



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sixth Floor, State Life Building No. 5  
Jinnah Avenue, Blue Area  
Islamabad, Pakistan

Telephone + 92 (51) 282 3558  
+ 92 (51) 282 5956  
Fax + 92 (51) 282 2671  
Internet www.kpmg.com.pk

## **Auditors' Report to the Members on Review of Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Pak China Investment Company Limited ("the Company") as at 30 June 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **Other matter**

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2017 and 30 June 2016, have not been reviewed and we do not express a conclusion on them.

**Date: 25 August 2017**  
**Islamabad**

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Atif Zamurrad Malik**

**PAK CHINA INVESTMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

		30 June 2017 (Un-audited)	31 December 2016 (Audited)
	Note	(Rupees)	
<b>ASSETS</b>			
Cash and balances with treasury banks		25,300,083	2,080,940,035
Balances with other banks		3,101,719,744	3,086,523,031
Lending's to financial institutions		-	2,647,918,347
Investments	7	19,106,791,682	7,734,253,189
Advances	8	7,669,870,831	6,039,819,501
Operating fixed assets	9	175,231,978	177,302,573
Deferred tax assets		91,867,285	131,269,202
Other assets		230,033,455	620,213,706
		<b>30,400,815,058</b>	<b>22,518,239,584</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	11	15,670,913,737	8,196,454,866
Deposits and other accounts		-	-
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		304,994,682	195,701,401
		<b>15,975,908,419</b>	<b>8,392,156,267</b>
<b>NET ASSETS</b>		<b>14,424,906,639</b>	<b>14,126,083,317</b>
<b>REPRESENTED BY</b>			
Share capital		9,116,400,000	9,116,400,000
Reserve		1,050,761,492	977,364,488
Unappropriated profit		4,200,755,093	3,907,167,079
		<b>14,367,916,585</b>	<b>14,000,931,567</b>
Surplus on revaluation of assets - net of tax		56,990,054	125,151,750
		<b>14,424,906,639</b>	<b>14,126,083,317</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

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

  
 \_\_\_\_\_  
 Managing Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

**PAK CHINA INVESTMENT COMPANY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2017**

	30 June 2017		30 June 2016	
	For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
Note	(Rupees)			
Mark-up / return / interest earned	15 461,181,969	887,294,484	280,387,248	538,632,086
Mark-up / return / interest expensed	16 (260,940,125)	(461,095,953)	(57,156,135)	(127,133,294)
<b>Net mark-up / interest income</b>	<b>200,241,844</b>	<b>426,198,531</b>	<b>223,231,113</b>	<b>411,498,792</b>
Provision against non-performing loans and advances	(48,896,107)	(36,779,049)	1,183,251	23,089,987
Provision for diminution in the value of investments	-	(71,805,000)	-	-
Bad debts written-off directly	-	-	-	-
	(48,896,107)	(108,584,049)	1,183,251	23,089,987
<b>Net mark-up / interest income after provisions</b>	<b>249,137,951</b>	<b>534,782,580</b>	<b>222,047,862</b>	<b>388,408,805</b>
<b>NON MARK-UP/INTEREST INCOME</b>				
Fee, commission and brokerage income	116,950,579	130,778,377	7,144,646	18,396,593
Exchange gain / (loss)	3,070,821	2,043,960	(997,664)	1,704,952
Gain on sale of securities	62,959,000	63,487,994	77,670,719	185,842,325
Other income	2,456,439	4,912,878	2,320,247	4,594,727
Share in profit of associated companies - net of tax	36,375,113	36,375,113	-	-
<b>Total non mark-up / interest income</b>	<b>221,811,952</b>	<b>237,598,322</b>	<b>86,137,948</b>	<b>210,538,597</b>
<b>NON MARK-UP/INTEREST EXPENSES</b>				
Administrative expenses	86,197,502	157,430,554	76,276,503	141,837,381
Impairment loss on available for sale investments	-	-	164,956	1,392,956
Non-markup expenses	51,352,478	51,352,478	-	-
Other provisions/write offs	-	-	-	-
Other charges	-	-	-	-
<b>Total non mark-up/interest expenses</b>	<b>137,549,980</b>	<b>208,783,032</b>	<b>76,441,459</b>	<b>143,230,337</b>
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>333,399,923</b>	<b>563,597,870</b>	<b>231,744,351</b>	<b>455,717,065</b>
<b>TAXATION</b>				
- Current	76,384,862	125,223,820	67,690,649	137,419,192
- Prior	33,353,378	33,353,378	28,733,177	28,733,177
- Deferred	35,096,520	37,636,207	(237,011)	777,439
	144,834,760	196,213,405	96,186,815	166,929,808
<b>PROFIT AFTER TAXATION</b>	<b>188,565,162</b>	<b>367,384,464</b>	<b>135,557,536</b>	<b>288,787,257</b>
<b>Basic and diluted earnings per share</b>	<b>0.21</b>	<b>0.40</b>	<b>0.15</b>	<b>0.32</b>

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

*Kong H*

  
 \_\_\_\_\_  
 Managing Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

**PAK CHINA INVESTMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2017**

	30 June 2017		30 June 2016	
	For the quarter ended	For the half year ended	For the quarter ended	For the half year ended
	(Rupees)			
<b>Net profit after taxation</b>	260,370,162	367,384,464	135,557,537	288,787,257
Items that will never be reclassified subsequently to profit and loss account			-	-
Share of other comprehensive loss from Associate	(431,896)	(431,896)		
Deferred tax	32,450	32,450		
<b>Comprehensive income transferred to equity</b>	<u>259,970,716</u>	<u>366,985,018</u>	<u>135,557,537</u>	<u>288,787,257</u>
<b>Components of comprehensive income not reflected in equity</b>				
Net change on remeasurement of available for sale investment to fair value	(53,910,994)	(66,363,537)	(69,469,481)	(109,485,066)
Deferred tax	(2,770,690)	(1,798,159)	16,695,964	21,982,821
<b>Total comprehensive income for the period</b>	<u>203,289,032</u>	<u>298,823,322</u>	<u>82,784,020</u>	<u>201,285,012</u>

The annexed notes, from 1 to 21, form an integral part of this condensed interim financial information.

*Kpmg 71*

  
 \_\_\_\_\_  
 Managing Director

  
 \_\_\_\_\_  
 Director




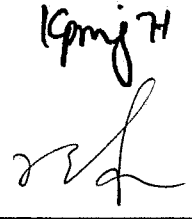
  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

**PAK CHINA INVESTMENT COMPANY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2017**

	30 June 2017	30 June 2016
	For the half year ended	For the half year ended
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	563,597,870	455,717,065
Adjustments for :		
Depreciation	5,829,293	8,679,619
Amortization	150,951	75,464
Provision for gratuity	4,839,360	3,825,312
(Reversal)/Provision against non-performing loans and advances	(36,779,049)	23,089,987
(Reversal)/Provision for diminution in the value of available-for-sale investments	(71,805,000)	-
Impairment loss on available-for-sale investments	-	1,392,956
Loss/(gain) on sale of fixed assets	70,183	(45,772)
Share of profit from associate	(36,375,113)	-
Exchange (gain)/loss	(2,043,960)	997,664
	<u>427,484,535</u>	<u>38,015,230</u>
Decrease / (Increase) in operating assets		
Lendings to financial institutions	2,647,918,347	-
Held-for-trading Securities	-	-
Advances	(1,593,272,281)	(308,609,438)
Other assets (excluding current taxation)	409,232,785	157,359,339
	<u>1,463,878,851</u>	<u>(151,250,099)</u>
Increase / (decrease) in operating liabilities		
Bills Payable	-	-
Borrowings from financial institutions	7,474,458,871	810,447,308
Deposits and other accounts	-	-
Other liabilities (excluding current taxation)	116,129,175	(9,637,398)
	<u>7,590,588,046</u>	<u>800,809,910</u>
	<u>9,481,951,432</u>	<u>687,575,041</u>
Gratuity paid	(8,265,695)	(3,826,882)
Income tax paid	(199,263,665)	(124,103,299)
Net cash inflows from operating activities	<u>9,274,422,072</u>	<u>559,644,860</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment (made) / realized during the period - net	(11,316,936,822)	(745,043,352)
Net investment in held -to-maturity securities	-	-
Investments in operating fixed assets	(3,979,832)	(6,598,607)
Dividend income received	4,007,383	-
Sale proceed of property & equipment	-	45,772
Net cash outflows from investing activities	<u>(11,316,909,271)</u>	<u>(751,596,187)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Effect of exchange rate changes on cash and cash equivalents	2,043,960	(997,664)
Decrease in cash and cash equivalents	<u>(2,040,443,239)</u>	<u>(192,948,991)</u>
Cash and cash equivalents at the beginning of the period	<u>5,167,463,066</u>	<u>2,150,336,833</u>
Cash and cash equivalents at the end of the period	<u>3,127,019,827</u>	<u>1,957,387,842</u>

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

 <hr/> <b>Managing Director</b>	 <hr/> <b>Director</b>	 <hr/> <b>Director</b>	 <hr/> <b>Director</b>
---	--	---	--



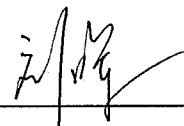

**PAK CHINA INVESTMENT COMPANY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2017**

	Share capital	Statutory reserve	Unappropriated profit	Total
	(Rupees)			
<b>Balance as at 01 January 2016</b>	9,116,400,000	854,266,780	3,414,776,247	13,385,443,027
Total comprehensive income for the period	-	-	288,787,257	288,787,257
Transfer to statutory reserve	-	57,757,451	(57,757,451)	-
<b>Balance as at 30 June 2016</b>	<b>9,116,400,000</b>	<b>912,024,231</b>	<b>3,645,806,053</b>	<b>13,674,230,284</b>
Profit for the period	-	-	326,342,134	326,342,134
Re-measurement gains on defined benefits plans	-	-	359,149	359,149
Total comprehensive income for the period	-	-	326,701,283	326,701,283
Transfer to statutory reserve	-	65,340,257	(65,340,257)	-
<b>Balance as at 31 December 2016</b>	<b>9,116,400,000</b>	<b>977,364,488</b>	<b>3,907,167,079</b>	<b>14,000,931,567</b>
Total comprehensive income for the period	-	-	366,985,018	366,985,018
Transfer to statutory reserve	-	73,397,004	(73,397,004)	-
<b>Balance as at 30 June 2017</b>	<b>9,116,400,000</b>	<b>1,050,761,492</b>	<b>4,200,755,093</b>	<b>14,367,916,585</b>

According to BPD Circular No. 15 dated 31 May 2004 issued by SBP, an amount not less than 20% of 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.

*Kpmg*

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

			
_____ Managing Director	_____ Director	_____ Director	_____ Director

**PAK CHINA INVESTMENT COMPANY LIMITED**  
**Notes to the Condensed Interim Financial Information (Un-audited)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2017**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

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 '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 (SECP), 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**

This condensed interim financial information has been prepared under historical cost convention except that certain investments are stated at fair values. Certain staff retirement benefits are carried at present value. This condensed interim financial information is presented in Pak Rupee which is the Bank's functional and presentation currency.

**3 STATEMENT OF COMPLIANCE**

**3.1** This condensed interim financial information of the Company has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', requirements of the Companies Ordinance, 1984 and directives issued by the SECP and SBP. In case requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives have been followed.

**3.2** The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated 12 May, 2004 and IAS 34 - "Interim Financial Reporting", and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company, for the year ended 31 December, 2016. Comparative balance sheet is extracted from annual financial statements as of 31 December, 2016 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are extracted from un-audited condensed interim financial information of the Company for the six months period ended 30 June 2016.

**3.3** 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.

**3.4** This condensed interim financial information is unaudited and is being submitted to the members of the Company as required under Section 237 of the Companies Act 2017, and the listing regulations of the Pakistan Stock Exchange. This condensed interim financial information has been reviewed, not audited and also include the profit and loss account for the quarter ended June 30, 2017 which was not subject to review.

The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year, including interim period, closes on or before June 30, 2017 shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

**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 December 31, 2016.

**5 ACCOUNTING ESTIMATES**

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 December 31, 2016.

**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 December 31, 2016.

*16/06/17*

## 7 INVESTMENTS

Note	30 June 2017 (Un-audited)			31 December 2016 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
	(Rupees)					
Available-for-sale securities						
Market treasury bills	11,093,390,020	3,750,954,280	14,844,344,300	4,469,297,000	-	4,469,297,000
Pakistan investment bonds	1,224,500,000	-	1,224,500,000	1,224,500,000	-	1,224,500,000
Ordinary shares of listed companies	90,744,062	-	90,744,062	90,744,062	-	90,744,062
Ordinary shares of unlisted company	-	-	-	250,000,000	-	250,000,000
Term finance certificates	903,972,987	-	903,972,987	935,653,513	-	935,653,513
Mutual funds	-	-	-	100,000,000	-	100,000,000
Sukuks	944,481,564	-	944,481,564	974,754,382	-	974,754,382
<b>Total Investments at cost</b>	<b>14,257,088,633</b>	<b>3,750,954,280</b>	<b>18,008,042,913</b>	<b>8,044,948,957</b>	<b>-</b>	<b>8,044,948,957</b>
Less : Provision for diminution in the value of investments	369,434,062	-	369,434,062	441,239,062	-	441,239,062
<b>Total Investments (net of provisions)</b>	<b>13,887,654,571</b>	<b>3,750,954,280</b>	<b>17,638,608,851</b>	<b>7,603,709,895</b>	<b>-</b>	<b>7,603,709,895</b>
Surplus on revaluation of available for sale investments	63,575,857	603,900	64,179,757	130,543,294	-	130,543,294
<b>Total investments after revaluation</b>	<b>13,951,230,428</b>	<b>3,751,558,180</b>	<b>17,702,788,608</b>	<b>7,734,253,189</b>	<b>-</b>	<b>7,734,253,189</b>
<b>Associated Companies</b>	<b>1,404,003,074</b>	<b>-</b>	<b>1,404,003,074</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>15,355,233,502</b>	<b>3,751,558,180</b>	<b>19,106,791,682</b>	<b>7,734,253,189</b>	<b>-</b>	<b>7,734,253,189</b>

7.1 This represents an investment in 11,832,836 ordinary shares of Rs. 10 each of Agritech Limited costing Rs. 364.149 million. The market value of these shares as at June 30, 2017 was Rs.106.258 million (31 December 2016: 150.040 million). The Company has recognized a cumulative impairment loss of Rs. 273.405 million against these shares, being the difference between the cost and market value of these shares.

7.2 Particulars of provision for diminution in the value of investments	30 June 2017	31 December 2016
	(Un-audited)	(Audited)
	(Rupees)	
Opening balance	441,239,062	369,434,062
Charge for the period	-	71,805,000
Reversal during the period	(71,805,000)	-
	<b>369,434,062</b>	<b>441,239,062</b>

7.3 With effect from 1 January 2017 and 8 March 2017, investment in Central Depository Company of Pakistan and Pakistan Stock Exchange Limited has been classified as an associated entities due to common directorship respectively. Therefore the investments in CDC and PSX have been recorded on the basis of equity method in accordance with the treatment specified under International Accounting Standard (IAS) 28 "Accounting for Investments in Associates".

KPMG 72



**30 June**  
**2017**  
**(Un-audited)**  
**Rupees**

**7.3.1 Investments in Associates**

Pakistan Stock Exchange Limited (PSX)	
40,073,830 shares of Rs. 28/- each (equity held: 5%)	1,122,067,240
Share of profit of current period	6,317,550
Share of other comprehensive income/(loss) of current period	(185,650)
Dividend income	<u>(4,007,383)</u>
	<u><u>1,124,191,757</u></u>
Central Depository Company of Pakistan Limited	
5,000,000 shares of Rs. 50/- each (equity held:5%)	250,000,000
Share of profit of current period	30,057,563
Share of other comprehensive income/(loss) of current period	(246,246)
	<u><u>279,811,317</u></u>

Pakistan Stock Exchange Limited and Central Depository Company of Pakistan Limited are associated with the Company due to common directorship. The Company has acquired ordinary shares of PSX and CDC on 6 March 2017 and 24 June 2016 respectively. Concurrently, company's directors were appointed on the Boards of PSX and CDC through directives of Securities and Exchange Commission of Pakistan and CDC dated 10 March 2017 and 27 December 2016 respectively.

Pakistan Stock Exchange is engaged in conducting, regulating and controlling the trade or business of buying, selling and dealing in shares, scripts, participation term certificates, mudarba certificates, stocks, bonds, debentures stock, government papers, loans and any other instruments and securities of like nature including but not limited to, special national fund bonds, bearer national fund bonds, foreign exchange bearer certificates and documents of similar nature, issued by the Government of Pakistan or any other agency authorized by the Government of Pakistan. Central depository Company of Pakistan Limited is principally engaged in to act as a depository of securities, open securities accounts and act as a registrar to issues of securities.

*Kamran*

	Note	30 June	31 December
		2017	2016
		(Un-audited)	(Audited)
		(Rupees)	
<b>8 ADVANCES</b>			
Loans, cash, credits, running finances, etc. In Pakistan Staff loans	8.1	8,100,706,871 38,091,661 8,138,798,532	6,509,659,327 35,866,924 6,545,526,251
Less : Provision against non-performing loans and advances			
Specific provision	8.2	313,163,564	383,163,564
General provision	8.2	155,764,137 468,927,701	122,543,186 505,706,750
<b>Advances (net of provisions)</b>		<b>7,669,870,831</b>	<b>6,039,819,501</b>

8.1 Advances include Rs.313.164 million (31 December 2016: Rs.383.164 million), placed under non-performing status as detailed below:

	Rupees				
	Domestic	Overseas	Total	Specific provision required	Specific provision held
(Rupees)					
<b>30 June 2017 (Un-audited)</b>					
Category of classification					
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
<b>31 December 2016 (Audited)</b>					
Category of classification					
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	383,163,564	-	383,163,564	383,163,564	383,163,564
	383,163,564	-	383,163,564	383,163,564	383,163,564

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

	30 June 2017 (Un-audited)			31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees)						
Opening balance	383,163,564	122,543,186	505,706,750	532,500,000	113,499,426	645,999,426
Charge for the period / year	-	33,220,951	33,220,951	663,564	9,043,760	9,707,324
Reversed for the period / year	(70,000,000)	-	(70,000,000)	(150,000,000)	-	(150,000,000)
	313,163,564	155,764,137	468,927,701	383,163,564	122,543,186	505,706,750

8.2.1 In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of any financial relief of Rs. 500,000 or above allowed to a person(s) during the period ended 30 June 2017 is given at Annexure I.

**9 OPERATING FIXED ASSETS**

	Note	30 June	31 December
		2017	2016
		(Un-audited)	(Audited)
		(Rupees)	
Opening written down value		177,302,573	183,466,497
Additions during the period		3,979,832	10,058,338
Write-off / disposed items		(922,036)	(540,374)
Depreciation / amortization		(5,980,244)	(16,222,262)
Depreciation on Write-off / disposed items		851,853	540,374
		<b>175,231,978</b>	<b>177,302,573</b>

**10 MOVEMENT IN DEFERRED TAX ASSET / (LIABILITIES)**

	30 June 2017 (Un-audited)			
	1 January 2017	Recognized in profit and loss account	Recognized in equity	30 June 2017
(Rupees)				
Difference between accounting book value and tax base of operating fixed assets	6,128,938	(8,264,946)	-	(2,136,008)
Unrealized exchange gain	(57,204,105)	(2,254,971)	-	(59,459,076)
Provision for staff retirements gratuity	2,461,709	(1,027,901)	-	1,433,808
Provision against non-performing advances	15,000,000	-	-	15,000,000
Provision for diminution in the value of investments	125,191,219	(14,361,000)	-	110,830,219
Impairment loss on investments	45,282,054	(7,180,500)	-	38,101,554
Surplus on revaluation of securities	(5,391,544)	-	(1,798,159)	(7,189,703)
Others	(199,060)	(4,546,889)	32,450	(4,713,509)
	<b>131,269,202</b>	<b>(37,636,207)</b>	<b>(1,765,709)</b>	<b>91,867,285</b>

*bpmg 21*

	31 December 2016 (Audited)			
	1 January 2016	Recognized in profit and loss account	Recognized in equity	31 December 2016
	(Rupees)			
Difference between accounting book value and tax base of operating fixed assets	4,754,905	1,374,033	-	6,128,938
Unrealized exchange gain	(110,005,931)	52,801,826	-	(57,204,105)
Provision for staff retirements gratuity	1,148,065	1,313,644	-	2,461,709
Provision against non-performing advances	15,000,000	-	-	15,000,000
Provision for diminution in the value of investments	110,830,219	14,361,000	-	125,191,219
Impairment loss on investments	37,683,668	7,598,386	-	45,282,054
Surplus on revaluation of securities	(53,805,899)	-	48,414,355	(5,391,544)
Others	-	(199,069)	-	(199,069)
	5,605,027	77,249,820	48,414,355	131,269,202
			30 June 2017	31 December 2016
			(Un-audited)	(Audited)
			(Rupees)	
<b>11 BORROWINGS</b>				
In Pakistan				
Secured				
Short-term				
Repurchase agreement borrowings			3,751,518,180	-
Other borrowings			7,782,267,219	-
Long-term				
Borrowing from SBP under financing facility for storage of agriculture products			16,442,117	24,663,175
Borrowing from SBP under renewable energy power projects			155,686,221	171,791,691
			11,705,913,737	196,454,866
Unsecured				
Short-term				
Call money borrowings from financial institutions			3,965,000,000	8,000,000,000
			15,670,913,737	8,196,454,866
			30 June 2017	31 December 2016
			(Un-audited)	(Audited)
			(Rupees)	
<b>12 RESERVES</b>				
Statutory Reserves			1,050,761,492	977,364,488
At the beginning of the year			977,364,488	854,266,780
Add : Transfer during the year			73,397,004	123,097,708
			1,050,761,492	977,364,488
<b>13 SURPLUS ON REVALUATION OF ASSETS - NET</b>				
Federal Government Securities			45,222,919	66,868,192
Shares of listed companies			15,514,805	59,296,298
Term Finance Certificates			3,442,033	3,931,804
Mutual Funds			-	447,000
			64,179,757	130,543,294
Deferred tax			(7,189,703)	(5,391,544)
Surplus on revaluation of assets - Net			56,990,054	125,151,750
			30 June 2017	31 December 2016
			(Un-audited)	(Audited)
			(Rupees)	
<b>14 CONTINGENCIES AND COMMITMENTS</b>				
Transaction related contingent liabilities			613,500,000	613,500,000
Letters of guarantees				
Trade related contingent liabilities				
Letters of credit			32,611,294	36,900,798

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. 1,164.084 million (2016: Rs.1,235.852 million).

*H. J. J. J.*

	Half year ended 30 June 2017 (Un-audited)	Half year ended 30 June 2016 (Un-audited)
	----- (Rupees) -----	
<b>15 MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances	279,004,704	234,268,833
On investments; - Available-for-sale	465,897,987	291,154,143
On deposits with banks	94,843,657	13,130,610
On Securities purchased under resale agreements	47,548,136	78,500
	<u>887,294,484</u>	<u>538,632,086</u>
<b>16 MARK-UP / RETURN / INTEREST EXPENSED</b>		
Interest expense on SBP Refinance	2,647,961	2,500,667
Interest expense on COI's	1,356,164	-
Interest expense on Clean Borrowings	422,921,871	45,842,445
Interest expense on Repo Borrowings	34,169,957	78,790,182
	<u>461,095,953</u>	<u>127,133,294</u>

**17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

	Half year ended 30 June 2017 (Un-audited)			
	Corporate finance	Trading and Others	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)	<u>555,094,354</u>	<u>161,026,422</u>	<u>(152,522,906)</u>	<u>563,597,870</u>

	Half year ended 30 June 2016 (Un-audited)			
	Corporate finance	Trading and sales	Others	Total
	----- (Rupees) -----			
Total income - gross	296,933,777	432,387,323	19,849,583	749,170,683
Total expenses	(26,320,046)	(124,632,627)	(142,500,945)	(293,453,618)
Net income / (loss)	<u>270,613,731</u>	<u>307,754,696</u>	<u>(122,651,362)</u>	<u>455,717,065</u>

	Half year ended 30 June 2017 (Un-audited)			
	Corporate finance	Trading and sales	Others	Total
	----- (Rupees) -----			
Segment Assets - Gross	11,635,170,629	19,290,474,094	313,532,098	31,239,176,821
Segment Non-Performing loans	682,597,626	-	-	682,597,626
Segment provision held including General provision	(838,361,763)	-	-	(838,361,763)
Segment Liabilities	<u>(286,797,464)</u>	<u>(15,665,586,346)</u>	<u>(23,524,609)</u>	<u>(15,975,908,419)</u>

	As at 31 December 2016 (Audited)			
	Corporate finance	Trading and sales	Others	Total
	----- (Rupees) -----			
Segment Assets - Gross	9,401,482,168	13,730,955,694	332,747,534	23,465,185,396
Segment Non-Performing loans	752,597,626	-	-	752,597,626
Segment provision held including General provision	(946,945,812)	-	-	(946,945,812)
Segment Liabilities	<u>(284,463,447)</u>	<u>(8,034,323,288)</u>	<u>(73,369,532)</u>	<u>(8,392,156,267)</u>

KPMG 71

## 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.

### On balance sheet financial instruments

	BOOK VALUE					FAIR VALUE					
	Available for sale	Held to maturity	Held for trading	Loans and receivables	Other financial assets	Total	Level 1	Level 2	Level 3	Securities not at fair value	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>30 June 2017</b>											
<b>Financial assets measured at fair value</b>											
<b>- Investments</b>											
Government Securities (T bills and PIBs)	16,068,844,300	-	-	-	-	16,068,844,300	-	16,114,067,219	-	-	16,114,067,219
Ordinary shares of listed companies	1,214,935,819	-	-	-	-	1,214,935,819	106,258,867	-	-	1,124,191,757	1,230,450,624
Debt securities (Unlisted TFCs)	903,972,987	-	-	-	-	903,972,987	428,242,233	-	-	109,738,725	537,980,958
Investment in mutual fund	-	-	-	-	-	-	-	-	-	-	-
Investment in sukus	944,481,564	-	-	-	-	944,481,564	-	-	-	944,481,564	944,481,564
Equity Securities (Unlisted Shares)	279,811,317	-	-	-	-	279,811,317	-	-	279,811,317	-	279,811,317
<b>Financial assets not measured at fair value</b>											
- Cash and bank balances with treasury banks	18.1	-	-	-	25,300,083	25,300,083	-	-	-	-	-
- Balances with other banks	18.1	-	-	-	3,101,719,744	3,101,719,744	-	-	-	-	-
- Lending to financial institutions	18.1	-	-	-	-	-	-	-	-	-	-
- Advances	18.1	-	-	7,669,870,831	-	7,669,870,831	-	-	-	-	-
- Other assets	18.1	-	-	230,033,455	-	230,033,455	-	-	-	-	-
<b>- Subsidiaries</b>											
Unlisted shares	-	-	-	-	-	-	-	-	-	-	-
<b>31 December 2016</b>											
<b>Financial assets measured at fair value</b>											
<b>- Investments</b>											
Government Securities (T bills and PIBs)	5,693,797,000	-	-	-	-	5,693,797,000	-	5,760,665,192	-	-	5,760,665,192
Ordinary shares of listed companies	90,744,062	-	-	-	-	90,744,062	150,040,360	-	-	-	150,040,360
Debt securities (Listed TFCs)	1,163,053,280	-	-	-	-	1,163,053,280	478,636,904	-	-	688,348,180	1,166,985,084
Investment in mutual fund	100,000,000	-	-	-	-	100,000,000	100,447,000	-	-	-	100,447,000
Investment in sukus	377,920,553	-	-	-	-	377,920,553	-	-	-	377,920,553	377,920,553
Equity security securities unlisted	178,195,000	-	-	-	-	178,195,000	-	-	178,195,000	-	178,195,000
<b>Financial assets not measured at fair value</b>											
- Cash and bank balances with treasury banks	18.1	-	-	-	2,080,940,035	2,080,940,035	-	-	-	-	-
- Balances with other banks	18.1	-	-	-	3,086,523,031	3,086,523,031	-	-	-	-	-
- Lending to financial institutions	18.1	-	-	-	2,647,918,347	2,647,918,347	-	-	-	-	-
- Advances	18.1	-	-	6,039,819,501	-	6,039,819,501	-	-	-	-	-
- Other assets	18.1	-	-	506,389,987	90,894,555	597,284,542	-	-	-	-	-
<b>- Subsidiaries</b>											
Unlisted shares	-	-	-	-	-	-	-	-	-	-	-

*KPMG PA*

## On balance sheet financial instruments (continued)

	BOOK VALUE			FAIR VALUE				
	Fair Value through Profit & Loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Securities not at fair value	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>30 June 2017</b>								
<b>Financial liabilities not measured at fair value</b>								
- Deposits	18.2	-	-	-	-	-	-	-
- Borrowings	18.2	15,670,913,737	-	15,670,913,737	-	-	-	-
- Other Liabilities	18.2	-	304,994,682	304,994,682	-	-	-	-
<hr/>								
<b>31 December 2016</b>								
<b>Financial liabilities not measured at fair value</b>								
- Deposits	18.2	-	-	-	-	-	-	-
- Borrowings	18.2	8,196,454,866	-	8,196,454,866	-	-	-	-
- Other Liabilities	18.2	-	195,701,401	195,701,401	-	-	-	-

## On balance sheet financial instruments

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).

- 18.1 The Company has not disclosed the fair value for these financial assets and liabilities, as these are for short term and are re-priced over short term. Therefore their carrying amounts are reasonable approximation of fair value.
- 18.2 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.
- 18.3 Currently no financial instruments are classified in level 3.

KPMG

**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, 2017						December 31, 2016					
	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</b>												
- Advances	-	-	243,750,000	6,658,058	-	-	-	-	264,631,510	15,601,718	-	-
- Investments	-	-	-	1,404,003,074	-	-	-	-	-	250,000,000	-	-
- Receivables/markup	-	-	8,352,878	-	-	-	-	-	2,996,309	-	-	-
- Payables/markup	-	-	164,400	-	4,779,360	-	-	-	164,400	-	8,205,695	-
<b>Transactions during the year ended</b>												
- Net mark-up / interest earned	-	-	-	19,454,132	-	-	-	-	-	6,588,864	-	-
- Net mark-up / interest received	-	-	3,583,245	19,454,132	-	-	-	-	26,572,056	6,588,864	-	-
- Dividend received	-	-	-	4,007,383	-	-	-	-	-	1,000,000	-	-
- Net mark-up / interest expensed	-	-	-	1,215,744	-	-	-	-	-	1,206,109	-	-
- Investments made	-	-	-	1,065,963,878	-	-	-	-	-	33,625,394,523	-	-
- Payments made on behalf of	-	-	-	38,872,939,252	-	-	-	-	-	33,625,394,523	-	-
- Payments received from	-	-	-	38,872,939,252	-	-	567,545	-	5,368,490	29,428,844,523	-	-
- Payment of rent expense to Saudi Pak	-	-	-	-	-	-	-	-	-	35,774,640	-	-
- Remuneration and allowances	35,366,007	344,583	-	-	-	-	80,014,491	3,830,790	-	-	-	-
- Payments to employees benefit plans	-	-	-	-	8,265,695	3,463,105	-	-	-	-	3,826,882	6,344,140
- Charge for the year relating to employees benefit plans	-	-	-	-	4,839,360	3,463,105	-	-	-	-	8,564,844	6,344,140
- Fee and commission income	-	-	1,500,000	305,200	-	-	-	-	6,500,000	532,134	-	-
- Fee and commission expensed	-	-	44,264,523	8,943,660	-	-	-	-	4,606,895	17,887,320	-	-
- Rent expensed	-	-	-	8,943,660	-	-	-	-	-	71,805,000	-	-
- Provision	-	-	-	(71,805,000)	-	-	-	-	-	-	-	-
- Share of profit from associated companies	-	-	-	36,375,113	-	-	-	-	-	-	-	-

**20 GENERAL**

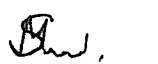
Figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income, for the quarters ended 30 June 2017 and 30 June 2016 have not been subjected to limited scope review by the auditors.

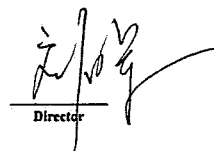
**21 DATE OF AUTHORISATION**


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

25 AUG 2017

  
Managing Director

  
Director

  
Director

  
Director

## Annexure I

Statement in terms of sub-section 33-A of the Banking Companies Ordinance,  
1962 in respect of written off loans or any other financial reliefs of Rs. 500,000  
or above allowed to a persons(s) during the period ended June 30, 2017

Name & Address of the borrower	Name o Individual / Partners/ Directors (with NIC/CNIC)	Fathers' / Husband Name	Outstanding Principal	Liabilities at Markup	The Beginning of Other	The Year Total	Principal Written Off	Markup Waived	Other Financial Reilef Principal	Total
Maymar Holding (Private) Limited	Abdul Rashid 42201-4954977-9	Hashim Muhammad Shamim	-	50,556,302	-	50,556,302	-	20,556,302	-	20,556,302
	Zubair Ahmed Khan 42101-1232074-5	Kabir Ahmed Khan								
	Muhammad Zafar 42201-0465645-3	Muhammad Rafiq Ahmed								
	Abdul Rehman 42201-0258222-9	Abdul Rashid								
	Faisal 42301-0800381-7	Ghulam								
	Rukhsana Abdul Rashid 42201-2453376-4	Wife of Abdul Rashid								
			-	50,556,302	-	50,556,302	-	20,556,302	-	20,556,302