



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

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**(UN-AUDITED)**

**For the half year ended June 30, 2021**

**EY**Building a better  
working worldEY Ford Rhodes  
Chartered Accountants  
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ey.com/pk**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 2021 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 2021 and 30 June 2020 have not been reviewed, as we are required to review only the cumulative figures for the six month's period ended 30 June 2021.

***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 report is Omer Chughtai.

Chartered Accountants

Date: 24 August 2021

Karachi

**Pakistan Kuwait Investment Company (Private) Limited**  
**Condensed Interim Statement of Financial Position**  
**As at June 30, 2021**

	Note	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	283,541	137,120
Balances with other banks	7	16,286	14,095
Lendings to financial institutions		-	-
Investments	8	103,941,389	90,458,932
Advances	9	16,109,176	14,256,847
Fixed assets	10	270,960	284,222
Intangible assets	11	11,222	13,790
Deferred tax assets		-	-
Other assets	12	2,838,898	1,660,636
		<u>123,471,472</u>	<u>106,825,642</u>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings	13	75,948,797	62,152,972
Deposits and other accounts	14	1,820,000	2,820,000
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	15	3,388,694	2,979,119
Other liabilities	16	1,380,849	1,156,329
		<u>82,538,340</u>	<u>69,108,420</u>
		<u>40,933,132</u>	<u>37,717,222</u>
<b>NET ASSETS</b>			
<b>REPRESENTED BY</b>			
Share capital		-	-
Reserves	17	16,000,000	10,000,000
Surplus on revaluation of assets - net		10,812,156	10,812,156
Unappropriated profit	18	1,739,388	1,474,807
		<u>12,381,588</u>	<u>15,430,259</u>
		<u>40,933,132</u>	<u>37,717,222</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.



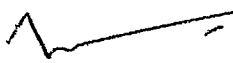
Chief Executive



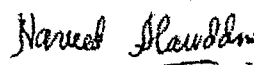
Chief Financial Officer



Director



Director




Director


**Pakistan Kuwait Investment Company (Private) Limited**  
**Condensed Interim Profit and Loss Account (Un-audited)**  
**For the half year ended June 30, 2021**


Note	Quarter Ended		Half year ended		
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	
	(Rupees in '000)				
Mark-up / return / interest earned	20	1,718,375	1,734,841	3,232,547	3,427,329
Mark-up / return / interest expensed	21	1,136,872	1,177,740	2,144,234	2,353,323
Net mark-up / interest income		581,503	557,101	1,088,313	1,074,006
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	22	23,057	3,102	34,304	24,300
Dividend income		61,284	33,593	100,347	69,308
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	23	206,268	30,796	223,557	(43,540)
Share in results of associates - net	24	2,114,694	2,024,282	4,103,461	3,371,320
Other income	25	9,664	2,600	19,329	8,397
Total non-markup / interest income		2,414,967	2,094,373	4,480,998	3,429,785
Total Income		2,996,470	2,651,474	5,569,311	4,503,791
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	26	457,524	199,202	700,585	355,239
Workers Welfare Fund		49,783	44,272	95,465	74,218
Other charges	27	-	-	-	30
Total non-markup / interest expenses		507,307	243,474	796,050	429,487
Profit before provisions		2,489,163	2,408,000	4,773,261	4,074,304
Provision - net	28	-	194,398	-	363,391
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		2,489,163	2,213,602	4,773,261	3,710,913
Taxation	29	420,360	440,463	824,809	796,989
<b>PROFIT AFTER TAXATION</b>		2,068,803	1,773,139	3,948,452	2,913,924
Rupees					
Basic and diluted earnings per share (on share of Rs. 25,000 each)	30	3,233	2,770	6,169	4,553

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

  
 Chief Executive

  
 Chief Financial Officer

  
 Director

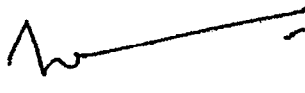
  
 Director

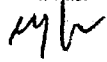
  
 Director

**Pakistan Kuwait Investment Company (Private) Limited**  
**Condensed Interim Statement of Comprehensive Income - (Un-audited)**  
**For the half year ended June 30, 2021**


	Quarter ended		Half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in '000)			
Profit after taxation for the period	2,068,803	1,773,139	3,948,452	2,913,924
Other comprehensive Income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of 'available-for-sale' securities - net of tax	265,003	514,346	154,465	83,152
Movement in surplus / (deficit) on revaluation of 'available-for-sale' securities of associates - net of tax	82,614	(519,230)	110,429	(1,175,962)
	347,617	(4,884)	264,894	(1,092,810)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligation - net of tax	-	-	-	-
Share of deficit on revaluation of non - banking assets of associates - net of tax	(313)	-	(313)	-
Share of remeasurement gain / (loss) of defined benefit obligation of associates - net of tax	2,877	(4,893)	2,877	(4,893)
	2,564	(4,893)	2,564	(4,893)
<b>Total comprehensive income</b>	<b>2,418,984</b>	<b>1,763,362</b>	<b>4,215,910</b>	<b>1,816,221</b>

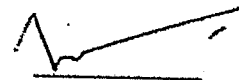
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 Chief Executive



  
 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, 2021**

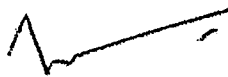
	Share Capital	Non-Distributable Reserve	Statutory Reserve	Capital Market Equalization Reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
					Investments	Non banking assets of associates		
(Rupees in '000)								
Balance as at January 1, 2020	10,000,000	935,264	6,948,688	1,659,468	2,827,279	4,027	11,159,927	33,534,653
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
Transactions with owners recorded directly in equity								
Final dividend for the year ended December 31, 2019 @ Rs. 2,000 per share	-	-	-	-	-	-	(800,000)	(800,000)
Balance as at June 30, 2020	10,000,000	935,264	6,948,688	1,659,468	1,734,469	4,027	13,268,938	34,550,874
Profit after taxation for the half year ended December 31, 2020	-	-	-	-	-	-	3,429,758	3,429,758
Other comprehensive income - net of tax	-	-	-	-	(265,428)	1,739	279	(263,410)
Total comprehensive income	-	-	-	-	(265,428)	1,739	3,430,037	3,166,348
Transfer to statutory reserve	-	-	1,268,736	-	-	-	(1,268,736)	-
Transfer to capital market equalization reserve	-	-	-	-	-	-	-	-
Balance as at December 31, 2020	10,000,000	935,264	8,217,424	1,659,468	1,469,041	5,766	15,430,259	37,717,222
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	-	-	3,948,452	3,948,452
Other comprehensive income - net of tax	-	-	-	-	264,894	(313)	2,877	267,458
Total comprehensive income	-	-	-	-	264,894	(313)	3,951,329	4,215,910
Transactions with owners recorded directly in equity								
Final dividend for the year ended December 31, 2020 @ Rs. 2,500 per share	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Issue of bonus shares 240,000 shares @ Rs. 25,000 each	6,000,000	-	-	-	-	-	(6,000,000)	-
Balance as at June 30, 2021	16,000,000	935,264	8,217,424	1,659,468	1,733,935	5,453	12,381,588	40,933,132

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, 2021**


	Half year ended	
	June 30, 2021	June 30, 2020
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,773,261	3,710,913
Less: Dividend income	(100,347)	(69,308)
	4,672,914	3,641,605
<b>Adjustments for:</b>		
Depreciation	34,632	11,303
Amortization	2,568	2,729
Provisions - net	-	363,391
Gain on sale of fixed assets	(650)	(2,572)
Unrealized gain on revaluation of 'held for trading' securities	(4,756)	-
Share in results of associates - net	(4,103,461)	(3,371,320)
	(4,071,667)	(2,996,469)
	601,247	645,136
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	-	615,887
Held-for-trading securities	(60,800)	20,086
Advances	(1,852,329)	(1,862,926)
Others assets (excluding advance taxation)	(1,489,969)	(145,413)
	(3,403,098)	(1,372,366)
<b>Increase / (decrease) in operating liabilities</b>		
Borrowings	13,795,825	21,091,255
Deposits	(1,000,000)	300,000
Other liabilities (excluding current taxation)	227,443	31,624
	13,023,268	21,422,879
	10,221,417	20,695,649
	(177,896)	(362,768)
	10,043,521	20,332,881
Income tax paid		
<b>Net cash inflow from operating activities</b>	10,043,521	20,332,881
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(10,586,460)	(20,680,395)
Dividends received	1,715,193	870,975
Investments in operating fixed assets	(24,292)	(25,747)
Proceeds from sale of fixed assets	650	2,572
<b>Net cash used in investing activities</b>	(8,894,909)	(19,832,595)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,000,000)	(400,000)
<b>Net cash used in financing activities</b>	(1,000,000)	(400,000)
<b>Increase in cash and cash equivalents</b>	148,612	100,286
Cash and cash equivalents at beginning of the period	151,215	77,971
<b>Cash and cash equivalents at end of the period</b>	299,827	178,257

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, 2021**

**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 comprise of:

- 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 prevail.

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 (NBFI) 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.

SBP vide its BPRD circular Letter No. 24 dated July 05, 2021 has deferred the implementation of IFRS 9 for Banks / DFIs to accounting periods beginning on or after January 01, 2022. Further, the SBP will provide a timelines by December 2021 for absorption of "Expected Credit Loss" (ECL) for Capital Adequacy Ratio (CAR) purpose after the assesment / evaluation of pro forma financial statements.

**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, 2020.

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

There are certain new standards and interpretations and amendments to existing standards and interpretations that are applicable to the Company for accounting periods beginning on or after January 1, 2021, but are considered either not to be relevant or do not have any significant impact on the Company's financial statements and therefore not detailed in these condensed interim financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

	Effective date (annual periods beginning on or after)
Covid-19-Related Rent Concessions - Amendment to IFRS 16	June 01, 2021
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
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
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value	January 01, 2022
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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.

	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	July 1, 2009
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 interim financial statements are consistent with those applied in preparation of audited financial statements of the Company for the year ended December 31, 2020.

**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, 2020.

**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, 2020.

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6. CASH AND BALANCES WITH TREASURY BANKS	Note	June 30,	December 31,
		2021 (Un-audited)	2020 (Audited)
		(Rupees in '000)	
Cash in hand in local currency		80	50
With State Bank of Pakistan in - local currency current account	6.1	282,157	135,906
With National Bank of Pakistan in - local currency current account		1,304	1,164
		<u>283,541</u>	<u>137,120</u>

6.1 This includes Rs. 120 million (December 31, 2020: Rs.132 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	June 30,	December 31,
	2021 (Un-audited)	2020 (Audited)
(Rupees in '000)		
In Pakistan		
- current account	3,639	1,806
- deposit account	12,647	12,289
	<u>16,286</u>	<u>14,095</u>

7.1 This represents balance maintained in saving accounts with banks. The profit rates on these accounts ranges between 2.90% and 5.50% (December 31, 2020: 2.76% and 5.50%)

8. INVESTMENTS	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
8.1 Investments by type:								
Held-for-trading securities								
Shares	60,800	-	4,756	65,556	-	-	-	-
Available-for-sale securities								
Federal Government Securities	66,621,046	-	52,753	66,673,799	57,721,705	-	115,699	57,837,404
Shares	3,014,805	(123,610)	187,022	3,078,217	2,832,708	(124,008)	(19,284)	2,689,416
Non Government Debt Securities	7,184,088	(33,638)	29,738	7,180,188	5,626,867	(33,638)	(5,264)	5,587,965
	<u>76,819,939</u>	<u>(157,248)</u>	<u>269,513</u>	<u>76,932,204</u>	<u>66,181,280</u>	<u>(157,646)</u>	<u>91,151</u>	<u>66,114,785</u>
Associates	26,943,629	-	-	26,943,629	24,344,147	-	-	24,344,147
<b>Total Investments</b>	<u>103,824,368</u>	<u>(157,248)</u>	<u>274,269</u>	<u>103,941,389</u>	<u>90,525,427</u>	<u>(157,646)</u>	<u>91,151</u>	<u>90,458,932</u>

8.1.1 Movement in investments in associates	June 30,	December 31,
	2021 (Un-audited)	2020 (Audited)
(Rupees in '000)		
Investments at beginning of the period	24,344,147	21,092,192
Disposal of investments in associates	(52,599)	-
Share in surplus / (deficit) on revaluation of 'available-for-sale' securities of associates	129,918	(1,153,609)
Share of surplus on revaluation of non - banking assets of associates	(368)	2,046
Share of remeasurement of defined benefit plans of associates	3,529	6,750
Share of profit from associates recognized in profit and loss account	4,103,461	7,050,046
Dividend received from associates	(1,584,459)	(2,653,278)
Investments at end of the period / year	<u>26,943,629</u>	<u>24,344,147</u>

The cost of investments in associates as at June 30, 2021 amounted to Rs.2,886 million (December 31, 2020: 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. 2,363 million (June 30, 2020: Rs. 2,494 million).

8.1.2 PKIC after obtaining relevant approvals from competent authorities has disposed off 2.647% shareholding of NCCPL in order to comply with requirement of Clearing Houses (Licensing and Operations) Regulations, 2016 which requires that a single shareholder other than SECP, shall not hold more than 15% shares in the clearing house. Currently PKIC holds 15% shareholding in NCCPL and retains significant influence.

8.1.3 Investments given as collateral	June 30,	December 31,
	2021 (Un-audited)	2020 (Audited)
(Rupees in '000)		
Pakistan Investment Bonds	42,974,162	32,182,514
Market Treasury Bills	-	5,371,156
	<u>42,974,162</u>	<u>37,553,670</u>

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8.2 Provision for diminution in the value of investments

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	(Rupees in '000)	
8.2.1 Opening balance	157,646	311,891
(Reversals) / charge	-	756,914
Charge for the period / year	(398)	(911,159)
Reversal on disposals for the period / year	(398)	(154,245)
Closing balance	157,248	157,646

8.2.2 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.

	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	*NPI	Provision	*NPI	Provision
	(Rupees in '000)			
Domestic	-	-	-	-
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	33,638	33,638	33,638	33,638
	33,638	33,638	33,638	33,638
Overseas	-	-	-	-
Total	33,638	33,638	33,638	33,638

9. ADVANCES

Note

	Performing		Non Performing		Total	
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	(Rupees in '000)					
Loans, cash credits, running finances, etc..	16,368,403	14,516,074	1,065,341	1,065,341	17,433,744	15,581,415
Provision against advances	-	-	(1,024,568)	(1,024,568)	(1,024,568)	(1,024,568)
- Specific	(300,000)	(300,000)	-	-	(300,000)	(300,000)
- General	(300,000)	(300,000)	(1,024,568)	(1,024,568)	(1,324,568)	(1,324,568)
Advances - net of provision	16,068,403	14,216,074	40,773	40,773	16,109,176	14,256,847

9.1 Particulars of advances (Gross)

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	(Rupees in '000)	
In local currency	17,433,744	15,581,415

9.2 Advances include Rs. 1,065.341 million (December 31, 2020: Rs. 1,065.341 million) which have been placed under non-performing status as detailed below:

Category of Classification

Domestic  
Other Assets Especially Mentioned  
Substandard  
Doubtful  
Loss  
Total

	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic	-	-	-	-
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	1,065,341	1,024,568	1,065,341	1,024,568
Total	1,065,341	1,024,568	1,065,341	1,024,568

Provision is recorded net of security deposit of Rs. 60.773 million (December 31, 2020: Rs. 60.773 million).

9.3 Particulars of provision against advances

Opening balance

Charge for the period / year  
Reversals for the period / year

Closing balance

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	1,024,568	300,000	1,324,568	1,050,828	-	1,050,828
Charge for the period / year	-	-	-	-	300,000	300,000
Reversals for the period / year	-	-	-	(26,260)	-	(26,260)
	-	-	-	(26,260)	300,000	273,740
Closing balance	1,024,568	300,000	1,324,568	1,024,568	300,000	1,324,568

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10. FIXED ASSETS	Note	June 30, 2021 (Un-audited) <u>(Rupees in '000)</u>	December 31, 2020 (Audited) <u>(Rupees in '000)</u>
Capital work-in-progress	10.1	-	27,403
Property and equipment		270,960	256,819
		<u>270,960</u>	<u>284,222</u>
<b>10.1 Capital work-in-progress</b>			
Civil works		-	17,413
Equipment		-	5,271
Furniture & Fixture		-	4,719
		<u>-</u>	<u>27,403</u>
<b>10.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
		<b>Half year ended</b>	
		June 30, 2021 (Un-audited) <u>(Rupees in '000)</u>	June 30, 2020 (Audited) <u>(Rupees in '000)</u>
Property and equipment			
Building on leasehold land		17,413	-
Furniture and fixture		5,636	1,288
Electrical, office and computer equipment		25,557	19,060
Vehicles		166	5,399
		<u>48,772</u>	<u>25,747</u>
<b>11. INTANGIBLE ASSETS</b>		June 30, 2021 (Un-audited) <u>(Rupees in '000)</u>	December 31, 2020 (Audited) <u>(Rupees in '000)</u>
Computer Software		11,222	13,790
<b>12. OTHER ASSETS</b>		June 30, 2021 (Un-audited) <u>(Rupees in '000)</u>	December 31, 2020 (Audited) <u>(Rupees in '000)</u>
Income / Mark-up accrued in local currency - net		1,993,983	1,370,249
Advances, deposits, advance rent and other prepayments		47,620	24,418
Advance Against Share Subscription		250,000	-
Advance taxation (payments less provisions)		540,264	258,944
Other receivable		53,290	53,284
		<u>2,885,157</u>	<u>1,706,895</u>
Less: Provision held against other assets	12.1	<u>(46,259)</u>	<u>(46,259)</u>
		<u>2,838,898</u>	<u>1,660,636</u>
<b>12.1 Provision held against other assets</b>			
Other receivables		46,259	46,259
		<u>46,259</u>	<u>46,259</u>
<b>13. BORROWINGS</b>			
<i>Secured</i>			
Borrowings from State Bank of Pakistan			
Under Long Term Finance Facility (LTFF)	13.1	4,528,976	3,550,202
Under Financing Scheme for Renewable Energy	13.2	1,229,382	693,622
Under Temporary Economic Refinance Facility (TERF)	13.3	965,332	292,633
		<u>6,723,690</u>	<u>4,536,457</u>
Bai Muajjal	13.4	43,174,773	37,653,706
Repurchase agreement borrowings		9,898,891	8,948,364
Term Finance Facility	13.5	4,500,000	5,000,000
<i>Total secured</i>		<u>64,297,354</u>	<u>56,138,527</u>
<i>Unsecured</i>			
Bai Muajjal	13.4	11,651,443	6,014,445
<i>Total unsecured</i>		<u>11,651,443</u>	<u>6,014,445</u>
<b>Total</b>		<u>75,948,797</u>	<u>62,152,972</u>

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### 13.1 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 July 1, 2020 to June 30, 2021 is Rs. 3,365 million.

### 13.2 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 July 01, 2020 to June 30, 2021 is Rs. 2,995 million.

### 13.3 Borrowing from SBP under Temporary Economic Refinance Facility

This represents Long Term Finance Facility on concessional rates to support sustainable economic growth especially in the backdrop of challenges being faced by the industry in post pandemic scenario. The loans availed under this facility shall be repayable within a maximum period of ten years including maximum grace period upto two years, with mark-up payable at maximum of 1 percent per annum. The sanctioned limit for the Company till June 30, 2021 is Rs. 3,632 million.

### 13.4 Bai Muajjal

This represents borrowings from financial institutions at mark-up rates between 6.80 and 7.28 (December 31, 2020: 6.15 and 12.60) percent per annum and having maturities between July 07, 2021 and December 28, 2021 (December 31, 2020: January 04, 2021 and June 29, 2021).

The collaterals for secured Bai Muajjal are disclosed in note 8.1.3.

### 13.5 Term Finance Facility

The Company has availed long term finance facility from a bank. The interest rate on this facility is 7.96 (December 31, 2020: 7.37) percent per annum and is due for maturity on September 30, 2025 (December 31, 2020: September 30, 2025). The facility is secured against hypothecation charge on all assets with 25% margin except land and building.

## 14. DEPOSITS AND OTHER ACCOUNTS

June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
(Un-audited)			(Audited)		

(Rupees in '000)

#### Customers

##### Term deposits (COI)

1,820,000	-	1,820,000	2,820,000	-	2,820,000
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### 14.1 Composition of deposits

June 30, 2021 (Un-audited)      December 31, 2020 (Audited)  
(Rupees in '000)

- Public Sector Entities
- Non-Banking Financial Institutions
- Private Sector

600,000	2,120,000
950,000	700,000
270,000	-
<u>1,820,000</u>	<u>2,820,000</u>

14.2 The profit rate on these COIs is between 7.05 and 7.50 (December 31, 2020: 6.95 and 7.35) percent per annum. These COIs have maturity between July 26, 2021 and June 02, 2022 (December 31, 2020: February 01, 2021 and September 07, 2021).

## 15 DEFERRED TAX LIABILITIES

June 30, 2021 (Un-audited)			
At January 1, 2021	Recognised in P&L A/C	Recognised in OCI	At June 30, 2021

(Rupees in 000)

#### Deductible temporary differences on

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

28,180	4,860	-	33,040
384,125	-	-	384,125
<u>412,305</u>	<u>4,860</u>	<u>-</u>	<u>417,165</u>

#### Taxable temporary differences on

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

(7,648)	(710)	(23,897)	(32,255)
(47,973)	4,464	-	(43,509)
(183,764)	2,839	-	(180,925)
(3,152,039)	(377,046)	(20,085)	(3,549,170)
<u>(3,391,424)</u>	<u>(370,453)</u>	<u>(43,982)</u>	<u>(3,805,859)</u>
<u>(2,979,119)</u>	<u>(365,593)</u>	<u>(43,982)</u>	<u>(3,388,694)</u>

#### December 31, 2020 (Audited)

At January 1, 2020	Recognised in P&L A/C	Recognised in OCI	At December 31, 2020
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(Rupees in 000)

#### Deductible temporary differences on

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

17,843	5,878	4,459	28,180
304,740	79,385	-	384,125
<u>322,583</u>	<u>85,263</u>	<u>4,459</u>	<u>412,305</u>

#### Taxable temporary differences on

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

(26,333)	380	18,305	(7,648)
(35,352)	(12,621)	-	(47,973)
(132,868)	(50,896)	-	(183,764)
(2,656,203)	(668,124)	172,288	(3,152,039)
<u>(2,850,756)</u>	<u>(731,261)</u>	<u>190,593</u>	<u>(3,391,424)</u>
<u>(2,528,173)</u>	<u>(645,998)</u>	<u>195,052</u>	<u>(2,979,119)</u>

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16. OTHER LIABILITIES

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	(Rupees in '000)	
Mark-up / return / interest payable in local currency	139,454	123,946
Accrued expenses	1,009,322	859,216
Payable to defined benefit obligation	81,160	64,404
Security deposits against lease	60,773	60,773
Employees' compensated absences	32,769	32,769
Payable to share brokers on account of purchase of marketable securities	43,303	-
Unearned Income	7,654	4,394
Others	6,414	10,827
	<u>1,380,849</u>	<u>1,156,329</u>

17. SHARE CAPITAL

17.1 Authorized Capital

Shareholders of Pakistan Kuwait Investment Company (Private) Limited in its Annual General Meeting held on March 29, 2021 has passed a special resolution to increase the Authorized Capital of the Company upto Rs. 25 Billion. Articles and Memorandum of Association of the Company have also been updated accordingly and approved by SECP subsequently.

17.2 Paid-up Capital

The Board of Directors of Pakistan Kuwait Investment Company (Private) Limited in its 166th Board Meeting held on April 28, 2021 has approved the increase in Paid-up Capital of the Company by Rs. 6 billion in the form of issuance of 240,000 bonus shares to existing shareholders having face value of 25,000 each. The paid-up capital of the Company has been subsequently increased from Rs.10 billion to Rs. 16 billion.

18. SURPLUS ON REVALUATION OF ASSETS

Note

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	(Rupees in '000)	
Surplus on revaluation of:		
- Available for sale securities	269,513	91,151
- Available for sale securities of Associates	1,762,690	1,633,141
	<u>2,032,203</u>	<u>1,724,292</u>
Deferred tax on surplus on revaluation of:		
- Available for sale securities	(70,734)	(46,837)
- Available for sale securities of Associates	(222,081)	(202,648)
	<u>(292,815)</u>	<u>(249,485)</u>
	<u>1,739,388</u>	<u>1,474,807</u>

19. CONTINGENCIES AND COMMITMENTS

-Guarantees	19.1	1,639,646	436,201
-Commitments	19.2	22,887,025	12,259,467
		<u>24,526,671</u>	<u>12,695,668</u>

19.1 Guarantees:

Financial guarantees	1,139,646	436,201
Performance guarantees	500,000	-
	<u>1,639,646</u>	<u>436,201</u>

19.2 Commitments

Undisbursed sanctions against:		
- Underwriting of shares	-	350,000
- Loans and advances	19,131,708	11,122,328
- TFC & Sukuks	350,000	-
- Letter of Comfort	3,405,317	787,139
	<u>22,887,025</u>	<u>12,259,467</u>

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### 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 the 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'. It had not approved the application of Rule 13 (3) of the Income Tax Rules, 2002 on the common expenditure for the determination of taxable income under each head of income in the case of the company. 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)]. The CIR(A) adjudged the matter in favour of the Company directing the Officer to give effect to the express directions. This was maintained by the ATIR in the subsequent departmental appeal. Thereafter these directions were again not followed in remand proceedings and the CIR(A) vide the appellate order dated October 29, 2018 had again remanded back the matter giving specific directions. The appeal effect order to this latest order has not yet been issued.

Relying on the decision of ATIR in tax year 2003, the CIR(A) through orders dated September 23, 2011, November 30, 2012, June 15, 2015, September 8, 2017, March 6, 2018, March 7, 2018 and July 26, 2019 for 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. In tax years 2008 and 2009, the action was maintained by the CIR(A). Appeals were preferred by the company and the Department before the ATIR.

Appeal effect orders were issued for the years 2004 to 2007 and 2010 allowing the entire addition on account of the pending appeals. In the order dated June 30, 2020 for tax year 2015, the Officer not following the directions of the CIR(A), had allocated expenses on the basis of turnover and currently the appeal is pending before the CIR(A).

Recently, the ATIR in the combined appellate order dated March 10, 2021 has adjudged the departmental appeals in the tax years 2004 to 2007, 2010 and 2011 to 2013, remanding back the matter of allocation of expenses on exempt capital gains and dividend income by placing reliance on its decision in the tax year 2003. The ATIR has further concluded that the provisions of section 124A of the Ordinance are not applicable in the instant case. Directions were given to preferably decide the matter in sixty days. Notices to finalise the matter were issued, and the matter is still pending.

The company's appeal for tax years 2008 and 2009 have also been adjudicated by the ATIR vide combined appellate order dated March 10, 2021 remanding back the matter of allocation of expenses with similar directions.

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.

Another issue which arises as a consequence of the appellate Order of the ATIR order dated March 10, 2021 for tax years 2010 to 2012 is the disallowance of the Tax loss on pre-mature lease terminations by holding that the provisions of section 77(4) of the Ordinance do not apply on the lease contracts terminated "pre-mature". An amount of Rs 67.224 million is involved and reference has been preferred before the High Court.

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20. MARK-UP / RETURN / INTEREST EARNED	Note	Half year ended	
		June 30,	June 30,
		2021	2020
		(Un-audited)	
		(Rupees in '000)	
On:			
Loans and advances		416,205	515,609
Investments		2,763,327	2,861,301
Lendings to financial institutions		52,559	49,310
Balances with banks		456	1,109
		<u>3,232,547</u>	<u>3,427,329</u>
<b>21. MARK-UP / RETURN / INTEREST EXPENSED</b>			
On:			
Deposits		242,293	5,264
Borrowings		1,757,270	2,246,326
Securities sold under repurchase agreements - government securities		144,671	101,733
		<u>2,144,234</u>	<u>2,353,323</u>
<b>22. FEE &amp; COMMISSION INCOME</b>			
On:			
Participation Fee		17,490	21,200
Underwriting commission		3,500	-
Commitment Fee		2,440	370
Commission on guarantees		5,874	2,730
Arrangement Fee		5,000	-
		<u>34,304</u>	<u>24,300</u>
<b>23. GAIN / (LOSS) ON SECURITIES - NET</b>			
Realised gain / (loss)			
Unrealised gain - held for trading	23.1	218,801	(43,540)
		4,756	-
		<u>223,557</u>	<u>(43,540)</u>
<b>23.1 Realised gain / (loss)</b>			
Shares		198,291	(43,540)
Federal Government Securities		3,697	-
Shares of un-quoted associates		16,813	-
		<u>218,801</u>	<u>(43,540)</u>
<b>24. SHARE IN RESULTS OF ASSOCIATES - NET</b>			
Quoted Associates		3,906,465	3,311,272
Un-quoted Associates		196,996	60,048
		<u>4,103,461</u>	<u>3,371,320</u>
<b>25. OTHER INCOME</b>			
Late payment charges		71	482
Nominee directors fee		5,190	3,830
Space / arrangement income		13,183	1,405
Gain on sale of fixed assets		650	2,572
Others		235	108
		<u>19,329</u>	<u>8,397</u>

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26. OPERATING EXPENSES

	Half year ended	
	June 30,	June 30,
	2021	2020
	(Un-audited)	
	(Rupees in '000)	
Total compensation expense	473,946	222,843
Property expense		
Rent & taxes	5,135	6,569
Insurance	284	249
Utilities cost	3,806	2,287
Security expense	-	63
Repairs & maintenance	22,701	13,573
Depreciation	3,291	3,068
	35,217	25,809
Information technology expenses		
Software maintenance	1,202	617
Hardware maintenance	72	29
Depreciation	6,753	5,654
Amortisation	2,568	2,729
Network charges	2,965	2,280
	13,560	11,309
Other operating expenses		
Directors' fees and allowances	45,001	39,689
Legal & professional charges	64,711	9,979
Outsourced services costs	12,775	10,092
Travelling & conveyance	847	1,483
Depreciation	24,588	2,581
Training & development	478	2,498
Postage & courier charges	297	166
Communication	7,164	2,983
Stationery & printing	2,218	1,015
Marketing, advertisement & publicity	2,689	882
Donations	-	10,000
Auditors' Remuneration	2,750	2,525
Newspaper, periodicals and subscription dues	2,783	3,684
Repairs & maintenance (others)	1,063	650
Bank charges	133	120
Entertainment expense	1,466	1,027
Others	8,899	5,904
	177,862	95,278
	700,585	355,239

27. OTHER CHARGES

Penalties imposed by State Bank of Pakistan

-	30
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28. PROVISIONS / (REVERSAL OF PROVISION) & WRITE OFFS - NET

Provisions for diminution in value of investments  
Reversal of provision against loans & advances - net  
Provision for impairment in other assets

-	376,501
-	(14,744)
-	1,634
-	363,391

29. TAXATION

Current  
Deferred

459,216	403,534
365,593	393,455
824,809	796,989

30. BASIC / DILUTED EARNINGS PER SHARE

Profit for the period

3,948,452	2,913,924
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(Numbers in '000)

(Restated)

Weighted average number of ordinary shares

640	640
-----	-----

Rupees

(Restated)

Basic / diluted earnings per share

6,169	4,553
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30.1 The Company issued bonus shares, accordingly the number of shares and earnings per share for the comparative period have been restated.

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### 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, 2021 (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>									
<b>Investments</b>									
- Market treasury bills	-	-	-	-	-	-	-	-	-
- Pakistan investment bonds	66,673,799	-	-	-	66,673,799	-	66,673,799	-	66,673,799
- Shares of listed companies	3,077,417	-	-	-	3,142,973	3,142,973	-	-	3,142,973
- Listed sukuk / term finance certificates	4,172,988	-	-	-	4,172,988	-	4,172,988	-	4,172,988
- Unlisted sukuk / term finance certificates	3,007,200	-	-	-	3,007,200	-	3,007,200	-	3,007,200
<b>Financial assets not measured at fair value</b>									
<b>Cash and balances with treasury banks</b>									
Cash and balances with treasury banks	-	-	283,541	-	283,541	-	-	-	-
<b>Balances with other banks</b>									
Balances with other banks	-	-	16,286	-	16,286	-	-	-	-
<b>Investments</b>									
- Shares of listed associates	25,490,897	-	-	-	25,490,897	52,491,093	-	-	52,491,093
- Shares in unlisted companies	800	-	-	-	800	-	-	-	-
- Shares of unlisted associates	1,452,732	-	-	-	1,452,732	-	-	-	-
<b>Advances</b>									
Advances	-	-	16,109,176	-	16,109,176	-	-	-	-
<b>Other assets</b>									
Other assets	-	-	1,993,531	-	1,993,531	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
<b>Borrowings</b>									
Borrowings	-	-	-	(75,948,797)	(75,948,797)	-	-	-	-
<b>Deposits and other accounts</b>									
Deposits and other accounts	-	-	-	(1,820,000)	(1,820,000)	-	-	-	-
<b>Other liabilities</b>									
Other liabilities	-	-	-	(1,299,690)	(1,299,690)	-	-	-	-
<b>65,556</b>	<b>103,875,833</b>	<b>-</b>	<b>18,402,534</b>	<b>(79,068,487)</b>	<b>43,275,436</b>				
December 31, 2020 (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>									
<b>Investments</b>									
- Market treasury bills	15,329,435	-	-	-	15,329,435	-	15,329,435	-	15,329,435
- Pakistan investment bonds	42,507,969	-	-	-	42,507,969	-	42,507,969	-	42,507,969
- Shares of listed companies	2,688,616	-	-	-	2,688,616	2,688,616	-	-	2,688,616
- Listed sukuk / term finance certificates	3,842,561	-	-	-	3,842,561	-	3,842,561	-	3,842,561
- Unlisted sukuk / term finance certificates	1,745,404	-	-	-	1,745,404	-	1,745,404	-	1,745,404
<b>Financial assets not measured at fair value</b>									
<b>Cash and balances with treasury banks</b>									
Cash and balances with treasury banks	-	-	137,120	-	137,120	-	-	-	-
<b>Balances with other banks</b>									
Balances with other banks	-	-	14,095	-	14,095	-	-	-	-
<b>Investments</b>									
- Shares of listed associates	22,938,644	-	-	-	22,938,644	47,639,302	-	-	47,639,302
- Shares in unlisted companies	800	-	-	-	800	-	-	-	-
- Shares of unlisted associates	1,405,503	-	-	-	1,405,503	-	-	-	-
<b>Advances</b>									
Advances	-	-	14,256,847	-	14,256,847	-	-	-	-
<b>Other assets</b>									
Other assets	-	-	1,339,389	-	1,339,389	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
<b>Borrowings</b>									
Borrowings	-	-	-	(62,152,972)	(62,152,972)	-	-	-	-
<b>Deposits and other accounts</b>									
Deposits and other accounts	-	-	-	(2,820,000)	(2,820,000)	-	-	-	-
<b>Other liabilities</b>									
Other liabilities	-	-	-	(1,091,925)	(1,091,925)	-	-	-	-
<b>-</b>	<b>90,458,932</b>	<b>-</b>	<b>15,747,451</b>	<b>(66,064,897)</b>	<b>40,141,486</b>				

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).

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## 32. SEGMENT INFORMATION

### 32.1 Segment Details with respect to Business Activities

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

Half year ended June 30, 2021 (Un-audited)					
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
(Rupees in '000)					
Profit & Loss					
Net mark-up / return / profit	472,747	613,168	-	2,398	1,088,313
Non mark-up / return / interest income	30,874	3,697	3,415,689	19,260	4,480,998
Total Income	503,621	616,865	3,415,689	21,658	5,569,311
Segment direct expenses	(40,521)	(18,707)	(5,284)	(7,772)	(223,224)
Segment indirect expenses	(116,113)	(23,223)	(15,482)	(402,526)	(572,826)
Total expenses	(156,634)	(41,930)	(20,766)	(553,466)	(796,050)
Reversal / (Provisions)	-	-	-	-	-
Profit before tax	346,987	574,935	3,394,923	(531,808)	4,773,261

As at June 30, 2021 (Un-audited)					
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
(Rupees in '000)					

Balance Sheet					
Cash & Bank balances	-	299,747	-	80	299,827
Investments	7,180,188	66,673,799	26,944,429	3,142,973	103,941,389
Lendings to financial institutions	-	-	-	-	-
Advances - performing	15,922,818	-	-	145,585	16,068,403
Advances - non-performing	40,773	-	-	-	40,773
Others	274,178	1,719,804	250,000	1,013	3,121,080
Total Assets	23,417,957	68,693,350	27,194,429	3,143,986	123,471,472
Borrowings	11,223,689	64,725,108	-	-	75,948,797
Deposits & other accounts	-	1,820,000	-	-	1,820,000
Others	(17,885)	30,555	3,458,856	64,790	4,769,543
Total liabilities	11,205,804	66,575,663	3,458,856	64,790	82,538,340
Equity	365,090	580,581	1,540,609	1,156,054	40,933,132
Total Equity & liabilities	11,570,894	67,156,244	4,999,465	1,220,844	123,471,472
Contingencies & Commitments	24,526,671	-	-	-	24,526,671

Half year ended June 30, 2020 (Un-audited)					
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
(Rupees in '000)					

Profit & Loss					
Net mark-up / return / profit	816,447	255,985	-	1,574	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	27,342	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

As at December 31, 2020 (Audited)					
Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
(Rupees in '000)					

Balance Sheet					
Cash & Bank balances	-	151,165	-	50	151,215
Investments	5,587,966	57,837,404	24,344,947	2,688,615	90,458,932
Advances - performing	14,110,601	-	-	105,473	14,216,074
Advances - non-performing	40,773	-	-	-	40,773
Others	263,408	1,102,795	-	10,172	1,958,648
Total Assets	20,002,748	59,091,364	24,344,947	2,698,787	106,825,642
Borrowings	53,204,607	8,948,365	-	-	62,152,972
Deposits & other accounts	-	2,820,000	-	-	2,820,000
Others	563,060	27,637	3,152,038	(7,731)	4,135,448
Total liabilities	53,767,667	11,796,002	3,152,038	(7,731)	69,108,420
Equity	796,569	729,527	1,430,493	64,023	37,717,222
Total Equity & liabilities	54,564,236	12,525,529	4,582,531	56,292	106,825,642
Contingencies & Commitments	12,695,668	-	-	-	12,695,668

### 32.2 Segment details with respect to geographical locations

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

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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:

	As at June 30, 2021 (Un-audited)				As at December 31, 2020 (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	-	-	9,073	-	-	-	6,341	-
<b>Investments</b>								
Opening balance	-	-	24,344,147	500	-	-	21,092,192	500
Equity method accounting adjustments	-	-	2,652,082	-	-	-	3,251,955	-
Closing balance	-	-	26,943,629	500	-	-	24,344,147	500
<b>Advances</b>								
Opening balance	-	62,310	-	-	-	50,383	-	-
Addition during the period / year	-	39,200	-	-	-	20,800	-	-
Repaid during the period / year	-	(3,421)	-	-	-	(8,836)	-	-
Transfer in / (out) - net	-	-	-	-	-	(37)	-	-
Closing balance	-	98,089	-	-	-	62,310	-	-
<b>Other Assets</b>								
Interest / mark-up accrued	-	-	41	-	-	-	45	-
Receivable from Pak Kuwait Takaful Company	-	-	-	-	-	-	-	20,771
Provision against other assets	-	-	-	-	-	-	-	(20,771)
	-	-	41	-	-	-	45	-
<b>Borrowings</b>								
Opening balance	-	-	37,653,706	4,840,227	-	-	25,692,879	-
Borrowings during the period / year	-	-	43,785,917	-	-	-	72,425,976	9,192,399
Settled during the period / year	-	-	(41,699,614)	(4,840,227)	-	-	(34,152,196)	(4,322,449)
Transfer in / (out) - net	-	-	3,434,764	-	-	-	(26,312,953)	(29,723)
Closing balance	-	-	43,174,773	-	-	-	37,653,706	4,840,227
<b>Other Liabilities</b>								
Payable to Staff Gratuity Fund	-	-	-	81,160	-	-	-	64,404
Payable to NCCPL	-	-	82	-	-	-	204	-
	-	-	82	81,160	-	-	204	64,404

	Half year ended June 30, 2021 (Un-audited)				Half year ended June 30, 2020 (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	-	1,691	290	-	-	937	415	-
Dividend income	-	-	1,584,459	-	-	-	801,667	-
<b>Other income</b>								
- Nominee Director Fee	-	-	7,100	190	-	-	5,445	135
<b>Expense</b>								
Mark-up / return / interest paid	-	-	1,366,708	29,621	-	-	1,775,975	277,771
<b>Operating expenses</b>								
- Directors Fee	9,750	-	-	-	9,425	-	-	-
- Remuneration to key management personnel (including retirement benefits)	-	250,599	-	-	-	180,619	-	-
- Nominee Director Fee payment	-	-	-	2,100	-	-	-	1,750
- NCCPL Charges	-	-	411	-	-	-	459	-
- FMCL Office Maintenance Charges	-	-	-	17,647	-	-	-	13,581
- Contribution made to Staff Provident Fund	-	-	-	17,288	-	-	-	16,605
- Contribution made to Staff Gratuity Fund	-	-	-	16,756	-	-	-	11,900

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34. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	June 30, 2021 (Un-audited) (Rupees in '000)	December 31, 2020 (Audited)
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	<u>16,000,000</u>	<u>10,000,000</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	16,791,533	17,873,961
Eligible Tier 2 Capital	<u>2,039,388</u>	<u>1,774,806</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>18,830,921</u>	<u>19,648,767</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	44,579,801	39,303,393
Market Risk	6,757,417	5,814,020
Operational Risk	12,635,318	12,635,318
Total	<u>63,972,536</u>	<u>57,752,731</u>
<b>Common Equity Tier 1 Capital Adequacy ratio</b>		
Tier 1 Capital Adequacy Ratio	<u>26.25%</u>	<u>30.95%</u>
Total Capital Adequacy Ratio	<u>29.44%</u>	<u>34.02%</u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	16,791,533	17,873,961
Total Exposures	126,418,937	101,564,985
Leverage Ratio	<u>13.28%</u>	<u>17.60%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	15,381,631	10,719,565
Total Net Cash Outflow	9,430,623	5,176,924
Liquidity Coverage Ratio	<u>163%</u>	<u>207%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	56,109,230	49,953,650
Total Required Stable Funding	52,753,078	43,969,945
Net Stable Funding Ratio	<u>106%</u>	<u>114%</u>

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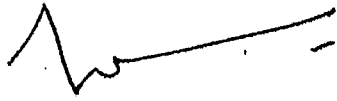
35. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on Aug 18,  
2021.

36. GENERAL

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

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Chief Executive



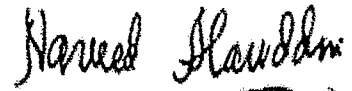
Chief Financial Officer



Director



Director



Director