PakLibya

Directors' Review

The Board of Directors (the Board) is pleased to present the condensed interim financial statements of Pak Libya Holding Company (Private) Limited (the Company) for the period ended 30 June 2018 together with Directors' review thereon.

Performance review

The Company incurred loss before tax of PKR 10.95 million during the period under review as against profit of PKR 136.98 million in the corresponding period last year.

Gross mark-up income during the period was PKR 754.52 million compared to PKR 502.57 million last year; net interest income has increased by PKR 37.85 million, an increase of approx. 25.44% compared to same period last year due to growth in debt investments portfolio.

During the period, the Company generated net cash flows of PKR 5,534.24 million as compared to utilisation of PKR 2,468.39 million due to increased borrowing and off-loading of held-for-trading investments portfolio as a strategy. The total assets of the Company have increased to PKR 20,178 million – an increase of around PKR 1,015 million (compared to financial yearend 2017) mainly in debt investment portfolio, considering the interest rate scenario.

The summarised financial results for the period are as follows:

Description	**Half year ended 30 June 2018**	**Half year ended 30 June 2017**
	PKR '000	
(Loss)/profit before taxation	(10,949)	136,982
Taxation	29,588	58,517
Profit after taxation	(40,537)	78,465
Earnings per share (Rupees)	(66.00)	127.76

Future prospects

In relation to KEL (non-banking assets), as per the approved management plan, a wholly-owned subsidiary has already been set-up and management has applied for the generation license through NEPRA; the business team is being engaged in restructuring related activities for ultimate disposal of these non-banking assets.

A cautious stance is being maintained towards further asset growth. To improve the performance, the management is focusing on all possible avenues for profitable operations of the Company with an objective to expand its loan book including SME financing activities and disposal of non-banking assets.

Considering the favourable performance of the Company, initial capital injection requirement of PKR 4 billion, agreed by the shareholders, has been reduced to PKR 2 billion. Both the shareholders in the AGM held on 15 April 2016 has given their approval for the same. Management has been following

PakLibya

up with both the shareholders to amicably finalise the arrangement in terms of mutually agreed timeline and is hopeful of a positive outcome on the matter.

In view of the overall efforts being made by the management, we are confident of positive business prospects for the Company.

Acknowledgments

On behalf of the Board, we would like to express gratitude to our shareholders for their continued support and trust. We are also thankful to employees of the Company for their hard work and dedication.

For and on behalf of the Board

Khalid Joma Ezarzor
Deputy Managing Director

Abid Aziz
Managing Director & CEO

27 July 2018

Grant Thornton

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS ON CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION OF PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED

Introduction

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information as of and for the six months period ended June 30, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for condensed interim financial reporting.

Emphasis of matter

We draw attention to the note 1.2 to the accompanying condensed interim unconsolidated financial information which explains that State Bank of Pakistan (SBP), has granted further exemption to the Company form the required minimum paid-up capital (free of losses) of Rs. 6 billion till June 30, 2018 but the capital has not been injected till that date. However, the Company has applied for further extension to SBP for injection of capital till December 31, 2018.

Our conclusion is not qualified in respect of the above matter.

Other Matters

The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the three months period ended June 30, 2018 and June 30, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2018.

Grant Thornton Anjum Rahman

Karachi
Date: **July 27, 2018**

Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb
Engagement Partner

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	(Un-audited) 30 June 2018	(Audited) 31 December 2017
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks		**13,005**	28,328
Balances with other banks		**66,740**	83,494
Lendings to financial institutions	6	**2,750,000**	4,000,000
Investments	7	**12,096,670**	9,700,440
Advances	8	**3,171,416**	3,593,084
Other assets	9	**1,933,401**	1,591,796
Operating fixed assets	10	**69,614**	80,458
Deferred tax asset - net	11	**77,488**	85,330
		20,178,333	19,162,930
LIABILITIES			
Bills payable		**-**	-
Borrowings from financial institutions	12	**15,093,111**	14,367,132
Deposits and other accounts	13	**386,326**	39,000
Sub-ordinated loans		**-**	-
Liabilities against assets subject to finance leases		**-**	-
Other liabilities		**203,244**	201,883
		15,682,681	14,608,015
NET ASSETS		**4,495,652**	4,554,915
REPRESENTED BY			
Share capital	14	**6,141,780**	6,141,780
Reserves		**311,650**	311,650
Accumulated loss		**(1,781,317)**	(1,740,780)
		4,672,113	4,712,650
Deficit on revaluation of assets - net of tax		**(176,461)**	(157,735)
		4,495,652	4,554,915
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.

Chief Financial Officer | **Managing Director & CEO**

Director | **Director**

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	Quarter ended 30 June 2018	Six months ended 30 June 2018	Quarter ended 30 June 2017	Six months ended 30 June 2017
		--------(Rupees in '000)--------			
Mark-up / return / interest earned		449,451	754,525	236,255	502,571
Mark-up / return / interest expensed		318,947	567,926	172,936	353,818
Net mark-up / interest income		130,504	186,599	63,319	148,753
Provision / (reversal) of provision against non-performing advances - net	8.2	4,660	4,758	8,364	(1,976)
Provision for diminution in the value of investments - net / impairment	7.2.4	2,103	2,103	2,047	7,699
Bad debts written off directly		-	-	-	-
		6,763	6,861	10,411	5,723
Net mark-up / interest / income after provisions		123,741	179,738	52,908	143,030
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,416	3,439	8,905	13,084
Dividend income		16,946	25,401	13,906	19,408
Gain from trading in securities - net	16	11,526	17,908	72,508	218,030
Income from dealing in foreign currencies		-	-	-	-
Unrealised gain on revaluation of investments classified as held-for-trading	7.2	1,580	73	307	-
Other income		2,312	2,538	585	2,081
Total non mark-up / interest income		33,780	49,359	96,211	252,603
		157,522	229,097	149,119	395,633
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		126,808	219,644	120,642	248,508
Other provisions / write offs / (reversals)	17	(2,821)	(10,946)	-	-
Other charges		20,622	31,348	5,888	10,143
Total non mark-up / interest expenses		144,609	240,046	126,530	258,651
		12,913	(10,949)	22,589	136,982
Extra ordinary / unusual items		-	-	-	-
(LOSS) / PROFIT BEFORE TAXATION		12,913	(10,949)	22,589	136,982
Taxation - current		10,423	15,965	22,225	51,101
- prior year		-	-	-	-
- deferred		(3,532)	13,623	3,060	7,416
	18	6,891	29,588	25,285	58,517
(LOSS) / PROFIT AFTER TAXATION		6,022	(40,537)	(2,696)	78,465
Basic and diluted earnings per share (Rupees)	19	9.80	(66.00)	(4.39)	127.76

The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.

Chief Financial Officer | Managing Director & CEO

Director | Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Quarter ended 30 June 2018	Six months ended 30 June 2018	Quarter ended 30 June 2017	Six months ended 30 June 2017
		------------- (Rupees in '000) ---------		
(Loss) / profit after taxation	**6,022**	**(40,537)**	(2,696)	78,465
Other comprehensive income-net	-	-	-	-
Items not to be reclassified in profit and loss account in subsequent periods				
Actuarial gain / (loss) on defined benefit plan	-	-	-	-
Total comprehensive (expense) / income for the period	**6,022**	**(40,537)**	(2,696)	78,465
Components of comprehensive income not reflected in equity				
Deficit on revaluation of 'available-for-sale securities' - net of tax*	**(101,782)**	**(18,726)**	(96,998)	(145,858)
Total comprehensive expense	**(95,760)**	**(59,263)**	(99,694)	(67,393)

*Surplus / (deficit) arising on revaluation of 'Available-for-sale securities' - net of tax has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide BPRD Circular No. 06 of 2014 on 26 June 2014.

The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	30 June 2018	30 June 2017
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(10,949)	136,981
Less: Dividend income		(25,401)	(19,408)
		(36,350)	117,573
Adjustments for non-cash items:			
Depreciation		13,322	13,517
Amortisation		756	550
Other Income		-	-
Provision / (reversal) against non-performing loans and advances - net		4,758	(1,976)
Unrealised loss on revaluation of investments classified as held-for-trading		(73)	-
Provision for diminution in the value of investments - net	7.2.4	2,103	7,699
Other provisions / write offs / (reversals)	17	(10,946)	-
Other income / gain on sale of operating fixed assets		1,134	(15)
		11,054	19,775
		(25,296)	137,348
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(50,000)	250,000
Investments classified as held-for-trading		4,460,576	-
Advances	8.2	416,910	(842,643)
Other assets (excluding advance tax)		(313,570)	90,693
		4,513,916	(501,950)
Increase / (decrease) in operating liabilities:			
Borrowings from financial institutions	12	725,979	(1,858,628)
Deposits and other accounts	13	347,326	(113,117)
Other liabilities		1,361	(85,258)
		1,074,666	(2,057,003)
		5,563,286	(2,421,605)
Income tax paid		(29,043)	(46,781)
Net cash generated from / (used in) operating activities		5,534,243	(2,468,386)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available for sale securities		(6,866,281)	3,477,927
Net investment in held to maturity securities		(17,060)	20,933
Dividends received		21,388	(4,638)
Operating fixed assets acquired		(4,367)	-
Sale proceeds from disposal of operating fixed assets		-	10
Net cash (used in) / generated from investing activities		(6,866,320)	3,494,232
(Decrease) / increase in cash and cash equivalents		(1,332,077)	1,025,846
Cash and cash equivalents at beginning of the period		3,661,822	793,125
Cash and cash equivalents at end of the period	22	2,329,745	1,818,971

The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.

Chief Financial Officer **Managing Director & CEO**

Director **Director**

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve	
		Statutory reserve	Accumulated loss	Total
	----------------- (Rupees in '000) -----------------			
Balance as at 01 January 2017	6,141,780	302,094	(1,774,710)	4,669,164
Total comprehensive income for the half year ended 30 June 2017				
Profit for the period	-	-	78,465	78,465
Other comprehensive income for the period	-	-	-	-
	-	-	78,465	78,465
Transfer to statutory reserve	-	15,693	(15,693)	-
Balance as at 30 June 2017	6,141,780	317,787	(1,711,938)	4,747,629
Total comprehensive income for the half ended 31 December 2017				
Loss for the period	-	-	(30,684)	(30,684)
Other comprehensive (expense) / income for the period	-	-	(4,294)	(4,294)
	-	-	(34,978)	(34,978)
Transfer to statutory reserve	-	(6,137)	6,137	-
Balance as at 31 December 2017	6,141,780	311,650	(1,740,780)	4,712,650
Total comprehensive income for the half year ended 30 June 2018				
Loss for the period	-	-	(40,537)	(40,537)
Other comprehensive income for the period	-	-	-	-
	-	-	(40,537)	(40,537)
Transfer to statutory reserve	-	-	-	-
Balance as at 30 June 2018	**6,141,780**	**311,650**	**(1,781,317)**	**4,672,113**

The annexed notes from 1 to 25 form an integral part of these condensed interim unconsolidated financial statements.

Chief Financial Officer

Managing Director & CEO

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. STATUS AND NATURE OF BUSINESS

1.1 Pak-Libya Holding Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 14 October 1978. It is a joint venture between the Government of Pakistan (GoP) and Government of Libya (State of Libya). The tenure of the Company was thirty years from the date of its establishment. The two contracting parties (i.e. both the governments through their representatives) extended the tenure for further thirty years upto 14 October 2038. The objectives of the Company interalia include the promotion of economic growth of Pakistan through industrial development, to undertake other feasible business and to establish and acquire companies to conduct various businesses as may be decided from time to time. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular No. 35 dated 28 October 2003 issued by the State Bank of Pakistan (SBP).

The registered office of the Company is located at 5th Floor, Block C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company has one sales and service center located at Lahore. Effective 05 August 2012, activities of Islamabad office have been suspended for the time being after review of the business strategy.

1.2 The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs.6 billion. The paid-up capital of the Company (free of losses) as of 30 June 2018 amounted to Rs.4.360 billion (31 December 2017: Rs.4.401 billion).

The Board of Directors (BOD) of the Company in its meeting held on 09 December 2012 and 10 December 2012, recommended the shareholders for increase in paid-up capital by Rs.4 billion in the year 2013. The increase in capital is aimed to comply with minimum capital requirement (MCR) for risk absorption and future growth and business prospects of the Company.

Further, the Chairman of the Company (Libyan Nominee) in the Board meeting held on 26 April 2014 informed that BOD of Libyan Foreign Investment Company (LAFICO) has given approval for the capital injection of Rs.2 billion with a condition of simultaneous injection of additional capital by Government of Pakistan (GOP).

In this regard, SBP has been reviewing the progress and performance of the Company and the Company has been following up the matter of additional capital injection with the Ministry of Finance (MOF). Considering the performance of the Company, both Shareholders in the Annual General Meeting (AGM) held on 15 April 2016 revisited the required additional capital and agreed to reduce the capital injection from Rs.4 billion to Rs.2 billion (Rs.1 billion by each shareholder).

The SBP had advised the Company to pursue the matter of capital injection with Finance Division and provide specific timeline for equity injection by the GOP in the Company by 31 March 2017. The management of the Company proposed shareholders to inject the additional Capital in tranches, for which the timeline has not been decided yet. Further, during the year 2017, the Company has submitted a 3 year plan to SBP to demonstrate its ability to meet the MCR through organic growth, as advised by the SBP. Subsequently, MOF vide its letter no. F.2(1) Inv-IV/2014 dated 16 January 2018 has stated that in the last quarter of current Financial Year, after a review of fiscal space, injection of equity would be given due consideration. Consequently, SBP vide its letter No. BPRD/BA&CP/657/5114/2018 dated 07 March 2018 granted relaxation in MCR till 30 June 2018. However, GOP's firm commitment to inject additional capital in the Company has not been received till date. Therefore, the Company has applied to SBP for the extension in relaxation in MCR till 31 December 2018.

Subsidiary Company

1.3 Kamoke Powergen (Private) Limited (KPL) was incorporated in Pakistan as a private limited company on 07 February 2017. KPL is a wholly owned subsidiary of Pak Libya Holding Company (Private) Limited. It has been established as a Special Purpose Vehicle (SPV) and applied for the power generation license from NEPRA to increase the salability of assets of Kamoki Energy Limited (KEL). Approval from State Bank of Pakistan (SBP) was obtained for the formation of KPL which was granted vide letter No. BPRD/RPD/27366/16 dated 16 November 2016. The registered office of KPL is located at 5th Floor, Block C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim unconsolidated financial statements of the Company for the six months ended 30 June 2018 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting, provisions of the Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the said directives have been followed.

2.2 The SBP through its BSD circular No. 11 dated 11 September 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement', and IAS 40 'Investment Property' for Non-Bank Financial Institutions (NBFIs) in Pakistan. The SECP has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1)/2008 dated 28 April 2008. Accordingly, the requirements of these IASs have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

2.3 The disclosures made in these condensed interim unconsolidated financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated 12 May 2004 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Company for the year ended 31 December 2017.

3. BASIS OF MEASUREMENT

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except that certain investments have been stated at revalued amounts in accordance with the directives of the SBP.

These condensed interim unconsolidated financial statements are presented in Pakistani Rupee which is Company's functional and presentation currency.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements, the estimates / judgments and associated assumptions made by the management in applying the Company's accounting policies and reported amounts of the assets, liabilities, income and expenses are the same as those applied in the annual audited unconsolidated financial statements as at and for the year ended 31 December 2017, except as disclosed in note 5 below.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended 31 December 2017 other than those disclosed below:

New Standards, Interpretations and Amendments

The Company has adopted following accounting standards and the amendments and interpretation of IFRSs which became effective during the period:

	Effective date (annual periods beginning on or after)
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendements to IFRS 2)	01 January 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	01 January 2018
IFRIC 22 - Foreign Currency	01 January 2018
IAS 40 - Transfers of Investment	01 January 2018
IFRS 15 - Revenue from Contracts with Customers	01 July 2018
IFRS 9 - Financial Instruments	01 July 2018

Following new standards / interpretations will be effective based on their applicability in the relevant period:

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 16 – Leases	01 January 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	01 January 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	01 January 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	01 January 2019
IAS 19 - Plan ammendment, Curtailment or Settlement (Amendments to IAS 19)	01 January 2019

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.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

Based on the initial assessment, the above standards/amendments will not have any significant effect on the condensed interim unconsolidated financial statements.

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

6. LENDINGS TO FINANCIAL INSTITUTIONS	Note	(Un-audited) 30 June 2018	(Audited) 31 December 2017
		------- (Rupees in '000) -------	
Placements		33,064	33,064
Term deposit receipts	6.1	2,750,000	4,000,000
		2,783,064	4,033,064
Less: Provision against lendings		(33,064)	(33,064)
		2,750,000	4,000,000

6.1 Term deposit receipts carry mark-up at rates ranging from 7.00 to 8.25 (2017: 6.55 to 8.00) percent per annum and are due to mature on latest by 21 May 2019.

7. INVESTMENTS	Held by Company	Given as collateral	Total
	---------------- (Rupees in '000) ----------------		
Balance as at 30 June 2018 (Un-audited)	**4,607,326**	**7,489,344**	**12,096,670**
Balance as at 31 December 2017 (Audited)	3,953,626	5,746,814	9,700,440
Balance as at 30 June 2017 (Un-audited)	3,095,334	6,421,442	9,516,776

	Held by Company	Given as collateral	Total
	---------------- (Rupees in '000) ----------------		
7.1 Investments by types			
Held-for-trading securities	525,667	-	525,667
Available-for-sale securities	4,699,605	7,516,905	12,216,510
Held-to-maturity securities	480,630	-	480,630
Investment in a joint venture Kamoki Energy Limited (KEL), a related party	404,867	-	404,867
Investment in subsidiary - Kamoke Powergen (Private) Limited (KPL), a related party	5,000	-	5,000
	6,115,769	7,516,905	13,632,674
Less: Provision for diminution in value of investments / impairment	(1,324,029)	-	(1,324,029)
Investments (net of provisions)	4,791,740	7,516,905	12,308,645
Less: (Deficit) / surplus on revaluation of investments classified as			
- held-for-trading securities	(895)	-	(895)
- available-for-sale securities	(183,519)	(27,561)	(211,080)
Balance as at 30 June 2018	**4,607,326**	**7,489,344**	**12,096,670**

	Note	(Un-audited) 30 June 2018	(Audited) 31 December 2017
7.2 Investments by segments		------- (Rupees in '000) -------	
Federal government securities			
Market treasury bills		**499,663**	4,986,243
Pakistan investment bonds		**8,069,705**	1,629,504
Fully paid-up ordinary shares			
Listed	7.2.1	**1,259,660**	1,247,542
Unlisted		**52,801**	52,801
Unlisted investment in subsidiary - KPL		**5,000**	5,000
Fully paid-up preference shares			
Unlisted - KEL	7.2.2	**300,000**	300,000
Term Finance Certificates (TFCs)			
Listed		**438,367**	444,531
Unlisted	7.2.3	**1,894,949**	1,421,992
Participation term certificates		**6,366**	6,366
Strategic investment in a joint venture			
Unlisted ordinary shares - net (KEL)	7.2.2	**404,867**	404,867
Other investments			
Sukuks - unlisted		**227,031**	253,859
Commercial paper - unlisted		**474,264**	457,204
Total investments		**13,632,673**	11,209,909
Less: Provision for diminution in value of other investments / impairment	7.2.4	**(1,324,029)**	(1,321,926)
Investments (net of provisions)		**12,308,644**	9,887,983
Less: Unrealized loss on revaluation of 'held-for-trading' securities		**(895)**	(968)
Deficit on revaluation of 'available-for-sale' securities		**(211,080)**	(186,575)
Total investments at market value		**12,096,670**	9,700,440

7.2.1 Additional 1,008,787 ordinary shares of Agritech Limited (Agritech) at Rs.35 per share were purchased at a total consideration of Rs.35.31 million, under a buy-back arrangement, signed by the investors in year 2012, during first quarter of the financial year 2016. The SBP vide its letter No.BPRD/BPD (Policy)/ 2016-14898 dated 14 June 2016 has granted relaxation to the investors for recording impairment on this investment upto 30 June 2017 in phases. Pursuant to this letter, impairment equivalent to 100% of the required amount has been recorded by the Company as at 30 June 2017.

7.2.2 As at 30 June 2018, the Company has the following investments / exposures in Kamoki Energy Limited (KEL) which was a joint venture project between the Company and Tapal Family. KEL was established in 2009 to own, construct, manage and operate a rental power generation plant. KEL could not commence its commercial operations.

On 30 March 2012, a decision was announced by the Honorable Supreme Court of Pakistan (SCP) on the Human Rights Case with respect to Rental Power Plants (RPPs) which was initiated by the Honorable SCP taking a suo moto action. In this decision, all contracts of RPPs were declared to be illegal and void ab initio and ordered to be rescinded. KEL had filed a review petition against the decision of the Court which is pending adjudication.

Keeping in view the above, the Board of Directors in their meeting, held on 09 December 2012 and 10 December 2012, had deliberated upon different alternatives in detail with respect to the exposure in KEL and thereafter decided to take exit from KEL. The Board advised the management to explore options, to sell the project to a third party.

Consequent to filing of winding up petition, for KEL, by Ameejee Valejee & Sons (Private) Limited along with certain shareholders of KEL from Tapal Family, Honorable Sindh High Court (SHC) has ordered liquidation of KEL and appointed an Official Assignee.

As per the order of Honorable SHC, M/s. Joseph Lobo (Private) Limited was appointed to carry out fresh valuation of the KEL. Subsequently, the first and second auctions were held on 29 November 2014 and 08 April 2015 respectively under the jurisdiction of Official Assignee, which, however, remained uneventful. Consequently, the SHC passed an order dated 28 April 2015 to set off the assets of KEL to the extent of forced sale value of Rs.1,134 million against claim of the Company. Later, the Honorable SHC vide its letter dated 27 May 2015 directed that the assets of KEL be handed over to the Company. Subsequent to the said order of SHC certain claimants filed their claims, amounting to Rs.117.37 million before official assignee, the final outcome of which is still pending.

Nature of assets / exposures	Book value before provision	Provision held	Book value after provision
	----------------	(Rupees in '000)	----------------
Preference shares*	300,000	(300,000)	-
Ordinary shares**	404,867	(404,867)	-
Total funded exposure	**704,867**	**(704,867)**	**-**
As at 30 June 2018 (unaudited) / 31 December 2017 (Audited)	704,867	(704,867)	-

*These are unlisted preference shares issued by KEL, the entire issue (100%) of these preference shares was subscribed by the Company during the year 2011. These have been fully provided due to the reasons stated above.

**This represents 50% shareholding in the ordinary shares (Rs.10 each) of KEL, which has been fully provided due to the reasons stated above. The book value represents cost of investment amounting to Rs.500 million less share of loss on interest in joint venture amounting to Rs.95.133 million upto 30 June 2012. This investment is designated as strategic investment under the Prudential Regulations for Corporate / Commercial Banking.

7.2.3 No provision has been made against the investment on the basis of exposure being guaranteed by the Government as stated in Annexure V "Guidelines in the matter of classification and provisioning of assets" of Prudential Regulations R-8 of Corporate / Commercial Banking.

SBP vide its letter no. BPRD/BPD(Policy)/2017-29483 dated 15 December 2017 has allowed relaxation to the investors for their restructured debt from the requirements of Prudential Regulation R-8 of Corporate / Commercial Banking upto 30 June 2018. The investment had previously been restructured through a TFC Investor Agreement effective 06 May 2015.

	(Un-audited) 30 June 2018	(Audited) 31 December 2017
	------- (Rupees in '000) -------	
7.2.4 Particulars of provision		
Opening balance	**1,321,926**	1,296,736
Charge for the period / year	**2,103**	45,402
Less: Reversal during the period / year	**-**	-
Net charge for the period / year	**2,103**	45,402
Less: Reversal on disposal	**-**	(20,212)
Net charge	**2,103**	25,190
Closing balance	**1,324,029**	1,321,926

8. ADVANCES

	Note	(Un-audited) 30 June 2018	(Audited) 31 December 2017
In Pakistan			
Loans		**3,874,034**	4,493,456
Net investment in finance lease		**439,411**	212,921
Staff loans		**157,986**	149,709
Consumer loans and advances		**51,016**	58,270
Long-term financing of export oriented projects - (LTF-EOP)		**60,179**	60,179
Long-term financing facility - (LTFF)		**137,500**	162,500
Advances - gross	8.1	**4,720,126**	5,137,036
Less : Provision against			
- Non-performing advances - specific provision	8.2	**1,548,545**	1,543,715
- Consumer loans and advances - general provision	8.2	**165**	237
		1,548,710	1,543,952
Advances - net of provision		**3,171,416**	3,593,084

8.1 Advances include amounts aggregating to Rs.1,996.88 million (31 December 2017: Rs.1,980.90 million) which have been placed under non-performing status as detailed below:

30 June 2018 (Un-audited)	**Domestic**	**Overseas**	**Total**	**Provision required**	**Provision held**
Category of classification	---------------------------		(Rupees in '000)	---------------------------	
OEAM	**101**	-	101	-	-
Substandard*	**414,192**	-	414,192	103,548	25,808
Doubtful	**2,642**	-	2,642	1,321	1,321
Loss	**1,579,949**	-	1,579,949	1,521,418	1,521,416
	1,996,884	-	1,996,884	1,626,287	1,548,545

31 December 2017 (Audited) Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----------	----------	(Rupees in '000)	----------	
OEAM	251	-	251	-	-
Substandard*	399,456	-	399,456	99,864	21,055
Doubtful	-	-	-	-	-
Loss	1,581,193	-	1,581,193	1,522,660	1,522,660
	1,980,900	-	1,980,900	1,622,524	1,543,715

**Included herein is subjective provision on a certain exposure to the extent of 5%.*

8.2 Particulars of provision against non-performing advances:

	(Un-audited) 30 June 2018			(Audited) 31 December 2017		
	Specific	General	Total	Specific	General	Total
	----------	----------	---------- (Rupees in '000)	----------	----------	----------
Opening balance	**1,543,715**	**237**	**1,543,952**	1,516,914	650	1,517,564
Charge for the period	**5,857**	**-**	**5,857**	72,763	-	72,763
Reversals	**(1,027)**	**(72)**	**(1,099)**	(45,923)	(413)	(46,336)
Net (reversals) / charge	**4,830**	**(72)**	**4,758**	26,840	(413)	26,427
Less: Amount written off	**-**	**-**	**-**	(39)	-	(39)
Closing balance	**1,548,545**	**165**	**1,548,710**	1,543,715	237	1,543,952

8.2.1 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs. Nil million (31 December 2017: Nil) in respect of consumer financing and Rs.58.532 million (2017: Rs.58.532 million) being security deposit in respect of lease financing. The FSV benefit recognised under the Prudential Regulations is not available for the distribution of cash or stock dividend to the shareholders. Further, SBP through its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated 26 December 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

8.2.2 General provision against consumer finance loans represents provision made equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP for consumer financing.

9 OTHER ASSETS

	Note	(Un-audited) 30 June 2018	(Audited) 31 December 2017
		------- (Rupees in '000)	-------
Income / mark-up / return receivable in local currency		**495,290**	155,758
Security deposits		**4,642**	4,642
Short-term advances		**12,838**	16,540
Prepayments		**10,153**	3,588
Advance taxation		**241,693**	228,616
Non banking assets acquired in satisfaction of claims	9.1	**1,179,360**	1,179,360
Other receivables		**8,107**	32,920
		1,952,083	1,621,425
Less: Provision held against other assets		**(18,682)**	(29,628)
		1,933,401	1,591,796

9.1 Other assets include non-banking assets acquired under satisfaction of claim in relation to KEL's exposure (refer note 7.2.2 for further details). These assets comprise of land measuring 14.125 acre, building structure and power plant. The project is situated at Kamoki, District Gujranwala, Punjab, Pakistan.

Considering the strategic importance of KEL, consequent to transfer of the said assets in Company's name the management presented a Management Plan, highlighting all aspects, regarding the Power Project Assets to the Board of Directors. In continuation to the efforts made for the disposal, management appointed M/s. Iqbal A. Nanjee for a new valuation as at December 2016. As per the new valuation the market value of these assets were Rs.1.799 billion whilst forced sale value is Rs.1.286 billion.

The management had also submitted a time-bound action plan to SBP for the disposal of the said non-banking assets in which it was anticipated that the assets will be disposed off before financial year end 2017. However, that could not materialise in FY 2017 and is not expected in FY 2018, therefore management revisited its plan again and commited to dispose off these assets by March 2019. A wholly owned subsidiary has already been setup during the year 2017 to obtain a generation license to increase the salability of these assets.

		(Un-audited) 30 June 2018	(Audited) 31 December 2017
		------- (Rupees in '000) -------	

10. OPERATING FIXED ASSETS

	Note		
Capital work-in-progress		-	-
Property and equipment	10.1	65,035	77,551
Intangible assets		4,579	2,907
		69,614	80,458

10.1 Additions during the six months ended 30 June 2018 amounted to Rs. 4.367 million while disposal had a total cost of Rs. 21.144 million (net book value of Rs. Nil million). Gain on disposal on these assets was Rs. Nil million. Disposals includes an amount of Rs. 20.42 million in terms of car surrended to the Company by ex- DMD. Refer note 20 (5).

11. DEFERRED TAX ASSET - net

Deferred credit arising in respect of:		
Net investment in finance leases	(41,849)	(28,782)
Accelerated tax depreciation	1,857	1,206
Deferred debits arising in respect of:		
Provision for compensated absences	5,179	3,825
Provision for advances, investments and other assets	77,567	80,242
Unrealised gain on investments classified as held-for-trading	114	-
	42,868	56,491
Deferred tax liability on surplus on revaluation of available-for-sale investments - net	34,620	28,839
	77,488	85,330

11.1 As at 30 June 2018, the Company has available provision for advances, investments and other assets amounting to Rs.1,801.99 million (31 December 2017: Rs.1,801.99 million) and unused tax losses upto 30 June 2018 amounting to Rs. 2,047.98 million (31 December 2017: Rs.2,001.45 million). However, the management has prudently recognised the deferred tax asset only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections approved by the Board of Directors. Moreover, no deferred tax asset has been recognised on unused tax losses.

12. BORROWINGS FROM FINANCIAL INSTITUTIONS

Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing of exports oriented projects (LTF-EOP)		-	-
Long-term financing facility (LTFF)	12.1	137,500	162,500
Repurchase agreement borrowings-Repo	12.2	6,920,000	5,368,021
Borrowings from financial institutions	12.3	5,786,500	7,787,500
Bai Muajjal	12.4	299,111	299,111
		13,143,111	13,617,132
Unsecured			
Clean borrowings		1,950,000	750,000
		15,093,111	14,367,132

12.1 The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for long term financing facility (LTFF) to customers. According to terms of respective agreements, the SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing shall carry interest at the rate of 2.5 (2017: 2.5) percent per annum.

12.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by 26 November 2018 (31 December 2017: April 2018). The rate of mark-up on these facilities range from 6.35 to 7.00 (31 December 2017: 5.90 to 6.05) percent per annum.

12.3 This includes borrowings from financial institutions as under:

Rs. 3,586.5 million (2017: Rs.3,787.5 million) representing long term borrowings from certain financial institutions which are secured by way of first pari passu charge over assets of the Company with 25 and 30 percent margin on the facility amount. They carry a mark-up rate of six months KIBOR plus 0.25 percent to 1.00 percent per annum payable on semi-annual basis (2017: six months KIBOR plus 0.25 percent to 1.00 percent per annum payable on semi-annual basis). As at 30 June 2018, the applicable interest rates were 6.67 to 7.52 (2017: 6.40 and 7.17) percent per annum. These borrowings are due for maturity latest by August 2022 (2017: August 2022).

12.4 Rs. 299.11 million (2017: Rs. 299.11 million) representing financing through Bai Muajjal of Sukuk from financial institution secured against Government Securities due for repayment on 08 November 2018.

	(Un-audited) 30 June 2018	(Audited) 31 December 2017
13. DEPOSITS AND OTHER ACCOUNTS	------- (Rupees in '000) -------	
Customers		
Certificates of investment - (in local currency)	386,326	39,000
Financial institutions		
Certificates of investment - (in local currency)	-	-
	386,326	39,000

13.1 The profit rates on these Certificates of Investment (COIs) is 6.10 to 7.00 (31 December 2017: 6.10) percent per annum. These COIs are due for maturity latest by 28 September 2018 (31 December 2017: 09 August 2018).

14. SHARE CAPITAL

14.1 Authorised share capital

Number of shares 2018	Number of shares 2017		30 June 2018	31 December 2017
			------- (Rupees in '000) -------	
800,000	800,000		8,000,000	8,000,000

14.2 Issued, subscribed and paid-up capital

		Ordinary shares of Rs.10,000 each		
471,836	471,836	Fully paid in cash	4,718,360	4,718,360
142,342	142,342	Issued as bonus shares	1,423,420	1,423,420
614,178	614,178		6,141,780	6,141,780

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 In financial year 2014, the Company received the appeal effect orders with respect to the Appellate Tribunal Inland Revenue (ATIR) orders dated 20 February 2013 in relation to tax years 2004, 2005, 2006 and 2008 where the outcome was in favour of the Company in relation to issues of loans and advances written-off, apportionment of expenditure and loans to executives/officers and the resulting refunds were adjusted against the tax liability for the tax years 2009 and 2010. Based on the decision of ATIR, overall resulting relief and brought forward losses, there was 'nil' additional tax liability remaining for tax years 2009 and 2010. In June 2015, the Additional Commissioner Inland Revenue issued orders under section 221/124 of the ITO for the tax years 2003 to 2010 to give the appeal effect of the ATIR order. Upon Company's rectification application, a rectified order was issued which resulted in a refund of Rs.122.777 million in tax year 2010. The Tax department has filed the references before Honorable High Court of Sindh against the order of ATIR. The said references is still pending as at period end.

15.1.2 For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated 30 August, 2013 passed under section 122(1) read with section 177 of Income Tax Ordinance (ITO) issued the amended assessment order and raised a demand of Rs.84.392 million. The demand mainly pertains to additions made for apportionment of expenses to dividend income/capital gains/(losses), disallowance of interest payable on accrual basis, provision for loans and advances and loss on termination of leased assets etc. The Company filed a refund claim of Rs.70.53 million for the tax year 2011 through a revised tax return; however, it did not recognise the said additional refund on a prudent basis. The Company filed an appeal with Commissioner Inland Revenue Appeals on 14 October 2013. The CIR (A) disposed the appeal vide his order No. 22 dated 26 December 2016. In relation to the said appeal, CIR (A) confirmed the treatment of DCIR on certain issues, whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest the various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 02 March 2017 in addition to a rectification application, however, the appeal is still pending as at period end.

15.1.3 For the tax year 2013, the Company received a tax demand of Rs.24.3 million on 11 November 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated 12 December 2014 wherein it has been highlighted that the issue of apportionment of expenditure against dividend income and capital gain has been decided in favour of the Company by ATIR. Also, the Tax department did not consider the payment of tax of Rs.13.47 million. In June 2015, a rectification order under section 221 of the ITO was passed by the Additional Commissioner Inland Revenue to give effect of apportionment of financial charges and tax credits. Consequently the tax department revised its tax demand and reduced it to Rs.13.198 million. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 December 2014. The CIR (A) disposed the appeal vides his order No. 23 dated 26 December 2016. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest the various treatments adopted in the above mentioned order issued by CIR(A) has been filed 02 March 2017 in addition to a rectification application, however, the appeal is still pending as at period end.

15.1.4 For the tax year 2014, the ACIR passed an order wherein he demanded tax of Rs.57.866 million disallowing the provision for non-performing loan and advances, apportionment of financial and administrative expenses against dividend income and capital gain, penalty imposed by the State Bank of Pakistan, treated the expenditure incurred on privately placed TFCs as capital expenditure and charged WWF. The Company filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 22 November 2016. The CIR (A) disposed the appeal vides his order No. 13 dated 16 January 2017. In relation to the said appeal, the CIR (A) confirmed the treatment of the ACIR on certain issues whilst few matters were decided in favour of the Company. Therefore, an appeal before ATIR to contest the various treatments adopted in the above mentioned order issued by CIR(A) has been filed on 02 March 2017, however, the appeal is still pending as at period end.

No provision has been made in these condensed interim financial statements in respect of above mentioned Income tax matters as the management is hopeful of a favourable outcome on these matters, considering the appellate history and tax advisor's opinion.

15.1.5 The Company, through its lawyer, has challenged in the Court of Sindh (SHC) section 2(g)(V), 5(3), 5(4) and 6(1) of the Sindh Workers Welfare Fund Act, 2014 to be unlawful and void ab initio. The Court as an interim measure passed the order that no coercive action shall be taken against the Company till next date of hearing as suit No 610/2017, in which almost 20 Financial Institutions have filed a Composite Suit challenging the same law, requires hearing.

	Note	(Un-audited) 30 June 2018	(Audited) 31 December 2017
		------- (Rupees in '000) -------	
15.2 Commitments			
Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		-	-
Others	15.2.1	863,592	861,571
		863,592	861,571

15.2.1 This represents the guarantees issued on behalf of Kamoki Energy Limited (KEL), a joint venture. During the year 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court), in which all contracts of RPPs were declared to be illegal and void ab initio and as a result of which the guarantee remained inoperative. Consequently, as per the opinion of the legal advisor, there cannot be any exposure of the Company under the same. Moreover, as disclosed in note 7.2.2, the process of winding up of KEL is underway.

15.3 Trade - related contingent liabilities			
Contingent liabilities in respect of letters of credit favouring:			
Government		-	-
Others		104,666	104,666
		104,666	104,666
15.4 Commitments to extent credit		1,580,306	1,021,967
15.5 Commitments for acquisition of operating fixed assets		2,064	2,550
15.6 Commitments against other services		6,455	13,879
15.7 Unsettled investment transactions for:			
Purchase of PIBs		-	-
Sale/purchase of listed ordinary shares - net		-	28,890
		-	28,890

15.8 Claims not acknowledged as debt as referred to in note 7.2.2 to the financial statements.

16. GAIN FROM TRADING IN SECURITIES - NET

This includes net loss from trading in government securities amounting to Rs. 0.357 million (30 June 2017: Gain of Rs. 90.093 million).

	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017
17. OTHER PROVISIONS / WRITE OFFS / (REVERSALS)		
Reversals against other receivables *(refer note 20 sub-note 5)*	(10,946)	-
	(10,946)	-

18. TAXATION

18.1 Due to current year tax loss, the Company has made provision for applicable minimum and fixed taxes. Therefore, relationship between tax expense and accounting profit for the period has not been presented.

19. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

	Quarter ended 30 June 2018	Six months ended 30 June 2018	Quarter ended 30 June 2017	Six months ended 30 June 2017
(Loss) / profit after taxation	6,022	(40,537)	(2,696)	78,465
	'-------- (Number of shares) --------			
Weighted average number of ordinary shares	614,178	614,178	614,178	614,178
	------------- (Rupees) --------------			
(Loss) / earnings per share	9.80	(66.00)	(4.39)	127.76

20. RELATED PARTY TRANSACTIONS

The Company has related party relationship with its joint venture, state controlled entities (by virtue of government shareholding), companies with common directorships, employees benefit plans, key management personnel and its directors.

The Company enters into transactions with related parties in the normal course of business. The transactions were carried out at contracted rates. Transactions with key management personnels are governed by the applicable policies and / or terms of employment / office. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity. Key management personnel herein include Managing Director, Deputy Managing Director, Company Secretary and Head of Departments.

Transactions and balances with related parties are as follows:

	(Un-audited) 30 June 2018					(Audited) 31 December 2017				
	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
20.1 Balances										
Bank balance	-	-	-	12,879	-	-	-	-	28,298	-
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	350,000	-
Placements / reverse repo made during the period	-	-	-	200,000	-	-	-	-		-
Placements / reverse repo matured during the period	-	-	-	(100,000)	-	-	-	-	(350,000)	-
Closing balance	-	-	-	100,000	-	-	-	-	-	-
Investments										
Opening balance	-	-	704,867	6,911,185	5,500	-	-	704,867	11,201,958	500
Investment made during the period	-	-	-	22,791,105	-	-	-	-	18,538,264	5,000
Investment redeemed / disposed off during the period	-	-	-	(20,838,223)	-	-	-	-	- (22,829,037)	-
Closing balance	-	-	704,867	8,864,067	5,500	-	-	704,867	6,911,185	5,500
Provision for diminution in value of investments	-	-	704,867	50,000	-	-	-	704,867	50,000	-
Surplus / (deficit) on revaluation of investments	-	-	-	(63,791)	-	-	-	-	(18,265)	-

	(Un-audited) 30 June 2018					(Audited) 31 December 2017				
	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Advances										
Opening balance (3)	-	74,742	-	-	-	-	83,569	-	-	-
Addition / rollover during the period	-	18,784	-	-	-	-	29,936	-	-	-
Settled / repaid during the period (3)	-	(7,993)	-	-	-	-	(38,763)	-	-	-
Closing balance	-	85,533	-	-	-	-	74,742	-	-	-
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other assets										
Mark-up receivable on term loan										
- Gross	-	1,357	-	-	-	-	742	-	41,420	-
- Suspended / provided	-	-	-	-	-	-	-	-	(3,002)	-
Closing balance	-	1,357	-	-	-	-	742	-	38,418	-
Amount receivable from defined contribution plan	-	-	-	-	-	-	-	-	-	-
Other receivables (5)	-	5,983	-	-	1,318	-	26,110	-	-	-
Advance taxation	-	-	-	241,693	-	-	-	-	228,616	-
Other advances										
Opening balance	-	538	-	-	-	-	25,548	-	-	
Additions during the period (4)	-	-	-	-	-	-	897	-	-	
Settled / repaid during the period (4)	-	-	-	-	-	-	(25,907)	-	-	
Closing balance	-	538	-	-	-	-	538	-	-	-
Provision against other assets	-	5,983	-	-	-	-	16,995		-	-
Borrowings from financial Institutions										
Opening balance	-	-	-	3,900,923	-	-	-	-	2,260,256	-
Borrowings during the period	-	-	-	150,129,919	-	-	-	-	201,916,445	
Settled during the period	-	-	-	(148,144,342)	-	-	-	-	(200,275,778)	
Closing balance	-	-	-	5,886,500	-	-	-	-	3,900,923	-
Deposits and other accounts										
Opening balance	-	-	-	39,000	-	-	-	-	200,000	-
Additions during the period	-	-	-	818,226	-	-	-	-	439,000	-
Repayments during the period	-	-	-	(470,900)	-	-	-	-	(600,000)	-
Closing balance	-	-	-	386,326	-	-	-	-	39,000	-

	(Un-audited) 30 June 2018					(Audited) 31 December 2017				
	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Other liabilities										
Mark-up payable	-	-	-	40,124	-	-	-	-	15,275	-
Amount payable to retirement benefit funds	-	-	-	-	6,108	-	-	-	-	(11,117)
Others / departing bonus payable (3)	-	-	1,008	220	-	-	-	1,008	1,132	-
	-	-	1,008	40,344	6,108	-	-	1,008	16,407	(11,117)
Contingencies and commitments										
Letter of guarantee	-	-	863,592	-	-	-	-	861,571	-	-
Commitment to extend credit	-	-	-	-	-	-	14,712	-	-	-
Unsettled sale/purchase of investment transactions	-	-	-	-	-	-	-	-	2,284	-
	-	-	863,592	-	-	-	14,712	861,571	2,284	-

	(Un-audited) 30 June 2018					(Un-audited) 30 June 2017				
	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties
20.2 Transactions, income and expenses										
Mark-up / return / interest earned -net	-	647	-	352,480	-	-	191	-	346,885	-
Mark-up / return / interest expensed	-	-	-	138,614	3575	-	-	-	219,865	-
Gain/(loss) on sale of securities - net	-	-	-	1,438	-	-	-	-	110,867	-
Dividend Income	-	-	-	6,659	-	-	-	-	6,495	-
Contribution to defined contribution plan	-	-	-	-	3,760	-	-	-	-	3,856
Contribution to defined benefit plan	-	-	-	-	5,323	-	-	-	-	5,031
Non-executive directors' fee and remuneration	1,857	-	-	-	-	913	-	-	-	-
Remunerations	-	95,473	-	-	12,185	-	141,851	-	-	6,672

(1) Key management personnel are also entitled to the usage of certain Company assets as per their terms of employment.

(2) Fee based income to be recorded on cash receipt basis.

(3) The comparative include Rs. 25 million, grandfathered, loan obtained by the then Senior Executive Vice President (SEVP) during FY 2009-2010 before becoming the Managing Director (executive director) of the Company in FY 2012. As per the terms approved by the Board, the SEVP was given relaxation in certain employee loan related terms; including to pay the entire Rs. 25 million (principal) upon completion of his employment term. However, he has been paying interest on the said loan. The loan was due for repayment on 21 February 2017 which has been settled during year 2017.

(4) During the year 2016, the former Deputy Managing Director obtained an advance amounting to Rs. 25 million. As per employment terms of the Managing Director and Deputy Managing Director (the executive directors), they are entitled to 3 months salary as advance, without interest, repayable in 12 months; however, the Deputy Managing Director requested for Rs. 25 million. Considering this being a related party transaction, the board of directors approved the transaction as an interest free advance repayable within 12 months against his end of service benefits. The Company marked a lien on end of service benefit against this advance as security. The advance was due for repayment on 06 April 2017 however has been settled at 31 March 2017 consequent to conclusion of his directorship.

(5) This includes an amount of Rs. 26.11 million paid to former Deputy Managing Director (DMD) of the Company, who was relocated to Libya on 31 March 2017, on account of depreciation benefit, transportation cost and tax paid by the Company. The Board subsequently resolved that the said benefits will be recovered from former DMD partly from sale proceeds of the car surrendered by former DMD to the Company and partly from actual payment. The car was disposed off subsequent to year end against sale proceeds of Rs. 9.11 million in addition to actual cash received amounting to Rs. 11.004 million. The management has been following up for the remaining amount.

21. SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate finance	Treasury	Capital Markets	SME & Retail Banking	Others	Total
	(Un-audited) 30 June 2018					
	(Rupees in '000)					
Total income	285,322	439,236	42,905	28,437	12,070	807,970
Total expenses	(192,876)	(397,530)	(9,474)	(27,537)	(191,502)	(818,919)
Net income / (loss)	92,446	41,706	33,431	900	(179,432)	(10,949)
Segment assets (gross)	7,827,342	12,016,146	814,357	592,672	1,833,619	23,084,136
Segment non-performing loans	1,956,861	-	-	40,023	-	1,996,884
Segment non-performing investments & lendings	1,441,942	42,435	-	-	-	1,484,377
Segment provision required & held on loans	1,511,245	-	-	37,465	-	1,548,710
Segment provision investments & lendings	1,314,658	42,435	-	-	-	1,357,093
Segment liabilities	3,348,894	11,714,755	-	588,641	30,391	15,682,681
Net assets						4,495,652
Return on net assets (ROA)						-0.14%
Cost of funds (%)						6.88%
	(Audited) 31 December 2017					
Total income	273,423	794,924	171,503	39,175	(8,534)	1,270,491
Total expenses	(205,466)	(596,206)	(25,563)	(41,082)	(318,050)	(1,186,367)
Net income / (loss)	67,957	198,718	145,940	(1,907)	(326,584)	84,124
Segment assets (gross)	8,193,912	10,956,019	796,312	390,477	1,725,153	22,061,872
Segment non-performing loans	1,938,451	-	-	42,449	-	1,980,900
Segment non-performing investments / lendings	1,356,392	39,430	-	-	-	1,395,822
Segment provision required & held on loans	1,505,572	-	-	38,380	-	1,543,952
Segment provision required & held on investments / lending	1,315,560	39,430	-	-	-	1,354,990
Segment liabilities	3,163,359	11,019,126	130	389,544	35,856	14,608,015
Net assets						4,554,915
Return on net assets (ROA)						1.85%
Cost of funds (%)						6.27%
	(Un-audited) 30 June 2017					
Total income	148,733	444,904	146,650	12,807	2,080	755,174
Total expenses	80,787	295,179	13,529	25,578	203,120	618,193
Net income / (loss)	67,946	149,725	133,121	(12,771)	(201,040)	136,981
Segment assets (gross)	7,467,099	9,492,620	659,212	455,362	1,552,342	19,626,635
Segment non-performing loans	1,544,402	-	-	67,562	-	1,611,964
Segment non-performing investments & lendings	1,378,777	44,939	-	-	-	1,423,716
Segment provision required & held	1,458,922	-	-	56,666	-	1,515,588
Segment provision investments & lendings	1,295,064	44,939	-	-	-	1,340,003
Segment liabilities	2,204,396	9,378,447	907	454,926	38,348	12,077,023
Net assets						4,694,023
Return on net assets (ROA)						1.63%
Cost of funds (%)						6.21%

22. CASH AND CASH EQUIVALENTS

	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017
	(Rupees in '000)	
Cash and balances with treasury banks	13,005	29,170
Balances with other banks	66,740	89,801
Placements & term deposit receipts	2,250,000	1,700,000
	2,329,745	1,818,971

23. CREDIT RATING

In its latest rating announcement (June 2018), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating of AA-(Double A Minus) in the long term (with negative outlook assigned to rating) and A1+ (A One Plus) in the short term.

24. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue on **27 July 2018** by the Board of Directors of the Company.

25. GENERAL

25.1 Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

Chief Financial Officer

Managing Director & CEO

Director

Director