

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 first quarter ended March 31, 2015 together with Directors' review thereon.

Performance review

The Company earned a profit before tax of PKR 70.291 million during first quarter of FY 2015 as against PKR 71.262 million in the corresponding quarter last year. This consistent performance reflects successful implementation of revised business strategy and approved plan, prudent allocation of available resources towards profitable avenues, continuous monitoring of the existing portfolio as well as strong recovery efforts of the management for non-performing and troubled assets.

Net mark-up income during the period was PKR 73.711 million, an increase of approx. 18% over same period last year. Moreover, gain from trading in government securities has also significantly improved thereby increasing the non mark-up income to PKR 105.783 million as compared to PKR 48.066 million in Q1-2014.

During the quarter, the Company generated net cash flows from operating activities of PKR 4.797 billion, an increase of approx. 282% over Q1-2014. The Company was successful to raise PKR 1.0 billion through PPTFC during the current period. The increased cash inflow enabled the Company to invest in more profitable activities. Consequently the Company has invested additional PKR 5.2 billion in government securities to match its portfolio profile. The total assets of the Company have increased to PKR 16.988 billion – an increase of over PKR 4 billion as compared to Q1-2014 and financial year end 2014.

The summarised financial results for the quarter are as follows:

Description	March 31, 2015	March 31, 2014
	PKR '000	
Profit before taxation	70,291	71,262
Taxation	34,033	9,615
Profit after taxation	36,258	61,647
Earnings per share (Rupees)	59.04	100.37

Future prospects

The management is focusing on all possible avenues for profitable operations of the Company with prime focus on the recovery efforts for troubled and non-performing assets which are a source of potential earnings. Moreover, a cautious stance is being maintained towards further asset growth.

In relation to Kamoki Energy Limited (KEL), as per the Board's approved plan, an exit strategy has been formulated. As a result, the Company has filed a claim for recovery consequent to the appointment of Official Assignee in a liquidation process ordered by the Sindh High Court. Pak Libya, through its legal advisor, is in the process of filing a reference in the Court for the transfer of KEL assets in its name, being the sole creditor to protect the interest of the Company.

Moreover, recent initiative of the Government of Pakistan to utilise existing RPPs as Short Term Independent Power Producers/Plants, once implemented, is expected to have a positive impact on marketability of KEL.

Necessary work towards PKR 4.0 billion rights issue capital injection transaction of the Company in line with recommendation of the Board is in process.

Management has been following 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 S.T. Benrjoba
Deputy Managing Director




Abid Aziz
Managing Director

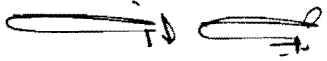
April 25, 2015
Karachi.

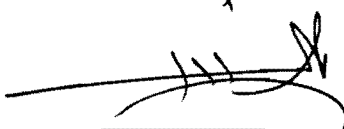
PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

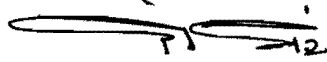
		(Un-audited) March 31, 2015	(Audited) December 31, 2014
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		45,663	68,845
Balances with other banks		47,870	64,144
Lendings to financial institutions	6	200,000	-
Investments	7	12,400,839	7,703,305
Advances	8	3,650,507	3,707,914
Other assets		390,602	598,557
Operating fixed assets	9	81,423	87,907
Deferred tax asset-net	10	171,123	205,513
		16,988,027	12,436,185
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	11	11,111,491	6,097,465
Deposits and other accounts	12	1,949,632	2,470,607
Sub-ordinated loans		-	-
Liabilities against assets subject to finance leases		-	-
Other liabilities		279,335	281,426
Deferred tax liabilities		-	-
		13,340,458	8,849,498
NET ASSETS		3,647,569	3,586,687
REPRESENTED BY			
Share capital	13	6,141,780	6,141,780
Reserves		90,107	82,855
Accumulated loss		(2,626,784)	(2,655,790)
		3,605,103	3,568,845
Surplus on revaluation of assets - net of tax		42,466	17,842
		3,647,569	3,586,687
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Managing Director & CEO


 Director


 Director


PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2015

		Quarter ended March 31, 2015	Quarter ended March 31, 2014
	Note -----	(Rupees in '000) -----	
Mark-up / return / interest earned		313,681	246,378
Mark-up / return / interest expensed		239,970	183,900
Net mark-up / interest income	-	73,711	62,478
Reversal of provision against non-performing advances - net	8.2	(423)	(382)
Reversal of provision for diminution in the value of investments - net	7.2.3	(748)	1,759
Bad debts written off directly		-	-
		<u>(1,171)</u>	<u>1,377</u>
Net mark-up / interest / income after provisions		74,882	61,101
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,178	12,563
Dividend income		11,313	9,865
Gain from trading in securities - net	15	93,162	25,538
Income from dealing in foreign currencies		-	-
Unrealised loss on revaluation of investments classified as held-for-trading	7.2.3	(2,737)	-
Other income		2,867	100
Total non mark-up / interest income		105,783	48,066
		<u>180,665</u>	<u>109,167</u>
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		98,916	82,062
Other provisions / write offs	16	(12,603)	(45,078)
Other charges		24,061	921
Total non mark-up / interest expenses		110,374	37,905
		<u>70,291</u>	<u>71,262</u>
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		70,291	71,262
Taxation - current		29,723	8,057
- prior year		-	-
- deferred		4,310	1,558
	17	<u>34,033</u>	<u>9,615</u>
PROFIT AFTER TAXATION		36,258	61,647
Basic and diluted earnings per share (Rupees)	18	<u><u>59.04</u></u>	<u><u>100.37</u></u>

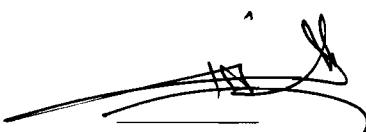
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 Chief Financial Officer



 Managing Director & CEO



 Director



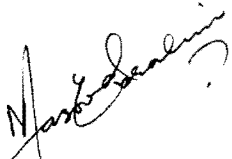
 Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2015


	Quarter ended March 31, 2015	Quarter ended March 31, 2014
	----- (Rupees in '000) -----	
Profit after taxation	36,258	61,647
Other comprehensive income-net	-	-
Total comprehensive income for the period	36,258	61,647

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the directives of the State Bank of Pakistan in a separate account below equity.


The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



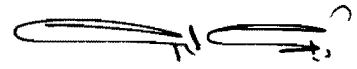
 Chief Financial Officer



 Managing Director & CEO



 Director



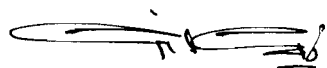
 Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2015

	Note	March 31, 2015 ----- (Rupees in '000) -----	March 31, 2014 -----
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		70,291	71,262
Less: Dividend income		(11,313)	(9,865)
		58,978	61,397
Adjustments for non-cash items:			
Depreciation		4,675	5,752
Amortisation		140	140
(Reversal of provision) / provision against non-performing loans and advances - net		(423)	(382)
Unrealised loss on revaluation of investments classified as held-for-trading		2,737	-
(Reversal of provision) / provision for diminution in the value of investments - net	8.2	(748)	1,759
Reversal of provision against lendings to financial institutions		-	-
Other provisions / write offs	16	(12,603)	(45,078)
Gain on sale of operating fixed assets		(2,760)	(2)
		(8,982)	(37,811)
		49,996	23,586
Decrease / (increase) in operating assets:			
Lendings to financial institutions		-	-
Investments classified as held-for-trading		-	496,626
Advances	8	57,830	(42,709)
Other assets		226,281	(17,379)
		284,111	436,538
Increase / (decrease) in operating liabilities:			
Borrowings from financial institutions	11	5,014,026	1,543,710
Deposits and other accounts	12	(520,975)	(649,573)
Other liabilities		(2,091)	(90,120)
		4,490,960	804,017
		4,825,067	1,264,141
Income tax paid		(28,234)	(9,514)
Net cash generated from operating activities		4,796,833	1,254,627
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investments - net		(4,644,819)	(1,699,451)
Dividends received		4,101	5,340
Operating fixed assets purchased		(302)	(1,073)
Sale proceeds of property and equipment disposed-off		4,731	355
Net cash used in investing activities		(4,636,289)	(1,694,829)
Increase/(decrease) in cash and cash equivalents		160,544	(440,202)
Cash and cash equivalents at beginning of the period		132,989	595,106
Cash and cash equivalents at end of the period	21	293,533	154,904

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 Director

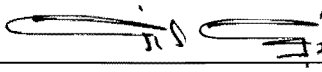

 Director

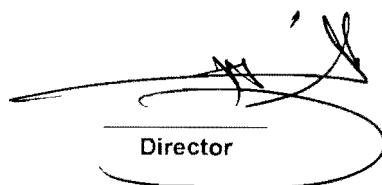
PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2015

	Issued, subscribed and paid-up capital	Capital reserve Statutory reserve	Revenue reserve Accumulated loss	Total
	----- (Rupees in '000) -----			
Balance as at January 01, 2014	6,141,780	36,319	(2,845,431)	3,332,668
Total comprehensive income for the first quarter ended March 31, 2014				
Profit for the period	-	-	61,647	61,647
Other comprehensive income for the period	-	-	-	-
	-	-	61,647	61,647
Transfer to statutory reserve	-	12,329	(12,329)	-
Balance as at March 31, 2014	<u>6,141,780</u>	<u>48,648</u>	<u>(2,796,113)</u>	<u>3,394,315</u>
Total comprehensive income for the three quarters ended December 31, 2014				
Profit for the period	-	-	171,034	171,034
Other comprehensive income for the period	-	-	3,496	3,496
	-	-	174,530	174,530
Transfer to statutory reserve	-	34,207	(34,207)	-
Balance as at December 31, 2014	<u>6,141,780</u>	<u>82,855</u>	<u>(2,655,790)</u>	<u>3,568,845</u>
Total comprehensive income for the first quarter ended March 31, 2015				
Profit for the period	-	-	36,258	36,258
Other comprehensive income for the period	-	-	-	-
	-	-	36,258	36,258
Transfer to statutory reserve	-	7,252	(7,252)	-
Balance as at March 31, 2015	<u>6,141,780</u>	<u>90,107</u>	<u>(2,626,784)</u>	<u>3,605,103</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Managing Director & CEO


 Director


 Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2015

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 October 14, 1978. It is a joint venture between the Government of Pakistan and Government/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) extended the tenure for further thirty years upto October 14, 2038. The objective of the Company inter alia includes 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 October 28, 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 two sales and service centres located at Lahore and Islamabad. Effective August 05, 2012, activities of Islamabad sales and service centre 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 September 05, 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 March 31, 2015 amounted to Rs. 3.515 billion (December 31, 2014: Rs.3.486 billion).

The Board of Directors (BoD) of the Company in its meeting held on December 09, 2012 and December 10, 2012, recommended the shareholders for increase in paid-up capital by Rs. 4 billion in the FY-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 April 26, 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). Moreover, the Ministry of Finance (MOF) in its letter dated June 24, 2014 has stated that the matter of capital injection is under consideration with the Finance Division of GOP.

In light of the above status, the Board approved a fresh set of projections for a period of five years which includes the revised timeline for completion of the capital injection transaction. Further, the management has also been discussing the possibilities of receiving additional capital in tranches in FY 2015.

The SBP vide its letter no. BPRD / BA & CP-04 / 657 /3858 / 2015 dated February 16, 2015, granted further extension in the exemption for meeting the MCR till March 31, 2015 and has advised the Company to ensure equity injection by the sponsors within this timeline.

The Company has approached to SBP to allow MCR exemption till December 31, 2015 in order to amicably finalize the arrangements in terms of mutually agreed timeline with both the shareholders for additional capital. Further, on April 08, 2015, Finance Division of GOP has also requested SBP through its letter No.F.2(I)-Inv.IV/2014-227 to allow extension in the relaxation in MCR to the Company till December 31, 2015.

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements of the Company for the three months ended March 31, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, 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 Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2** The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Non-Banking Financial Institutions (NBFIs) till further instructions. Further, according to the notification of the SECP dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable to NBFIs. Accordingly, the requirements of these standards have not been considered in the preparation of the condensed interim financial statements.
- 2.3** The disclosures made in these condensed interim financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 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 financial statements of the Company for the year ended December 31, 2014.

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention, except for certain investments which are carried at fair value.

These condensed interim financial statements have been presented in Pak Rupees, which is the 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 management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual audited financial statements as at and for the year ended December 31, 2014, 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 financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2014 other than those disclosed below:

New, Amended And Revised Standards And Interpretations of IFRSs

The Company did not adopt following standards, amendments and interpretation of IFRSs which became effective during the period:

IAS 19 – Defined Benefit Plans: Employee Contribution – Amendments

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

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

5.1 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended December 31, 2014.

6. LENDINGS TO FINANCIAL INSTITUTIONS	Note	(Un-audited)	(Audited)
		March 31, 2015	December 31, 2014
		----- (Rupees in '000) -----	
Repurchase agreements lendings (Reverse Repo)		-	-
Term deposit receipt	6.1	50,000	-
Placements	6.1	197,068	47,068
		247,068	47,068
Less: Provision against lendings		(47,068)	(47,068)
		200,000	-

6.1 The placements carry mark-up at rate 8.25 to 8.50 percent per annum and will mature on April 2015 and May 2015 respectively.

	Held by Company	Given as collateral	Total
	----- (Rupees in '000) -----		
7. INVESTMENTS			
Balance as at March 31, 2015 (Un-audited)	2,830,074	9,570,765	12,400,839
Balance as at December 31, 2014 (Audited)	2,593,829	5,109,476	7,703,305
Balance as at March 31, 2014 (Un-audited)	2,318,896	5,247,907	7,566,803

	Held by Company	Given as collateral	Total
	----- (Rupees in '000) -----		
7.1 Investments by types			
Held-for-trading securities	-	-	-
Available-for-sale securities	4,053,151	9,317,964	13,371,115
Held-to-maturity securities	6,366	-	6,366
Investment in a joint venture Kamoki Energy Limited, a related party	404,867	-	404,867
	4,464,384	9,317,964	13,782,348
Less: Provision for diminution in value of investments	1,499,045	-	1,499,045
Investments (net of provisions)	2,965,339	9,317,964	12,283,303
Less: (Deficit) / surplus on revaluation of investments classified as			
- held-for-trading securities	-	-	-
- available-for-sale securities	(135,265)	252,801	117,536
Balance as at March 31, 2015	2,830,074	9,570,765	12,400,839

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
		----- (Rupees in '000) -----	
7.2 Investments by segments			
Federal government securities			
Market treasury bills		346,251	835,615
Pakistan investment bonds		10,010,397	4,847,262
Fully paid-up ordinary shares / certificates			
Listed	7.2.1	943,866	854,310
Unlisted		93,341	93,341
Fully paid-up preference shares			
Listed		40,000	40,000
Unlisted - Kamoki Energy Limited (KEL), a related party	7.2.2	300,000	300,000
Term Finance Certificates (TFCs)			
Listed		371,749	323,552
Unlisted		1,038,472	1,196,552
Participation term certificates		6,366	6,366

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
Note	----- (Rupees in '000) -----	
Strategic investment in a joint venture		
Unlisted ordinary shares		
Kamoki Energy Limited, a related party	7.2.2	404,867
		404,867
Other investments		
Mutual fund units - listed	10,120	16,895
Sukuks - unlisted	216,919	218,768
Total investments	<u>13,782,348</u>	<u>9,137,528</u>
Less: Provision for diminution in value of other investments	7.2.3	(1,499,045)
		(1,497,055)
Investments (net of provisions)	<u>12,283,303</u>	<u>7,640,473</u>
Less: Unrealized loss on revaluation of 'held-for-trading' securities	-	-
Surplus on revaluation of 'available-for-sale' securities	117,536	62,832
Total investments at market value	<u>12,400,839</u>	<u>7,703,305</u>

7.2.1 The SBP vide letter No. BPRD/BRD-(Policy)/2014-11546 dated June 27, 2014, has permitted banks / DFIs to maintain provision at 80% (upto March 31, 2015) of the deficit on revaluation of ordinary shares of Agritech Limited. However, the Company had already made a provision on prudent basis, of Rs.305.379 million, resulting in an excess provision of Rs.28.975 million against ordinary shares of Agritech Limited at March 31, 2015. Accordingly, the Company has availed a benefit of exemption from provisioning under above mentioned SBP letter of Rs.40.126 million only.

7.2.2 As at March 31, 2015, the Company has below detailed investments / exposures in KEL which is a joint venture project between the Company and Tapal Family (currently under liquidation). KEL was established in 2009 to own, construct, manage and operate a rental power generation plant. KEL could not commence its commercial operations.

On March 30, 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court) on the Human Rights Case with respect to Rental Power Plants (RPPs) which was initiated by the Honorable Court 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 December 09 and 10, 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 option to sell the project to a third party.

The Company also carried out impairment test in respect of equity investments (including preference shares) held by the Company in accordance with the requirement of International Accounting Standard (IAS) 36 - "Impairment of Assets" and full provision was made for equity investments in FY-2012 which continues to be held as of March 31, 2015. Further, the provisioning against the term loans and mark-up accrued thereon had also been determined in accordance with the requirements of Prudential Regulations issued by the SBP. Accordingly, as at March 31, 2015, the Company holds provisions against diminution in the value of equity investments (ordinary and preference shares), non-performing term loans and against other receivables as detailed below.

Consequent to filing of winding up petition, for KEL, by Ameerjee Valejee & Sons (Private) Limited along with certain shareholders of KEL from Tapal Family, Honorable Sindh High Court has ordered liquidation of KEL and appointed an Official Assignee. In this regard an advertisement was published in newspapers on July 18, 2014 requesting all the concerned parties to submit their claims against KEL by August 18, 2014. Subsequently, PLHC has filed a claim for recovery. As per the order of Honorable Sindh High Court, M/s. Joseph Lobo (Private) Limited was appointed to carry out fresh valuation of the KEL. Subsequently, the first auction was held on November 29, 2014 under the jurisdiction of official assignee, which, however, remained uneventful. The Company is now in the process of getting a reference filed in the Sindh High Court, through its legal counsel, for the transfer of KEL assets in its name against its total claims. The Honorable High Court of Sindh through its order dated March 25, 2015 ordered to publish the advertisement once again to conduct a second auction of KEL's assets.

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)	-
Term loan	1,250,000	(983,812)	266,188
Short term loan	34,690	(34,690)	-
Other assets - accrued income	205,690	(205,690)	-
Other assets - other receivables	20,102	(20,102)	-
Total funded exposure	2,215,349	(1,949,161)	266,188
As at December 31, 2014 (Audited)	2,211,754	(1,945,566)	266,188

(Un-audited) (Audited)
March 31, December 31,
2015 2014
----- (Rupees in '000) -----

7.2.3 Provision for diminution in value of investments

Opening balance	1,497,055	1,519,550
Charge for the period / year	2,790	18,552
Less: Reversal during the period / year	(800)	(19,682)
Net charge/ (reversal) for the period / year	1,990	(1,130)
Less: Reversal on disposal	-	(21,365)
Closing balance	1,499,045	1,497,055

8. ADVANCES

In Pakistan

Loans		5,544,732	5,636,409
Net investment in finance lease		273,323	225,907
Consumer loans and advances		156,766	162,604
Staff loans		117,026	118,814
Long-term financing of export oriented projects - (LTF-EOP)		60,179	60,179
Long-term financing facility - (LTFF)		59,448	65,391
Advances - gross	8.1	6,211,474	6,269,304
Less : Provision against			
- Non-performing advances - specific provision	8.2	2,559,853	2,560,241
- Consumer loans and advances - general provision	8.2	1,114	1,149
Advances - net of provision		3,650,507	3,707,914

- 8.1 Advances include amounts aggregating to Rs.3,245.896 million (December 31, 2014: Rs.3,244.836) million which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	(Rupees in '000)				
Substandard	455,309	-	455,309	112,523	112,523
Doubtful	1,738	-	1,738	-	-
Loss	2,788,849	-	2,788,849	2,447,330	2,447,330
	<u>3,245,896</u>	<u>-</u>	<u>3,245,896</u>	<u>2,559,853</u>	<u>2,559,853</u>

- 8.2 Particulars of provision against non-performing advances:

	(Un-audited) March 31, 2015			(Audited) December 31, 2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	2,560,241	1,149	2,561,390	2,674,018	1,522	2,675,540
Charge for the period	23	-	23	300	-	300
Reversals	(411)	(35)	(446)	(114,077)	(373)	(114,450)
Net (reversals) / charge	(388)	(35)	(423)	(113,777)	(373)	(114,150)
Less: Amount written off	-	-	-	-	-	-
Closing balance	<u>2,559,853</u>	<u>1,114</u>	<u>2,560,967</u>	<u>2,560,241</u>	<u>1,149</u>	<u>2,561,390</u>

- 8.2.1 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.23.754 million (December 31, 2014: Rs.21.854 million) in respect of consumer financing, and Rs.324.720 million (December 31, 2014: Rs.324.720 million) in respect of corporate financing which includes Rs.266.188 million (December 31, 2014: Rs.266.188 million) being the FSV benefit availed by the Company against the term loan of Kamoki Energy Limited (classified as loss) and security deposit amounting to Rs.58.532 million (2014: Rs.58.532 million) 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 December 26, 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

9. OPERATING FIXED ASSETS

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
	(Rupees in '000)	
Capital work-in-progress	19,685	19,685
Property and equipment	59,748	66,092
Intangible assets	1,990	2,130
	<u>81,423</u>	<u>87,907</u>

- 9.1 Additions during the quarter ended March 31, 2015 amounted to Rs. 0.297 million while disposal had a total cost of Rs.21.679 million (net book value of Rs. 1.966 million) which includes sale of assets to key management personnel, under the agreed terms, at a gain of Rs. 2.742 million.

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
	----- (Rupees in '000) -----	
10. DEFERRED TAX ASSET - net		
Deferred credit arising in respect of:		
Net investment in finance leases	(41,286)	(36,851)
Accelerated tax depreciation	(1,056)	(925)
Deferred debits arising in respect of:		
Provision for compensated absences	3,875	3,618
Provision for advances, investments and other assets	97,797	97,796
Unused tax losses	155,470	155,470
Share of loss in joint venture	31,394	31,394
Unrealised loss on held-for-trading investments	-	-
	<u>246,194</u>	<u>250,502</u>
Deferred tax asset on surplus on revaluation of available-for-sale investments - net	<u>(75,071)</u>	<u>(44,989)</u>
	<u><u>171,123</u></u>	<u><u>205,513</u></u>

10.1 As at March 31, 2015, the Company has available deferred tax asset on provision for advances, investments and other assets (including provision against investment in KEL) amounting to Rs.1,825.197 million (2014: Rs.1,822.826 million) and on unused tax losses for quarter ended March 31, 2015 amounting to Rs.1,975.765 million (2014: Rs.1,932.226 million). However, the management has prudently recognised the tax benefit only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections mentioned below.

10.2 The management of the Company has prepared five years' financial projections which have been approved by the Board of Directors of the Company. The said projections involve certain key assumptions underlying the estimation of future taxable profits. The determination of future profits is most sensitive to certain key assumptions such as the timing for injection of further capital, of Rs. 4 billion, growth of business, revenue and expenses, return on assets, projected reversals / recovery from non-performing assets and outcome of pending tax matters etc. Any significant change in the key assumptions may have an impact on the realisability of the deferred tax asset. The management believes that it is probable that the Company will be able to achieve the profits projected in the financial projections and, consequently, the recorded deferred tax asset will be realised in the future.

11. BORROWINGS FROM FINANCIAL INSTITUTIONS

Secured

Borrowings from State Bank of Pakistan under:

Long-term financing of exports oriented projects (LTF-EOP)		13,186	15,071
Long-term financing facility (LTFF)		53,505	59,448
Repurchase agreement borrowings	11.1	6,900,000	2,963,251
Privately placed term finance certificates	11.2	1,249,800	374,695
Borrowings from financial institutions		<u>2,895,000</u>	<u>2,685,000</u>
		<u>11,111,491</u>	<u>6,097,465</u>

Unsecured

Clean borrowings

	-	-
	<u>11,111,491</u>	<u>6,097,465</u>

11.1 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 April 2015 (December 31, 2014: April 2015). The rates of mark-up on these facilities ranged from 8.00 to 10.00 (December 31, 2014: 9.5 to 10.5) percent per annum.

11.2

(a) This includes an amount of Rs.249.800 million (December 31, 2014: Rs.374.695 million) being the balance amount of Privately Placed Term Finance Certificates (PPTFC) of Rs.750 million raised by the Company in February 2011. The issue is secured by first fixed charge by way of hypothecation on all the present and future loans and lease receivables of the Company ranking pari passu with prior charges. This issue is rated and carries a mark-up rate of six months' KIBOR plus 1.6% percent p.a. payable on semi-annual basis. The PPTFC issue is repayable in installments by February 2016 and is held by both financial and non-financial institutions.

- (b) This includes an amount of Rs.1,000 million (December 31, 2014: Nil) being the balance amount of Privately Placed Term Finance Certificates (PPTFC) of Rs.1,000 million raised by the Company in February 2015. The issue is secured by first pari passu hypothecation charge over all present and future current assets and fixed assets (excluding land and building) of the Company (the "Hypothecated Assets") . This issue is rated and carries a mark-up rate of three months' KIBOR plus 1.5% percent p.a. payable on quarterly basis. The PPTFC issue is repayable in installments by February 2020 and is held by the financial institutions.

	(Un-audited) March 31, 2015	(Audited) December 31, 2014
	----- (Rupees in '000) -----	
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Certificates of investment - (in local currency)	1,949,632	2,470,607
Financial institutions		
Certificates of investment - (in local currency)	-	-
	<u>1,949,632</u>	<u>2,470,607</u>

- 12.1** The profit rates on these Certificates of Investment (COIs) range from 7.90 to 10.75 (December 31, 2014: 9.20 to 9.50) percent per annum. These COIs are due for maturity on various dates latest by March 2016 (December 31, 2014: December 2015).

13. SHARE CAPITAL

- 13.1** SBP vide its letter no. BPRD / BA & CP-04 /3858 /2015 dated February 16,2015, granted further extension in the exemption for meeting the MCR till March 31,2015 and has advised the Company to ensure equity injection by the sponsors within this timeline.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated August 30, 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 has filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on October 14, 2013 against the order of DCIR which is still pending. Further, no provision has been made for the demand for tax year 2011 as favourable outcome is expected considering the judgement of the Appellate Tribunal Inland Revenue (ATIR) in the preceding years on the addition/disallowances for the year under reference.

In FY 2014, the Company received the appeal effect orders with respect to the ATIR orders dated February 20, 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 and overall resulting relief and brought forward losses, there was 'Nil' additional tax liability remaining for tax years 2009 and 2010. However, the Tax department has filed the references before Honourable High Court of Sindh against the order of ATIR.

For the tax year 2013, the Company received a tax demand of Rs. 24.3 million on November 11, 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated December 12, 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 addition to this, the Company has filed an appeal before the (CIRA) against the order, which is pending.

	Note	(Un-audited) March 31, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
14.2 Commitments			
Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		-	-
Others	14.2.1	<u>859,914</u>	<u>859,711</u>
		<u>859,914</u>	<u>859,711</u>
14.2.1 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.			
14.3 Trade - related contingent liabilities			
Contingent liabilities in respect of letters of credit favouring:			
Government		-	-
Others		<u>12,064</u>	<u>13,698</u>
		<u>12,064</u>	<u>13,698</u>
14.4 Commitments to extent credit		<u>276,700</u>	<u>258,265</u>
14.5 Commitments for acquisition of operating fixed assets		<u>-</u>	<u>-</u>
14.6 Unsettled investment transactions for:			
Purchase of PIBs		286,209	-
Sale/purchase of listed ordinary shares - net		-	129,498
		<u>286,209</u>	<u>129,498</u>

15. GAIN FROM TRADING IN SECURITIES - NET

This includes net gain from trading in government securities amounting to Rs. 81.305 million (March 2014: gain of Rs. 0.164 million).

16. OTHER PROVISIONS / WRITE OFFS

Reversal of provision against mark-up accrued - net		-	(20,209)
Write off against KSE-TREC		-	10,000
Reversal of provision against non-banking assets acquired in satisfaction of claims	16.1	(16,197)	(53,632)
Provision against other receivables - Kamoki Energy Limited		3,594	11,273
		<u>(12,603)</u>	<u>(52,568)</u>

16.1 This includes reversal of provision amounting to Rs. 16.197 million which was made during the quarter ended March 31, 2015 to the extent of market value of non-banking assets (properties) in view of the agreement for sale of all these assets signed by the Company. As at March 31, 2015, out of the total 25 properties, 24 properties have been disposed off.

17. TAXATION

- 17.1 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.

	March 31, 2015	March 31, 2014
	----- (Rupees in '000) -----	
18. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	<u>36,258</u>	<u>61,647</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares	<u>614,178</u>	<u>614,178</u>
	----- (Rupees) -----	
Earnings per share	<u>59.04</u>	<u>100.37</u>

19. 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 herein include Managing Director, Deputy Managing Director, Company Secretary and Head of Departments.

Transactions and balances with related parties are as follows:

	(Un-audited) March 31, 2015					(Audited) December 31, 2014				
	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties	Directors	Key management personnel *	Joint venture **	State controlled entities	Other related parties
	----- (Rupees in '000) -----					----- (Rupees in '000) -----				
19.1 Balances										
Bank balance	-	-	-	45,655	-	-	-	-	68,837	-
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	350,000	-
Placements / reverse repo made during the period	-	-	-	1,484,846	-	-	-	-	3,674,487	-
Placements / reverse repo matured during the period	-	-	-	(1,284,846)	-	-	-	-	(4,024,487)	-
Closing balance	-	-	-	200,000	-	-	-	-	-	-
Investments										
Opening balance	-	-	704,867	6,063,143	500	-	-	704,867	4,249,933	500
Investment made during the period	-	-	-	7,995,745	-	-	-	-	13,589,062	-
Investment redeemed / disposed off during the period	-	-	-	(3,289,903)	-	-	-	-	(11,775,852)	-
Closing balance	-	-	704,867	10,768,985	500	-	-	704,867	6,063,143	500
Provision for diminution in value of investments	-	-	704,867	50,000	-	-	-	704,867	50,000	-
Deficit on revaluation of investments	-	-	-	222,799	-	-	-	-	129,369	-

	(Un-audited) March 31, 2015					(Audited) December 31, 2014				
	Directors	Key management personnel *	Joint venture	State controlled entities	Other related parties	Directors	Key management personnel *	Joint venture	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
Advances										
Opening balance	-	40,919	1,284,690	-	-	-	41,066	1,284,690	945,170	-
Addition/rollover during the period	-	2,102	-	-	-	-	19,748	-	-	-
Repaid/Adjusted during the period	-	(1,934)	-	-	-	-	(19,895)	-	(945,170)	-
Closing balance	-	41,087	1,284,690	-	-	-	40,919	1,284,690	-	-
Provision held against advances	-	-	1,018,502	-	-	-	-	1,018,502	-	-
Other assets										
Mark-up receivable on term loan										
- Gross	-	136	750,002	205,808	-	-	133	710,076	286,529	-
- Suspended / provided	-	-	(750,002)	(40,970)	-	-	-	(710,076)	(36,491)	-
Closing balance	-	136	-	164,838	-	-	133	-	250,038	-
Amount receivable from defined contribution plan	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	20,102	-	-	-	-	16,507	-	-
Advance taxation	-	-	-	135,148	-	-	-	-	136,635	-
Other advances										
Opening	-	770	-	-	532	-	1,275	-	-	860
Additions during the period	-	-	-	-	-	-	1,250	-	-	757
Repaid during the period	-	(330)	-	-	(532)	-	(1,755)	-	-	(1,085)
Closing balance	-	440	-	-	-	-	770	-	-	532
Provision against other assets	-	-	20,102	-	-	-	-	16,507	-	-
Borrowings from financial Institutions										
Opening	-	-	-	3,005,529	-	-	-	-	2,431,215	-
Borrowings during the period	-	-	-	48,501,915	-	-	-	-	93,858,244	-
Settled during the period	-	-	-	(47,367,587)	-	-	-	-	(93,283,930)	-
Closing balance	-	-	-	4,139,857	-	-	-	-	3,005,529	-
Deposits and other accounts										
Opening balance	-	2,088	-	2,360,200	80,000	-	2,500	-	2,724,000	50,000
Additions during the period	-	(1,555)	-	510,000	150,000	-	11,283	-	4,525,200	370,000
Repayments during the period	-	1,555	-	(800,000)	(80,000)	-	(11,695)	-	(4,889,000)	(340,000)
Closing balance	-	2,088	-	2,070,200	150,000	-	2,088	-	2,360,200	80,000

	(Un-audited) March 31, 2015					(Audited) December 31, 2014				
	Directors	Key management personnel *	Joint venture	State controlled entities	Other related parties	Directors	Key management personnel *	Joint venture	State controlled entities	Other related parties
	----- (Rupees in '000) -----									
Other liabilities										
Mark-up payable	-	24	-	53,981	2,128	-	21	-	72,081	1,573
Amount payable to retirement benefit funds	-	-	-	-	8,861	-	-	-	-	8,881
Others	-	-	1,018	237	-	-	-	1,018	206	-
	-	24	1,018	54,218	10,989	-	21	1,018	72,287	10,454
Contingencies and commitments										
Letter of guarantee	-	-	859,914	-	-	-	-	859,711	-	-
Commitment to extend credit	-	-	-	-	-	-	4,250	-	-	-
Unsettled sale/purchase of investment transactions	-	-	-	286,209	-	-	-	-	30,070	-
	-	-	859,914	286,209	-	-	4,250	859,711	30,070	-

	(Un-audited) March 31, 2015					(Un-audited) March 31, 2014				
	19.2 Transactions, income and expenses									
Mark-up / return / interest earned -net	-	181	-	193,837	-	-	218	-	102,645	-
Mark-up / return / interest expensed	-	47	-	112,965	2,629	-	48.00	-	127,372	2,725
Gain/(loss) on sale of securities - net	-	-	-	83,223	-	-	-	-	2,556	-
Dividend Income	-	-	-	5,750	-	-	-	-	4,000	-
Contribution to defined contribution plan	-	-	-	-	1,393	-	-	-	-	1,602
Contribution to defined benefit plan	-	-	-	-	2,474	-	-	-	-	2,433
Non-executive directors' fee and remuneration	820	-	-	-	-	1,122	-	-	-	-
Remunerations	-	44,051	-	-	4,793	-	30,808	-	-	1,451

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

** Fee based income to be recorded on cash receipt basis.

20. SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Un-audited) March 31, 2015			(Un-audited) March 31, 2014		
	Corporate finance	Retail banking	Total	Corporate finance	Retail banking	Total
	----- (Rupees in '000) -----					
Total income	417,054	3,581	420,635	288,180	4,887	293,067
Total expenses	346,364	3,980	350,344	217,591	4,214	221,805
Net income	70,690	(399)	70,291	70,589	673	71,262
Segment assets (gross)	21,052,954	162,960	21,215,914	17,302,778	198,267	17,501,045
Segment non-performing loans	3,174,191	71,705	3,245,896	3,174,191	74,103	3,248,294
Segment provision required	4,178,892	48,995	4,227,887	4,465,395	50,686	4,516,081
Segment liabilities	13,226,094	114,364	13,340,458	9,463,940	140,896	9,604,836
Net assets	3,647,968	(399)	3,647,569	3,373,443	6,685	3,380,128
Segment return on net assets	7.75%	-0.04%	7.71%	8.37%	0.06%	8.43%
Segment cost of funds (%)	8.63%	0.95%	9.58%	8.74%	1.40%	10.14%

(Un-audited) (Un-audited)
March 31, March 31,
2015 2014
----- (Rupees in '000) -----

21. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	45,663	29,995
Balances with other banks	47,870	24,909
Placements	200,000	100,000
	293,533	154,904

22. CREDIT RATING


In its latest rating announcement (June 2014), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating of AA- (Double A Minus) in the long term and A1+ (A One Plus) in the short term (with negative outlook assigned to ratings). Further, PACRA has maintained the rating of AA (Double A) assigned to the secured Privately Placed Term Finance Certificates issued by the Company (with negative outlook assigned to rating).

23. DATE OF AUTHORISATION FOR ISSUE

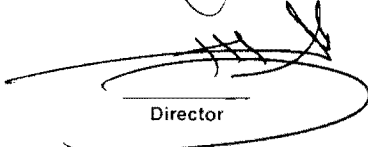
These condensed interim financial statements were authorised for issue on April, 25 2015 by the Board of Directors of the Company.

24. GENERAL

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



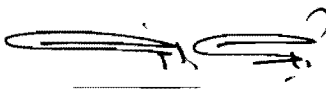
Chief Financial Officer



Director



Managing Director & CEO



Director