



## 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 quarter ended 31 March 2018 together with Directors' review thereon.

### Performance review

During the first quarter, the Company incurred a loss before tax of PKR 23.86 million as compared to profit before tax of PKR 114.39 million in the corresponding period last year mainly due to significant decline in non-markup income.

Gross mark-up income during the period was PKR 305.07 million, an increase of approx. 14.5% compared to same period last year. However, the net interest income (NII) has reduced, by 34.3%, compared to corresponding period mainly due to the declining interest rates until 2017 end and disbursement towards the later part of the year 2017; which will have a positive impact in year 2018.

Political uncertainty resulted in lack-lustre performance of Pakistan Stock Exchange (PSX) and minimal capital gain on disposal of government securities impacted the profitability of the Company.

During the period, the Company generated net cash flows from operating activities of PKR 1,694.47 million due to increased borrowing which invested further to expand the loan and investment portfolios. The total assets of the Company have increased to PKR 24,172 million – an increase of around PKR 5,009.42 million (compared to financial yearend 2017) mainly in government securities.

The summarised financial results for the quarter are as follows:

Description	31 March 2018	31 March 2017
	PKR '000	
(Loss)/profit before taxation	(23,862)	114,392
Taxation	22,697	33,232
(Loss)/profit after taxation	(46,559)	81,160
Earnings per share (Rupees)	(75.81)	132.14

### Future prospects

A cautious stance is being maintained towards further asset growth. To improve the performance, the management is focusing on all possible avenues for profitable operations of the Company with an objective to expand its loan book including SME financing activities and disposal of non-banking assets. Further Treasury activities have been realigned considering the overall economic indicators resulting in shift from longer term PIBs to short term MTBs and TDRs.

Management has been following up with both the shareholders to amicably finalise the arrangement regarding additional capital injection and 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**



**Khaled Joma Ezarzor**  
**Deputy Managing Director**



**Abid Aziz**  
**Managing Director & CEO**

**24 April 2018**

**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**


		(Un-audited) 31 March 2018	(Audited) 31 December 2017
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		18,453	28,328
Balances with other banks		106,566	83,494
Lendings to financial institutions	6	2,050,000	4,000,000
Investments	7	16,171,241	9,700,440
Advances	8	4,019,423	3,593,084
Other assets	9	1,673,309	1,591,796
Operating fixed assets	10	75,197	80,458
Deferred tax asset - net	11	58,159	85,330
		<u>24,172,347</u>	<u>19,162,930</u>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings from financial institutions	12	18,850,639	14,367,132
Deposits and other accounts	13	509,900	39,000
Sub-ordinated loans		-	-
Liabilities against assets subject to finance leases		-	-
Other liabilities		220,396	201,883
		<u>19,580,935</u>	<u>14,608,015</u>
<b>NET ASSETS</b>		<u>4,591,412</u>	<u>4,554,915</u>
<b>REPRESENTED BY</b>			
Share capital	14	6,141,780	6,141,780
Reserves		311,650	311,650
Accumulated loss		<u>(1,787,339)</u>	<u>(1,740,780)</u>
		4,666,091	4,712,650
Surplus on revaluation of assets - net of tax		<u>(74,679)</u>	<u>(157,735)</u>
		<u>4,591,412</u>	<u>4,554,915</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		

The annexed notes from 1 to 25 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 2018**

	Quarter ended 31 March 2018	Quarter ended 31 March 2017
Note	------(Rupees in '000)-----	
Mark-up / return / interest earned	305,074	266,316
Mark-up / return / interest expensed	248,979	180,882
Net mark-up / interest income	56,095	85,434
Reversal of provision against non-performing advances - net	8.2      98	(10,340)
Provision for diminution in the value of investments - net / impairment	7.2.4      -	-
Bad debts written off directly	-	5,652
	98	(4,688)
Net mark-up / interest / income after provisions	55,997	90,122
<b>NON MARK-UP / INTEREST INCOME</b>		
Fee, commission and brokerage income	2,023	4,179
Dividend income	8,455	5,502
Gain from trading in securities - net	16      6,382	145,522
Income from dealing in foreign currencies		-
Unrealised loss on revaluation of investments classified as held-for-trading	7.2      (1,507)	(307)
Other income	226	1,496
Total non mark-up / interest income	15,579	156,392
	71,575	246,514
<b>NON MARK-UP / INTEREST EXPENSES</b>		
Administrative expenses	92,836	127,866
Other provisions / write offs / (recoveries)	17      (8,125)	-
Other charges	10,726	4,256
Total non mark-up / interest expenses	95,437	132,122
	(23,862)	114,392
Extra ordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	(23,862)	114,392
Taxation - current	5,542	28,876
- prior year	-	-
- deferred	17,155	4,356
	18      22,697	33,232
<b>PROFIT AFTER TAXATION</b>	(46,559)	81,160
Basic and diluted earnings per share (Rupees)	19      (75.81)	132.14

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

  
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**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	Quarter ended 31 March 2018	Quarter ended 31 March 2017
	----- (Rupees in '000) -----	
Profit after taxation	(46,559)	81,160
Other comprehensive income-net	-	-
Items not to be reclassified in profit and loss account in subsequent periods		
Actuarial gain / (loss) on defined benefit plan	-	-
<b>Total comprehensive income for the period</b>	<b>(46,559)</b>	<b>81,160</b>
<b>Components of comprehensive income not reflected in equity</b>		
Surplus on revaluation of 'available- for-sale securities' - net of tax*	83,056	(48,860)
<b>Total comprehensive income</b>	<b>36,497</b>	<b>32,300</b>

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

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

  
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**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	31 March 2018	31 March 2017
Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(23,862)	114,392
Less: Dividend income	(8,455)	(5,502)
	(32,316)	108,890
<b>Adjustments for non-cash items:</b>		
Depreciation	6,933	6,774
Amortisation	339	253
Other Income	1,134	-
Reversal of provision against non-performing loans and advances - net	98	(10,340)
Unrealised loss on revaluation of investments classified as held-for-trading	1,507	307
Provision / (reversal of provision) for diminution in the value of investments - net	7.2.4 -	5,652
Other provisions / write offs / (recoveries)	17 (8,125)	-
Gain on sale of operating fixed assets	-	(15)
	1,886	2,631
	(30,430)	111,521
<b>(Increase) / decrease in operating assets:</b>		
Lendings to financial institutions	(550,000)	250,000
Investments classified as held-for-trading	(2,201,317)	(13,342)
Advances	8.2 (426,437)	(223,616)
Other assets (excluding advance tax)	(52,521)	154,090
	(3,230,275)	167,132
<b>Increase / (decrease) in operating liabilities:</b>		
Borrowings from financial institutions	12 4,483,507	(931,904)
Deposits and other accounts	13 470,900	(113,117)
Other liabilities	18,513	(48,898)
	4,972,920	(1,093,919)
	1,712,215	(815,266)
Income tax paid	(17,740)	(30,648)
Net cash generated from / (used in) operating activities	1,694,475	(845,914)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available for sale securities	(4,171,602)	598,708
Net investment in held to maturity securities	(8,483)	-
Dividends received	1,950	4,975
Operating fixed assets acquired	(3,143)	(2,470)
Sale proceeds from disposal of operating fixed assets	-	10
Net cash generated (used in) / generated from investing activities	(4,181,278)	601,223
<b>Decrease in cash and cash equivalents</b>	(2,486,803)	(244,691)
Cash and cash equivalents at beginning of the period	3,661,822	793,125
Cash and cash equivalents at end of the period	22 1,175,019	548,434

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

  
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**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve	Total
		Statutory reserve	Accumulated loss	
----- (Rupees in '000) -----				
Balance as at 01 January 2017	6,141,780	302,094	(1,774,710)	4,669,164
<b>Total comprehensive income for the first quarter ended 31 March 2017</b>				
Profit for the period	-	-	81,160	81,160
Other comprehensive income for the period	-	-	-	-
	-	-	81,160	81,160
Transfer to statutory reserve	-	16,232	(16,232)	-
Balance as at 31 March 2017	6,141,780	318,326	(1,709,782)	4,750,324
<b>Total comprehensive income for the three quarters ended 31 December 2017</b>				
Loss for the period	-	-	(33,379)	(33,379)
Other comprehensive income for the period	-	-	(4,294)	(4,294)
	-	-	(37,673)	(37,673)
Transfer to statutory reserve	-	(6,676)	6,676	-
Balance as at 31 December 2017	6,141,780	311,650	(1,740,780)	4,712,650
<b>Total comprehensive income for the first quarter ended 31 March 2018</b>				
Loss for the period	-	-	(46,559)	(46,559)
Other comprehensive income for the period	-	-	-	-
	-	-	(46,559)	(46,559)
Transfer to statutory reserve	-	-	-	-
Balance as at 31 March 2018	6,141,780	311,650	(1,787,339)	4,666,091

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

  
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**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

**1. STATUS AND NATURE OF BUSINESS**

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

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

- 1.2 The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated 05 September 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs.6 billion. The paid-up capital of the Company (free of losses) as of 31 March 2018 amounted to Rs.4.354 billion (31 December 2017: Rs.4.401 billion).

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

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

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

The SBP vide its letter no. BPRD/BA&CP/657/134/2017 dated 03 January 2017 had granted further extension in the exemption for meeting the minimum paid-up capital (free of losses) requirement till 30 June 2017 and had advised the Company to pursue the matter of capital injection with Finance Division and provide specific timeline for equity injection by the GOP in the Company by 31 March 2017. The management of the Company proposed shareholders to inject the additional Capital in tranches, for which the timeline has not been decided yet. However, GOP's firm commitment to inject additional capital in the Company has not been received till date. Further, the Company had applied to SBP for further extension in relation to regulatory minimum capital requirement. In this regard during the year 2017, the Company has submitted a 3 year plan to SBP to demonstrate its ability to meet the MCR through organic growth, as advised by the SBP. Subsequently, MOF vide its letter no. F.2(1) Inv-IV/2014 dated 16 January 2018 has stated that in the last quarter of current Financial Year, after a review of fiscal space, injection of equity would be given due consideration. Consequently, SBP vide its letter No. BPRD/BA&CP/657/5114/2018 dated 07 March 2018 granted relaxation in MCR till 30 June 2018.

***Subsidiary Company***

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



**2. STATEMENT OF COMPLIANCE**

- 2.1 These condensed interim financial statements of the Company for the three months ended 31 March 2018 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Act, 2017, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 The SBP through its BSD circular No. 11 dated 11 September 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement', and IAS 40 'Investment Property' for Non-Bank Financial Institutions (NBFIs) in Pakistan. The SECP has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1)/2008 dated 28 April 2008. Accordingly, the requirements of these IASs have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.3 The disclosures made in these condensed interim 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 2017.

**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 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 2017, except as disclosed in note 5 below.

**5. SIGNIFICANT ACCOUNTING POLICIES**

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

**New Standards, Interpretations and Amendments**

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

	<b>Effective date (annual periods beginning on or after)</b>
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 - Recognition of Deferred Tax (Amendments to IAS 12)	01 January 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	01 January 2017

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

<b>Standard or interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	01 January 2018

IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	01 January 2018
IFRIC 22 - Foreign Currency	01 January 2018
IAS 40 - Transfers of Investment	01 January 2018
IFRS 15 - Revenue from Contracts with Customers	01 July 2018
IFRS 9 - Financial Instruments	01 July 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	01 January 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	01 January 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	01 January 2019

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021
IFRS 16 – Leases	01 January 2019

Based on the initial assessment, the above standards/amendments will not have any significant 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 2017.

	Note	(Un-audited) 31 March 2018	(Audited) 31 December 2017
6. LENDINGS TO FINANCIAL INSTITUTIONS		----- (Rupees in '000) -----	
Placements		33,064	33,064
Term deposit receipts	6.1	2,050,000	4,000,000
		2,083,064	4,033,064
Less: Provision against lendings		(33,064)	(33,064)
		<u>2,050,000</u>	<u>4,000,000</u>

6.1 Term deposit receipts carry mark-up rate 6.55 to 8.25 (2017: 6.55 to 8.00) percent per annum and are due to maturity on 24 January 2019.

	Held by Company	Given as collateral	Total
7. INVESTMENTS	----- (Rupees in '000) -----		
Balance as at 31 March 2018 (Un-audited)	<u>4,566,575</u>	<u>11,604,666</u>	<u>16,171,241</u>
Balance as at 31 December 2017 (Audited)	<u>3,953,626</u>	<u>5,746,814</u>	<u>9,700,440</u>
Balance as at 31 March 2017 (Un-audited)	<u>2,858,721</u>	<u>9,670,404</u>	<u>12,529,125</u>

	Held by Company	Given as collateral	Total
	----- (Rupees in '000) -----		
<b>7.1 Investments by types</b>			
Held-for-trading securities	615,020	6,572,540	7,187,560
Available-for-sale securities	4,472,583	5,049,248	9,521,831
Held-to-maturity securities	472,053	-	472,053
Investment in a joint venture	404,867	-	404,867
Kamoki Energy Limited (KEL), a related party			
Investment in subsidiary -	5,000	-	5,000
Kamoke Powergen (Private) Limited (KPL), a related party			
	5,969,523	11,621,788	17,591,311
Less: Provision for diminution in value of investments / Impairment	(1,321,926)	-	(1,321,926)
<b>Investments (net of provisions)</b>	<b>4,647,597</b>	<b>11,621,788</b>	<b>16,269,385</b>
Less: (Deficit) / surplus on revaluation of investments classified as			
- held-for-trading securities	(1,059)	(1,416)	(2,475)
- available-for-sale securities	(79,963)	(15,706)	(95,669)
<b>Balance as at 31 March 2018</b>	<b>4,566,575</b>	<b>11,604,666</b>	<b>16,171,241</b>
		(Un-audited) 31 March 2018	(Audited) 31 December 2017
<b>7.2 Investments by segments</b>	<b>Note</b>	----- (Rupees in '000) -----	
<b>Federal government securities</b>			
Market treasury bills		7,164,616	4,986,243
Pakistan investment bonds		5,628,764	1,629,504
<b>Fully paid-up ordinary shares / certificates</b>			
Listed	7.2.1	1,235,218	1,247,542
Unlisted		52,801	52,801
Unlisted investment in subsidiary - KPL		5,000	5,000
<b>Fully paid-up preference shares</b>			
Unlisted - KEL	7.2.2	300,000	300,000
<b>Term Finance Certificates (TFCs)</b>			
Listed		444,626	444,531
Unlisted	7.2.3	1,642,850	1,421,992
<b>Participation term certificates</b>		6,366	6,366
<b>Strategic investment in a joint venture</b>			
Unlisted ordinary shares - net (KEL)	7.2.2	404,867	404,867
<b>Other investments</b>			
Sukuks - unlisted		240,516	253,859
Commercial paper - unlisted		465,687	457,204
<b>Total investments</b>		<b>17,591,311</b>	<b>11,209,909</b>
Less: Provision for diminution in value of other investments / impairment	7.2.4	(1,321,926)	(1,321,926)
<b>Investments (net of provisions)</b>		<b>16,269,385</b>	<b>9,887,983</b>
Less: Unrealized loss on revaluation of 'held-for-trading' securities		(2,475)	(968)
Surplus on revaluation of 'available-for-sale' securities		(95,669)	(186,575)
<b>Total investments at market value</b>		<b>16,171,241</b>	<b>9,700,440</b>

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

7.2.2 As at 31 March 2018, the Company has the following investments / exposures in Kamoki Energy Limited (KEL) which was a joint venture project between the Company and Tapal Family. KEL was established in 2009 to own, construct, manage and operate a rental power generation plant. KEL could not commence its commercial operations.

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

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

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

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

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

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

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

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

SBP vide its letter no. BPRD/BPD(Policy)/2015-7848 dated 04 April 2015 has allowed 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 2015. The investment has been restructured through a TFC Investor Agreement effective from 06 May 2015.

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	----- (Rupees in '000) -----	
<b>7.2.4 Particulars of provision</b>		
Opening balance	1,321,926	1,296,736
Add: adjustments during the period / year	-	-
Charge for the period / year	-	45,402
Less: Reversal during the period / year	-	-
Net charge for the period / year	-	45,402
Less: Reversal on disposal	-	(20,212)
Net charge	-	25,190
Closing balance	<u>1,321,926</u>	<u>1,321,926</u>

## 8. ADVANCES

### In Pakistan

Loans		4,669,581	4,493,456
Net investment in finance lease		464,339	212,921
Staff loans		161,606	149,709
Consumer loans and advances		57,768	58,270
Long-term financing of export oriented projects - (LTF-EOP)		60,179	60,179
Long-term financing facility - (LTF)		150,000	162,500
<b>Advances - gross</b>	8.1	<u>5,563,473</u>	<u>5,137,036</u>
Less : Provision against			
- Non-performing advances - specific provision	8.2	1,543,800	1,543,715
- Consumer loans and advances - general provision	8.2	250	237
		<u>1,544,050</u>	<u>1,543,952</u>
<b>Advances - net of provision</b>		<u>4,019,423</u>	<u>3,593,084</u>

8.1 Advances include amounts aggregating to Rs.1,979.51 million (31 December 2017: Rs.1,980.90) million which have been placed under non-performing status as detailed below:

31 March 2018 (Un-audited)	Domestic	Overseas	Total	Provision required	Provision held
Category of classification	----- (Rupees in '000) -----				
OEAM	275	-	275	-	-
Substandard*	395,973	-	395,973	98,993	20,183
Doubtful	2,219	-	2,219	1,109	1,109
Loss	1,581,039	-	1,581,039	1,522,508	1,522,508
	<u>1,979,506</u>	-	<u>1,979,506</u>	<u>1,622,610</u>	<u>1,543,800</u>

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

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

## 8.2 Particulars of provision against non-performing advances:

	(Un-audited) 31 March 2018			(Audited) 31 December 2017		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	1,543,715	237	1,543,952	1,516,914	650	1,517,564
Charge for the period	550	13	563	72,763	-	72,763
Reversals	(465)	-	(465)	(45,923)	(413)	(46,336)
Net (reversals) / charge	85	13	98	26,840	(413)	26,427
Less: Amount written off	-	-	-	(39)	-	(39)
Closing balance	<u>1,543,800</u>	<u>250</u>	<u>1,544,050</u>	<u>1,543,715</u>	<u>237</u>	<u>1,543,952</u>

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

General provision against consumer finance loans represents provision made equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing.

## 9 OTHER ASSETS

	(Un-audited)	(Audited)
	31 March 2018	31 December 2017
	(Rupees in '000)	
Income / mark-up / return receivable in local currency	227,395	155,758
Security deposits	4,642	4,642
Short-term advances	17,142	16,540
Prepayments	9,988	3,588
Advance taxation	240,815	228,616
Non banking assets acquired in satisfaction of claims	9.1	1,179,360
Other receivables	15,470	32,920
	<u>1,694,812</u>	<u>1,621,425</u>
Less: Provision held against other assets	<u>(21,503)</u>	<u>(29,628)</u>
	<u>1,673,309</u>	<u>1,591,796</u>

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

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

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

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	----- (Rupees in '000) -----	
<b>10. OPERATING FIXED ASSETS</b>		
Capital work-in-progress	-	-
Property and equipment	70,199	77,551
Intangible assets	4,998	2,907
	<u>75,197</u>	<u>80,458</u>

10.1 Additions during the quarter ended 31 March 2018 amounted to Rs.3,143 million while disposal had a total cost of Rs.20,809 million (net book value of Nil). Gain on disposal on these assets was Rs. Nil million.

#### 11. DEFERRED TAX ASSET - net

<b>Deferred credit arising in respect of:</b>		
Net investment in finance leases	(47,564)	(28,782)
Accelerated tax depreciation	1,618	1,206
<b>Deferred debits arising in respect of:</b>		
Provision for compensated absences	4,901	3,825
Provision for advances, investments and other assets	80,242	80,242
Unrealized gain on quoted shares/ government securities	140	-
Unused tax losses	-	-
Share of loss in joint venture	-	-
	<u>39,337</u>	<u>56,491</u>
<b>Deferred tax liability on surplus on revaluation of available-for-sale investments - net</b>	<u>18,822</u>	<u>28,839</u>
	<u>58,159</u>	<u>85,330</u>

11.1 As at 31 March 2018, the Company has available provision for advances, investments and other assets amounting to Rs.1,801.99 million (31 December 2017: Rs.1,801.99 million) and unused tax losses upto 31 March 2018 amounting to Rs. 2,041.19 million (31 December 2017: Rs.2,001.45 million). However, the management has prudently recognised the deferred tax asset only to the extent given above based on the absorption / edmissibility of the same as forecasted in the projections approved by the Board of Directors.

#### 12. BORROWINGS FROM FINANCIAL INSTITUTIONS

##### Secured

Borrowings from State Bank of Pakistan under:

Long-term financing of exports oriented projects (LTF-EOP)		-	-
Long-term financing facility (LTFF)	12.1	150,000	162,500
Repurchase agreement borrowings-Repo	12.2	11,068,028	5,368,021
Borrowings from financial institutions	12.3	6,137,500	7,787,500
Bai Muajjal	12.4	299,111	299,111
		<u>17,654,639</u>	<u>13,617,132</u>

##### Unsecured

Clean borrowings		1,196,000	750,000
		<u>18,850,639</u>	<u>14,367,132</u>

12.1 The Company has entered into agreements for financing with State Bank of Pakistan (SBP) for long term financing facility (LTFF) to customers. According to terms of respective agreements, the SBP has the right to receive outstanding amount from the Company at the date of maturity of finances by directly debiting current account maintained by the Company with the SBP. Such financing shall carry interest at the rate of 2.5 (2017: 2.5) and Nil (2017: 8.40 to 10.10) percent per annum.

12.2 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by August 2018 (31 December 2017: April 2018). The rate of mark-up on these facilities range from 5.80 to 6.35 (31 December 2017: 5.90 to 6.05) percent per annum.

12.3 This includes borrowings from financial institutions as under:  
Rs. 3,637.5 million (2017: Rs.3,787.5 million) representing long term borrowings from certain financial institutions which are secured by way of first pari passu charge over assets of the Company with 25 and 30 percent margin on the facility amount. They carry a mark-up rate of six months KIBOR plus 0.25 percent to 1.00 percent per annum payable on semi-annual basis (2017: six months KIBOR plus 0.25 percent to 1.00 percent per annum payable on semi-annual basis). As at 31 March 2018, the applicable interest rates were 6.44 to 7.17 (2017: 6.40 and 7.17) percent per annum. These borrowings are due for maturity latest by August 2022 (2017: August 2022).

12.4 Rs. 299.11 million (2017: Rs. 299.11) representing financing through Bai Muajjal of Sukuk from financial Institution secured against Government Securities due for repayment on 09 November 2018.

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	----- (Rupees in '000) -----	
<b>13. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Certificates of investment - (in local currency)	509,900	39,000
<b>Financial institutions</b>		
Certificates of investment - (in local currency)	-	-
	<u>509,900</u>	<u>39,000</u>

13.1 The profit rates on these Certificates of Investment (COIs) is 6.10 to 6.60 (31 December 2017: 6.10) percent per annum. These COIs are due for maturity latest by 09 August 2018 (31 December 2017: 09 August 2018).

## 14. SHARE CAPITAL

## 14.1 Authorised share capital

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

## 14.2 Issued, subscribed and paid-up capital

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

## 15. CONTINGENCIES AND COMMITMENTS

## 15.1 Contingencies

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

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

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

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

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



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

		(Un-audited) 31 March 2018	(Audited) 31 December 2017
	Note	----- (Rupees in '000) -----	
<b>15.2 Commitments</b>			
<b>Direct credit substitutes</b>			
Contingent liabilities in respect of guarantees given favouring:			
Government		-	-
Others	15.2.1	<u>862,446</u>	<u>861,571</u>
		<u>862,446</u>	<u>861,571</u>
<b>15.2.1</b>			
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.			
<b>15.3 Trade - related contingent liabilities</b>			
Contingent liabilities in respect of letters of credit favouring:			
Government		-	-
Others		<u>104,666</u>	<u>104,666</u>
		<u>104,666</u>	<u>104,666</u>
<b>15.4 Commitments to extent credit</b>		<u>575,806</u>	<u>1,024,120</u>
<b>15.5 Commitments for acquisition of operating fixed assets</b>		<u>2,064</u>	<u>2,550</u>
<b>15.6 Commitments against other services</b>		<u>13,309</u>	<u>13,879</u>
<b>15.7 Unsettled investment transactions for:</b>			
Purchase of PIBs		-	-
Sale/purchase of listed ordinary shares - net		<u>2,423</u>	<u>28,890</u>
		<u>2,423</u>	<u>28,890</u>

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

#### 16. GAIN FROM TRADING IN SECURITIES - NET

This includes net gain from trading in government securities amounting to Rs. 0.07 million (March 2017: Gain of Rs. 50.51 million).

	(Un-audited) 31 March 2018	(Un-audited) 31 March 2017
<b>17. OTHER PROVISIONS / WRITE OFFS / (RECOVERIES)</b>		
Recovery against other receivables (refer note 20 sub-note 5)	<u>(6,125)</u>	-
	<u>(6,125)</u>	-

#### 16. TAXATION

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

#### 19. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation	<u>(46,559)</u>	81,160
	----- (Number of shares) -----	
Weighted average number of ordinary shares	<u>614,176</u>	<u>614,178</u>
	----- (Rupees) -----	
Earnings per share	<u>(76.61)</u>	<u>132.14</u>

## 20. RELATED PARTY TRANSACTIONS

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

The Company enters into transactions with related parties in the normal course of business. The transactions were carried out at contracted rates. Transactions with key management personnels are governed by the applicable policies and / or terms of employment / office. Key management personnel 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 2018					(Audited) 31 December 2017				
	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
<b>20.1 Balances</b>										
Bank balance	-	-	-	18,447	-	-	-	-	28,298	-
<b>Lendings to financial institutions</b>										
Opening balance	-	-	-	-	-	-	-	-	350,000	-
Placements / reverse repo made during the period	-	-	-	600,000	-	-	-	-	-	-
Placements / reverse repo matured during the period	-	-	-	(350,000)	-	-	-	-	(350,000)	-
Closing balance	-	-	-	250,000	-	-	-	-	-	-
<b>Investments</b>										
Opening balance	-	-	704,867	6,911,185	5,500	-	-	704,867	11,201,958	500
Investment made during the period	-	-	-	12,315,545	-	-	-	-	18,538,264	5,000
Investment redeemed / disposed off during the period	-	-	-	(6,173,011)	-	-	-	-	(22,829,037)	-
Closing balance	-	-	704,867	13,053,719	5,500	-	-	704,867	6,911,185	5,500
Provision for diminution in value of investments	-	-	704,867	50,000	-	-	-	704,867	50,000	-
Surplus / (deficit) on revaluation of investments	-	-	-	(31,087)	-	-	-	-	(18,265)	-

	(Un-audited) 31 March 2018					(Audited) 31 December 2017				
	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
<b>Advances</b>										
Opening balance (3)	-	51,686	-	-	-	-	59,882	-	-	-
Addition / rollover during the period	-	16,224	-	-	-	-	27,353	-	-	-
Settled / repaid during the period (3)	-	(3,363)	-	-	-	-	(35,549)	-	-	-
Closing balance	-	64,547	-	-	-	-	51,686	-	-	-
<b>Provision held against advances</b>	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>										
Mark-up receivable on term loan										
- Gross	-	844	-	-	-	-	742	-	41,420	-
- Suspended / provided	-	-	-	-	-	-	-	-	(3,002)	-
Closing balance	-	844	-	-	-	-	742	-	38,418	-
Amount receivable from defined contribution plan	-	-	-	-	-	-	-	-	-	-
Other receivables (5)	-	8,870	-	-	1,318	-	28,110	-	-	-
Advance taxation	-	-	-	240,815	-	-	-	-	228,616	-
<b>Other advances</b>										
Opening balance	-	538	-	-	-	-	25,548	-	-	-
Additions during the period (4)	-	-	-	-	-	-	897	-	-	-
Settled / repaid during the period (4)	-	(269)	-	-	-	-	(25,907)	-	-	-
Closing balance	-	269	-	-	-	-	538	-	-	-
<b>Provision against other assets</b>	-	8,870	-	-	-	-	16,995	-	-	-
<b>Borrowings from financial Institutions</b>										
Opening balance	-	-	-	3,900,923	-	-	-	-	2,260,256	-
Borrowings during the period	-	-	-	35,004,363	-	-	-	-	201,916,445	-
Settled during the period	-	-	-	(35,159,286)	-	-	-	-	(200,275,778)	-
Closing balance	-	-	-	3,746,000	-	-	-	-	3,900,923	-
<b>Deposits and other accounts</b>										
Opening balance	-	-	-	39,000	-	-	-	-	200,000	-
Additions during the period	-	-	-	470,900	-	-	-	-	439,000	-
Repayments during the period	-	-	-	-	-	-	-	-	(600,000)	-
Closing balance	-	-	-	509,900	-	-	-	-	39,000	-

	(Un-audited) 31 March 2018					(Audited) 31 December 2017				
	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
<b>Other liabilities</b>										
Mark-up payable	-	-	-	16,194	-	-	-	-	15,275	-
Amount payable to retirement benefit funds	-	-	-	-	8,613	-	-	-	-	(11,117)
Others / departing bonus payable (3)	-	-	1,008	138	-	-	-	1,008	1,132	-
	-	-	1,008	16,332	8,613	-	-	1,008	16,407	(11,117)
<b>Contingencies and commitments</b>										
Letter of guarantee	-	-	862,446	-	-	-	-	861,571	-	-
Commitment to extend credit	-	-	-	-	-	-	14,712	-	-	-
Unsettled sale/purchase of investment transactions	-	-	-	-	-	-	-	-	2,284	-
	-	-	862,446	-	-	-	14,712	861,571	2,284	-

20.2 Transactions, income and expenses	(Un-audited) 31 March 2018					(Un-audited) 31 March 2017				
	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties	Directors	Key management personnel (1)	Joint venture (2)	State controlled entities	Other related parties
	Mark-up / return / interest earned -net	-	836	-	145,433	-	-	133	-	198,094
Mark-up / return / interest expensed	-	-	-	41,467	114	-	-	-	1,467	-
Gain/(loss) on sale of securities - net	-	-	-	957	-	-	-	-	69,759	-
Dividend Income	-	-	-	104	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	1,764	-	-	-	-	1,585
Contribution to defined benefit plan	-	-	-	-	2,658	-	-	-	-	2,503
Non-executive directors' fee and remuneration	908	-	-	-	-	458	-	-	-	-
Remunerations	-	31,506	-	-	2,576	-	70,996	-	-	2,425

- (1) Key management personnel are also entitled to the usage of certain Company assets as per their terms of employment.
- (2) Fee based income to be recorded on cash receipt basis.
- (3) The opening balance include Rs. 25 million, grandfathered, loan obtained by the then Senior Executive Vice President (SEVP) during FY 2009-2010 before becoming the managing director (executive director) of the Company in FY 2012. As per the terms approved by the Board, the SEVP was given relaxation in certain employee loan related terms; including to pay the entire Rs. 25 million (principal) upon completion of his employment term. However, he has been paying interest on the said loan. The loan was due for repayment on 21 February 2017 which has been settled during the year.
- (4) During the year 2016, the former deputy managing director obtained an advance amounting to Rs. 25 million. As per employment terms of the managing director and deputy managing director (the executive directors), the managing director/deputy managing director is entitled to 3 months salary as advance, without interest, repayable in 12 months; however, the deputy managing director requested for Rs. 25 million. Considering this being a related party transaction, the board of directors approved the transaction as an interest free advance repayable within 12 months against his end of service benefits. The Company marked a lien on end of service benefit against this advance as security. The advance was due for repayment on 06 April 2017 however has been settled at 31 March 2017 consequent to conclusion of his directorship.
- (5) This includes an amount of Rs. 26.11 million paid to former deputy managing director (DMD) of the Company, who was relocated to Libya on 31 March 2017, on account of depreciation benefit, transportation cost and tax paid by the Company. The Board subsequently resolved that the said benefits will be recovered from former DMD party from sale proceeds of the car surrendered by former DMD to the Company and partly from actual payment. The car was disposed off subsequent to year end at the price of Rs. 9.11 million. The management has started recovery proceedings against the remaining amount.

## 21. SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

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

(Un-audited) 31 March 2018						
Corporate finance	Treasury	Capital Markets	SME & Retail Banking	Others	Total	
----- (Rupees in '000) -----						
Total income	101,709	192,328	13,836	12,690	8,109	328,672
Total expenses	(72,176)	(186,219)	(4,120)	(13,545)	(76,477)	(352,537)
Net income / (loss)	29,533	6,109	9,716	(855)	(68,368)	(23,865)
Segment assets (gross)	8,461,270	15,201,782	900,064	632,698	1,675,573	27,071,367
Segment non-performing loans	1,938,451	-	-	41,055	-	1,979,506
Segment non-performing investments & lendings	1,356,292	39,430	-	-	-	1,395,722
Segment provision required & held	1,505,574	-	-	38,476	-	1,544,050
Segment provision investments & lendings	1,315,560	39,430	-	-	-	1,354,990
Segment liabilities	3,704,288	15,214,166	70	629,156	33,255	19,580,935
Net assets						4,591,412
Return on net assets (ROA)						-0.39%
Cost of funds (%)						6.33%

(Un-audited) 31 March 2017						
Corporate finance	Treasury	Capital Markets	SME & Retail Banking	Others	Total	
----- (Rupees in '000) -----						
Total income	75,813	240,233	100,514	5,237	1,121	422,918
Total expenses	(28,247)	(151,446)	(5,825)	(7,913)	(115,095)	(308,526)
Net income / (loss)	47,566	88,787	94,689	(2,676)	(113,974)	114,392
Segment assets (gross)	6,793,463	11,330,470	599,437	352,594	1,603,038	20,679,002
Segment non-performing loans	1,544,402	-	-	68,654	-	1,613,056
Segment non-performing investments & lendings	1,391,783	41,934	-	-	-	1,433,717
Segment provision required & held	1,458,924	-	-	48,300	-	1,507,224
Segment provision investments & lendings	1,296,022	41,934	-	-	-	1,337,956
Segment liabilities	1,386,737	11,265,752	220	346,925	40,473	13,040,107
Net assets						4,793,715
Return on net assets (ROA)						2.57%
Cost of funds (%)						6.12%

(Un-audited)      (Un-audited)  
31 March            31 March  
2018                2017  
----- (Rupees in '000) -----

## 22. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	16,453	22,209
Balances with other banks	106,566	76,225
Placements & term deposit receipts	1,050,000	450,000
	<u>1,173,019</u>	<u>548,434</u>

## 23. CREDIT RATING

In its latest rating announcement (June 2017), 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).

## 24. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 24 MAR 2018 by the Board of Directors of the Company.

## 25. GENERAL

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

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Managing Director & CEO

  
\_\_\_\_\_  
Director