



Directors' Review

The Board of Directors (the Board) is pleased to present the condensed interim unconsolidated financial statements of Pak Libya Holding Company (Private) Limited (the Company) for the period ended 30th June 2023 together with Directors' review thereon.

Performance review

The Company generated profit before tax of PKR 261.69 million during the period under review as compared to PKR 39.74 million in the corresponding period last year. At start of the financial year 2023, the Company adopted 'IFRS 9: Financial Instruments' resulted an expected credit loss provision of PKR 99.42 million, however for comparison purposes PKR 80.20 million has been recorded separately as impact of first time adoption of IFRS 9 whilst PKR 19.22 million has been charged to profit and loss account.

Gross mark-up income during the period was PKR 28,017.47 million compared to PKR 1,968.13 million in corresponding period. The interest rates have been increasing continuously; during the period under review there was further rise of 600bps, thus discount rate stood at 23 percent. Consequently, the Company realigned its government securities portfolio through which the net interest income (NII) has shown significant improvement.

Considering delay in IMF agreement, huge volatility in interest rate curve together with increase in frequency of MPC meetings, reflecting negative market sentiments (in forex, capital and money markets) and uncertain outlook.

During the period, the Company generated net cash flows of PKR 283.82 billion from its operations as compared to PKR 133.66 million in corresponding period mainly due to increase in borrowings and profitability. The total assets of the Company have increased to PKR 414.89 billion – an increase of around PKR 290.20 billion (compared to financial yearend 2022) mainly in government securities investment portfolio.

The summarised financial results for the period are as follows:

Description	Half year ended 30 June 2023 (HYE23)	Half year ended 30 June 2022 (HYE22)
	PKR '000	
Profit/(loss) before taxation	261,698	39,741
Taxation	89,722	20,574
Profit/(loss) after taxation	171,976	19,167
Earnings/(loss) per share (Rupees)	211.23	23.54

Future prospects

The global conflicts coupled with torrential weather crises related health and infrastructure issues affected the economy severely as the Country has been facing critical challenges including increased inflation, oil and energy prices, continuous currency devaluation and current account deficit.

The macro level mitigating measures to address above factors triggered interest rate upward trajectory and made overall business conditions tougher; however, required results have not been achieved yet. Consequently, these factors also affected overall business environment of the Company.



The management is focusing on all possible avenues for profitable operations of the Company including recovery efforts for troubled and non-performing assets, which are a source of potential earnings. The management has been taking various steps to improve Company's liquidity, profitability and cash flows via active cost saving and other measures. The management is confident that the MCR shortfall will be bridged through organic growth.

The deposit mobilisation as stable funding source and determination to increase the advances portfolio, being the core activity, together with continuous repositioning of investment portfolios, we understand and believe that the Company will be able to achieve its target of sustainable profitability and long-term growth.

In view of the efforts being made by the management, we are optimistic about our Company's future growth, profitability and sustainability.

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

-Sd/-

Bashir B Omer
Deputy Managing Director

-Sd/-

Tariq Mahmood
Managing Director & CEO

30 August 2023