PakLibya

Pak-Libya Holding Company (Pvt.) Ltd. (Head Office) 5th Floor, Block C, Finance & Trade Centre, Sharae Faisal, Karachi-74400, Pakistan.
UAN: 111-111-115, Phones: 35630638-53, Fax: 35630665, E-mail: info@paklibya.com.pk, Website: www.paklibya.com.pk

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 September 30, 2015 together with Directors' review thereon.

Performance review

The Company earned a profit before tax of PKR 427.8 million during period under review as against PKR 189.9 million in the corresponding period last year. This consistent performance reflects the hard work of the management team in successfully implementing 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 for non-performing and troubled assets.

Net mark-up income during the period was PKR 266.3 million, an increase of approx. 23.8% over same period last year. Moreover, gain from trading in government securities has also significantly increased thereby increasing the non mark-up income to PKR 397.4 million as compared to PKR 119.3 million in corresponding period.

During the period, the Company generated net cash flows from operating activities of PKR 4.8 billion, an increase of approx. 22.8% over September 30, 2014. The increased cash inflow enabled the Company to invest in more profitable activities. Consequently, the Company has invested additional PKR 6.1 billion in government securities, mainly PIBs, to match its portfolio profile. The total assets of the Company have increased to PKR 18.4 billion – an increase of over PKR 5.9 billion as compared to financial year end 2014.

The summarised financial results for the period are as follows:

Description	**Period ended September 30, 2015**	**Period ended September 30, 2014**
	PKR '000	
Profit before taxation	427,779	189,880
Taxation	138,309	44,834
Profit after taxation	289,470	145,046
Earnings per share (Rupees)	471.31	236.16

Future prospects

At strategic level, necessary work towards additional 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 relation to Kamoki Energy Limited (KEL), as per the Board's approved plan, an exit strategy had been formulated. The Company is in a process of finalisation of legal formalities necessary to implement its exit strategy.

PakLibya

To improve the performance further, 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 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 & CEO

November 6, 2015
Amman, Jordan

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2015
(UN - AUDITED)

PakLibya

PAK-LIBYA HOLDING COMPANY (PVT.) LTD.

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks		**57,613**	68,845
Balances with other banks		**57,179**	64,144
Lendings to financial institutions	6	**200,000**	-
Investments	7	**14,043,238**	7,703,305
Advances	8	**3,420,459**	3,707,914
Other assets		**306,110**	598,557
Operating fixed assets	9	**74,500**	87,907
Deferred tax asset - net	10	**180,511**	205,513
		18,339,610	12,436,185
LIABILITIES			
Bills payable		**-**	-
Borrowings from financial institutions	11	**11,187,486**	6,097,465
Deposits and other accounts	12	**2,991,695**	2,470,607
Sub-ordinated loans		**-**	-
Liabilities against assets subject to finance leases		**-**	-
Other liabilities		**278,159**	281,426
Deferred tax liabilities		**-**	-
		14,457,340	8,849,498
NET ASSETS		**3,882,270**	3,586,687
REPRESENTED BY			
Share capital		**6,141,780**	6,141,780
Reserves		**140,749**	82,855
Accumulated losses		**(2,424,214)**	(2,655,790)
		3,858,315	3,568,845
Surplus on revaluation of assets - net of tax		**23,955**	17,842
		3,882,270	3,586,687
CONTINGENCIES AND COMMITMENTS	13		

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 NINE MONTHS ENDED SEPTEMBER 30, 2015

	Note	Quarter ended September 2015	Nine months ended September 2015	Quarter ended September 2014	Nine months ended September 2014
		(Rupees in '000)			
Mark-up / return / interest earned		366,147	1,065,721	376,466	947,669
Mark-up / return / interest expensed		283,576	799,434	297,542	732,569
Net mark-up / interest income		82,571	266,287	78,924	215,100
Provision / (reversal) of provision against non-performing advances - net	8.3	2,861	17,332	(673)	(113,891)
(Reversal) / provision for diminution in the value of investments - net	7.2.4	(34,661)	(70,076)	(1,824)	14,690
Reversal of provision against lendings to financial institutions	6.1	-	(11,500)	-	-
Bad debts written off directly		-	-	-	-
		(31,800)	(64,244)	(2,497)	(99,201)
Net mark-up / interest / income after provisions		114,371	330,531	81,421	314,301
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		1,110	8,399	2,885	21,835
Dividend income		10,499	26,454	2,040	20,608
Gain from trading in securities - net	14	100,276	361,004	27,102	76,091
Income from dealing in foreign currencies		-	-	-	-
Unrealised gain / (loss) on revaluation of investments classified as held-for-trading		(2,072)	(1,800)	285	-
Other income		75	3,353	179	797
Total non mark-up / interest income		109,888	397,410	32,491	119,331
		224,259	727,941	113,912	433,632
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		87,443	279,765	94,461	282,778
Other provisions / write offs	15	1,955	(4,952)	(8,655)	(51,046)
Other charges	16	4,516	25,349	7,805	12,020
Total non mark-up / interest expenses		93,914	300,162	93,611	243,752
		130,345	427,779	20,301	189,880
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		130,345	427,779	20,301	189,880
Taxation - current		37,978	125,574	7,346	20,583
- prior period		-	-	-	-
- deferred		(1,710)	12,735	(1,516)	24,251
	17	36,268	138,309	5,830	44,834
PROFIT AFTER TAXATION		94,077	289,470	14,471	145,046
Basic and diluted earnings per share (Rupees)	18	153.18	471.31	23.56	236.16

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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	Quarter ended September 30, 2015	Nine months ended September 30, 2015	Quarter ended September 30, 2014	Nine months ended September 30, 2014
	(Rupees in '000)			
Profit after taxation	94,077	289,470	14,471	145,046
Other comprehensive income - net	-	-	-	-
Total comprehensive income for the period	94,077	289,470	14,471	145,046

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 NINE MONTHS ENDED SEPTEMBER 30, 2015

	Note	September 30, 2015	September 30, 2014
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		427,779	189,880
Less: Dividend income		(26,454)	(20,608)
		401,325	169,272
Adjustments for non-cash items:			
Depreciation		16,564	17,132
Amortisation		421	421
Provision / (reversal) of provision against			-
non-performing loans and advances - net	8.3	17,332	(113,891)
Unrealised (gain) / loss on revaluation of			
investments classified as held-for-trading	7.2	1,800	-
(Reversal) / provision for diminution in the value of investments - net	7.2.4	(70,076)	14,690
Reversal of provision against lendings to financial institutions	6.1	(11,500)	-
Other provisions / write offs	15	(4,952)	(51,046)
Gain on sale of operating fixed assets		(2,760)	(74)
		(53,171)	(132,768)
		348,154	36,504
Decrease / (increase) in operating assets:			
Lendings to financial institutions		11,500	-
Investments classified as held-for-trading		(1,559,984)	496,626
Advances	8	270,123	813,808
Other assets		277,296	(46,950)
		(1,001,065)	1,263,484
Increase / (decrease) in operating liabilities:			
Borrowings from financial institutions	11	5,090,021	3,384,061
Deposits and other accounts	12	521,088	(605,428)
Other liabilities		(3,267)	(73,026)
		5,607,842	2,705,607
		4,954,931	4,005,595
Income tax paid		(96,674)	(49,628)
Net cash generated from operating activities		4,858,257	3,955,967
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of investments - net		(4,693,293)	(4,299,098)
Dividends received		17,657	20,758
Operating fixed assets purchased		(5,639)	(4,638)
Sale proceeds from operating fixed assets disposal		4,821	800
Net cash used in investing activities		(4,676,454)	(4,282,178)
Increase / (decrease) in cash and cash equivalents		181,803	(326,211)
Cash and cash equivalents at beginning of the period		132,989	595,106
Cash and cash equivalents at end of the period	21	314,792	268,895

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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	Issued, subscribed and paid-up capital	Capital reserve Statutory reserve	Revenue reserve Accumulated losses	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 nine months ended September 30, 2014				
Profit for the period	-	-	145,046	145,046
Other comprehensive income for the period	-	-	-	-
	-	-	145,046	145,046
Transfer to statutory reserve	-	29,009	(29,009)	-
Balance as at September 30, 2014	6,141,780	65,328	(2,729,394)	3,477,714
Total comprehensive income for the Quarter ended December 31, 2014				
Profit for the period	-	-	87,635	87,635
Other comprehensive income for the period	-	-	3,496	3,496
	-	-	91,131	91,131
Transfer to statutory reserve	-	17,527	(17,527)	-
Balance as at December 31, 2014	6,141,780	82,855	(2,655,790)	3,568,845
Total comprehensive income for the nine months ended September 30, 2015				
Profit for the period	-	-	289,470	289,470
Other comprehensive income for the period	-	-	-	-
	-	-	289,470	289,470
Transfer to statutory reserve	-	57,894	(57,894)	-
Balance as at September 30, 2015	**6,141,780**	**140,749**	**(2,424,214)**	**3,858,315**

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 NINE MONTHS ENDED SEPTEMBER 30, 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 interalia 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 September 30, 2015 amounted to Rs.3.718 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.

The SBP vide its letter no. BPRD/BA&CP-04/657/18405/2015 dated August 21, 2015 granted further extension in the exemption for meeting the MCR till December 31, 2015 and has advised the Company to ensure equity injection by the sponsors within this timeline.

Based on the above, the management and the Board have made an assessment and are satisfied that the Company has adequate resources to continue its business in the foreseeable future. The Board has also taken into account the material uncertainty with respect to events or conditions that may impact the recapitalisation plan of the Company.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the six months ended June 30, 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 has adopted the following amendment to IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

The adoption of the above amendment to accounting standards did not have any effect on the condensed interim financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company's financial statements for the period.

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.

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- (Rupees in '000) -------	
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)		-	-
Placements *		235,568	47,068
Certificate of Investments (COIs)		-	
		235,568	47,068
Less: Provision against lendings	6.1	(35,568)	(47,068)
		200,000	-

* This lending carries mark-up at a rate of 7.50% (December 31, 2014: Nil) per annum and will mature on October 01, 2015.

6.1 Provision against lendings

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
Opening balance	47,068	47,068
Charge for the year	-	-
Less: Reversal during the period	(11,500)	-
Net reversal for the period	(11,500)	-
Closing balance	35,568	47,068

	Held by Company	Given as collateral	Total
	---------------- (Rupees in '000) ----------------		
7. INVESTMENTS			
Balance as at September 30, 2015 (Un-audited)	**3,928,118**	**10,115,120**	**14,043,238**
Balance as at December 31, 2014 (Audited)	2,593,829	5,109,476	7,703,305
Balance as at September 30, 2014 (Un-audited)	2,361,248	7,770,854	10,132,102

	Held by Company	Given as collateral	Total
	---------------- (Rupees in '000) ----------------		
7.1 Investments by types			
Held-for-trading securities	301,035	1,256,185	1,557,220
Available-for-sale securities	4,770,353	8,645,850	13,416,203
Held-to-maturity securities	6,366	-	6,366
Investment in a joint venture			
Kamoki Energy Limited, a related party	404,867	-	404,867
	5,482,621	9,902,035	15,384,656
Less: Provision for diminution in value of investments	1,425,394	-	1,425,394
Investments (net of provisions)	4,057,227	9,902,035	13,959,262
Less: (Deficit) / surplus on revaluation of investments classified as			
- held-for-trading securities	(212)	2,976	2,764
- available-for-sale securities	(128,897)	210,109	81,212
Balance as at September 30, 2015	**3,928,118**	**10,115,120**	**14,043,238**

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
7.2 Investments by segments		------- (Rupees in '000) -------	
Federal government securities			
Market treasury bills		**997,352**	835,615
Pakistan investment bonds		**10,797,092**	4,847,262
Fully paid-up ordinary shares / certificates			
Listed	7.2.1	**1,073,463**	854,310
Unlisted		**93,341**	93,341
Fully paid-up preference shares			
Listed		**25,000**	40,000
Unlisted - Kamoki Energy Limited (KEL), a related party	7.2.2	**300,000**	300,000
Term Finance Certificates (TFCs)			
Listed		**469,787**	323,552
Unlisted	7.2.3	**1,017,655**	1,196,552
Participation term certificates - unlisted		**6,366**	6,366
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		-	16,895
Sukuks - unlisted		**199,733**	218,768
Total investments		**15,384,656**	9,137,528
Less: Provision for diminution in value of investments	7.2.4	**(1,425,394)**	(1,497,055)
Investments (net of provisions)		**13,959,262**	7,640,473
Add: Unrealized gain on revaluation of 'held-for-trading' securities		**2,764**	-
Surplus on revaluation of 'available-for-sale' securities		**81,212**	62,832
Total investments at market value		**14,043,238**	7,703,305

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 90% (upto September 30, 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.15.135 million against ordinary shares of Agritech Limited at September 30, 2015. Accordingly, the Company has availed a benefit of exemption from provisioning under above mentioned SBP letter of Rs.17.115 million only.

7.2.2 As at September 30, 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). Further to the disclosure made in the annual audited financial statements of the Company for the year ended December 31, 2014, the Honorable High Court of Sindh (HCS) through its order dated March 25, 2015 ordered to publish the advertisement once again to conduct a second auction of KEL's assets, which again remained unsuccessful. Consequently the HCS passed an order dated April 28, 2015 to set off the assets of KEL to the extent of forced sale value of Rs.1.134 billion against the claim of the Company. Later, the HCS vide its order dated May 27, 2015 directed that the assets of KEL be handed over to the Company. Subsequent to the above mentioned orders of HCS, two claimants filed their claims before official assignee who refused to entertain the same on the grounds that they failed to file their claims when the official assignee invited such claims vide wide range publicity in newspapers. The claimants resorted to the HCS and their claims are about to be fixed for hearing.

Currently, the Company is in process of completing the legal formalities for transfer of title of land of KEL in its name.

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	25,798	(25,798)	-
Total funded exposure	2,221,045	(1,954,857)	266,188
As at December 31, 2014 (Audited)	2,211,754	(1,945,566)	266,188

* The book value is net of share of loss in KEL amounting to Rs.95.133 million which was recognised upto June 30, 2012.

7.2.3 This includes investment in PPTFC issue of Pakistan International Airline Corporation amounting to Rs.176.930 million (December 31, 2014: Rs.176.933 million). No provision has been made against this investment which has been classified due to overdue installments. Further, SBP vide its letter no.BPRD/BRD(Policy)/2015-7848 dated April 04, 2015 has allowed relaxation to the investors of their restructured debt (including this PPTFC issue) from the requirements of Prudential Regulation R-8 of Corporate / Commercial Banking upto December 31, 2015.

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- (Rupees in '000) -------	
7.2.4 Provision for diminution in value of investments			
Opening balance		**1,497,055**	1,519,550
Charge for the period / year		**10,491**	18,552
Less: Reversal during the period / year		**(80,567)**	(19,682)
Net reversal for the period / year		**(70,076)**	(1,130)
Less: Reversal on disposal		**(1,585)**	(21,365)
Closing balance		**1,425,394**	1,497,055

8. ADVANCES

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
In Pakistan			
Loans	8.1	**5,374,768**	5,636,409
Net investment in finance lease		**256,368**	225,907
Consumer loans and advances		**138,162**	162,604
Staff loans		**122,142**	118,814
Long-term financing of export oriented projects - (LTF-EOP)		**60,179**	60,179
Long-term financing facility - (LTFF)		**47,562**	65,391
Advances - gross	8.2	**5,999,181**	6,269,304
Less: Provision against			
- Non-performing advances - specific provision		**2,577,880**	2,560,241
- Consumer loans and advances - general provision		**842**	1,149
	8.3	**2,578,722**	2,561,390
Advances - net of provision		**3,420,459**	3,707,914

8.1 This includes Syndicated Term Finance Facility extended to Warid Telecom (Pvt.) Limited. The facility restructuring process has now been completed and the restructuring agreement has been signed by all the Syndicate members effective from September 29, 2015.

8.2 Advances include amounts aggregating to Rs.3,259.165 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)				
OAEM	7,871	-	7,871	-	-
Substandard	402,527	-	402,527	100,632	100,632
Doubtful	60,000	-	60,000	30,000	30,000
Loss	2,788,767	-	2,788,767	2,447,248	2,447,248
	3,259,165	-	3,259,165	2,577,880	2,577,880

8.3 Particulars of provision against non-performing advances:

	(Un-audited) September 30, 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	30,932	-	30,932	300	-	300
Reversals	(13,293)	(307)	(13,600)	(114,077)	(373)	(114,450)
Net charge / (reversals)	17,639	(307)	17,332	(113,777)	(373)	(114,150)
Less Amount written off	-	-	-	-	-	-
Closing balance	2,577,880	842	2,578,722	2,560,241	1,149	2,561,390

8.3.1 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.19.202 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.

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	(Rupees in '000)	
9. OPERATING FIXED ASSETS		
Capital work-in-progress	1,750	19,685
Property and equipment	71,041	66,092
Intangible assets	1,709	2,130
	74,500	87,907

9.1 Additions during the nine months period ended September 30, 2015 amounted to Rs.23.574 million while disposal had a total cost of Rs.22.691 million (net book value of Rs.2.061 million) which includes sale of assets to key management personnel, under the agreed terms, at a gain of Rs.2.760 million.

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- (Rupees in '000) -------	
10. DEFERRED TAX ASSET - net			
Deferred credit arising in respect of:			
Net investment in finance leases		**(38,305)**	(36,851)
Accelerated tax depreciation		**(477)**	(925)
Deferred debits arising in respect of:			
Provision for compensated absences		**4,220**	3,618
Provision for advances, investments and other assets		**91,099**	97,796
Unused tax losses		**150,759**	155,470
Share of loss in joint venture		**30,443**	31,394
Unrealised loss on held-for-trading investments		**29**	-
		237,768	250,502
Deferred tax liability on surplus on revaluation of available-for-sale investments - net		**(57,257)**	(44,989)
		180,511	205,513

10.1 As at September 30, 2015, the Company has available provision for advances, investments and other assets (including provision against investment in KEL) amounting to Rs.1,840.66 million (December 31, 2014: Rs.1,822.826 million) and unused tax losses upto September 30, 2015, amounting to Rs.1,946.645 million (December 31, 2014: Rs.1,932.226 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 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 in their meeting held on December 25, 2014. 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

	Note	September 30, 2015	December 31, 2014
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing of exports oriented projects (LTF-EOP)		**9,416**	15,071
Long-term financing facility (LTFF)		**41,619**	59,448
Repurchase agreement borrowings	11.1	**5,997,974**	2,963,251
Privately placed term finance certificates	11.2	**1,118,477**	374,695
Borrowings from financial institutions		**4,020,000**	2,685,000
		11,187,486	6,097,465
Unsecured			
Clean borrowings		**-**	-
		11,187,486	6,097,465

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 October 2015 (December 31, 2014: April 2015). The rates of mark-up on these facilities range from 6.45% to 7.00% (December 31, 2014: 9.5% to 10.5%) per annum.

11.2 This includes an amount of Rs.124.899 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 AA and carries a mark-up rate of six months' KIBOR plus 1.6% per annum 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.

Also included herein is an amount of Rs.994 million (December 31, 2014: Rs.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 AA 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) September 30, 2015	(Audited) December 31, 2014
	------- (Rupees in '000) -------	
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Certificates of investment - (in local currency)	**1,591,695**	2,470,607
Financial institutions		
Certificates of investment - (in local currency)	**1,400,000**	-
	2,991,695	2,470,607

12.1 The profit rates on these Certificates of Investment (COIs) range from 6.25% to 10.30% (December 31, 2014: 9.2% to 10.95%) per annum. These COIs are due for maturity on various dates latest by July 2018 (December 31, 2014: December 2015).

13. CONTINGENCIES AND COMMITMENTS

13.1 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. In June 2015, the additional Commissioner Inland Revenue issued orders under section 221/124 of the ITO for the tax years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010. No new demand was raised under these amended orders, however the Company, through its tax consultant, is in the process of filing an application highlighting the incorrect treatment adopted in amended orders in relation to apportionment of expenditures which reduced the refundable balances. 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 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, through its tax consultant, is in a process of filing an application of rectification for this order as it did not consider the correct treatment of appointment of expenditure. In addition to this, the Company had filed an appeal before the CIRA against the order, which is pending.

Hence, no provision has been made in these financial statements in respect of above mentioned matters as the management is hopeful of a favourable outcome on these matters, considering the appellate history and tax advisors' opinion.

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		------- (Rupees in '000) -------	
13.2 Commitments			
Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		-	-
Others		860,413	859,711
		860,413	859,711
13.3 Trade - related contingent liabilities			
Contingent liabilities in respect of letters of credit favouring:			
Government		-	-
Others		6,376	13,698
		6,376	13,698

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	------- (Rupees in '000) -------	
13.4 Commitments to extent credit	466,169	258,265
13.5 Commitments for acquisition of operating fixed assets	-	-
13.6 Unsettled investment transactions for:		
Purchase of PIBs	913,284	-
Sale/purchase of listed ordinary shares - net	-	129,498
	913,284	129,498

14. GAIN FROM TRADING IN SECURITIES - NET

This includes net gain from trading in government securities amounting to Rs.336.284 million (September 30, 2014: losss of Rs.0.108 million).

15. OTHER PROVISIONS / WRITE OFFS	Note	(Un-audited) September 30, 2015	(Un-audited) June 30, 2014
		------- (Rupees in '000) -------	
Reversal of provision against mark-up accrued - net		-	(20,209)
Provision against KSE Trading Rights Entitlement Certificate		-	10,000
Reversal of provision against non-banking assets acquired in satisfaction of claims	15.1	(16,956)	(49,338)
Provision against other receivables - Kamoki Energy Limited		12,004	8,501
		(4,952)	(51,046)

15.1 This represents reversal of provision made to the extent of market value of non-banking assets (properties) on completion of sale of these properties under an agreement for sale of all these assets signed by the Company. As at September 30, 2015, all properties with carrying value of Rs.184.500 million have been disposed off under the said sale agreement against proceeds of Rs.185.000 million.

16. OTHER CHARGES

This includes loss of Rs.16.652 million (September 30, 2014: Rs.11.216 million) on account of sale of non banking assets (properties) under an agreement for sale of these properties.

17. TAXATION

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.

18. BASIC AND DILUTED EARNINGS PER SHARE	Quarter Ended September 30, 2015	Nine Months ended September 30, 2015	Quarter Ended September 30, 2014	Nine Months ended September 30, 2014
	-------------------- (Rupees in '000) --------------------			
Profit after taxation	94,077	289,470	14,471	145,046
	------------------- (Number of shares) -------------------			
Weighted average number of ordinary shares	614,178	614,178	614,178	614,178
	------------------------ (Rupees) ------------------------			
Earnings per share	153.18	471.31	23.56	236.16

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) September 30, 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	-	-	-	57,605	-	-	-	-	68,837	-
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	350,000	-
Placements / reverse repo made during the period	-	-	-	2,024,846	-	-	-	-	3,674,487	-
Placements / reverse repo matured during the period	-	-	-	(2,024,846)	-	-	-	-	(4,024,487)	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	704,867	6,063,143	500	-	-	704,867	4,249,933	500
Investment made during the period	-	-	-	20,759,387	-	-	-	-	13,589,062	-
Investment redeemed / disposed off during the period	-	-	-	(14,583,587)	-	-	-	-	(11,775,852)	-
Closing balance	-	-	704,867	12,238,943	500	-	-	704,867	6,063,143	500
Provision for diminution in value of investments	-	-	704,867	50,000	-	-	-	704,867	50,000	-
Surplus on revaluation of investments	-	-	-	169,041	-	-	-	-	129,369	-

	(Un-audited) September 30, 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	-	12,431	-	-	-	-	19,748	-	-	-
Repaid / adjusted during the period	-	(6,142)	-	-	-	-	(19,895)	-	(945,170)	-
Closing balance	-	47,208	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	-	490	773,826	113,462	-	-	133	710,076	286,529	-
- Suspended / provided	-	-	(773,826)	(13,200)	-	-	-	(710,076)	(36,491)	-
Closing balance	-	490	-	100,262	-	-	133	-	250,038	-
Amount receivable from defined contribution plan	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	25,798	-	-	-	-	16,507	-	-
Advance taxation	-	-	-	107,736	-	-	-	-	136,635	-
Other advances										
Opening balance	-	770	-	-	532	-	1,275	-	-	860
Additions during the period	-	696	-	-	-	-	1,250	-	-	757
Repaid during the period	-	(780)	-	-	(532)	-	(1,755)	-	-	(1,085)
Closing balance	-	686	-	-	-	-	770	-	-	532
Provision against other assets	-	-	25,798	-	-	-	-	16,507	-	-
Borrowings from financial Institutions										
Opening balance	-	-	-	3,005,529	-	-	-	-	2,431,215	-
Borrowings during the period	-	-	-	167,801,964	-	-	-	-	93,858,244	-
Settled during the period	-	-	-	(167,686,685)	-	-	-	-	(93,283,930)	-
Closing balance	-	-	-	3,120,808	-	-	-	-	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	-	6,959	-	2,785,000	460,000	-	11,283	-	4,525,200	370,000
Repayments during the period	-	(5,829)	-	(3,375,000)	(390,000)	-	(11,695)	-	(4,889,000)	(340,000)
Closing balance	-	3,218	-	1,770,200	150,000	-	2,088	-	2,360,200	80,000

	(Un-audited) September 30, 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)				
Other liabilities										
Mark-up payable	-	21	-	60,257	1,567	-	21	-	72,081	1,573
Amount payable to retirement benefit funds	-	-	-	-	8,860	-	-	-	-	8,881
Others	-	-	1,018	234	-	-	-	1,018	206	-
	-	21	1,018	60,491	10,427	-	21	1,018	72,287	10,454
Contingencies and commitments										
Letter of guarantee	-	-	860,412	-	-	-	-	859,711	-	-
Commitment to extend credit	-	-	-	-	-	-	4,250	-	-	-
Unsettled sale / purchase of investment transactions	-	-	-	913,284	-	-	-	-	30,070	-
	-	-	860,412	913,284	-	-	4,250	859,711	30,070	-

	(Un-audited) September 30, 2015					(Un-audited) September 30, 2014				
19.2 Transactions, income and expenses										
Mark-up / return / interest earned - net	-	685	-	734,166	-	-	757	-	518,058	-
Mark-up / return / interest expensed	-	165	-	303,230	8,884	-	197	-	444,841	7,447
Gain / (loss) on sale of securities - net	-	-	-	338,229	-	-	-	-	15,326	-
Dividend Income	-	-	-	9,037	-	-	-	-	4,575	-
Contribution to defined contribution plan	-	-	-	-	4,333	-	-	-	-	4,443
Contribution to defined benefit plan	-	-	-	-	7,514	-	-	-	-	7,396
Non-executive directors' fee and remuneration	2,113	-	-	-	-	3,679	-	-	-	-
Remunerations	-	122,371	-	-	9,004	-	129,949	-	-	5,973

* 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)		
	Corporate finance	Retail banking	Total
	(Rupees in '000)		
September 30, 2015			
Total income	**1,518,645**	**8,730**	**1,527,375**
Total expenses	**1,089,056**	**10,540**	**1,099,596**
Net income	**429,589**	**(1,810)**	**427,779**
Segment assets (gross)	**22,480,316**	**142,259**	**22,622,575**
Segment non-performing loans	**3,184,191**	**74,974**	**3,259,165**
Segment non-performing Investments	**1,716,743**	**-**	**1,716,743**
Segment provision required	**4,232,873**	**49,250**	**4,282,123**
Segment liabilities	**14,362,521**	**94,819**	**14,457,340**
Net assets	**3,884,922**	**(1,810)**	**3,883,112**
Segment return on net assets	**14.74%**	**-0.06%**	**14.69%**
Segment cost of funds (%)	**7.48%**	**0.76%**	**8.24%**
September 30, 2014			
Total income	1,152,096	14,105	1,166,201
Total expenses	963,115	13,206	976,321
Net income	188,981	899	189,880
Segment return on net assets	7.34%	0.02%	7.36%
Segment cost of funds (%)	8.19%	1.14%	9.33%
December 31, 2014			
Segment assets (gross)	16,561,184	168,628	16,729,812
Segment non-performing loans	3,174,191	70,645	3,244,836
Segment provision required	4,244,209	49,418	4,293,627
Segment liabilities	8,730,580	118,918	8,849,498
Net assets	3,586,395	292	3,586,687
Segment return on net assets	8.85%	0.01%	8.86%
Segment cost of funds (%)	9.33%	1.10%	10.43%

21. CASH AND CASH EQUIVALENTS

	(Un-audited) September 30, 2015	(Un-audited) September 30, 2014
	(Rupees in '000)	
Cash and balances with treasury banks	**57,613**	41,317
Balances with other banks	**57,179**	127,578
Placements	**200,000**	100,000
	314,792	268,895

22. CREDIT RATING

In its latest rating announcement (June 2015), 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 06 NOV 2015 by the Board of Directors of the Company.

24. GENERAL

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

Chief Financial Officer	Managing Director & CEO
Director	Director