PakLibya
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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 31 March 2016 together with Directors' review thereon.

Performance review

The Company earned a profit before tax of PKR 917.5 million during period under review as against PKR 70.3 million in the corresponding period last year. The extraordinary results reflect the hard work of the management team in successfully securing the assets of Kamoki Energy Limited (KEL), implementing approved business 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.

During the period, the Company generated net cash flows from operating activities of PKR 5.36 billion, an increase of approx. 11.7% over 31 March 2015. The increased cash inflow enabled the Company to invest in more profitable activities. Consequently, the Company has invested additional PKR 5.68 billion (in comparison with yearend) in government securities, mainly PIBs, to match its portfolio profile. The total assets of the Company have increased to PKR 20.3 billion – an increase of over PKR 5.0 billion as compared to financial yearend 2015.

The summarised financial results for the period are as follows:

Description	Period ended 31 March 2016	Period ended 31 March 2015
	PKR '000	
Profit before taxation	917,468	70,291
Taxation	48,145	34,033
Profit after taxation	869,323	36,258
Earnings per share (Rupees)	1,415.43	59.04

Future prospects

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. In relation to KEL, the Company has successfully completed the legal formalities with regard to title transfer of the assets in its name and has recorded the said assets during the quarter under review; consequently, the net equity of the Company has increased by PKR 867.812 million. Moreover, as per the approved management plan, the business team has started marketing activities to structure the deal for ultimate disposal of these non-banking assets.

A cautious stance is being maintained towards further asset growth.

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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 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

16 April 2016
Karachi

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	(Un-audited) 31 March 2016	(Audited) 31 December 2015
		------- (Rupees in '000) -------	
ASSETS			
Cash and balances with treasury banks		**46,803**	65,712
Balances with other banks		**66,946**	30,481
Lendings to financial institutions	6	**-**	320,000
Investments	7	**15,273,796**	10,922,328
Advances	8	**3,215,793**	3,238,411
Other assets		**1,493,437**	433,724
Operating fixed assets	9	**71,155**	69,960
Deferred tax asset - net	10	**121,233**	193,663
		20,289,163	15,274,279
LIABILITIES			
Bills payable		**-**	-
Borrowings from financial institutions	11	**13,211,594**	9,441,099
Deposits and other accounts	12	**1,989,622**	1,737,389
Sub-ordinated loans		**-**	-
Liabilities against assets subject to finance leases		**-**	-
Other liabilities		**264,243**	201,048
Deferred tax liabilities		**-**	-
		15,465,459	11,379,536
NET ASSETS		**4,823,704**	3,894,743
REPRESENTED BY			
Share capital	13	**6,141,780**	6,141,780
Reserves		**317,725**	143,860
Accumulated loss		**(1,716,233)**	(2,411,691)
		4,743,272	3,873,949
Surplus on revaluation of assets - net of tax		**80,432**	20,794
		4,823,704	3,894,743
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 31 MARCH 2016

	Note	Quarter ended 31 March 2016	Quarter ended 31 March 2015
		--------(Rupees in '000)--------	
Mark-up / return / interest earned		267,211	313,681
Mark-up / return / interest expensed		210,588	239,970
Net mark-up / interest income		56,623	73,711
Reversal of provision against non-performing advances - net	8.2	(1,082,835)	(423)
Provision/(Reversal) of provision for diminution in the value of investments - net / Impairment	7.2.3 & 15	9,781	(748)
Bad debts written off directly		-	-
		(1,073,054)	(1,171)
Net mark-up / interest / income after provisions		1,129,677	74,882
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		3,195	1,178
Dividend income		21,550	11,313
Gain from trading in securities - net	15	10,404	93,162
Income from dealing in foreign currencies		-	-
Unrealised loss on revaluation of investments classified as held-for-trading	7.2.3	(296)	(2,737)
Other income		57	2,867
Total non mark-up / interest income		34,910	105,783
		1,164,587	180,665
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		89,044	98,916
Other provisions / write offs	16	150,690	(12,603)
Other charges		7,385	24,061
Total non mark-up / interest expenses		247,119	110,374
		917,468	70,291
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		917,468	70,291
Taxation - current		9,754	29,723
- prior year		-	-
- deferred		38,391	4,310
	17	48,145	34,033
PROFIT AFTER TAXATION		869,323	36,258
Basic and diluted earnings per share (Rupees)	18	1,415.43	59.04

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 FIRST QUARTER ENDED 31 MARCH 2016

	Quarter ended 31 March 2016	Quarter ended 31 March 2015
	------------- (Rupees in '000) ----------	
Profit after taxation	869,323	36,258
Other comprehensive income-net	-	-
Total comprehensive income for the period	869,323	36,258

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 31 MARCH 2016

	Note	31 March 2016	31 March 2015
		------ (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		917,468	70,291
Less: Dividend income		(21,550)	(11,313)
		895,918	58,978
Adjustments for non-cash items:			
Depreciation		6,049	4,675
Amortisation		140	140
Reversal of provision against non-performing loans and advances - net		(1,082,835)	(423)
Unrealised loss on revaluation of investments classified as held-for-trading		296	2,737
Provision / (Reversal of provision) for diminution in the value of investments - net	7.2.3	(12,380)	(748)
Other provisions / write offs		-	(12,603)
Gain on sale of operating fixed assets		(42)	(2,760)
		(1,088,772)	(8,982)
		(192,854)	49,996
Decrease / (increase) in operating assets:			
Lendings to financial institutions		320,000	-
Investments classified as held-for-trading		1,093,920	-
Advances	8	1,105,453	57,830
Other assets		(997,916)	226,281
		1,521,457	284,111
Increase / (decrease) in operating liabilities:			
Borrowings from financial institutions	11	3,770,495	5,014,026
Deposits and other accounts	12	252,233	(520,975)
Other liabilities		63,195	(2,091)
		4,085,923	4,490,960
		5,414,526	4,825,067
Income tax paid		(57,954)	(28,234)
Net cash generated from operating activities		5,356,572	4,796,833
CASH FLOW FROM INVESTING ACTIVITIES			
Net Investment in available for sale		(5,339,629)	(4,644,819)
Net Investment held to maturity securities		-	-
Dividends received		7,953	4,101
Operating fixed assets purchased		(7,340)	(302)
Sale proceeds from disposal of operating fixed assets		-	4,731
Net cash used in investing activities		(5,339,016)	(4,636,289)
Increase/(decrease) in cash and cash equivalents		17,556	160,544
Cash and cash equivalents at beginning of the period		96,193	132,989
Cash and cash equivalents at end of the period	21	113,749	293,533

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 FIRST QUARTER ENDED 31 MARCH 2016

	Issued, subscribed and paid-up capital	Capital reserve: Statutory reserve	Revenue reserve: Accumulated loss	Total
	(Rupees in '000)			
Balance as at 01 January 2015	6,141,780	82,855	(2,655,790)	3,568,845
Total comprehensive income for the first quarter ended 31 March 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 31 March 2015	6,141,780	90,107	(2,626,784)	3,605,103
Total comprehensive income for the three quarters ended 31 December 2015				
Profit for the period	-	-	268,768	268,768
Other comprehensive income for the period	-	-	78	78
	-	-	268,846	268,846
Transfer to statutory reserve	-	53,754	(53,754)	-
Balance as at 31 December 2015	6,141,780	143,860	(2,411,691)	3,873,949
Total comprehensive income for the for the first quarter ended 31 March 2016				
Profit for the period	-	-	869,323	869,323
Other comprehensive income for the period	-	-	-	-
	-	-	869,323	869,323
Transfer to statutory reserve	-	173,865	(173,865)	-
Balance as at 31 March 2016	**6,141,780**	**317,725**	**(1,716,233)**	**4,743,272**

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 31 MARCH 2016

1. STATUS AND NATURE OF BUSINESS

1.1 Pak-Libya Holding Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on 14 October 1978. It is a joint venture between the Government of Pakistan 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 14 October 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 28 October 2003 issued by the State Bank of Pakistan (SBP).

The registered office of the Company is located at 5th Floor, Block C, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company has two sales and service centres located at Lahore and Islamabad. Effective 05 August 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 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs.6 billion. The paid-up capital of the Company (free of losses) as of 31 March 2016 amounted to Rs. 4.426 billion (31 December 2015: Rs.3.730 billion).

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

Further, the Chairman of the Company (Libyan Nominee) in the Board meeting held on 26 April 2014 informed that BOD of Libyan Foreign Investment Company (LAFICO) has given approval for the capital injection of Rs. 2 billion with a condition of simultaneous injection of additional capital by Government of Pakistan (GOP). Moreover, SBP has been reviewing the progress and performance of the Company and the Ministry of Finance (MOF) in its letters has stated that the matter of capital injection is under consideration with the Finance Division of GOP.

The SBP vide its letter no. BPRD/BA&CP/657/29498/2015 dated 31 December 2015 granted further extension in the exemption for meeting the minimum paid-up capital (free of losses) requirement till 30 June 2016 and has advised the Company to provide specific timeline for equity injection by the Government of Pakistan in the Company by 31 March 2016.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the three months ended 31 March 2016 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 26 August 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 28 April 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 12 May 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 31 December 2015.

3. BASIS OF MEASUREMENT

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

These condensed interim financial statements are presented in Pakistani Rupee 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 the management in applying the Company's accounting policies and reported amounts of the assets, liabilities, income and expenses are the same as those applied in the annual audited financial statements as at and for the year ended 31 December 2015, 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 31 December 2015 other than those disclosed below:

New Standards, Interpretations and Amendments

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

IFRS 10 – Consolidated Financial Statements

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

Improvements to Accounting Standards Issued by the IASB in December 2013

IFRS 2 Share-based Payment – Definitions of vesting conditions

IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 Business Combinations – Scope exceptions for joint ventures

IFRS 8 Operating Segments – Aggregation of operating segments

IFRS 8 Operating Segments – Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement – Scope of paragraph 52 (portfolio exception)

IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation

IAS 24 Related Party Disclosures – Key management personnel

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 31 December 2015.

	Note	(Un-audited) 31 March 2016	(Audited) 31 December 2015
6. LENDINGS TO FINANCIAL INSTITUTIONS		------- (Rupees in '000) -------	
Placements		**35,568**	35,568
Repurchase agreement lending (reverse repo)	6.1	-	320,000
		35,568	355,568
Less: Provision against lendings		**(35,568)**	(35,568)
		-	320,000

6.1 The placement carry mark-up rate Nil (2015: 8.25 to 8.50 percent per annum).

	Held by Company	Given as collateral	Total
7. INVESTMENTS	------------------	(Rupees in '000)	------------------
Balance as at 31 March 2016 (Un-audited)	**3,554,057**	**11,719,739**	**15,273,796**
Balance as at 31 December 2015 (Audited)	3,196,487	7,725,841	10,922,328
Balance as at 31 March 2015 (Un-audited)	2,830,074	9,570,765	12,400,839

	Held by Company	Given as collateral	Total
	---- (Rupees in '000) ----		
7.1 Investments by types			
Held-for-trading securities	9,275	-	9,275
Available-for-sale securities	4,653,185	11,471,269	16,124,454
Held-to-maturity securities	6,366	-	6,366
Investment in a joint venture			
Kamoki Energy Limited, a related party	404,867	-	404,867
	5,073,693	11,471,269	16,544,962
Less: Provision for diminution in value of investments / Impairment	1,424,837	-	1,424,837
Investments (net of provisions)	3,648,856	11,471,269	15,120,125
Less: (Deficit) / surplus on revaluation of investments classified as			
- held-for-trading securities	(1,225)	-	(1,225)
- available-for-sale securities	(93,574)	248,470	154,896
Balance as at 31 March 2016	**3,554,057**	**11,719,739**	**15,273,796**

	Note	(Un-audited) 31 March 2016	(Audited) 31 December 2015
7.2 Investments by segments		------- (Rupees in '000) -------	
Federal government securities			
Market treasury bills		**294,569**	1,346,918
Pakistan investment bonds		**12,956,741**	7,276,450
Fully paid-up ordinary shares / certificates			
Listed	7.2.1	**1,188,746**	1,174,373
Unlisted		**93,341**	93,341
Fully paid-up preference shares			
Listed		**25,000**	25,000
Unlisted - Kamoki Energy Limited (KEL), a related party	7.2.2	**300,000**	300,000
Term Finance Certificates (TFCs)			
Listed		**466,693**	466,631
Unlisted	7.2.4	**548,353**	1,025,317
Participation term certificates		**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		**-**	-
Sukuks - unlisted		**260,286**	179,990
Total investments		**16,544,962**	12,299,253
Less: Provision for diminution in value of other investments / Impairment	7.2.3	**(1,424,837)**	(1,437,217)
Investments (net of provisions)		**15,120,125**	10,862,036
Less: Unrealized loss on revaluation of 'held-for-trading' securities		**(1,225)**	(929)
Surplus on revaluation of 'available-for-sale' securities		**154,896**	61,221
Total investments at market value		**15,273,796**	10,922,328

7.2.1 The Company is party to the agreement whereby put option was available to another bank (option holder) giving it the right to sell 1,008,787 ordinary shares of Agritech Limited (Agritech) at Rs.35 per share to the Company. During the quarter, the Company received a letter from the option holder requesting the Company to purchase the shares. However, the Company, based on the opinion of its legal advisor, is of the view that there is no immediate liability on the Company to acquire these shares of Agritech pursuant to the aforementioned letter of option holder.

7.2.2 As at 31 March 2016, 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 30 March 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 09 December 2012 and 10 December 2012, had deliberated upon different alternatives in detail with respect to the exposure in KEL and thereafter decided to take exit from KEL. The Board advised the management to explore option to sell the project to a third party.

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

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 and second auction were held on 29 November 2014 and 08 April 2015 respectively under the jurisdiction of Official Assignee, which, however, remained uneventful. Consequently, the HCS passed an order dated 28 April 2015 to set off the assets of KEL to the extent of forced sale value of Rs.1.134 billion against claim of the Company. Later, the HCS vide its letter dated 27 May 2015 directed that the assets of KEL be handed over to the Company. Subsequent to the said order of HCS two claimants filed their claims before official assignee, the final outcome of which is still pending.

During the quarter the Company has successfully completed all the relevant legal formalities in relation to transfer of title of KEL's land and assets in its name. Consequently the Company has recorded the said assets against it loan and advances exposure.

Nature of assets / exposures	Book value before provision	Provision held	Book value after provision
	--------------	(Rupees in '000)	--------------
Preference shares	300,000	(300,000)	-
Ordinary shares	404,867	(404,867)	-
Total funded exposure	704,867	(704,867)	-
As at 31 December 2015 (Audited)	2,225,659	(1,959,471)	266,188

		(Un-audited) 31 March 2016	(Audited) 31 December 2015
		------- (Rupees in '000) -------	
7.2.3 Particulars of provision			
Opening balance		**1,437,217**	1,497,055
Charge for the period / year		**9,781**	21,129
Less: Reversal during the period / year		-	(65,967)
Net charge/ (reversal) for the period / year		**9,781**	(44,838)
Less: Reversal on disposal		**(22,161)**	(15,000)
Net reversal		**(12,380)**	(59,838)
Closing balance		**1,424,837**	1,437,217

7.2.4 No provision has been made against the investment in privately placed term finance certificates (PPTFCs) issued by Pakistan International Airlines Corporation Limited (PIA) as SBP vide its letter no. BPRD/BPD(Policy)/2016-3218 dated 08 February 2016 has allowed further relaxation to the investors for their restructured debt (including this PPTFC issue) from the requirements of Prudential Regulation R-8 of Corporate / Commercial Banking upto 31 December 2016. The investment had been restructured through a TFC Investor Agreement effective from 06 May 2015.

8. ADVANCES

In Pakistan			
Loans		**4,120,976**	5,219,192
Net investment in finance lease		**238,249**	247,442
Staff loans		**124,432**	116,636
Consumer loans and advances		**125,569**	131,409
Long-term financing of export oriented projects - (LTF-EOP)		**60,180**	60,179
Long-term financing facility - (LTFF)		**35,675**	35,676
Advances - gross	8.1	**4,705,081**	5,810,534
Less : Provision against			
- Non-performing advances - specific provision	8.2	**1,488,394**	2,571,231
- Consumer loans and advances - general provision	8.2	**894**	892
		1,489,288	2,572,123
Advances - net of provision		**3,215,793**	3,238,411

8.1 Advances include amounts aggregating to Rs.1,568.196 million (31 December 2015: Rs.3,229.136) million which have been placed under non-performing status as detailed below:

31 March 2016 (Un-audited)	Domestic	Overseas	Total	Provision required	Provision held
Category of classification	(Rupees in '000)				
OEAM	288	-	288	-	-
Substandard	4,064	-	4,064	423	423
Doubtful	-	-	-	-	-
Loss	1,563,844	-	1,563,844	1,487,971	1,487,971
	1,568,196	-	1,568,196	1,488,394	1,488,394

31 December 2016 (Audited)	Domestic	Overseas	Total	Provision required	Provision held
Category of classification	(Rupees in '000)				
OEAM	3,735	-	3,735	-	-
Substandard	375,000	-	375,000	93,750	93,750
Doubtful	61,718	-	61,718	30,859	30,859
Loss	2,788,683	-	2,788,683	2,446,622	2,446,622
	3,229,136	-	3,229,136	2,571,231	2,571,231

8.2 Particulars of provision against non-performing advances:

	(Un-audited) 31 March 2016			(Audited) 31 December 2015		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	2,571,231	892	2,572,123	2,560,241	1,149	2,561,390
Charge for the period	296,188	2	296,190	30,859	-	30,859
Reversals	(1,379,025)	-	(1,379,025)	(19,869)	(257)	(20,126)
Net (reversals) / charge	(1,082,837)	2	(1,082,835)	10,990	(257)	10,733
Less: Amount written off	-	-	-	-	-	-
Closing balance	1,488,394	894	1,489,288	2,571,231	892	2,572,123

8.2.1 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.19.712 million (2015: Rs.19.712 million) in respect of consumer financing, and Rs. 58.532 million (2015: Rs.324.720 million) in respect of corporate financing which includes Rs.Nil (December 31 2015: Rs. 266.188 million) being the FSV benefit availed by the Company against the term loan of Kamoki Energy Limited (classified as loss at yearend) and security deposit amounting to Rs. 58.532 million (2015: 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 26 December 2012 had stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

	(Un-audited) 31 March 2016	(Audited) 31 December 2015
	(Rupees in '000)	
9. OPERATING FIXED ASSETS		
Capital work-in-progress	2,747	2,341
Property and equipment	66,979	66,050
Intangible assets	1,429	1,569
	71,155	69,960

9.1 Additions during the quarter ended 31 March 2016 amounted to Rs.6.956 million while disposal had a total cost of Rs.0.860 million (net book value of Nil). Gain on disposal on these assets was Rs. 0.042 million.

10. DEFERRED TAX ASSET - net

	(Un-audited) 31 March 2016	(Audited) 31 December 2015
	------- (Rupees in '000) ------	
Deferred credit arising in respect of:		
Net investment in finance leases	(35,926)	(37,297)
Accelerated tax depreciation	165	(252)
Deferred debits arising in respect of:		
Provision for compensated absences	4,081	3,827
Provision for advances, investments and other assets	86,701	86,701
Unused tax losses	140,666	150,666
Share of loss in joint venture	-	30,443
Unrealised loss on investments- held-for-trading	11	-
	195,698	234,088
Deferred tax asset on surplus on revaluation of available-for-sale investments - net	(74,465)	(40,425)
	121,233	193,663

10.1 As at 31 March 2016, the Company has available deferred tax asset on provision for advances, investments and other assets (including provision against investment in KEL) amounting to Rs.1,871.222 million (2015: Rs.1,782.028 million) and on unused tax losses for quarter ended 31 March 2016 amounting to Rs.2,066.332 million (2015: 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, 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	31 March 2016	31 December 2015
Secured			
Borrowings from State Bank of Pakistan under:			
Long-term financing of exports oriented projects (LTF-EOP)		5,646	7,531
Long-term financing facility (LTFF)		29,733	35,676
Repurchase agreement borrowings-Repo	11.1	7,396,897	3,799,044
Privately placed term finance certificates	11.2	994,318	1,118,848
Borrowings from financial institutions		4,285,000	4,480,000
		12,711,594	9,441,099
Unsecured			
Clean borrowings		500,000	-
		13,211,594	9,441,099

11.1 The Company has arranged borrowings under repurchase agreements from various financial institutions against government securities. The outstanding facilities as at statement of financial position date were due for maturity latest by April 2016 (2015: January 2016). The rate of mark-up on these facilities was 6.28 to 6.35 (2015: 6.5) percent per annum.

11.2 This includes borrowings from financial institutions as under:

(a) Rs.1,000 million (2015: Rs.1,000 million) representing long term borrowings from certain financial institutions which are secured by way of first hypothecation charge over assets of the Company with 30 percent margin on the facility amount. They carry a mark-up rate of six months' KIBOR plus 1 percent to 1.25 percent per annum payable on semi-annual basis (2015: six months KIBOR plus 1.00 percent to 1.25 percent per annum payable on semi-annual basis). As at 31 March 2016, the applicable interest rates were 7.57 and 7.77 (2015: 7.57 and 7.77) percent per annum. These borrowings are due for maturity latest by December 2020 (2015: December 2020).

(b) This represents short term borrowings (running finance and money market line) from certain financial institutions for period ranging from 1 month to 11 months. They carry mark-up rate between 1 month to 3 months KIBOR plus 0.20 percent per annum to 1.25 percent per annum and are secured by way of hypothecation on all present and future loans and lease receivables and pledge of government securities.

	(Un-audited) 31 March 2016	(Audited) 31 December 2015
	------ (Rupees in '000) ------	
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Certificates of investment - (in local currency)	1,189,622	937,389
Financial institutions		
Certificates of investment - (in local currency)	800,000	800,000
	1,989,622	1,737,389

12.1 The profit rates on these Certificates of Investment (COIs) range from 6.35 to 7.55 (2015: 6.25 to 8.90) percent per annum. These COIs are due for maturity on various dates latest by July 2018 (2015: July 2018).

13. SHARE CAPITAL

13.1 SBP vide its letter no. BPRD / BA & CP/657/29498/2015 dated 31 December 2015, granted further extension in the exemption for meeting the MCR till 30 June 2016 and has advised the Company to provide specific timeline for equity injection by the Government of Pakistan in the Company by 31 March 2016.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

For the tax year 2011, Deputy Commissioner Inland Revenue (DCIR) vide order dated 30 August 2013 passed under section 122(1) read with section 177 of Income Tax Ordinance (ITO) issued the amended assessment order and raised a demand of Rs.84.392 million. The demand mainly pertains to additions made for apportionment of expenses to dividend income/capital gains/(losses), disallowance of interest payable on accrual basis, provision for loans and advances and loss on termination of leased assets etc. The Company filed a refund claim of Rs.70.53 million for the tax year 2011 through a revised tax return, however, it did not recognise the said additional refund on a prudent basis. The Company has filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on 14 October 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 20 February 2013 in relation to tax years 2004, 2005, 2006 and 2008 where the outcome was in favour of the Company in relation to issues of loans and advances written-off, apportionment of expenditure and loans to executives/officers and the resulting refunds were adjusted against the tax liability for the tax years 2009 and 2010. Based on the decision of ATIR 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 to 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 11 November 2014 vide order under section 122 (5A) of the ITO. Against this order, rectification application was filed vide letter T-2798/2012 dated 12 December 2014 wherein it has been highlighted that the issue of apportionment of expenditure against dividend income and capital gain has bean 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 adjudication.

No provision has been made in these condensed interim 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) 31 March 2016	(Audited) 31 December 2015
		------- (Rupees in '000) -------	
14.2 Commitments			
Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		-	-
Others	14.2.1	860,487	860,487
		860,487	860,487

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	-	108,692
	-	108,692
14.4 Commitments to extent credit	150,500	500,000
14.5 Commitments for acquisition of operating fixed assets	-	-
14.6 Unsettled investment transactions for:		
Purchase of PIBs	-	-
Sale/purchase of listed ordinary shares - net	6,458	11,300
	6,458	11,300

15. GAIN FROM TRADING IN SECURITIES - NET

This includes net gain from trading in government securities amounting to Rs. 13.323 million (March 2015: gain of Rs. 81.305 million).

16. OTHER PROVISIONS / WRITE OFFS	(Un-audited) 31 March 2016	(Un-audited) 31 March 2015
Provision / Reversal of provision against mark-up accrued - net	-	-
Reversal of provision against non-banking assets acquired in satisfaction of claims	-	(16,197)
Loss on sale of non-banking assets acquired in satisfaction of claims	116,000	-
	116,000	(16,197)
Other receivables - Kamoki Energy Limited	-	3,594
Short term loan - Kamoki Energy Limited	34,690	-
	150,690	(12,603)

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.

18. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation	869,323	36,258
	-------- (Number of shares) --------	
Weighted average number of ordinary shares	614,178	614,178
	------------ (Rupees) -------------	
Earnings per share	1,415.43	59.04

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) 31 March 2016					(Audited) 31 December 2015				
	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	-	-	-	46,796	-	-	-	-	62,671	-
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Placements / reverse repo made during the period	-	-	-	2,478,207	-	-	-	-	2,024,846	-
Placements / reverse repo matured during the period	-	-	-	(2,478,207)	-	-	-	-	(2,024,846)	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	-	-	704,867	9,062,104	500	-	-	704,867	6,063,143	500
Investment made during the period	-	-	-	6,704,894	-	-	-	-	23,604,997	-
Investment redeemed / disposed off during the period	-	-	-	(2,093,254)	-	-	-	-	(20,606,036)	-
Closing balance	-	-	704,867	13,673,744	500	-	-	704,867	9,062,104	500
Provision for diminution in value of investments	-	-	704,867	50,000	-	-	-	704,867	50,000	-
Surplus/(Deficit) on revaluation of investments	-	-	-	248,056	-	-	-	-	128,171	-

	(Un-audited) 31 March 2016					(Audited) 31 December 2015				
	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	-	44,118	-	1,284,690	-	-	40,919	1,284,690	-	-
Addition/rollover during the period	-	8,217	-	-	-	-	17,597	-	-	-
Repaid/Adjusted during the period	-	(2,434)	-	(1,284,690)	-	-	(14,398)	-	-	-
Closing balance	-	49,901	-	-	-	-	44,118	1,284,690	-	-
Provision held against advances	-	-	-	-	-	-	-	1,018,502	-	-
Other assets										
Mark-up receivable on term loan										
- Gross	-	494	-	99,387	-	-	491	773,826	255,676	-
- Suspended / provided	-	-	-	(11,164)	-	-	-	(773,826)	(7,648)	-
Closing balance	-	494	-	88,223	-	-	491	-	248,028	-
Amount receivable from defined contribution plan	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	30,412	-	-
Advance taxation	-	-	-	132,818	-	-	-	-	84,618	-
Other advances										
Opening balance	-	550	-	-	-	-	770	-	-	532
Additions during the period	-	-	-	-	-	-	796	-	-	-
Repaid during the period	-	(310)	-	-	-	-	(1,016)	-	-	(532)
Closing balance	-	240	-	-	-	-	550	-	-	-
Provision against other assets	-	-	-	-	-	-	-	30,412	-	-
Borrowings from financial Institutions										
Opening balance	-	-	-	2,080,804	-	-	-	-	3,005,529	-
Borrowings during the period	-	-	-	52,580,760	-	-	-	-	228,342,060	50,000
Settled during the period	-	-	-	(50,464,631)	-	-	-	-	(229,266,785)	(50,000)
Closing balance	-	-	-	4,196,933	-	-	-	-	2,080,804	-
Deposits and other accounts										
Opening balance	-	530	-	745,000	150,000	-	2,088	-	2,360,200	80,000
Additions during the period	-	546	-	300,000	170,000	-	8,044	-	2,845,000	810,000
Repayments during the period	-	(530)	-	(310,000)	(150,000)	-	(9,602)	-	(4,460,200)	(740,000)
Closing balance	-	546	-	735,000	170,000	-	530	-	745,000	150,000

	(Un-audited) 31 March 2016					(Audited) 31 December 2015				
	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	-	3	-	28,338	125	-	12	-	27,882	113
Amount payable to retirement benefit funds	-	-	-	-	8,871	-	-	-	-	11,297
Others	-	-	1,018	102	-	-	-	1,018	64	-
	-	3	1,018	28,440	8,996	-	12	1,018	27,946	11,410
Contingencies and commitments										
Letter of guarantee	-	-	860,487	-	-	-	-	860,487	-	-
Commitment to extend credit	-	-	-	-	-	-	-	-	-	-
Unsettled sale/purchase of investment transactions	-	-	-	-	-	-	-	-	-	-
	-	-	860,487	-	-	-	-	860,487	-	-

	(Un-audited) 31 March 2016					(Un-audited) 31 March 2015				
19.2 Transactions, income and expenses										
Mark-up / return / interest earned -net	-	177	-	220,884	-	-	181	-	193,837	-
Mark-up / return / interest expensed	-	9	-	59,578	2,574	-	47	-	112,965	2,629
Gain/(loss) on sale of securities - net	-	-	-	9,251	-	-	-	-	83,223	-
Dividend Income	-	-	-	10,636	-	-	-	-	5,750	-
Contribution to defined contribution plan	-	-	-	-	1,314	-	-	-	-	1,393
Contribution to defined benefit plan	-	-	-	-	2,652	-	-	-	-	2,474
Non-executive directors' fee and remuneration	1,268	-	-	-	-	820	-	-	-	-
Remunerations	-	27,289	-	-	1,782	-	44,051	-	-	4,793

* 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:

	Corporate finance	Treasury	Capital Markets	Consumer Financings	Others	Total
	(Un-audited) 31 March 2016					
	---------- (Rupees in '000) ----------					
Total income	**134,851**	**201,199**	18,616	**2,189**	**1,018,320**	**1,375,175**
Total expenses	**(25,376)**	**(196,249)**	(9,489)	**(3,450)**	**(223,143)**	**(457,707)**
Net income / (loss)	**109,475**	**4,950**	9,127	**(1,261)**	**795,177**	**917,468**
Segment assets (gross)	**6,807,915**	**13,664,816**	797,254	**129,940**	**1,697,053**	**23,096,978**
Segment non-performing loans	**1,499,501**	-	-	**68,695**	-	**1,568,196**
Segment non-performing Investments	**1,613,689**	**47,939**	1,152	-	-	**1,662,780**
Segment provision required & held	**1,440,970**	-	-	**47,424**	-	**1,488,394**
Segment provision investments	**1,424,259**	**47,939**	1,152	-	-	**1,473,350**
Segment liabilities	**1,510,822**	**13,544,817**	-	**88,745**	**321,075**	**15,465,459**
Net assets	**2,431,864**	72,060	796,102	**(6,229)**	**1,529,907**	**4,823,704**
Return on net assets						**4.12%**
Cost of funds (%)						**6.70%**
	(Un-audited) 31 March 2015					
Total income	122,378	284,090	20,433	3,581	(9,847)	420,635
Total expenses	(136,410)	(131,925)	(15,756)	(3,980)	(62,273)	(350,344)
Net income / (loss)	(14,032)	152,165	4,677	(399)	(72,120)	70,291
Segment assets (gross)	8,966,221	10,973,953	530,765	162,960	582,015	21,215,914
Segment non-performing loans	3,174,191	-	-	71,705	-	3,245,896
Segment non-performing Investments	1,856,647	186,572	-	-	-	2,043,219
Segment provision required & held	2,510,858	-	-	48,995	-	2,559,853
Segment provisison investments	1,659,513	123,006	-	-	-	1,782,519
Segment liabilities	2,048,666	10,853,940	-	114,364	323,488	13,340,458
Net assets	2,747,184	(2,993)	530,765	(399)	373,012	3,647,569
Return on net assets						7.71%
Cost of funds (%)						9.58%

21. CASH AND CASH EQUIVALENTS

	(Un-audited) 31 March 2016	(Un-audited) 31 March 2015
	------- (Rupees in '000) -------	
Cash and balances with treasury banks	**46,803**	45,663
Balances with other banks	**66,946**	47,870
Placements	-	200,000
	113,749	293,533

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 16 APR 2016 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

Managing Director & CEO

Director

Director