



Condensed Interim Financial Statements

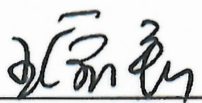

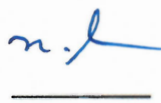

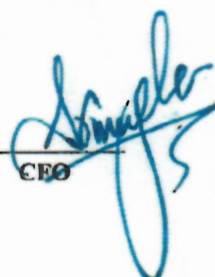
For the quarter ended 31 March 2019

PAK CHINA INVESTMENT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
ASSETS			
Cash and balances with treasury banks	6	22,298,122	62,586,073
Balances with other banks	7	2,526,457,277	1,553,209,315
Lendings to financial institutions	8	759,791,225	-
Investments	9	5,184,444,953	9,976,198,978
Advances	10	6,905,813,123	7,620,187,771
Fixed assets	11	314,893,515	187,345,540
Intangible assets	12	189,226	239,762
Deferred tax assets	13	48,019,815	36,897,187
Other assets	14	389,156,346	325,569,633
		16,151,063,602	19,762,234,259
LIABILITIES			
Bills payable		-	-
Borrowings	15	323,475,281	4,180,682,821
Deposits and other accounts		-	-
Liabilities against assets subject to finance lease	16	105,808,301	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	223,099,866	220,251,158
		652,383,448	4,400,933,979
NET ASSETS		15,498,680,154	15,361,300,280
REPRESENTED BY			
Share capital		9,116,400,000	9,116,400,000
Reserves		1,270,371,460	1,232,830,002
Surplus on revaluation of assets	18	32,713,732	83,041,146
Unappropriated profit		5,079,194,962	4,929,029,132
		15,498,680,154	15,361,300,280

CONTINGENCIES AND COMMITMENTS 19

The annexed notes 1 to 36 form an integral part of these financial statements.

				
CHAIRMAN	MANAGING DIRECTOR	DIRECTOR	DIRECTOR	DIRECTOR

PAK CHINA INVESTMENT COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2019

		For the Quarter ended	
	Note	31 March 2019	31 March 2018
<hr/> <div>Rupees</div> <hr/>			
Mark-up/ return/ interest earned	20	393,874,543	295,762,688
Mark-up/ return/ interest expensed	21	(30,728,847)	(75,529,188)
Net mark-up/ interest income		363,145,696	220,233,500
NON MARK-UP/INTEREST INCOME			
Fee and commission income	22	13,647,485	4,374,336
Dividend income		-	-
Foreign exchange income		17,278,674	51,305,795
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	23	506,000	(175,155)
Other income	24	7,265,189	3,632,955
Total non-markup/ interest income		38,697,348	59,137,931
Share in profit of associated companies		8,795,423	-
Total income		410,638,467	279,371,431
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	25	104,729,830	76,965,415
Workers welfare fund		-	-
Other charges		-	-
Total non-markup/interest expenses		104,729,830	76,965,415
Profit before provisions		305,908,637	202,406,016
Provisions and write offs - net	26	27,460,082	(6,450,567)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		278,448,555	208,856,583
Taxation	27	90,649,756	52,229,387
PROFIT AFTER TAXATION		187,798,799	156,627,196
Basic and diluted earnings per share	28	0.21	0.17

The annexed notes 1 to 36 form an integral part of these financial statements.

CHAIRMAN

MANAGING DIRECTOR

DIRECTOR

DIRECTOR

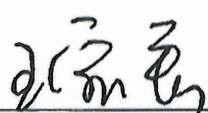
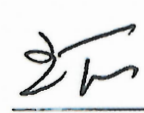
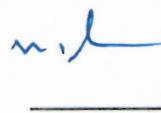
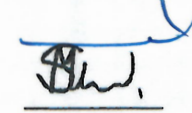
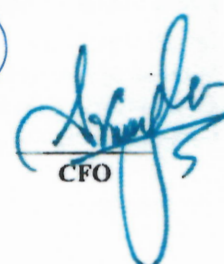
DIRECTOR

CFO

PAK CHINA INVESTMENT COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2019

	For the Quarter ended	
	31 March 2019	31 March 2018
	----- (Rupees) -----	
Profit after taxation for the period	187,798,799	156,627,196
Items that will not be reclassified to profit and loss account in subsequent periods:		
Re-measurement loss on defined benefit plan - net of tax	-	-
Share of other Comprehensive profit /(loss) from Associate	(107,661)	-
Related tax	16,150	-
	(91,511)	-
	187,707,288	156,627,196
Items that may be reclassified to profit and loss account in subsequent periods:		
Net change in fair value of available-for-sale securities - net of tax	(50,327,414)	42,333,650
Company's share of equity accounted investees' OCI:		
Available-For-Sale securities financial assets - Net change in fair value	-	-
	(50,327,414)	42,333,650
Total comprehensive income	137,379,874	198,960,846

The annexed notes 1 to 36 form an integral part of these financial statements.

				
CHAIRMAN	MANAGING DIRECTOR	DIRECTOR	DIRECTOR	DIRECTOR
				CFO

PAK CHINA INVESTMENT COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2019

	Share capital	Statutory reserve	Surplus on revaluation of assets	Unappropriated profit	Total
	(Rupees)				
Balance as at 01 January 2018	9,116,400,000	1,110,843,079	245,740	4,441,081,441	14,668,570,260
Profit after taxation (31 March 2018)	-	-	-	156,627,196	156,627,196
Other comprehensive income	-	-	42,333,650	-	42,333,650
Total comprehensive income	-	-	42,333,650	156,627,196	198,960,846
Transfer to statutory reserve	-	31,325,439	-	(31,325,439)	-
Opening Balance as at 01 April 2018	9,116,400,000	1,142,168,518	42,579,390	4,566,383,198	14,867,531,106
Profit after taxation (31 December 2018)	-	-	-	462,192,947	462,192,947
Other comprehensive income	-	-	40,461,756	(8,885,529)	31,576,227
Total comprehensive income	-	-	40,461,756	453,307,418	493,769,174
Transfer to statutory reserve	-	90,661,484	-	(90,661,484)	-
Opening Balance as at 01 January 2019	9,116,400,000	1,232,830,002	83,041,146	4,929,029,132	15,361,300,280
Profit after taxation	-	-	-	187,798,799	187,798,799
Other comprehensive income	-	-	(50,327,414)	(91,511)	(50,418,925)
Total comprehensive income	-	-	(50,327,414)	187,707,288	137,379,874
Transfer to statutory reserve	-	37,541,458	-	(37,541,458)	-
Balance as at 31 March 2019	9,116,400,000	1,270,371,460	32,713,732	5,079,194,962	15,498,680,154

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 the paid-up capital of the Company, and after that a sum not less than 5% of the profit after tax shall be credited to the said reserve.

The annexed notes 1 to 36 form an integral part of these financial statements.

CHAIRMAN

MANAGING DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

CFO

PAK CHINA INVESTMENT COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2019

		For the Quarter ended	
		31 March 2019	31 March 2018
Note		-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES			
		278,448,555	208,856,583
		(8,795,423)	-
		<u>269,653,132</u>	<u>208,856,583</u>
Adjustments for:			
	25	8,056,272	2,056,420
	25	50,536	75,484
		4,322,310	3,094,840
		23,555,246	(6,450,567)
		3,904,836	-
		(4,400,000)	(980,000)
		(17,278,674)	(51,305,795)
		<u>18,210,526</u>	<u>(53,509,618)</u>
		<u>287,863,658</u>	<u>155,346,965</u>
(Increase)/ Decrease in operating assets			
		(759,791,225)	-
		690,819,402	323,629,796
		(103,694,796)	(66,735,532)
		<u>(172,666,619)</u>	<u>256,894,264</u>
Increase/ (decrease) in operating liabilities			
		(3,857,207,540)	(2,516,321,919)
		105,808,301	-
		(7,896,230)	(21,891,575)
		<u>(3,759,295,469)</u>	<u>(2,538,213,494)</u>
		(852,795)	(144,000)
		(45,637,593)	(65,190,922)
		<u>(3,690,588,818)</u>	<u>(2,191,307,187)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
		4,737,474,400	1,190,802,192
		(135,619,405)	(765,765)
		4,415,160	980,000
		<u>4,606,270,155</u>	<u>1,191,016,427</u>
CASH FLOW FROM FINANCING ACTIVITIES			
		17,278,674	51,305,795
		<u>932,960,011</u>	<u>(948,984,965)</u>
		1,615,795,388	2,195,474,528
	29	<u>2,548,755,399</u>	<u>1,246,489,563</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

CHAIRMAN

MANAGING DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

CFO

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

1 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 Ministry of Finance, respectively. The main objective of the Company is to invest in the financial sector and infrastructure projects.

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

2 BASIS OF PRESENTATION

These financial statements have been presented in accordance with the format prescribed by SBP's BPRD Circular letter No. 5 dated 22 March 2019.

2.1 STATEMENT OF COMPLIANCE

2.2 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) and Islamic Financial accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 provisions of and directives issued under the Banking Companies Ordinance, 1962, the companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

2.3 The condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning after 2019:

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended 31 December 2018 except for changes as indicated below.

In the current year, the Company, for the first time, has applied IFRS 16 Leases .

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. Details of these new requirements are described in Note 4. The impact of the adoption of IFRS 16 on the Company's condensed interim financial statements is described below.

The date of initial application of IFRS 16 for the Company is 01 January 2019. The Company has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative information.

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 01 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 01 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an assessment that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Company.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises right to use assets & corresponding finance lease liability with respect to all lease arrangements in which it the lessee, except for short term leases (defined as leases with lease term of 12 month or less) and leases of low value assets. For these leases the Company recognises the lease payments as an operating expense on straight line basis over term of lease unless another systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted at incremental borrowing rate.

Lease payments included in the measurement of lease liability comprise:

- Fixed lease payments (including in substance fixed payments), less any lease incentives;
- Variable lease payments that depends on index or rate, initially measure using the index or rate at commencement date;
- The amount expected to be paid by lessee under residual value guarantee;
- The exercise price of purchase options , if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- The lease liability is presented as a separate line in the condensed interim statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payment made.
- the company remeasures the lease liability (and makes corresponding adjustments to the related right -of-use asset) whenever;
- the lease term has changed or there is a change in the assessment of exercise of purchase option , in which case the lease liability is remeasured using revised lease payments and revised discount rate.
- The lease payments change due to changes in an index or rate or change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which cases revised rate is used).
- a lease contract is modified and ease modification is not accounted for as separate lease , in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rates.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a part of Fixed assets in the condensed interim statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Impact on Lessee Accounting

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- recognises right-of-use assets and lease liabilities in the condensed interim statement of financial position, initially measured at the present value of future lease payments;
- recognises depreciation on right-of-use assets and interest on lease liabilities in the profit and loss account; and
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within operating expenses in the profit and loss account.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current period.

Impact on profit for the period

	For the quarter 31 March 2019 Rupees
Increase in depreciation expense	5,815,205
Increase in finance costs	2,120,346
Decrease in operating expenses	(6,143,550)
Decrease in profit for the period	<u>(1,792,001)</u>
Increase / (Decrease) in other comprehensive income for the year	<u>-</u>

Impact on earnings per share

Decrease in basic & diluted earnings per share (Re.)	(0.002)
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Impact on Assets, Liabilities and Equity as at 31 March 2019

	As if IAS 17 still applied	IFRS 16 adjustments	As presented
Right of use asset (property and equipment)	-	128,243,580	128,243,580
Other Assets (prepayments)	24,227,280	(24,227,280)	-
Net impact on total assets		<u>104,016,300</u>	
Lease liabilities	-	105,808,301	105,808,301
Net impact on total liabilities	-	105,808,301	22,435,279
Retained earnings	-	-	-
Total impact on total liabilities and equity		105,808,301	

The application of IFRS 16 has an impact on the condensed interim statement of cash flows of the Company.

Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (The Company has included these payments as part of payments to suppliers and employees)

Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (The Company has opted to include the interest paid as part of operating activities); and

Cash payments for the principal portion for leases liability, as part of financing activities.

The adoption of IFRS 16 did not have an impact on net cash flows.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

4 Critical accounting estimates and judgments

The basis for accounting estimates adopted in the preparation of this condensed interim financial information is the same as that applied in the preparation of the financial statements for the year ended 31 December 2018.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements for the year ended 31 December 2018.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
6 CASH AND BALANCES WITH TREASURY BANKS		-----Rupees-----	
In hand			
Local currency		33,009	30,880
With State Bank of Pakistan in			
Local currency current account	6.1	17,432,845	61,128,823
With National Bank of Pakistan in			
Local currency current account		4,832,268	1,426,370
		<u>22,298,122</u>	<u>62,586,073</u>

6.1 This mainly represents the minimum cash reserve required to be maintained with SBP, in accordance with the requirements of DMMD Circular No. 21 dated 5 October 2012.

		31 March 2019	31 December 2018
7 BALANCES WITH OTHER BANKS		-----Rupees-----	
In Pakistan			
In deposit account - Local Currency	7.1	1,012,413,503	56,444,160
In deposit account - Foreign Currency	7.2	1,514,043,774	1,496,765,155
		<u>2,526,457,277</u>	<u>1,553,209,315</u>

7.1 These carry interest at rates ranging from 8.25 % to 8.28% (2018 : 2.4 % to 8 %) per annum. This also includes Term Deposit Receipt amounting to Rs.1 billion with Industrial and Commercial Bank of China Ltd. at interest rate of 10.55% per annum for one month and will mature on 01 April 2019.

7.2 This represents a foreign currency term deposit carrying mark-up at a rate of 7.55% per annum, and will mature on 28 June 2019.

		31 March 2019	31 December 2018
8 LENDINGS TO FINANCIAL INSTITUTIONS		-----Rupees-----	
Repurchase agreement lending (Reverse Repo)		759,791,225	-
		<u>759,791,225</u>	<u>-</u>

8.1 This is secured against underlying Government securities and carries mark-up at a rate of 9.75% per annum and will mature on 01 April 2019.

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

9 INVESTMENTS

9.1 Investments by type

	(Un-audited) 31 March 2019				(Audited) 31 December 2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	-----Rupees-----				-----Rupees-----			
Available-for-sale securities								
Federal Government Securities	1,135,347,600	-	22,420,763	1,157,768,363	5,872,787,000	-	75,803,375	5,948,590,375
Shares	50,881,178	-	-	50,881,178	54,786,014	-	828,298	55,614,312
Non Government Debt Securities	3,053,522,042	(369,434,062)	16,217,037	2,700,305,017	3,053,557,042	(369,434,062)	21,068,678	2,705,191,658
	4,239,750,820	(369,434,062)	38,637,800	3,908,954,558	8,981,130,056	(369,434,062)	97,700,351	8,709,396,345
Associates	1,275,490,395	-	-	1,275,490,395	1,266,802,633	-	-	1,266,802,633
Total Investments	5,515,241,215	(369,434,062)	38,637,800	5,184,444,953	10,247,932,689	(369,434,062)	97,700,351	9,976,198,978

9.1.1 Investments given as collateral

	(Un-audited) 31 March 2019	(Audited) 31 December 2018
	-----Rupees-----	
Market Treasury Bills	-	2,814,011,200

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

Charge / (Reversal) for the period

Closing Balance

369,434,062	369,434,062
-	-
369,434,062	369,434,062

9.2.2 Particulars of provision against debt securities

Category of classification

Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

Total

(Un-audited) 31 March 2019		(Audited) 31 December 2018	
-----Rupees-----			
NPI	Provision	NPI	Provision
-	-	-	-
-	-	-	-
-	-	-	-
369,434,062	369,434,062	369,434,062	369,434,062
369,434,062	369,434,062	369,434,062	369,434,062

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10 ADVANCES

	(Un-audited) Performing	(Audited) 31 December 2018	(Un-audited) Non Performing	(Audited) 31 December 2018	(Un-audited) Total	(Audited) 31 December 2018
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	-----Rupees-----					
Loans, cash credits, running finances, etc.	6,309,666,689	6,963,590,249	789,163,564	815,163,564	7,098,830,253	7,778,753,813
Islamic Financing and related assets	373,843,373	384,739,215	-	-	373,843,373	384,739,215
Advances - gross	6,683,510,062	7,348,329,464	789,163,564	815,163,564	7,472,673,626	8,163,493,028
Provision against advances						
- Specific	-	-	434,672,952	397,439,324	434,672,952	397,439,324
- General	132,187,551	145,865,933	-	-	132,187,551	145,865,933
	132,187,551	145,865,933	434,672,952	397,439,324	566,860,503	543,305,257
Advances - net of provision	6,551,322,511	7,202,463,531	354,490,612	417,724,240	6,905,813,123	7,620,187,771

10.1 Particulars of advances (Gross)

In local currency

	(Un-audited) 31 March 2019	(Audited) 31 December 2018
	-----Rupees-----	
	7,472,673,626	8,163,493,028
	7,472,673,626	8,163,493,028

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10.2 Advances include Rs.789.164 million (2018: Rs.815.464 million) which have been placed under non-performing status as detailed below:-

Category of Classification	(Un-audited) 31 March 2019		(Audited) 31 December 2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	-----Rupees-----			
Domestic				
Substandard	-	-	190,000,000	47,500,000
Doubtful	502,000,000	147,509,388	312,000,000	36,775,760
Loss	287,163,564	287,163,564	313,163,564	313,163,564
	<u>789,163,564</u>	<u>434,672,952</u>	<u>815,163,564</u>	<u>397,439,324</u>

10.3 Particulars of provision against advances

	31 March 2019			31 December 2018		
	Specific	General (Note 10.3.1)	Total	Specific	General	Total
	-----Rupees-----					
Opening balance	397,439,324	145,865,933	543,305,257	313,163,564	160,480,893	473,644,457
Charge for the year	63,233,628	-	63,233,628	84,275,760	-	84,275,760
Reversals	(26,000,000)	(13,678,382)	(39,678,382)	-	(14,614,960)	(14,614,960)
	37,233,628	(13,678,382)	23,555,246	84,275,760	(14,614,960)	69,660,800
Closing balance	<u>434,672,952</u>	<u>132,187,551</u>	<u>566,860,503</u>	<u>397,439,324</u>	<u>145,865,933</u>	<u>543,305,257</u>

10.3.1 General Provision is maintained at the rate of 2% of performing portfolio of advances.

10.3.2 Details and impact of Forced Sale Value (FSV) benefit

The net FSV benefit already availed during the period has reduced by Rs. 15.5 million (2018: availed Rs. 119.2 million), which has resulted in increased charge for the period by the same amount. Had the FSV benefit not reduced, before and after tax profit would have been higher by Rs. 15.5 million (2018: Lower by Rs. 119.2 million) and Rs. 11.2 million (2018: Lower by Rs. 74.66 million) respectively. Unappropriated profit to that extent is not available for distribution by way of cash or stock dividend.

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		31 March 2019 (Un-audited)	31 December 2018 (Audited)
		-----Rupees-----	
11	FIXED ASSETS		
	Capital work-in-progress	4,500,000	4,500,000
	Property and equipment	310,393,515	182,845,540
		<u>314,893,515</u>	<u>187,345,540</u>
11.1	Capital work-in-progress		
	Advances to suppliers	4,500,000	4,500,000
		<u>4,500,000</u>	<u>4,500,000</u>

		For the quarter ended	
		31 March 2019	31 March 2018
		-----Rupees-----	
11.2	Additions to fixed assets		
	The following additions have been made to fixed assets during the period:		
	Right of use assets (leased buidings)	134,058,785	-
	Furniture and fixture	866,500	-
	Electrical office and computer equipment	694,120	765,765
		<u>135,619,405</u>	<u>765,765</u>
	Total	<u>135,619,405</u>	<u>765,765</u>

		31 March 2019 (Un-audited)	31 December 2018 (Audited)
		-----Rupees-----	
12	INTANGIBLE ASSETS		
	Computer Software	<u>189,226</u>	<u>239,762</u>

13	DEFERRED TAX ASSETS		
	Deductible Temporary Differences on		
	- Post retirement employee benefits	6,805,095	5,833,630
	- Provision for diminution in the value of available-for-sale investments	103,441,538	103,441,537
	- Provision against advances, off balance sheet etc.	45,310,975	38,715,507
	- Liabilities against assets subject to finance lease	29,626,324	-
	- Impairment loss on available for sale investments	69,684,529	68,591,175
		<u>254,868,461</u>	<u>216,581,849</u>
	Taxable Temporary Differences on		
	- Surplus on revaluation of investments	(5,795,670)	(14,530,808)
	- Accrued Interest on Market Treasury Bills	(258,300)	(7,121,550)
	- Share of profit of associated companies	(9,338,960)	(8,035,797)
	- Unrealized exchange gain	(159,954,804)	(155,116,775)
	- Accelerated tax depreciation	(31,500,912)	5,120,268
		<u>(206,848,646)</u>	<u>(179,684,662)</u>
		<u>48,019,815</u>	<u>36,897,187</u>

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	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
14 OTHER ASSETS		-----Rupees-----	
Income / mark-up accrued in local currency		300,479,258	217,170,834
Income / mark-up accrued in foreign currency		28,689,685	313,905
Advances, deposits, advance rent and other prepayments		19,794,955	43,361,810
Receivable against consultancy services		3,000,000	4,172,474
Advance against shares		36,000,000	11,000,000
Advance taxation (payments less provisions)		722,299	48,105,802
Receivable from provident fund		155,659	1,349,047
Others		314,490	95,761
		<u>389,156,346</u>	<u>325,569,633</u>
15 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Renewable Energy Power Projects	15.1	<u>123,475,281</u>	<u>123,475,281</u>
		123,475,281	123,475,281
Repurchase agreement borrowings		-	2,813,207,540
Other borrowings	15.2	<u>200,000,000</u>	<u>200,000,000</u>
Total secured		<u>323,475,281</u>	<u>3,136,682,821</u>
Unsecured			
Call money borrowing from financial institutions		-	1,044,000,000
Total unsecured		-	1,044,000,000
		<u>323,475,281</u>	<u>4,180,682,821</u>
15.1	This represents SBP Refinance Facility under Finance Scheme for Renewable Energy Power Projects (REPP) for developing and encouraging the private sector participation in small renewable energy power projects. The loan availed under the said scheme shall be payable in a maximum of 10 years with an inclusive grace period of maximum of 2 years at a concessional SBP service rate of 2.00%.		
15.2	This represents first draw down from Term Loan Facility of Rs. 2 billion from a commercial bank payable in maximum of 4 years with an inclusive grace period of maximum of 2 years. Markup payable is on quarterly basis at the rate of 3MK + 0.15% p.a. The bank has first pari passu charge over all present and future loans, advances (including leases), investments and book debts / receivables of the Company for Rs. 2,667 million inclusive of 25% margin.		

16 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	31 March 2019			31 December 2018		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	-----Rupees-----			-----Rupees-----		
Not later than one year	57,754,818	8,809,628	48,945,190	-	-	-
Later than one year and upto five year	62,525,301	5,662,190	56,863,111	-	-	-
Over five years	-	-	-	-	-	-
	<u>120,280,119</u>	<u>14,471,818</u>	<u>105,808,301</u>	<u>-</u>	<u>-</u>	<u>-</u>

The incremental borrowing rate used for measuring the lease liability is 10.70% per annum as allowed under IFRS 16.

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		31 March 2019 (Un-audited)	31 December 2018 (Audited)
17 OTHER LIABILITIES	Note	-----Rupees-----	
Mark-up / return / interest payable in local currency		176,011,252	164,566,067
Accrued expenses		12,915,879	31,847,425
Unearned commission / fee		2,864,925	-
Withholding tax / sales tax payable		6,260,414	987,089
Payable to defined benefit plan		24,303,911	20,834,393
Payable to Employees Old Age Benefit Institution		-	29,640
Others		743,485	1,986,544
		<u>223,099,866</u>	<u>220,251,158</u>
18 SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of			
- Available for sale securities	9.1	38,637,800	97,700,351
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(5,795,670)	(14,530,807)
		<u>32,842,130</u>	<u>83,169,544</u>
Company's share of equity-accounted investees' OCI:			
- Change in fair value of available-for-sale financial assets - net of tax		(128,398)	(128,398)
		<u>32,713,732</u>	<u>83,041,146</u>
19 CONTINGENCIES AND COMMITMENTS			
Gaurantees	19.1	819,100,000	816,765,400
Commitments	19.2	723,469,903	2,872,062,860
		<u>1,542,569,903</u>	<u>3,688,828,260</u>
19.1 Gaurantees			
Financial gaurantees		<u>819,100,000</u>	<u>816,765,400</u>
19.2 Commitments			
Documentary credits and short term trade related transactions			
Letters of credit		-	14,563,142
Underwriting		200,000,000	-
Commitments in respect of forward government securities transactions - Purchase		-	2,814,011,200
Commitments in respect of forward lending - Forward call lending	19.2.1	521,969,903	41,988,518
Commitment for acquisition of intangible assets		1,500,000	1,500,000
		<u>723,469,903</u>	<u>2,872,062,860</u>
19.2.1 Commitments to extend credits			

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 balance sheet date, however, the Company's outstanding irrevocable commitments amounts to Rs. 521.97 million (2018: Rs. 41.99 million)

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	Note	For the Quarter ended	
		31 March 2019	31 March 2018
		-----Rupees-----	
20 MARK-UP/RETURN/INTEREST EARNED			
On loans and advances		201,753,910	141,191,692
On Investments		121,252,934	138,341,367
On balances with banks		37,819,416	11,630,717
On securities purchased under resale agreement		33,048,283	4,598,912
		<u>393,874,543</u>	<u>295,762,688</u>
21 MARK-UP/RETURN/INTEREST EXPENSED			
On borrowings		27,057,866	20,235,730
On securities sold under repurchase agreements		1,550,635	55,293,458
On liabilities against assets subject to finance lease		2,120,346	-
		<u>30,728,847</u>	<u>75,529,188</u>
22 FEE & COMMISSION INCOME			
Credit related fee		9,157,060	272,936
Commission on letter of credits		625,500	-
Commission on guarantees		1,000,000	495,000
Investment banking fees		2,864,925	3,606,400
		<u>13,647,485</u>	<u>4,374,336</u>
23 GAIN ON SECURITIES			
Realised	23.1	<u>506,000</u>	<u>(175,155)</u>
23.1 Realised gain on:			
Federal Government Securities		506,000	(176,009)
Non Government Debt Securities		-	854
		<u>506,000</u>	<u>(175,155)</u>
24 OTHER INCOME			
Rent on property		2,865,189	2,652,955
Gain on sale of fixed assets-net		4,400,000	980,000
		<u>7,265,189</u>	<u>3,632,955</u>
25 OPERATING EXPENSES			
Total Compensation expenses		68,413,352	52,101,153
Property expense			
Rent and taxes		5,160,189	7,134,225
Insurance		86,398	88,120
Utilities cost		1,268,536	1,409,212
Security		728,132	932,024
Repair and maintenance		567,794	296,820
Depreciation		6,214,718	402,389
		<u>14,025,767</u>	<u>10,262,790</u>

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Note	For the Quarter ended	
	31 March 2019	31 March 2018
	-----Rupees-----	
Information technology expenses		
Software maintenance	252,437	231,106
Amortisation	50,536	75,484
Network charges	135,000	90,000
	437,973	396,590
Other operating expenses		
Directors' fees and allowances	920,040	373,100
Legal and professional charges	2,253,195	255,445
Outsourced services costs	1,430,600	1,372,453
Travelling and conveyance	5,590,627	4,202,348
Insurance	1,341,125	496,104
Repair and maintenance	2,557,846	91,399
Depreciation	1,841,554	1,654,033
Training and development	215,440	400,720
Utilities	255,472	124,395
Communication	878,188	1,154,887
Stationery and printing	1,852,799	1,117,440
Marketing, advertisement and publicity	727,390	1,047,327
Auditors remuneration	402,498	375,000
Bank charges	64,603	164,538
Entertainment	908,120	559,853
Miscellaneous	613,241	815,840
	21,852,738	14,204,882
	<u>104,729,830</u>	<u>76,965,415</u>

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		For the Quarter ended	
		31 March 2019	31 March 2018
		-----Rupees-----	
26	PROVISIONS AND WRITE OFFS - NET		
	Provisions against loans & advances	10.3 23,555,246	(6,450,567)
	Impairment loss on shares	3,904,836	-
		<u>27,460,082</u>	<u>(6,450,567)</u>
27	TAXATION		
	For the Year		
	Current	93,021,096	37,611,172
	Deferred	(2,371,340)	14,618,215
		<u>90,649,756</u>	<u>52,229,387</u>

27.1 Tax status

27.1.1 For the Tax Year 2011, a tax demand of Rs. 109.219 million was raised by Assistant Commissioner Inland Revenue (the "ACIR") by disallowing provision for bad debts, provision against non-performing loan and advances, credit for an installment of advance tax and Worker's Welfare Fund. Subsequently, the assessment was rectified. The Company had paid Rs. 15.109 million under protest and preferred an appeal before CIR(A). The CIR (A) decided the appeal in the favor of the Company and the tax deposited under protest returned to refund. The instant refund was adjusted against tax demand for tax year 2014. However, the department has filed an appeal before ATIR against appellate order of CIR(A). The hearing of this appeal is yet to be fixed by ATIR.

27.1.2 For the Tax Year 2013, a tax demand of Rs. 95.01 million was raised by the Taxation Officer by disallowing provision for non performing loans, profit on debt, other provisions and charging Workers Welfare Fund. The CIR (A) upheld the orders of the assessing officer. The Company filed appeal before ATIR against the order of CIR (A) and ATIR upheld the contentions of the appellate orders of the CIR (A). Returned refund of Rs. 15 million pertaining to tax year 2011 was adjusted against the instant demand and PCICL paid balance amount of Rs. 49 million under protest. The Company filed writ petition before High Court, which is yet to be fixed for hearing.

27.1.3 For the Tax Year 2014 and 2015, assessment was amended by the ACIR in terms of Section 122 of the Ordinance, creating an aggregate tax demand amounting PKR 128 million on Provsions, Apporrthionment, super tax and default surcharge. PCICL submitted appeal before the CIR(A) on the amended assessment order which has been disposed of in favor of tax department. Later PCICL attained stay form tax department and upon the expiry of stay, payment of Rs. 38.5 million was made to tax department as a cumulative payment for all the pending issues pertaining to tax year 2014 and 2015. PCICL pleaded for further stay and a stay of 40 days was extended by ATIR. PCICL filed writ petition for interim relief before High court. The High Court has granted the stay recovery for outstanding demand and also restrained the tax department to take extreme measures. However, the main appeal is pending for fixation by ATIR and the order is expected to be partially in favor of PCICL.

27.1.4 For the Tax Year 2016, a tax demand of Rs. 82.54 million has been raised by the Taxation Officer mainly by disallowing provision against non-performing loans, suspended markup, disallowance of expenses attributable to capital gain, contending short payment of super tax and claim of tax credit. The CIR(A) has disposed of the appeal and major portion of the demand has been confirmed while disallowance of the tax credits is remanded back. Therefore, an appeal effect order from the assessing officer is awaited.

27.1.5 On the basis of opinion of its tax advisor and appellate history, the Company's management is confident of a favorable resolution of these matters and hence no provision has been made in these financial statements.

28 BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period - Rupees	<u>187,798,799</u>	<u>156,627,196</u>
Weighted average number of ordinary shares - Numbers	<u>911,640,000</u>	<u>911,640,000</u>
Basic earnings per share - Re	<u>0.21</u>	<u>0.17</u>

29 CASH AND CASH EQUIVALENTS

Cash and balance with treasury banks	22,298,122	30,480,524
Balance with other banks	<u>2,526,457,277</u>	<u>1,216,009,039</u>
	<u>2,548,755,399</u>	<u>1,246,489,563</u>

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30 FAIR VALUE MEASUREMENTS

The fair value of quoted securities is based on quoted market price. 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, cash & bank balances 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.

30.1 Fair value of financial assets

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 assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

30.2 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Quarter Ended 31 March 2019					
	Carrying value	Level 1	Level 2	Level 3	Total
-----Rupees-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	1,157,768,363	-	1,157,768,363	-	1,157,768,363
Shares	50,881,178	50,881,178	-	-	50,881,178
Non-Government Debt Securities	1,152,132,037	261,165,000	890,967,037	-	1,152,132,037
	2,360,781,578	312,046,178	2,048,735,400	-	2,360,781,578
Financial assets - disclosed but not measured at fair value					
Investments	1,917,607,042	-	-	-	-
	4,278,388,620	312,046,178	2,048,735,400	-	2,360,781,578

As of 31 December 2018					
	Carrying value	Level 1	Level 2	Level 3	Total
-----Rupees-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	5,948,590,375	-	5,948,590,375	-	5,948,590,375
Shares	55,614,312	55,614,312	-	-	55,614,312
Non-Government Debt Securities	1,157,018,678	261,165,000	895,853,678	-	1,157,018,678
	7,161,223,365	316,779,312	6,844,444,053	-	7,161,223,365
Financial assets - disclosed but not measured at fair value					
Investments	1,917,607,042	-	-	-	-
	9,078,830,407	316,779,312	6,844,444,053	-	7,161,223,365

30.3 Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arms length transaction. Fair value of the financial instrument is based on:

Federal Government Securities	PKRV rates (Reuters page)
Listed Securities	Market Prices
Non-Government Debt Securities	MUFAP

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31 SEGMENT INFORMATION

31.1 Segment Details with respect to Business Activities

	Quarter Ended 31 March 2019			
	Corporate Finance	Trading & Sales	Others	Total
Profit & Loss	-----Rupees-----			
Net mark-up/return/profit	300,709,293	63,889,118	(1,452,715)	363,145,696
Inter segment revenue - net	-	-	-	-
Non mark-up income	22,442,908	17,784,674	7,265,189	47,492,771
Total Income	323,152,201	81,673,792	5,812,474	410,638,467
Segment direct expenses	(12,573,895)	(3,763,329)	(88,392,606)	(104,729,830)
Provisions	(27,460,082)	-	-	(27,460,082)
Profit before tax	283,118,224	77,910,463	(82,580,132)	278,448,555
	As of 31 March 2019			
	Corporate Finance	Trading & Sales	Others	Total
Balance Sheet	-----Rupees-----			
Cash & Bank balances	6,574,594	2,542,147,796	33,009	2,548,755,399
Lending to Financial Inst.	-	759,791,225	-	759,791,225
Investments	4,026,676,590	1,157,768,363	-	5,184,444,953
Advances				
Performing	6,041,853,467	-	74,796,092	6,116,649,559
Non-performing	789,163,564	-	-	789,163,564
Others	351,435,099	37,721,247	363,102,556	752,258,902
Total Assets	11,215,703,314	4,497,428,631	437,931,657	16,151,063,602
Borrowings	323,475,281	-	-	323,475,281
Liabilities against assets subject to finance lease	-	-	105,808,301	105,808,301
Others	178,876,177	-	44,223,689	223,099,866
Total liabilities	502,351,458	-	150,031,990	652,383,448
Equity	-	-	15,498,680,154	15,498,680,154
Total Equity & liabilities	502,351,458	-	15,648,712,144	16,151,063,602
Contingencies & Commitments	2,542,569,903	-	-	2,542,569,903

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Quarter Ended 31 March 2018

	Corporate Finance	Trading & Sales	Others	Total
Profit & Loss	-----Rupees-----			
Net mark-up/return/profit	160,437,056	59,269,293	351,142	220,057,491
Non mark-up income	4,374,336	51,305,369	3,634,235	59,313,940
Total Income	164,811,392	110,574,662	3,985,377	279,371,431
Segment direct expenses	(20,174,228)	(3,021,198)	(53,769,989)	(76,965,415)
Provisions	6,450,567	-	-	6,450,567
Profit before tax	151,087,731	107,553,464	(49,784,612)	208,856,583

As of 31 December 2018

	Corporate Finance	Trading & Sales	Others	Total
Balance Sheet	-----Rupees-----			
Cash & Bank balances	1,623,813	1,614,140,695	30,880	1,615,795,388
Investments	5,041,077,978	4,935,121,000	-	9,976,198,978
Advances				
Performing	6,749,327,834	-	55,696,372	6,805,024,207
Non-Performing	815,163,564	-	-	815,163,564
Others	237,319,207	315,890	312,417,025	550,052,122
Total Assets	12,844,512,397	6,549,577,585	368,144,277	19,762,234,258
Borrowings	323,475,281	3,857,207,540	-	4,180,682,821
Others	163,497,009	1,069,058	55,685,091	220,251,158
Total liabilities	486,972,290	3,858,276,598	55,685,091	4,400,933,979
Equity	-	-	15,361,300,280	15,361,300,280
Total Equity & liabilities	486,972,290	3,858,276,598	15,416,985,371	19,762,234,259
Contingencies & Commitments	3,688,828,260	-	-	3,688,828,260

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

32 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 financial statements. Other entities which for its business acquisition or provision of services relies / depends to a greater extent on the Company / 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 transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements are as follows:

	31 March 2019				31 December 2018			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Lendings to financial institutions	Rupees							
Opening balance	-	-	-	-	-	-	-	-
Addition during the period	-	-	7,767,069,408	-	-	-	48,473,938,289	-
Repaid during the period	-	-	(7,767,069,408)	-	-	-	(48,473,938,289)	-
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	1,372,067,240	-	-	-	1,372,067,240	-
Investment made during the period	-	-	-	-	-	-	-	-
Investment disposed off during the period	-	-	-	-	-	-	-	-
Closing balance	-	-	1,372,067,240	-	-	-	1,372,067,240	-
Advances								
Opening balance		24,513,896	-	-		14,631,586	-	30,000,000
Addition during the period		15,642,935	-	-		11,211,996	-	-
Repaid during the period		(487,312)	-	-		(1,329,686)	-	(30,000,000)
Closing balance		39,669,519	-	-		24,513,896	-	-

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

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PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

RELATED PARTY TRANSACTIONS

	31 March 2019				31 March 2018			
	Director	Key management personnel	Associates	Other related parties	Director	Key management personnel	Associates	Other related parties
	Rupees							
Income								
Mark-up / return / interest earned	-	363,890	-	4,248,455	-	145,538	-	-
Fee and commission income	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	-	-	-	-	-	(71,354)
Share of profit of associates	-	-	-	-	-	-	-	-
Expense								
Mark-up / return / interest paid	-	-	-	1,899,708	-	-	-	2,237,507
Operating expenses								
Charge for defined benefit plan	650,841	1,421,849	-	2,249,620	864,084	-	-	2,230,755
Charge for contribution Plan	651,010	509,939	-	1,252,301	592,572	452,487	-	1,008,922
Salaries	10,102,774	8,446,664	-	-	9,138,550	7,483,016	-	-
Bonuses	-	-	-	-	-	-	-	-
Overseas allowances	1,501,900	-	-	-	1,356,253	-	-	-
Leave fair assistance & Encashment	1,543,960	300,000	-	-	1,543,960	475,500	-	-
Tax borne by employer	2,958,708	-	-	-	2,398,573	-	-	-
Others	2,102,742	2,637,689	-	290,684	1,048,533	2,314,273	-	-
Rent	491,291	-	-	5,093,550	291,525	-	-	5,093,550
CDC Charges paid	-	-	201,455	-	-	-	91,970	-

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

33 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

33.1 Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

31 March 2019 31 December 2018

-----Rupees-----

9,116,400,000 9,116,400,000

33.2 Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

13,683,268,000 13,546,919,000

Eligible Tier 2 Capital

- -

Total Eligible Capital (Tier 1 + Tier 2)

13,683,268,000 13,546,919,000

Risk Weighted Assets (RWAs):

Credit Risk

11,040,413,000 11,158,217,000

Market Risk

2,061,117,000 2,172,891,000

Operational Risk

2,186,352,000 2,186,352,000

Total

15,287,882,000 15,517,460,000

Common Equity Tier 1 Capital Adequacy ratio

89.50% 87.30%

Tier 1 Capital Adequacy Ratio

89.50% 87.30%

Total Capital Adequacy Ratio

89.50% 87.30%

33.3 Leverage Ratio (LR):

31 March 2019 31 December 2018

-----Rupees-----

Eligible Tier-1 Capital

13,683,268,000 13,546,919,000

Total Exposures

17,510,466,000 23,505,949,000

Leverage Ratio

78.14% 57.63%

33.4 Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

3,748,179,010 4,973,038,330

Total Net Cash Outflow

38,288,000 833,378,271

Liquidity Coverage Ratio

9789% 597%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

15,947,834,281 15,824,253,281

Total Required Stable Funding

9,771,052,646 7,231,224,214

Net Stable Funding Ratio

163% 219%

PAK CHINA INVESTMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2019

34 GENERAL

34.1 Events after the reporting date

There are no adjusting events after that the balance sheet date that may have an impact on the financial statements.

34.2 Captions, as prescribed by BPRD Circular No. 5 of 2019 issued by the SBP, for which there are no amounts, have not been reproduced in these financial statements except for the statement of financial position and profit and loss account.

34.3 Figures have been rounded off to the nearest Rupee, unless otherwise stated.

34.4 The VIS has issued a long term credit rating of AAA, and the short term rating of A1+, for the Company.

35 RECLASSIFICATION OF COMPARATIVE FIGURES

35.1 There have been no significant reclassifications in these financial statements except an amount Rs.68 million for the period ended 31 March 2018, which has been reclassified from Non-Interest Income to Interest Income.

35.2 The SBP vide BPRD Circular No. 5 of 2019 has amended the format of condensed interim financial statements of banks/DFIs. All banks/DFIs are directed to prepare their interim financial statements on the revised format effective from the accounting year beginning on 01 January 2019. Accordingly, the Company has prepared these financial statements on the new format prescribed by the State Bank of Pakistan. The adoption of new format has not resulted in significant reclassification of comparative information and accordingly a third statement of financial position as at the beginning of the preceding period has not been presented in accordance with the requirements of International Accounting Standard 1 – Presentation of Financial Statements. The amended format also introduced certain new disclosures and has resulted in the following changes:

- Surplus on revaluation of assets (note 18) amounting to Rest 32.7 million as at 31 March 2019 (31 March 2018: Rs 83.0 million) which were previously shown below equity as required by the Companies Ordinance, 1984 has now been included as part of the equity

- Intangibles (note 10) amounting to Rs 0.189 million (2018: Rs 0.24 million) which were previously shown as part of fixed assets (note 9) are now shown separately on the statement of financial position.

36 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 26 JUN 2019

CHAIRMAN


MANAGING DIRECTOR


DIRECTOR


DIRECTOR


DIRECTOR


CFO