	-	-	-	-	-	-	1,159,928,000	-	-
- Payables/markup	-	-	164,000	-	9,176,998	-	-	-	164,000	3,324,706	9,655,007	-
<b>Transactions during the period</b>												
- Net mark-up / interest earned	-	-	-	19,615,202	-	-	-	-	12,946,626	86,416,270	-	-
- Net mark-up / interest received	-	-	-	19,615,202	-	-	-	-	11,552,591	86,416,270	-	-
- Dividend received	-	-	-	-	-	-	-	-	-	21,172,149	-	-
- Net mark-up / interest expensed	-	-	-	2,768,316	-	-	-	-	-	4,996,015	-	-
- Investments made	-	-	-	-	-	-	-	-	-	-	-	-
- Payments made on behalf of	-	-	-	32,531,571,826	-	-	-	-	44,270,833	45,742,923,184	-	-
- Payments received from	-	-	21,682,869	32,850,677,262	-	-	-	-	52,136,241	54,174,470,644	-	-
- Payment of rent expense to Saudi Pak Investment Company	-	-	-	40,748,400	-	-	-	-	-	-	-	-
- Remuneration and allowances	34,624,694	373,100	-	-	-	-	72,172,451	1,050,123	-	-	-	-
- Payments to employees benefit plans	-	-	-	-	6,667,687	9,515,933	-	-	-	-	12,666,855	7,247,061
- Charge for the year relating to employees benefit plans	-	-	-	-	6,189,678	9,515,933	-	-	-	-	10,339,900	7,247,061
- Fee and commission income	-	-	5,000,000	-	-	-	-	-	6,000,000	-	-	-
- Fee and commission expensed	-	-	-	283,525	-	-	-	-	44,268,181	786,267	-	-
- Rent expensed	-	-	-	10,187,100	-	-	-	-	-	18,205,088	-	-
- Provision	-	-	-	-	-	-	-	-	-	(71,805,000)	-	-

## 20 GENERAL

Figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income, for the quarters ended 30 June 2018 and 30 June 2017 have not been subjected to limited scope review by the auditors.

## 21 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on

  
Chairman

  
Managing Director

  
Director

  
Chief Financial Officer