



**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**(UN-AUDITED)**

**For the half year ended June 30, 2020**



EY Ford Rhodes  
Chartered Accountants  
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**INDEPENDENT AUDITORS' REVIEW REPORT**  
**TO THE MEMBERS OF PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED**  
**REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

*Introduction*

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Kuwait Investment Company (Private) Limited (the Company) as at 30 June 2020 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement and notes to the financial statement for the six-month's period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2020 and 30 June 2019 have not been reviewed, as we are required to review only the cumulative figures for the six month's period ended 30 June 2020.

*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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

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

The engagement partner on the review resulting in this independent auditor's review report is Omer Chughtai.

Chartered Accountants

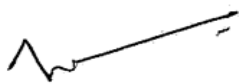
Date: 28 August 2020


Karachi

**Pakistan Kuwait Investment Company (Private) Limited**  
**Condensed Interim Statement of Financial Position**  
*As at June 30, 2020*


	<i>Note</i>	June 30, 2020 (Un -audited)	December 31, 2019 (Audited)
------(Rupees in '000)-----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	149,900	54,209
Balances with other banks	7	28,357	23,762
Lendings to financial institutions	8	602,384	1,218,271
Investments	9	77,859,918	56,341,132
Advances	10	8,532,272	6,654,602
Fixed assets	11	212,344	197,900
Intangible assets	12	16,519	19,248
Deferred tax assets		-	-
Other assets	13	1,415,428	1,271,649
		<b>88,817,122</b>	<b>65,780,773</b>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	14	50,044,498	28,953,243
Deposits and other accounts	15	300,000	-
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	16	2,684,656	2,528,173
Other liabilities	17	1,237,094	764,704
		<b>54,266,248</b>	<b>32,246,120</b>
<b>NET ASSETS</b>		<b>34,550,874</b>	<b>33,534,653</b>
<b>REPRESENTED BY</b>			
Share capital		10,000,000	10,000,000
Reserves		9,543,420	9,543,420
Surplus on revaluation of assets - net	18	1,738,496	2,831,306
Unappropriated profit		13,268,958	11,159,927
		<b>34,550,874</b>	<b>33,534,653</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	19		

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

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

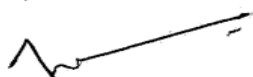
  
 Director

  
 Director

**Pakistan Kuwait Investment Company (Private) Limited**  
**Condensed Interim Profit and Loss Account - (Un-audited)**  
**For the half year ended June 30, 2020**

	Note	Quarter Ended		Half year ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Rupees in '000-----					
Mark-up / return / interest earned	20	<b>1,734,841</b>	298,575	<b>3,427,329</b>	569,701
Mark-up / return / interest expensed	21	<b>1,177,740</b>	7,134	<b>2,353,323</b>	15,035
Net mark-up / interest income		<b>557,101</b>	291,441	<b>1,074,006</b>	554,666
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	22	<b>3,102</b>	2,650	<b>24,300</b>	2,650
Dividend income		<b>33,593</b>	45,643	<b>69,308</b>	101,091
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	23	<b>30,796</b>	(71,305)	<b>(43,540)</b>	(24,812)
Share in results of associates - net	24	<b>2,024,282</b>	1,121,713	<b>3,371,320</b>	2,110,460
Other income	25	<b>2,600</b>	2,362	<b>8,397</b>	2,860
Total non-markup / interest income		<b>2,094,373</b>	1,101,063	<b>3,429,785</b>	2,192,249
<b>Total income</b>		<b>2,651,474</b>	1,392,504	<b>4,503,791</b>	2,746,915
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	26	<b>199,202</b>	114,551	<b>355,239</b>	268,359
Workers Welfare Fund		<b>44,272</b>	18,429	<b>74,218</b>	41,969
Other charges	27	-	1,045	<b>30</b>	1,045
Total non-markup / interest expenses		<b>243,474</b>	134,025	<b>429,487</b>	311,373
<b>Profit before provisions</b>		<b>2,408,000</b>	1,258,479	<b>4,074,304</b>	2,435,542
Provision - net	28	<b>194,398</b>	337,046	<b>363,391</b>	337,099
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>2,213,602</b>	921,433	<b>3,710,913</b>	2,098,443
Taxation	29	<b>440,463</b>	225,378	<b>796,989</b>	415,940
<b>PROFIT AFTER TAXATION</b>		<b>1,773,139</b>	696,055	<b>2,913,924</b>	1,682,503
-----Rupees-----					
		(Restated)		(Restated)	
Basic and diluted earnings per share (on share of Rs. 25,000 each)	30	<b>4,433</b>	<b>1,740</b>	<b>7,285</b>	4,206

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



Chief Executive



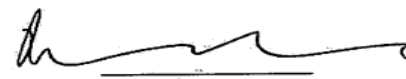
Chief Financial Officer



Director



Director




Director

**Pakistan Kuwait Investment Company (Private) Limited**  
**Condensed Interim Statement of Comprehensive Income - (Un-audited)**  
**For the half year ended June 30, 2020**

	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
------(Rupees in '000)-----				
Profit after taxation for the period	1,773,139	696,055	2,913,924	1,682,503
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of 'available-for-sale' securities - net of tax	514,346	(107,878)	83,152	(69,089)
Movement in deficit on revaluation of 'available-for-sale' securities of associates - net of tax	(519,230)	(97,639)	(1,175,962)	(63,993)
	(4,884)	(205,517)	(1,092,810)	(133,082)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Share of deficit on revaluation of non - banking assets of associates - net of tax	-	-	-	(2,451)
Share of remeasurement (loss) / gain of defined benefit obligation of associates - net of tax	(4,893)	3,722	(4,893)	3,722
	(4,893)	3,722	(4,893)	1,271
<b>Total comprehensive income</b>	<b>1,763,362</b>	<b>494,260</b>	<b>1,816,221</b>	<b>1,550,692</b>

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

  
 Chief Executive

  
 Chief Financial Officer

  
 Director


  
 Director

  
 Director

**Pakistan Kuwait Investment Company (Private) Limited**  
**Condensed Interim Statement of Changes in Equity - (Un-audited)**  
**For the half year ended June 30, 2020**

	Share Capital	Non-distributable Reserve	Statutory Reserve	Capital Market Equalization Reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
					Investments	Non banking assets of associates		
(Rupees in '000)								
<b>Balance as at January 1, 2019</b>	6,000,000	935,264	6,000,000	1,257,738	161,654	5,649	12,189,004	26,549,309
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	-	-	1,682,503	1,682,503
Other comprehensive income - net of tax	-	-	-	-	(133,082)	(2,451)	3,722	(131,811)
Total comprehensive income	-	-	-	-	(133,082)	(2,451)	1,686,225	1,550,692
<b>Transactions with owners recorded directly in equity</b>								
Final dividend for the year ended December 31, 2018 @ Rs. 1,875 per share	-	-	-	-	-	-	(450,000)	(450,000)
<b>Balance as at June 30, 2019</b>	<b>6,000,000</b>	<b>935,264</b>	<b>6,000,000</b>	<b>1,257,738</b>	<b>28,572</b>	<b>3,198</b>	<b>13,425,229</b>	<b>27,650,001</b>
Profit after taxation for the half year ended December 31, 2019	-	-	-	-	-	-	3,060,935	3,060,935
Other comprehensive income - net of tax	-	-	-	-	2,798,707	829	24,181	2,823,717
Total comprehensive income	-	-	-	-	2,798,707	829	3,085,116	5,884,652
Transfer to statutory reserve	-	-	948,688	-	-	-	(948,688)	-
Transfer to capital market equalization reserve	-	-	-	401,730	-	-	(401,730)	-
<b>Transactions with owners recorded directly in equity</b>								
Issue of 160,000 bonus shares @ Rs. 25,000 each	4,000,000	-	-	-	-	-	(4,000,000)	-
<b>Balance as at December 31, 2019</b>	<b>10,000,000</b>	<b>935,264</b>	<b>6,948,688</b>	<b>1,659,468</b>	<b>2,827,279</b>	<b>4,027</b>	<b>11,159,927</b>	<b>33,534,653</b>
Profit after taxation for the half year ended June 30, 2020	-	-	-	-	-	-	2,913,924	2,913,924
Other comprehensive income - net of tax	-	-	-	-	(1,092,810)	-	(4,893)	(1,097,703)
Total comprehensive income	-	-	-	-	(1,092,810)	-	2,909,031	1,816,221
<b>Transactions with owners recorded directly in equity</b>								
Final dividend for the year ended December 31, 2019 @ Rs.2,000 per share	-	-	-	-	-	-	(800,000)	(800,000)
<b>Balance as at June 30, 2020</b>	<b>10,000,000</b>	<b>935,264</b>	<b>6,948,688</b>	<b>1,659,468</b>	<b>1,734,469</b>	<b>4,027</b>	<b>13,268,958</b>	<b>34,550,874</b>

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

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

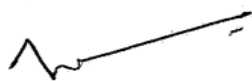
  
**Director**


  
**Director**

**Pakistan Kuwait Investment Company (Private) Limited**  
**Condensed Interim Cash Flow Statement - (Un-audited)**  
**For the half year ended June 30, 2020**

	Note	Half year ended	
		June 30, 2020	June 30, 2019
------(Rupees in '000)-----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		3,710,913	2,098,443
Less: Dividend income		(69,308)	(101,091)
		<u>3,641,605</u>	<u>1,997,352</u>
<b>Adjustments for:</b>			
Depreciation		11,303	7,822
Amortization		2,729	1,958
Provisions - net	28	363,391	337,099
Gain on sale of fixed assets		(2,572)	-
Unrealized loss on revaluation of 'held for trading' securities	23	-	(992)
Share in results of associates - net	24	(3,371,320)	(2,110,460)
		<u>(2,996,469)</u>	<u>(1,764,573)</u>
		645,136	232,779
(Increase) / decrease in operating assets			
Lendings to financial institutions		615,887	(4,701,726)
Held-for-trading securities		20,086	74,281
Advances		(1,862,926)	703,770
Others assets (excluding advance taxation)		(145,413)	(83,894)
		<u>(1,372,366)</u>	<u>(4,007,569)</u>
Increase / (decrease) in operating liabilities			
Borrowings		21,091,255	21,892
Deposits		300,000	(35,000)
Other liabilities (excluding current taxation)		31,624	72,717
		<u>21,422,879</u>	<u>59,609</u>
		20,695,649	(3,715,181)
		<u>(362,768)</u>	<u>(253,396)</u>
Income tax paid			
<i>Net cash inflow / (outflow) in operating activities</i>		<u>20,332,881</u>	<u>(3,968,577)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(20,680,395)	3,284,285
Dividends received		870,975	1,136,423
Investments in operating fixed assets		(25,747)	(8,379)
Proceeds from sale of fixed assets		2,572	-
<i>Net cash (used in) / generated from investing activities</i>		<u>(19,832,595)</u>	<u>4,412,329</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(400,000)	(450,000)
<i>Net cash used in financing activities</i>		<u>(400,000)</u>	<u>(450,000)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>		<u>100,286</u>	<u>(6,248)</u>
Cash and cash equivalents at beginning of the period		77,971	70,591
<b>Cash and cash equivalents at end of the period</b>		<u>178,257</u>	<u>64,343</u>

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

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

  
 Director

  
 Director

**Pakistan Kuwait Investment Company (Private) Limited**  
**Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)**  
**For the half year ended June 30, 2020**

**1. STATUS AND NATURE OF BUSINESS**

Pakistan Kuwait Investment Company (Private) Limited ("the Company") was incorporated in Pakistan as a Private Limited Company on March 17, 1979. The registered office is situated at 4th Floor, Block 'C', Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The Company has a representative office in Lahore. The Company is a 50:50 joint venture between the Governments of Pakistan and Kuwait. The objective of the Company is to profitably promote industrial investments in Pakistan.

The Pakistan Credit Rating Agency (PACRA) has maintained for the Company, the long-term entity rating at AAA (Triple A) and the short term rating at A1+(A one plus), the highest level.

**2. BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards

- International Accounting Standards (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Companies Act, 2017 or the directives issued by SBP and SECP differ with the requirements of the IFRS or IFAS, the requirements of Companies Act, 2017 and the said directives shall

The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial Instruments: Disclosures' through SRO 411(I) / 2008 dated April 28, 2008. Accordingly, the requirements of these IFRS and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

**2.2** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 05 dated March 22, 2019 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the audited financial statements for the financial year ended December 31, 2019.

**2.3 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current period.**

The following new standards and interpretations of and amendments to existing accounting standards are effective from the dates mentioned below against the respective standard, interpretation or amendments:

<b>Standard, Interpretation or Amendments</b>	<b>Effective date (annual periods beginning on or after)</b>
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020
IFRS 3 - Business Combinations (Amendments)	January 01, 2020



In addition, there are certain new amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these condensed interim financial statements.

#### **2.4 Standards, interpretations of and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective.**

The following new standards and amendments to existing accounting standards will be effective from dates mentioned below against respective standards or amendments.

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2021
Covid-19-Related Rent Concessions - Amendment to IFRS 16	June 01, 2020
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

IFRS 9 'Financial Instruments' - SBP vide its BPRD circular No. 4 of 2019 dated October 23, 2019 directed the Banks / DFIs in Pakistan to implement IFRS 9 with effect from January 01, 2021. IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. SBP has directed Banks / DFIs to conduct an impact assessment as at December 31, 2019 which is due to be submitted to SBP by August 31, 2020 as required under BPRD Circular Letter No. 15 of 2020 dated March 26, 2020.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 1 – First time adoption of IFRSs	January 1, 2014
IFRS 17 – Insurance Contracts	January 1, 2023

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and the methods of computation adopted in the preparation of these condensed financial statements are consistent with those applied in preparation of audited financial statements of the Company for the year ended December 31, 2019.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual financial statements for the year ended December 31, 2019.

### **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the annual financial statements of the Company for the year ended December 31, 2019 except for the following additional considerations due to the COVID - 19.

## **Regulatory reliefs due to COVID-19**

The State Bank of Pakistan (SBP) has responded to the crisis by reducing the policy rate by cumulative 625 basis points since the beginning of the year, to 7% in June 2020 by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent enabled FI to lend an additional amount; (ii) increasing the regulatory limit on extension of credit to SMEs to Rs 180 million (iii) allowing banks to defer clients' payment of principal on loan obligations by one year; and (iv) relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year (v) margin requirement of 30% vis-a-vis banks' financing against listed shares has been significantly reduced to 10% (vi) relaxation in recording of impairment of capital market investment and many more.

The COVID-19 pandemic outbreak has resulted in consequences on economy, health and society. The COVID-19 pandemic has significantly impacted the markets around the globe and may continue to do so in the coming months of 2020, affecting the earnings and cash flows of businesses. The scale and duration of the COVID-19 pandemic remains uncertain till date.

### **5.1 Credit Risk Management**

Risk Management has performed detailed exercise "Rapid Portfolio Review" on its entire credit portfolio with respect to COVID-19 to assess financial health of its borrowers and respective sectors of the economy. PKIC regularly submits monthly update on entire portfolio to SBP as per prescribed format however, PKIC credit portfolio remained fully compliant under risk management and its appetite framework.

### **5.2 Liquidity Risk Management**

PKIC has sufficient liquid assets and fully compliant with Liquidity coverage Ratio and Net stable Funding ratio. The Asset and Liability Committee (ALCO) of the Company effectively monitors the liquidity position of the Company and confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the maturity profile.

### **5.3 Equity Risk Management**

Due to recent sharp fall in stock prices, the value of equity portfolio has reduced however, internal benchmark remains in place. Impact on equity portfolio has been recorded in line with internal approved policies and / or SBP guidelines / circulars.

### **5.4 Operational Risk Management**

The Companies' management and Board is fully aware of the challenges posed by the COVID-19 outbreak. From the onset, the company has proactively taken all required measures in line with the instructions received from World Health Organization (WHO), State Bank of Pakistan (SBP), Government of Pakistan (GOP), Provincial Government, advice from medical experts and ongoing industry practices. Instant measures include distribution of personal hygiene kits, display of standees for awareness and disinfecting the premises on regular intervals. Apart from office, under slogan of "we care for you", Company has also initiated work from home concept and has closely monitored the situation to ensure safety and security of its staff and providing uninterrupted service to its customers. Staff was trained for work at home and also provided an opportunity for online virtual learning. Diagnostic test (anti body test) was also performed for employees and appointments with tele-doctor were also arranged. All necessary equipment's (laptops/desktops) were provided to staff to ensure smooth business operations. Additional, weekly update about health of employee and his/ her family was also obtained regularly.

### **5.5 Capital Adequacy Ratio (CAR)**

In order to encourage Company to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in Capital Adequacy Ratio (CAR) requirements for all Tiers. PKIC's CAR as of June 30, 2020 is around 40.05% which is sufficiently above the regularity requirement.

6. CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	June 30, 2020 (Un-audited) ------(Rupees in '000)-----	December 31, 2019 (Audited) ------(Rupees in '000)-----
Cash in hand in local currency		50	50
With State Bank of Pakistan in - local currency current account	6.1	149,325	52,898
With National Bank of Pakistan in - local currency current account		525	1,261
		<u>149,900</u>	<u>54,209</u>

6.1 This includes Rs. 50 million (December 31, 2019: Rs.50 million) held as minimum cash reserve required to be maintained with the SBP in accordance with its requirements issued from time to time.

7. BALANCES WITH OTHER BANKS	<i>Note</i>	June 30, 2020 (Un-audited) ------(Rupees in '000)-----	December 31, 2019 (Audited) ------(Rupees in '000)-----
In Pakistan			
- current account		340	118
- deposit account		28,017	23,644
		<u>28,357</u>	<u>23,762</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	8.3	<u>602,384</u>	<u>1,218,271</u>
8.1 Particulars of lending			
In local currency		<u>602,384</u>	<u>1,218,271</u>

8.2 Securities held as collateral against lendings to financial institutions	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	Total
	------(Rupees in '000)-----					
Market Treasury Bills	<u>602,384</u>	-	<u>602,384</u>	1,218,271	-	<u>1,218,271</u>

8.3 This represents lending to financial institutions against purchase and resale of government securities. Market value of this security as at June 30, 2020 amounted to Rs. 598 million (December 31, 2019: Rs.1,220 million). The markup rate on this lending is 7.00 (December 31, 2019: 13.10) percent per annum with maturity in two days (December 31, 2019: two days).

9. INVESTMENTS	<i>Note</i>	June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1 Investments by type:		------(Rupees in '000)-----							
<b>Held-for-trading securities</b>									
Shares		-	-	-	-	20,086	-	2,532	22,618
<b>Available-for-sale securities</b>									
Federal Government Securities		46,762,303	-	781,990	47,544,293	28,275,163	-	231,052	28,506,215
Shares		3,532,081	(610,303)	(215,872)	2,705,906	2,862,438	(278,253)	259,378	2,843,563
Non Government Debt Securities		5,395,176	(33,638)	(23,757)	5,337,781	3,913,486	(33,638)	(3,304)	3,876,544
		<u>55,689,560</u>	<u>(643,941)</u>	<u>542,361</u>	<u>55,587,980</u>	35,051,087	(311,891)	487,126	35,226,322
<b>Associates</b>	9.1.1	22,271,938	-	-	22,271,938	21,092,192	-	-	21,092,192
<b>Total Investments</b>		<u>77,961,498</u>	<u>(643,941)</u>	<u>542,361</u>	<u>77,859,918</u>	56,163,365	(311,891)	489,658	56,341,132

9.1.1 Movement in investments in associates	June 30, 2020 (Un-audited) ------(Rupees in '000)-----	December 31, 2019 (Audited) ------(Rupees in '000)-----
Investments at beginning of the period	21,092,192	15,197,136
Share in (deficit) / surplus on revaluation of 'available-for-sale' securities of associates	(1,383,485)	2,836,726
Share of deficit on revaluation of non - banking assets of associates	-	(1,908)
Share of remeasurement of defined benefit plans of associates	(6,422)	28,673
Share of profit from associates recognized in profit and loss account	3,371,320	4,903,795
Dividend received from associates	(801,667)	(1,872,230)
Investments at end of the period / year	<u>22,271,938</u>	<u>21,092,192</u>

The cost of investments in associates as at June 30, 2020 amounted to Rs.2,895 million (December 31, 2019: Rs. 2,895 million). Share in results of associates recorded under equity method of accounting, net of dividend, capital gain and income taxes amounted to Rs. 2,494 million (June 30, 2019: Rs. 890 million).

9.1.2 Investments given as collateral	June 30, 2020 (Un-audited) ------(Rupees in '000)-----	December 31, 2019 (Audited) ------(Rupees in '000)-----
Pakistan Investment Bonds	19,141,902	18,928,419
Market Treasury Bills	13,862,554	6,703,423
	<u>33,004,456</u>	<u>25,631,842</u>

9.2 Provision for diminution in the value of investments	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
9.2.1 Opening balance	311,891	739,846
(Reversals) / charge		
Charge for the period / year	376,501	463,645
Reversal on disposals for the period / year	(44,451)	(891,600)
	332,050	(427,955)
Closing balance	<u>643,941</u>	<u>311,891</u>

9.2.2 Particulars of provision against debt securities

Category of classification

Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

Overseas

Total

\* NPI stands for Non-Performing Investments.

Category of classification	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	*NPI	Provision	*NPI	Provision
	------(Rupees in '000)-----			
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	33,638	33,638	33,638	33,638
	<u>33,638</u>	<u>33,638</u>	<u>33,638</u>	<u>33,638</u>
Overseas	-	-	-	-
Total	<u>33,638</u>	<u>33,638</u>	<u>33,638</u>	<u>33,638</u>

9.2.3 SBP via BPRD Circular Letter No. 13 dated March 26, 2020 has provided regulatory relief to Banks / DFIs to recognize impairment losses resulting from the valuation of listed equity securities held as "Available for Sale" (AFS) in a phased manner equally on quarterly basis during calendar year ending on December 31, 2020. Pursuant to the circular, a portion of the impairment loss, amounting to Rs. 363.970 million, resulting from the valuation of listed equity securities held under the AFS category as of June 30, 2020 has not been recognized in the condensed interim profit and loss account and has been taken to 'Deficit arising on revaluation of available for sale securities'.

10. ADVANCES

Note

	Performing		Non Performing		Total	
	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	8,490,783	6,613,113	1,077,573	1,092,317	9,568,356	7,705,430
Provision against advances						
- Specific	-	-	(1,036,084)	(1,050,828)	(1,036,084)	(1,050,828)
- General	-	-	-	-	-	-
	-	-	(1,036,084)	(1,050,828)	(1,036,084)	(1,050,828)
Advances - net of provision	<u>8,490,783</u>	<u>6,613,113</u>	<u>41,489</u>	<u>41,489</u>	<u>8,532,272</u>	<u>6,654,602</u>

10.1 Particulars of advances (Gross)

In local currency

June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
------(Rupees in '000)-----	
<u>9,568,356</u>	<u>7,705,430</u>

10.2 Advances include Rs. 1,077.573 million (2019: Rs 1,092.317 million) which have been placed under non-performing status as detailed below:

Category of Classification

Domestic

Other Assets Especially Mentioned

Substandard

Doubtful

Loss

Total

Category of Classification	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	------(Rupees in '000)-----			
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	1,077,573	1,036,084	1,092,317	1,050,828
Total	<u>1,077,573</u>	<u>1,036,084</u>	<u>1,092,317</u>	<u>1,050,828</u>

Provision is recorded net of security deposit of Rs. 41.49 millions (December 31, 2019: 41.49 millions).

10.3 Particulars of provision against advances

Opening balance

Charge for the period / year

Reversals for the period / year

Closing balance

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	1,050,828	-	1,050,828	1,071,860	-	1,071,860
Charge for the period / year	-	-	-	-	-	-
Reversals for the period / year	(14,744)	-	(14,744)	(21,032)	-	(21,032)
	(14,744)	-	(14,744)	(21,032)	-	(21,032)
Closing balance	<u>1,036,084</u>	<u>-</u>	<u>1,036,084</u>	<u>1,050,828</u>	<u>-</u>	<u>1,050,828</u>

11. FIXED ASSETS	<i>Note</i>	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
		------(Rupees in '000)-----	
Property and equipment		212,344	197,900
		<b>Half year ended</b>	
<b>11.1 Additions to fixed assets</b>		<b>June 30, 2020</b>	<b>June 30, 2019</b>
		(Un-audited)	
		------(Rupees in '000)-----	
The following additions have been made to fixed assets during the period:			
<b>Property and equipment</b>			
Leasehold land		-	404
Furniture and fixture		1,288	-
Electrical, office and computer equipment		19,060	493
Vehicles		5,399	-
		<u>25,747</u>	<u>897</u>
		<b>Half year ended</b>	
		<b>June 30, 2020</b>	<b>June 30, 2019</b>
		(Un-audited)	
		------(Rupees in '000)-----	
<b>12. INTANGIBLE ASSETS</b>		<b>June 30, 2020</b>	<b>December 31, 2019</b>
		(Un-audited) (Audited)	
		------(Rupees in '000)-----	
Computer Software		16,519	19,248
		<b>Half year ended</b>	
		<b>June 30, 2020</b>	<b>June 30, 2019</b>
		(Un-audited)	
		------(Rupees in '000)-----	
The following additions have been made to intangible assets during the period:			
Directly purchased		-	7,482
		<b>Half year ended</b>	
		<b>June 30, 2020</b>	<b>June 30, 2019</b>
		(Un-audited)	
		------(Rupees in '000)-----	
<b>13. OTHER ASSETS</b>		<b>June 30, 2020</b>	<b>December 31, 2019</b>
		(Un-audited) (Audited)	
		------(Rupees in '000)-----	
Income / Mark-up accrued in local currency - net		1,353,584	1,126,658
Advances, deposits, advance rent and other prepayments		49,008	125,465
Other receivable		57,703	62,759
Non-current asset 'held for sale'	13.1	135,000	135,000
		<u>1,595,295</u>	<u>1,449,882</u>
Less: Provision held against other assets	13.2	<u>(179,867)</u>	<u>(178,233)</u>
		<u>1,415,428</u>	<u>1,271,649</u>
		<b>Half year ended</b>	
		<b>June 30, 2020</b>	<b>June 30, 2019</b>
		(Un-audited)	
		------(Rupees in '000)-----	
<b>13.1 Non-current assets 'held-for-sale'</b>			
In 2015, the Board of Directors decided to divest the Company's interest in one of its associate, 'Pak-Kuwait Takaful Company Limited' (PKTCL) (30%). In this regard, efforts to sell the associate have been initiated. Based on the Company's intention this associate has accordingly been classified as 'non-current asset held-for-sale'. As at June 30, 2020, this non-current asset held-for-sale is stated at the lower of carrying amount and fair value less costs to sell. Other assets includes receivable from Pakistan Kuwait Takaful Company Limited amounting Rs. 19.379 million (December 31, 2019: Rs. 17.745 million) that has been fully provided.			
<b>13.2 Provision held against other assets</b>	<i>Note</i>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
		(Un-audited) (Audited)	
		------(Rupees in '000)-----	
Non-current asset held-for-sale		135,000	135,000
Other receivables		44,867	43,233
		<u>179,867</u>	<u>178,233</u>
		<b>Half year ended</b>	
		<b>June 30, 2020</b>	<b>June 30, 2019</b>
		(Un-audited)	
		------(Rupees in '000)-----	
<b>14. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan			
Under Long Term Finance Facility (LTFF)	14.1	2,464,687	1,265,259
Under Financing Scheme for Renewable Energy	14.2	223,113	179,924
		<u>2,687,800</u>	<u>1,445,183</u>
Bai Muajjal	14.3	33,046,846	25,692,879
Repurchase agreement borrowings	14.4	5,724,086	-
<b>Total secured</b>		<u>41,458,732</u>	<u>27,138,062</u>
<b>Unsecured</b>			
Bai Muajjal	14.3	8,585,766	1,815,181
<b>Total unsecured</b>		<u>8,585,766</u>	<u>1,815,181</u>
<b>Total</b>		<u>50,044,498</u>	<u>28,953,243</u>

#### 14.1 Borrowings from SBP under LTFF

This represents Long Term Finance Facility on concessional rates to promote industrial growth leading to exports. The loans availed under the facility shall be repayable within a maximum period of ten years including maximum grace period of two years with mark-up payable at maximum of 5 percent per annum. SBP allocates an overall yearly limit under the facility to individual Participating Financial Institution (PFI). The sanctioned limit for the company for the period from April 1, 2020 to June 30, 2020 is Rs. 776 million.

#### 14.2 Borrowing from SBP under Financing Scheme for Renewable Energy

This represents Long Term Finance Facility on concessional rates to support in addressing dual challenge of energy shortage and climate change through promotion of renewable energy. The loans availed under the facility shall be repayable within a maximum period of twelve years with mark-up payable at maximum of 3 percent per annum. SBP allocates an overall yearly limit under the facility to individual Participating Financial Institution (PFI). The sanctioned limit for the company for the period from April 1, 2020 to June 30, 2020 is Rs. 1,097 million.

#### 14.3 Bai Muajjal

This represents borrowings from a financial institution at mark-up rate between 7.00 and 13.14 (2019: 12.73 and 13.14) percent per annum and having maturities between July 14, 2020 and January 28, 2021 (2019: April 14, 2020 and September 22, 2020).

#### 14.4 Repurchase agreement borrowings

The Company has arranged borrowing from financial institutions against sale and repurchase of government securities. The mark-up on these borrowings are between 7.10 and 7.80 percent per annum with maturity in two and three days.

#### 15. DEPOSITS AND OTHER ACCOUNTS

Note	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total

------(Rupees in '000)-----

##### Financial Institutions

Term deposits (COI)	15.1	300,000	-	300,000	-	-
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#### 15.1 Composition of deposits

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
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------(Rupees in '000)-----

- Public Sector Entities

	300,000	-
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15.2 The profit rate on the COI is 7.30 (December 31, 2019: Nil) percent per annum. The COI is due for maturity on December 07, 2020 (December 31, 2019: Nil).

#### 16 DEFERRED TAX LIABILITIES

June 30, 2020 (Un-audited)			
At January 1, 2020	Recognised in P&L A/C	Recognised in OCI	At June 30, 2020

------(Rupees in 000)-----

##### Deductible temporary differences on

- Post retirement employee benefits
- Provision against advances non-performing advances

17,843	3,368	-	21,211
304,740	(4,276)	-	300,464
322,583	(908)	-	321,675

##### Taxable temporary differences on

- Surplus on revaluation of investments
- Accelerated tax depreciation
- Finance lease arrangements
- Share of profits from Associates

(26,333)	380	27,920	1,967
(35,352)	(1,334)	-	(36,686)
(132,868)	(4,116)	-	(136,984)
(2,656,203)	(387,477)	209,052	(2,834,628)
(2,850,756)	(392,547)	236,972	(3,006,331)
(2,528,173)	(393,455)	236,972	(2,684,656)

December 31, 2019 (Audited)			
At January 1, 2019	Recognised in P&L A/C	Recognised in OCI	At December 31, 2019

------(Rupees in 000)-----

##### Deductible temporary differences on

- Post retirement employee benefits
- Provision against non-performing advances

17,594	1,721	(1,472)	17,843
310,839	(6,099)	-	304,740
328,433	(4,378)	(1,472)	322,583

##### Taxable temporary differences on

- Surplus on revaluation of investments
- Accelerated tax depreciation
- Finance lease arrangements
- Share of profits from Associates

107,691	(1,374)	(132,650)	(26,333)
(35,919)	567	-	(35,352)
(109,124)	(23,744)	-	(132,868)
(1,754,021)	(472,585)	(429,597)	(2,656,203)
(1,791,373)	(497,136)	(562,247)	(2,850,756)
(1,462,940)	(501,514)	(563,719)	(2,528,173)

#### 17. OTHER LIABILITIES

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
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------(Rupees in '000)-----

- Mark-up / return / interest payable in local currency
- Accrued expenses
- Current taxation (provisions less payments)
- Payable to defined benefit obligation
- Security deposits against lease
- Employees' compensated absences
- Payable to share brokers on account of purchase of marketable securities
- Dividend payable
- Others

	14,250	7,376
	581,264	578,445
	109,782	69,016
	60,927	49,027
	41,490	41,490
	12,213	12,501
	12,934	2,925
	400,000	-
	4,234	3,924
	1,237,094	764,704

#### 18. SURPLUS ON REVALUATION OF ASSETS

##### Surplus on revaluation of:

- Available for sale securities
- Available for sale securities of Associates

	542,361	487,126
	1,401,219	2,784,704
	1,943,580	3,271,830

##### Deferred tax on surplus on revaluation of:

- Available for sale securities
- Available for sale securities of Associates

	(37,225)	(65,142)
	(167,859)	(375,382)
	(205,084)	(440,524)
	1,738,496	2,831,306

19. CONTINGENCIES AND COMMITMENTS	<i>Note</i>	<b>June 30, 2020 (Un-audited)</b>	<b>December 31, 2019 (Audited)</b>
		----- <b>(Rupees in '000)</b> -----	
-Guarantees	19.1	436,201	500,000
-Commitments	19.2	6,542,064	7,584,576
		<b>6,978,265</b>	<b>8,084,576</b>

### 19.1 Guarantees:

Financial guarantees		<b>436,201</b>	500,000
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### 19.2 Commitments

Undisbursed sanctions against:

- Loans and advances		5,442,064	6,870,076
- Sukuks		700,000	314,500
- Leases		400,000	400,000
		<b>6,542,064</b>	<b>7,584,576</b>

### 19.3 Tax Contingencies

The Income Tax Department has amended the deemed assessment orders for the tax years from 2003 to 2018, raising a tax demand of Rs. 3,714 million, mainly due to additions in respect of allocation of expenses against dividend income subject to tax at reduced rate / Final Tax Regime and capital gains.

In such orders, the taxation authority has not accepted the Company's contention on the matter of allocation of expenses on exempt capital gains and dividend income. The total additions made in tax years 2003 to 2018 under this head amount to Rs 7,981 million.

In tax year 2003, the Appellate Tribunal Inland Revenue (ATIR) had directed the tax authorities for the allocation to be made taking into account the 'cost of investment' rather than 'gross turnover'. Subsequently, the action of the Taxation Officer of refusing to issue the appeal effect in view of the departmental appeal before the High Court was contested in appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] for application of section 124A of the Income Tax Ordinance, 2001 (Ordinance). The CIR(A) adjudged the matter in favour of the Company directing the Officer to give effect to the directions which have been maintained by the ATIR in the subsequent departmental appeal.

Relying on the above decision of ATIR, the CIR(A) through orders dated October 29, 2018, September 23, 2011, November 30, 2012, June 15, 2015, September 8, 2017, March 6, 2018, March 7, 2018 and July 26, 2019 for tax year 2003, tax years 2004 to 2007, tax year 2010, tax years 2011 to 2013, tax year 2015, tax years 2014 and 2017, tax year 2016 and tax year 2018 respectively, directed for the application of provision of section 124A of the Ordinance. The action was, however, maintained by the CIR(A) in the tax years 2008 and 2009 and appeals are currently pending before the ATIR. The department has preferred appeals against the order of the CIR(A) in the years 2004 to 2007 and 2010 to 2018 which are currently pending before the ATIR.

Appeal effect orders for the years 2003 to 2007 and 2010 have been issued. These are to attain finality once the departmental appeals before the ATIR / High Court as the case may be, are decided. However, in the tax order for the year 2003, the Officer has not followed the directions of the CIR(A) and allocated expenses on the basis of turnover for which the Company has preferred an appeal which was decided in the company's favour through the order dated October 29, 2018. Recently, in the tax order dated June 30, 2020 for tax year 2015 the Officer has again not followed the directions of the CIR(A) and allocated expenses on the basis of turnover for which the appeal before CIR(A) has been preferred by the Company.

Further, the Company had made representation before Federal Board of Revenue for necessary clarification and has also referred the above matter to Alternate Dispute Resolution Committee, a mechanism available to provide an opportunity to taxpayers for an easy and efficient resolution of disputes. The same is still pending.

The Company has made provision of Rs. 1,393 million against the demand for the abovementioned years based on cost of investment. The management is confident that the ultimate outcome of the appeals would be in favor of the Company inter alia on the basis of the advice of the tax consultants and the relevant law and the facts.

	Note	Half year ended	
		June 30, 2020	June 30, 2019
<b>20. MARK-UP / RETURN / INTEREST EARNED</b>			
		(Un-audited)	
		------(Rupees in '000)-----	
On:			
Loans and advances		515,609	90,312
Investments		2,861,301	297,279
Lendings to financial institutions		49,310	181,657
Balances with banks		1,109	453
		<u>3,427,329</u>	<u>569,701</u>
<b>21. MARK-UP / RETURN / INTEREST EXPENSED</b>			
On:			
Deposits		5,264	614
Borrowings		2,246,326	14,352
Securities sold under repurchase agreements - government securities		101,733	69
		<u>2,353,323</u>	<u>15,035</u>
<b>22. FEE &amp; COMMISSION INCOME</b>			
Participation Fee		21,200	2,025
Underwriting commission		-	625
Commitment Fee		370	-
Commission on guarantees		2,730	-
		<u>24,300</u>	<u>2,650</u>
<b>23. GAIN / (LOSS) ON SECURITIES</b>			
Realised loss	23.1	(43,540)	(25,804)
Unrealised gain - held for trading		-	992
		<u>(43,540)</u>	<u>(24,812)</u>
<b>23.1 Realised loss on shares</b>		<u>(43,540)</u>	<u>(25,804)</u>
<b>24. SHARE IN RESULT OF ASSOCIATES</b>			
Quoted Associates		3,311,272	2,061,694
Un-quoted Associates		60,048	48,766
		<u>3,371,320</u>	<u>2,110,460</u>
<b>25. OTHER INCOME</b>			
Late payment charges		482	716
Nominee directors fee		3,830	2,135
Space / arrangement income		1,405	-
Gain on sale of fixed assets		2,572	-
Others		108	9
		<u>8,397</u>	<u>2,860</u>



26. OPERATING EXPENSES	Note	Half year ended	
		June 30, 2020	June 30, 2019
		(Un-audited)	
		------(Rupees in '000)-----	
<b>Total compensation expense</b>		<b>222,843</b>	166,396
<b>Property expense</b>			
Rent & taxes		6,569	5,219
Insurance		249	189
Utilities cost		2,287	2,548
Security expense		63	276
Repairs & maintenance		13,573	13,364
Depreciation		3,068	3,068
		<b>25,809</b>	24,664
<b>Information technology expenses</b>			
Software maintenance		617	141
Hardware maintenance		29	28
Depreciation		5,654	3,670
Amortisation		2,729	1,958
Network charges		2,280	770
		<b>11,309</b>	6,567
<b>Other operating expenses</b>			
Directors' fees and allowances		39,689	23,449
Legal & professional charges		9,979	15,136
Outsourced services costs		10,092	8,126
Travelling & conveyance		1,483	8,123
Depreciation		2,581	1,084
Training & development		2,498	1,113
Postage & courier charges		166	135
Communication		2,983	2,990
Stationery & printing		1,015	604
Marketing, advertisement & publicity		882	539
Donations		10,000	-
Auditors' Remuneration		2,525	2,448
Newspaper, periodicals and subscription dues		3,684	833
Repairs & maintenance (others)		650	609
Bank charges		120	112
Entertainment expense		1,027	1,071
Others		5,904	4,360
		<b>95,278</b>	70,732
		<b>355,239</b>	268,359
<b>27. OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		<b>30</b>	1,045
<b>28. PROVISIONS / (REVERSAL OF PROVISION) &amp; WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	376,501	347,615
Reversal of provisions against loans & advances	10.3	(14,744)	(10,516)
Provision for impairment in other assets		1,634	-
		<b>363,391</b>	337,099
<b>29. TAXATION</b>			
Current		403,534	243,033
Deferred		393,455	172,907
		<b>796,989</b>	415,940
<b>30. BASIC / DILUTED EARNINGS PER SHARE</b>			
Profit for the period		<b>2,913,924</b>	1,682,503
		(Numbers in '000)	
		(Restated)	
Weighted average number of ordinary shares		<b>400</b>	400
		-----Rupees-----	
		(Restated)	
Basic / diluted earnings per share	30.1	<b>7,285</b>	4,206

**30.1** The Company issued bonus shares, accordingly the number of shares and earnings per share for the comparative period have been restated.

### 31. FAIR VALUE MEASUREMENTS

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:

#### 31.1 On balance sheet financial instruments

June 30, 2020 (Un-audited)									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>Financial assets measured at fair value</b>									
Investments									
- Market treasury bills	24,644,946	-	-	-	24,644,946	-	24,644,946	-	24,644,946
- Pakistan investment bonds	22,899,346	-	-	-	22,899,346	-	22,899,346	-	22,899,346
- Shares of listed companies	2,705,107	-	-	-	2,705,107	2,705,107	-	-	2,705,107
- Listed sukuk / term finance certificates	3,595,019	-	-	-	3,595,019	-	3,595,019	-	3,595,019
- Unlisted sukuk / term finance certificates	1,742,762	-	-	-	1,742,762	-	1,742,762	-	1,742,762
<b>Financial assets not measured at fair value</b>									
Cash and balances with treasury banks	-	-	149,900	-	149,900	-	-	-	-
Balances with other banks	-	-	28,357	-	28,357	-	-	-	-
Investments									
- Shares of listed associates	20,963,916	-	-	-	20,963,916	28,973,483	-	-	28,973,483
- Shares in unlisted companies	800	-	-	-	800	-	-	-	-
- Shares of unlisted associates	1,308,022	-	-	-	1,308,022	-	-	-	-
Advances	-	-	8,532,272	-	8,532,272	-	-	-	-
Other assets	-	-	1,353,121	-	1,353,121	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	(50,044,498)	(50,044,498)	-	-	-	-
Deposits and other accounts	-	-	-	(300,000)	(300,000)	-	-	-	-
Other liabilities	-	-	-	(1,176,167)	(1,176,167)	-	-	-	-
-	77,859,918	-	10,063,650	(51,520,665)	36,402,903	-	-	-	-

December 31, 2019 (Audited)									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>Financial assets measured at fair value</b>									
Investments									
- Market treasury bills	9,113,112	-	-	-	9,113,112	-	9,113,112	-	9,113,112
- Pakistan investment bonds	19,393,103	-	-	-	19,393,103	-	19,393,103	-	19,393,103
- Shares of listed companies	2,842,763	-	-	-	2,865,381	2,865,381	-	-	2,865,381
- Listed sukuk / term finance certificates	3,416,546	-	-	-	3,416,546	-	3,416,546	-	3,416,546
- Unlisted sukuk / term finance certificates	459,998	-	-	-	459,998	-	459,998	-	459,998
<b>Financial assets not measured at fair value</b>									
Cash and balances with treasury banks	-	-	54,209	-	54,209	-	-	-	-
Balances with other banks	-	-	23,762	-	23,762	-	-	-	-
Investments									
- Shares of listed associates	19,805,830	-	-	-	19,805,830	39,017,366	-	-	39,017,366
- Shares in unlisted companies	800	-	-	-	800	-	-	-	-
- Shares of unlisted associates	1,286,362	-	-	-	1,286,362	-	-	-	-
Advances	-	-	6,654,602	-	6,654,602	-	-	-	-
Other assets	-	-	1,126,116	-	1,126,116	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
Borrowings	-	-	-	(28,953,243)	(28,953,243)	-	-	-	-
Other liabilities	-	-	-	(715,677)	(715,677)	-	-	-	-
22,618	56,318,514	-	7,858,689	(29,668,920)	34,530,901	-	-	-	-

The fair value of financial assets and liabilities not carried at fair value are not significantly different from their carrying values since assets and liabilities are either short term in nature or in case of loans are frequently repriced.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

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

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

#### 31.2 Valuation techniques used in determination of fair value of financial instruments

Item	Valuation approach and input used
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB)	The fair value of MTBs and PIBs are derived using PKRV rates.
Debt Securities - TFCs and Sukuks other than Government	Investment in Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares – listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.

### 32. SEGMENT INFORMATION

#### 32.1 Segment Details with respect to Business Activities

The segment analysis with respect to business activities is as follows:

June 30, 2020 (Un-audited)					
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
------(Rupees in '000)-----					
<b>Profit &amp; Loss</b>					
Net mark-up / return / profit	816,447	255,985	-	-	1,074,006
Non mark-up / return / interest income	16,182	-	3,379,920	25,768	3,429,785
Total Income	832,629	255,985	3,379,920	25,768	4,503,791
Segment direct expenses	(34,224)	(14,858)	(6,370)	(7,120)	(196,424)
Segment indirect expenses	(38,207)	(11,462)	(7,641)	(7,641)	(233,063)
Total expenses	(72,431)	(26,320)	(14,011)	(14,761)	(429,487)
Reversal / (Provisions)	14,744	-	-	(376,501)	(363,391)
Profit before tax	774,942	229,665	3,365,909	(365,494)	3,710,913

June 30, 2020 (Un-audited)					
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
------(Rupees in '000)-----					
<b>Balance Sheet</b>					
Cash & Bank balances	-	178,207	-	-	178,257
Investments	5,337,781	47,544,292	22,272,738	2,705,107	77,859,918
Lendings to financial institutions	-	602,384	-	-	602,384
Advances - performing	8,405,258	-	-	-	8,490,783
Advances - non-performing	41,489	-	-	-	41,489
Others	311,004	1,042,580	-	-	1,644,291
<b>Total Assets</b>	14,095,532	49,367,463	22,272,738	2,705,107	88,817,122
Borrowings	2,687,799	47,356,699	-	-	50,044,498
Deposits & other accounts	-	300,000	-	-	300,000
Others	(108,756)	112,102	2,616,091	(159,184)	3,921,750
<b>Total liabilities</b>	2,579,043	47,768,801	2,616,091	(159,184)	54,266,248
Equity	752,974	855,163	1,233,360	(463,889)	34,550,874
<b>Total Equity &amp; liabilities</b>	3,332,017	48,623,964	3,849,451	(623,073)	88,817,122
<b>Contingencies &amp; Commitments</b>	6,978,265	-	-	-	6,978,265

June 30, 2019 (Un-audited)					
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
------(Rupees in '000)-----					
<b>Profit &amp; Loss</b>					
Net mark-up / return / profit	180,881	372,231	-	-	554,666
Non mark-up / return / interest income	716	-	1,762,352	427,036	2,192,249
Total Income	181,597	372,231	1,762,352	427,036	2,746,915
Segment direct expenses	(24,643)	(11,048)	(4,148)	(6,381)	(147,395)
Segment indirect expenses	(23,851)	(8,944)	(5,963)	(5,963)	(163,978)
Total expenses	(48,494)	(19,992)	(10,111)	(12,344)	(311,373)
Reversal / (Provisions)	10,516	-	(40)	(347,575)	(337,099)
Profit before tax	143,619	352,239	1,752,201	67,117	2,098,443

December 31, 2019 (Audited)					
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
------(Rupees in '000)-----					
<b>Balance Sheet</b>					
Cash & Bank balances	-	77,921	-	-	77,971
Investments	3,876,544	28,506,215	21,092,992	2,865,381	56,341,132
Lendings to financial institutions	-	1,218,271	-	-	1,218,271
Advances - performing	6,528,540	-	-	-	6,613,113
Advances - non-performing	41,489	-	-	-	41,489
Others	126,474	1,000,183	-	112,000	1,488,797
<b>Total Assets</b>	10,573,047	30,802,590	21,092,992	2,977,381	65,780,773
Borrowings	28,953,243	-	-	-	28,953,243
Deposits & other accounts	-	-	-	-	-
Others	52,209	(40)	1,401,435	(40,040)	3,292,877
<b>Total liabilities</b>	29,005,452	(40)	1,401,435	(40,040)	32,246,120
Equity	294,425	1,065,389	2,409,322	282,511	33,534,653
<b>Total Equity &amp; liabilities</b>	29,299,877	1,065,349	3,810,757	242,471	65,780,773
<b>Contingencies &amp; Commitments</b>	8,084,576	-	-	-	8,084,576

#### 32.2 Segment details with respect to geographical locations

All the Company's business segments operate in Pakistan only.

### 33. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its associates, associated undertaking, employee benefit plans, key management personnel and its directors.

The Company enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----								
<b>Balances with other banks</b>								
In deposit account	-	-	23,748	-	-	-	21,601	-
<b>Investments</b>								
Opening balance	-	-	21,092,192	500	-	-	15,197,136	500
Equity method accounting adjustments	-	-	1,179,746	-	-	-	5,895,056	-
Closing balance	-	-	22,271,938	500	-	-	21,092,192	500
<b>Advances</b>								
Opening balance	-	50,383	-	-	-	48,324	-	-
Addition during the period / year	-	700	-	-	-	6,792	-	-
Repaid during the period / year	-	(2,506)	-	-	-	(4,733)	-	-
Transfer in / (out) - net	-	(175)	-	-	-	-	-	-
Closing balance	-	48,402	-	-	-	50,383	-	-
<b>Other Assets</b>								
Interest / mark-up accrued	-	-	46	-	-	-	126	-
Receivable from Pak Kuwait Takaful Company	-	-	-	19,379	-	-	-	17,745
Non-current asset held for sale	-	-	-	135,000	-	-	-	135,000
Provision against other assets	-	-	-	(154,379)	-	-	-	(152,745)
	-	-	46	-	-	-	126	-
<b>Borrowings</b>								
Opening balance	-	-	25,692,879	-	-	-	-	-
Borrowings during the period / year	-	-	22,502,993	5,426,313	-	-	27,239,766	-
Settled during the period / year	-	-	(15,948,316)	-	-	-	-	-
Transfer in / (out) - net	-	-	799,290	(102,728)	-	-	(1,546,887)	-
Closing balance	-	-	33,046,846	5,323,585	-	-	25,692,879	-
<b>Other Liabilities</b>								
Dividend Payable	-	-	-	-	-	-	-	-
Payable to NCCPL	-	-	51	-	-	-	67	-
	-	-	51	-	-	-	67	-

	June 30, 2020 (Un-audited)				June 30, 2019 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----								

<b>Income</b>								
Mark-up / return / interest earned	-	937	415	-	-	966	309	-
Dividend income	-	-	801,667	-	-	-	1,052,273	-
<b>Other income</b>								
- Nominee Director Fee	-	-	5,445	135	-	-	4,005	80
<b>Expense</b>								
Mark-up / return / interest paid	-	-	1,775,975	277,771	-	-	-	-
<b>Operating expenses</b>								
- Directors Fee	9,425	-	-	-	9,026	-	-	-
- Remuneration to key management personnel (including retirement benefits)	-	180,619	-	-	-	93,281	-	-
- Nominee Director Fee payment	-	-	-	1,750	-	-	-	1,950
- NCCPL Charges	-	-	459	-	-	-	319	-
- FMCL Office Maintenance Charges	-	-	-	13,581	-	-	-	13,216
- Contribution made to Staff Provident Fund	-	-	-	16,605	-	-	-	9,262
- Contribution made to Staff Gratuity Fund	-	-	-	11,900	-	-	-	11,155

34. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	(Rupees in '000)	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	<u>10,000,000</u>	<u>10,000,000</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	15,898,222	13,394,614
Eligible Tier 2 Capital	<u>1,738,496</u>	<u>2,831,306</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>17,636,718</u>	<u>16,225,920</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	29,642,985	29,634,786
Market Risk	5,761,470	6,133,412
Operational Risk	<u>8,627,487</u>	<u>8,627,487</u>
Total	<u>44,031,942</u>	<u>44,395,685</u>
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	<u>36.11%</u>	30.17%
Tier 1 Capital Adequacy Ratio	<u>36.11%</u>	30.17%
Total Capital Adequacy Ratio	<u>40.05%</u>	<u>36.55%</u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	15,898,222	13,394,614
Total Exposures	79,300,665	56,674,820
Leverage Ratio	<u>20.05%</u>	<u>23.63%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	8,995,903	5,920,120
Total Net Cash Outflow	2,435,516	546,320
Liquidity Coverage Ratio	<u>369%</u>	<u>1084%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	41,672,376	39,709,455
Total Required Stable Funding	36,580,331	32,659,182
Net Stable Funding Ratio	<u>114%</u>	<u>122%</u>

**35. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue in the Board of Directors meeting held on August 28, 2020.

**36. GENERAL**

**36.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



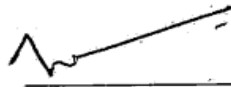
Chief Executive



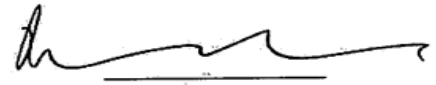
Chief Financial Officer



Director



Director



Director