



## 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 30 September 2016 together with Directors' review thereon.

### Performance review

The Company earned a profit before tax of PKR 1,073.47 million during the period under review as against PKR 427.78 million in the corresponding period last year.

Gross mark-up income during the period was PKR 899.84 million, a decrease of approx. 15.6% compared to same period last year due to declining interest rates. However, the significant increase in profitability reflects the success in securing the assets of Kamoki Energy Limited (KEL), prudent allocation of available resources towards profitable and secure avenues, continuous monitoring of the existing portfolio as well as recovery efforts for non-performing and troubled assets.

During the period, the Company generated net cash flows from operating activities of PKR 2,511.41 million. The cash inflow enabled the Company to invest in more profitable activities. The total assets of the Company have increased to PKR 18,220 million – an increase of around PKR 2,946 million compared to financial yearend 2015.

The summarised financial results for the period are as follows:

Description	Nine months ended 30 September 2016	Nine months ended 30 September 2015
	PKR '000	
Profit before taxation	1,073,472	427,779
Taxation	114,907	138,309
Profit after taxation	958,565	289,470
Earnings per share (Rupees)	1,560.73	471.31

### Future prospects

Considering the favourable performance of the Company, initial capital injection requirement of PKR 4 billion, agreed by the shareholders, has been reduced to PKR 2 billion. Both the shareholders in the AGM held on 15 April 2016 has given their approval for the same. Management has been following up with both the shareholders to amicably finalise the arrangement in terms of mutually agreed timeline and is hopeful of a positive outcome on the matter.

In relation to 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 period 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.

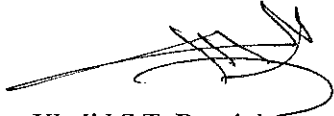
A cautious stance is being maintained towards further asset growth. To improve the performance, the management is focusing on all possible avenues for profitable operations of the Company with an objective to expand its loan book including SME financing activities and disposal of non-banking assets.

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**

**20 October 2016**  
**Istanbul, Turkey**


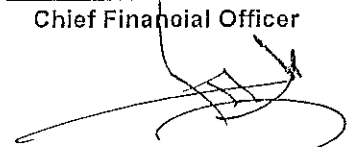


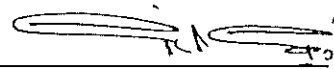
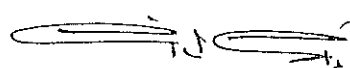
**Abid Aziz**  
**Managing Director & CEO**

**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2016**

		(Un-audited) 30 September 2016	(Audited) 31 December 2015
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		25,177	65,712
Balances with other banks		77,411	30,481
Lendings to financial institutions	6	250,000	320,000
Investments,	7	13,033,722	10,922,328
Advances	8	3,103,229	3,238,411
Other assets		1,523,718	433,724
Operating fixed assets	9	87,139	69,960
Deferred tax asset - net	10	119,845	193,663
		<u>18,220,241</u>	<u>15,274,279</u>
<b>LIABILITIES</b>			
Bills payable		-	-
Borrowings from financial institutions	11	12,572,223	9,441,099
Deposits and other accounts	12	439,125	1,737,389
Sub-ordinated loans		-	-
Liabilities against assets subject to finance leases		-	-
Other liabilities		253,194	201,048
Deferred tax liabilities		-	-
		<u>13,264,542</u>	<u>11,379,536</u>
<b>NET ASSETS</b>		<u>4,955,699</u>	<u>3,894,743</u>
<b>REPRESENTED BY</b>			
Share capital		6,141,780	6,141,780
Reserves		335,573	143,860
Accumulated losses		<u>(1,644,839)</u>	<u>(2,411,691)</u>
		4,832,514	3,873,949
Surplus on revaluation of assets - net of tax		123,185	20,794
		<u>4,955,699</u>	<u>3,894,743</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

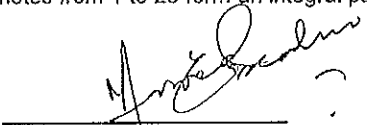
  
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 Chief Financial Officer  
  
  
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 Director

  
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 Managing Director & CEO  
  
  
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 Director

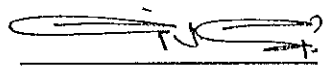
**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

	Quarter ended September 2016	Nine months ended September 2016	Quarter ended September 2015	Nine months ended September 2015
Note	----- (Rupees in '000) -----			
Mark-up / return / interest earned	287,133	899,839	366,147	1,065,721
Mark-up / return / interest expensed	209,450	666,242	283,576	799,434
<b>Net mark-up / interest income</b>	<b>77,683</b>	<b>233,597</b>	<b>82,571</b>	<b>266,287</b>
Provision / (reversal) of provision against non-performing advances - net	8.2 (198)	(1,057,225)	2,861	17,332
(Reversal) / provision for diminution in the value of investments - net	7.2.4 (83,169)	(138,699)	(34,661)	(70,076)
Reversal of provision against lendings to financial institutions	6.1 -	-	-	(11,500)
Bad debts written off directly	-	-	-	-
	<b>(83,367)</b>	<b>(1,195,924)</b>	<b>(31,800)</b>	<b>(64,244)</b>
<b>Net mark-up / interest / income after provisions</b>	<b>161,050</b>	<b>1,429,521</b>	<b>114,371</b>	<b>330,531</b>
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	2,253	11,311	1,110	8,399
Dividend income	5,650	37,104	10,499	26,454
Gain from trading in securities - net	14 (29,095)	25,790	100,276	361,004
Income from dealing in foreign currencies			-	-
Unrealised gain / (loss) on revaluation of investments classified as held-for-trading	7.2 (265)	(488)	(2,072)	(1,800)
Other income	2,407	5,101	75	3,353
<b>Total non mark-up / interest income</b>	<b>(19,050)</b>	<b>78,818</b>	<b>109,888</b>	<b>397,410</b>
	<b>142,000</b>	<b>1,508,339</b>	<b>224,259</b>	<b>727,941</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	87,218	293,324	87,443	279,765
Other provisions / write offs	15 2,298	118,298	1,955	(4,952)
Other charges	8,615	23,245	4,516	25,349
<b>Total non mark-up / interest expenses</b>	<b>98,131</b>	<b>434,867</b>	<b>93,914</b>	<b>300,162</b>
	<b>43,869</b>	<b>1,073,472</b>	<b>130,345</b>	<b>427,779</b>
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>43,869</b>	<b>1,073,472</b>	<b>130,345</b>	<b>427,779</b>
Taxation - current	12,821	61,770	37,978	125,574
- prior period	-	-	-	-
- deferred	7,034	53,137	(1,710)	12,735
	16 19,855	114,907	36,268	138,309
<b>PROFIT AFTER TAXATION</b>	<b>24,014</b>	<b>958,565</b>	<b>94,077</b>	<b>289,470</b>
<b>Basic and diluted earnings per share (Rupees)</b>	<b>17 39.10</b>	<b>1,560.73</b>	<b>153.18</b>	<b>471.31</b>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
 Chief Financial Officer

  
 Director

  
 Managing Director & CEO


  
 Director

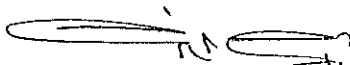
**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

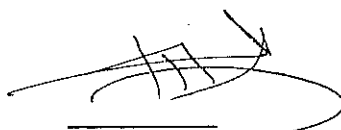
	Quarter ended 30 September 2016	Nine months ended 30 September 2016	Quarter ended 30 September 2015	Nine months ended 30 September 2015
	----- (Rupees in '000) -----			
Profit after taxation	24,014	958,565	94,077	289,470
Other comprehensive income - net	-	-	-	-
Items that are not to be reclassified to profit or loss in subsequent periods	-	-	-	-
Items that may be reclassified to profit or loss in subsequent periods	-	-	-	-
<b>Comprehensive income transferred to equity</b>	<u>24,014</u>	<u>958,565</u>	<u>94,077</u>	<u>289,470</u>
<b>Components of comprehensive income not reflected in equity</b>				
Surplus / (deficit) on revaluation of 'available- for-sale securities' - net of tax*	(2,774)	102,391	21,947	6,113
<b>Total comprehensive income</b>	<u>21,240</u>	<u>1,060,956</u>	<u>116,024</u>	<u>295,583</u>

\*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 23 form an integral part of these condensed interim financial statements.

  
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 Chief Financial Officer

  
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 Managing Director & CEO

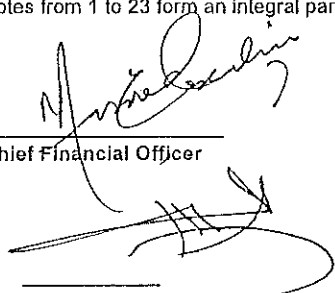
  
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 Director

  
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 Director


**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

	30 September 2016	30 September 2015
Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,073,472	427,779
Less: Dividend Income	(37,104)	(26,454)
	<u>1,036,368</u>	<u>401,325</u>
<b>Adjustments for non-cash items:</b>		
Depreciation	18,383	16,564
Amortisation	484	421
Provision / (reversal) of provision against non-performing loans and advances - net	8.2 (1,057,225)	17,322
Short term advances written off	(34,690)	
Unrealised (gain) / loss on revaluation of investments classified as held-for-trading	7.2 488	1,800
(Reversal) / provision for diminution in the value of investments - net	(138,699)	(70,076)
Reversal of provision against lendings to financial institutions	6.3 -	(11,500.00)
Other provisions / write offs	(236,042)	(4,952)
Gain on sale of operating fixed assets	(1,905)	(2,760)
	<u>(1,449,206)</u>	<u>(53,181)</u>
	(412,838)	348,144
<b>Decrease / (increase) in operating assets:</b>		
Lendings to financial institutions	6 70,000	11,500
Investments classified as held-for-trading	652,562	(1,559,984)
Advances	8 1,227,097	270,123
Other assets	(807,367)	277,296
	<u>1,142,292</u>	<u>(1,001,065)</u>
<b>Increase / (decrease) in operating liabilities:</b>		
Borrowings from financial institutions	11 - 3,131,124	5,090,021
Deposits and other accounts	12 (1,298,264)	521,088
Other liabilities	52,146	(3,267)
	<u>1,885,006</u>	<u>5,607,842</u>
	2,614,460	4,954,921
Income tax paid	(103,047)	(96,674)
Net cash generated from operating activities	<u>2,511,413</u>	<u>4,858,247</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of Investments - net	(2,502,899)	(4,693,293)
Dividends received	32,128	17,657
Operating fixed assets purchased	(36,119)	(5,639)
Sale proceeds from operating fixed assets disposal	1,872	4,821
Net cash used in investing activities	<u>(2,505,019)</u>	<u>(4,676,454)</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	6,395	181,803
Cash and cash equivalents at beginning of the period	96,193	132,989
Cash and cash equivalents at end of the period	20 <u>102,588</u>	<u>314,792</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
 Chief Financial Officer

Director

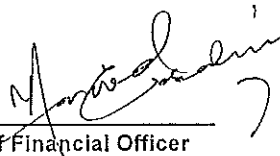
  
 Managing Director & CEO

  
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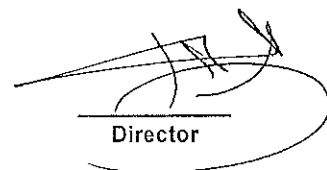
**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

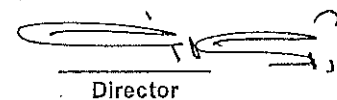
	Issued, subscribed and paid-up capital	Capital reserve Statutory reserve	Revenue reserve Accumulated losses	Total
	(Rupees in '000)			
Balance as at 01 January 2015	6,141,780	82,855	(2,655,790)	3,568,845
<b>Total comprehensive income for the nine months ended 30 September 2015</b>				
Profit for the period	-	-	289,470	289,470
Other comprehensive income for the period	-	-	-	-
Transfer to statutory reserve	-	57,894	(289,470)	289,470
Balance as at 30 September 2015	6,141,780	140,749	(2,424,214)	3,858,315
<b>Total comprehensive income for the Quarter ended 31 December 2015</b>				
Profit for the period	-	-	15,556	15,556
Other comprehensive income for the period	-	-	78	78
Transfer to statutory reserve	-	-	15,634	15,634
Balance as at 31 December 2015	6,141,780	3,111	(3,111)	-
<b>Total comprehensive income for the nine months ended 30 September 2016</b>				
Profit for the period	-	-	958,565	958,565
Other comprehensive income for the period	-	-	-	-
Transfer to statutory reserve	-	-	958,565	958,565
Balance as at 30 September 2016	6,141,780	191,713	(191,713)	-
	<u>6,141,780</u>	<u>335,573</u>	<u>(1,644,839)</u>	<u>4,832,514</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

  
 Chief Financial Officer

  
 Managing Director & CEO

  
 Director

  
 Director

**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 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 objective of the Company inter alia includes the promotion of economic growth of Pakistan through industrial development, to undertake other feasible business and to establish and acquire companies to conduct various businesses as may be decided from time to time. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular No. 35 dated 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 30 September 2016 amounted to Rs.4.497 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. Subsequently, 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 favorable performance of the Company, both Shareholders in the 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/657/16631/2016 dated 04 July 2016 has granted further extension in the exemption for meeting the minimum paid-up capital (free of losses) requirement till 31 December 2016 and has advised the Company to pursue the matter of capital injection with Finance Division and provide specific timeline for equity injection by the Government of Pakistan in the Company.



## 2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Company for the nine months ended 30 September 2016 have been prepared in accordance with the approved accounting standards as applicable in Pakistan, requirements of the Companies Ordinance, 1984 (the Ordinance), the Banking Companies Ordinance 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). The approved accounting standards comprise of International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board. Wherever the requirements of the Ordinance, the Banking Companies Ordinance, 1962 or the directives issued by SECP and SBP differ with the requirements of these standards, the requirements of the Ordinance or the said directives prevail.
- 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 Securities and Exchange Commission of Pakistan (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 2015.

## 3. BASIS OF MEASUREMENT

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

These condensed interim financial statements have been presented in Pak Rupees, which is the Company's functional and presentation currency.

## 4. ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual audited financial statements as at and for the year ended 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, Amended And Revised Standards And Interpretations of IFRSs**

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

IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 28 – Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

**Improvements to Accounting Standards Issued by the IASB**

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above standards / amendments / interpretations did not have any material effect on the interim financial information of the Company.

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) 30 September 2016	(Audited) 31 December 2015
----- (Rupees in '000) -----			
<b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Term deposit receipts / placements	6.1 & 6.2	285,568	35,568
Repurchase agreement lendings (Reverse Repo)		-	320,000
		285,568	355,568
Less: Provision against lendings	6.3	(35,568)	(35,568)
		250,000	320,000

6.1 Security held as collateral against repurchase agreement lendings:

	30 September 2016			31 December 2015		
	Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	Total
----- (Rupees in '000) -----						
Pakistan						
Investment						
Bonds	-	-	-	320,000	-	320,000
	-	-	-	320,000	-	320,000

6.2 This includes a Term Deposit Receipts (TDR) of Rs.250 million, carrying mark-up at the rate of 7.2 (31 December 2015: Nil) percent per annum and will mature on 23 December 2016.

6.3 Provision against lendings

Opening balance	35,568	47,068
Charge for the year	-	-
Less: Reversal during the period	-	(11,500)
Net reversal for the period	-	(11,500)
Closing balance	35,568	35,568

**7. INVESTMENTS**

	Held by Company	Given as collateral	Total
	(Rupees in '000)		
Balance as at 30 September 2016 (Un-audited)	3,520,542	9,513,180	13,033,722
Balance as at 31 December 2015 (Audited)	3,196,487	7,725,841	10,922,328
Balance as at 30 September 2015 (Un-audited)	3,928,118	10,115,120	14,043,238

	Held by Company	Given as collateral	Total
	(Rupees in '000)		
<b>7.1 Investments by types</b>			
Held-for-trading securities	450,632	-	450,632
Available-for-sale securities	3,790,181	9,497,543	13,287,724
Held-to-maturity securities	6,366	-	6,366
Investment in a joint venture Kamoki Energy Limited, a related party	404,867	-	404,867
	4,652,046	9,497,543	14,149,589
Less: Provision for diminution in value of investments	(1,299,669)	-	(1,299,669)
<b>Investments (net of provisions)</b>	3,352,377	9,497,543	12,849,920
Less: (Deficit) / surplus on revaluation of investments classified as			
- held-for-trading securities	(488)	-	(488)
- available-for-sale securities	168,653	15,637	184,290
<b>Balance as at 30 September 2016</b>	3,520,542	9,513,180	13,033,722

	Note	(Un-audited) 30 September 2016	(Audited) 31 December 2015
		(Rupees in '000)	
<b>7.2 Investments by segments</b>			
<b>Federal government securities</b>			
Market treasury bills		442,340	1,346,918
Pakistan investment bonds		10,315,663	7,276,450
<b>Fully paid-up ordinary shares / certificates</b>			
Listed	7.2.1	874,823	1,174,373
Unlisted		93,341	93,341
<b>Fully paid-up preference shares</b>			
Listed		25,000	25,000
Unlisted - Kamoki Energy Limited (KEL), a related party	7.2.2	300,000	300,000
<b>Term Finance Certificates (TFCs)</b>			
Listed		463,647	466,631
Unlisted	7.2.3	971,351	1,025,317
<b>Participation term certificates - unlisted</b>		6,366	6,366
<b>Strategic investment in a joint venture</b>			
Unlisted ordinary shares Kamoki Energy Limited, a related party	7.2.2	404,867	404,867

<b>Other investments</b>			
Sukuks - unlisted		252,191	179,990
<b>Total investments</b>		<u>14,149,589</u>	<u>12,299,253</u>
Less: Provision for diminution in value of investments	7.2.4	<u>(1,299,669)</u>	<u>(1,437,217)</u>
<b>Investments (net of provisions)</b>		12,849,920	10,862,036
Add: Unrealized gain on revaluation of 'held-for-trading' securities		(488)	(929)
Surplus on revaluation of 'available-for-sale' securities		<u>184,290</u>	<u>61,221</u>
<b>Total investments at market value</b>		<u><u>13,033,722</u></u>	<u><u>10,922,328</u></u>

**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 first quarter ended 31 March 2016, the Company received a letter from the option holder requesting the Company to purchase the shares. These shares were purchased at a total consideration of Rs.35.31 million. 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 25% of the required amount has been recorded by the Company as at 30 September 2016.

**7.2.2** As at 30 September 2016, the Company has below detailed investments / exposures in KEL which is 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 (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 of 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 auctions 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 million against secured 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 period under review, 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 on settlement of its loan and advances exposure. As the said exposures were already provided, this resulted in a gain of Rs.867.81 million during the period.

Nature of assets / exposures	30 September 2016 (Un-audited)		
	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	<u>704,867</u>	<u>(704,867)</u>	<u>-</u>

Nature of assets / exposures	31 December 2015 (Audited)		
	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)	-
Long-term loan	1,250,000	(983,812)	266,188
Short-term loan	34,690	(34,690)	-
Other assets - accrued income	205,690	(205,690)	-
Other assets - other receivables	30,412	(30,412)	-
Total funded exposure	<u>2,225,659</u>	<u>(1,959,471)</u>	<u>266,188</u>

- 7.2.3** 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.

	(Un-audited) 30 September 2016	(Audited) 31 December 2015
Note	----- (Rupees in '000) -----	
<b>7.2.4 Provision for diminution in value of investments</b>		
Opening balance	1,437,217	1,497,055
Charge for the period	16,286	21,129
Less: Reversal during the period	-	(65,967)
Net charge/(reversal) for the period	16,286	(44,838)
Less: Reversal on disposal	(153,834)	(15,000)
Closing balance	1,299,669	1,437,217

**8. ADVANCES****In Pakistan**

Loans	8.1	3,847,316	5,219,192
Net investment in finance lease		209,355	247,442
Consumer loans and advances		107,636	116,636
Staff loans		135,161	131,409
Long-term financing of export oriented projects - (LTF-EOP)		60,179	60,179
Long-term financing facility - (LTFF)		223,790	35,676
<b>Advances - gross</b>		4,583,437	5,810,534
Less: Provision against			
- Non-performing advances - specific provision		1,479,492	2,571,231
- Consumer loans and advances - general provision		716	892
	8.2	1,480,208	2,572,123
<b>Advances - net of provision</b>		3,103,229	3,238,411

8.1 Advances include amounts aggregating to Rs.1,559.80 million (31 December 2015: Rs.3,229.14) million which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision	Provision
				required	held
----- (Rupees in '000) -----					
OAEM	1,279	-	1,279	-	-
Substandard	2,331	-	2,331	-	-
Doubtful	1,660	-	1,660	830	830
Loss	1,554,535	-	1,554,535	1,478,662	1,478,662
	1,559,805	-	1,559,805	1,479,492	1,479,492

Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	(Rupees in '000)				
OAEM	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
31 December 2015	3,229,136	-	3,229,136	2,571,231	2,571,231

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

	(Un-audited) 30 September 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	296,633	28	296,661	30,859	-	30,859
Reversals	(1,353,682)	(204)	(1,353,886)	(19,869)	(257)	(20,126)
Net charge / (reversals)	(1,057,049)	(176)	(1,057,225)	10,990	(257)	10,733
Less: Amount written off	(34,690)	-	(34,690)	-	-	-
Closing balance	1,479,492	716	1,480,208	2,571,231	892	2,572,123

8.3.1 The provision against non-performing advances includes an impact of Forced Sale Value (FSV) benefit amounting to Rs.19.67 million (31 December 2015: Rs.19.71 million) in respect of consumer financing, and Rs.58.53 million (2015: Rs.324.72 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.

(Un-audited) 30 September 2016	(Audited) 31 December 2015
(Rupees in '000)	

## 9. OPERATING FIXED ASSETS

Capital work-in-progress	7,779	2,341
Property and equipment	76,399	66,050
Intangible assets	2,961	1,569
	87,139	69,960

9.1 Additions during the nine months period ended 30 September 2016 amounted to Rs.30.61 million (excluding CWIP) while disposal had a total cost of Rs.19.5 million (net book value of Rs.0.01 million) which includes sale of assets to key management personnel, under the agreed terms, at a gain of Rs.1.90 million.

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	Note	(Un-audited) 30 September 2016	(Audited) 31 December 2015
		----- (Rupees in '000) -----	
<b>10. DEFERRED TAX ASSET - net</b>			
<b>Deferred credit arising in respect of:</b>			
Net investment in finance leases		(30,429)	(37,297)
Accelerated tax depreciation		471	(252)
<b>Deferred debits arising in respect of:</b>			
Provision for compensated absences		4,593	3,827
Provision for advances, investments and other assets		85,592	86,701
Unused tax losses		120,666	150,666
Share of loss in joint venture		-	30,443
Unrealised loss on held-for-trading investments		57	-
		180,950	234,088
<b>Deferred tax liability on surplus on revaluation of available-for-sale investments - net</b>		(61,105)	(40,425)
		119,845	193,663

**10.1** As at 30 September 2016, the Company has available provision for advances, investments and other assets (including provision against investment in KEL) amounting to Rs.1,737.93 million (31 December 2015: Rs.1,782.03 million) and unused tax losses upto 30 September 2016, amounting to Rs. 2,063.26 million (31 December 2015: Rs.1,931.01 million). However, the management has prudently recognised the deferred tax asset only to the extent given above based on the absorption / admissibility of the same as forecasted in the projections mentioned below.

**10.2** The management of the Company has prepared five years' financial projections which have been approved by the Board of Directors of the Company. 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**

**Secured**

Borrowings from State Bank of Pakistan under:

Long-term financing of exports oriented projects (LTF-EOP)

Long-term financing facility (LTFF)

Repurchase agreement borrowings

Privately placed term finance certificates\*

Borrowings from financial institutions

11.1

	1,876	7,531
	217,847	35,676
	2,615,000	3,799,044
	-	1,118,848
	8,277,500	4,480,000
	11,112,223	9,441,099
<b>Unsecured</b>		
Clean borrowings	1,460,000	-
	12,572,223	9,441,099

11.2



11.1 The Company has arranged borrowings from various financial institutions against sale and repurchase of Government Securities. The outstanding facilities as at statement of financial position date are due for maturity on various dates latest by October 2016 (31 December 2015: January 2016). The rates of mark-up on these facilities range from 5.90 to 6.00 (31 December 2015: 6.5) percent per annum.

11.2 This carries mark-up at the rates ranging from of 6.30 to 6.75 percent per annum (31 December 2015: Nil) and is repayable latest by 01 December 2016 (31 December 2015: Nil).

\* The privately placed term finance certificates have been redeemed by the company on 24 August 2016.

	(Un-audited) 30 September 2016	(Audited) 31 December 2015
	----- (Rupees in '000) -----	
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Certificates of investment - (in local currency)	239,125	937,389
<b>Financial institutions</b>		
Certificates of investment - (in local currency)	200,000	800,000
	<u>439,125</u>	<u>1,737,389</u>

12.1 The profit rates on these Certificates of Investment (COIs) range from 6.20 to 6.90 (31 December 2015: 6.25 to 8.90) percent per annum. These COIs are due for maturity on various dates latest by July 2017 (31 December 2015: July 2018).

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1 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 to give the appeal effect of the ATIR order. 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 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 has filed an appeal with Commissioner Inland Revenue Appeals (CIRA) on December 22, 2014 against the order of DCIR which is still pending. Further, no provision has been made for the demand for tax year 2013 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.

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.

	(Un-audited) 30 September 2016	(Audited) 31 December 2015
Note	----- (Rupees in '000) -----	
<b>13.2 Commitments</b>		
<b>Direct credit substitutes</b>		
Contingent liabilities in respect of guarantees given favouring:		
Government	-	-
Others	860,570	860,487
	<u>860,570</u>	<u>860,487</u>
<b>13.3 Trade - related contingent liabilities</b>		
Contingent liabilities in respect of letters of credit favouring:		
Government	-	-
Others	241,500	108,692
	<u>241,500</u>	<u>108,692</u>
<b>13.4 Commitments to extent credit</b>	<u>522,520</u>	<u>500,000</u>
<b>13.5 Unsettled investment transactions for:</b>		
Sale/purchase of listed ordinary shares - net	20,257	11,300
	<u>20,257</u>	<u>11,300</u>

**14. GAIN FROM TRADING IN SECURITIES - NET**

This includes net gain from trading in government securities amounting to Rs.148.894 million (30 September 2015: gain of Rs.336.284 million).

	Note	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015
----- (Rupees in '000) -----			
<b>15. OTHER PROVISIONS / WRITE OFFS</b>			
Charge / (reversal) of provision against non-banking assets acquired in satisfaction of claims	15.1	116,000	(16,956)
Provision against other receivables - Kamoki Energy Limited		-	12,004
Others		2,298	
		<u>118,298</u>	<u>(4,952)</u>

**15.1** As explained in note 7.2.2, during the period, the Company has acquired non-banking assets of KEL in satisfaction of its secured credit of Rs.1,250 million. These assets are acquired under the order of the High Court of Sindh at the forced sale value of Rs.1,134 million, whereas the market value of these assets amount to Rs.1,417.60 million based on valuation dated 11 October 2014 conducted by M/s. Joseph Lobo (Private) Limited.

**16. TAXATION**

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

	Quarter Ended 30 September 2016	Nine Months ended 30 September 2016	Quarter Ended 30 September 2015	Nine Months ended 30 September 2015
----- (Rupees in '000) -----				
<b>17. BASIC AND DILUTED EARNINGS PER SHARE</b>				
Profit after taxation	<u>24,014</u>	<u>958,565</u>	<u>94,077</u>	<u>289,470</u>
	----- (Number of shares) -----			
Weighted average number of ordinary shares	<u>614,178</u>	<u>614,178</u>	<u>614,178</u>	<u>614,178</u>
	----- (Rupees) -----			
Earnings per share	<u>39.10</u>	<u>1,560.73</u>	<u>153.18</u>	<u>471.31</u>

## 18. 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 personnel 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)				(Audited)					
	30 September 2016		31 December 2015		30 September 2016		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)									
<b>18.1 Balances</b>										
Bank balance	-	-	-	25,037	-	-	-	-	62,671	-
<b>Lendings to financial institutions</b>										
Opening balance	-	-	-	-	-	-	-	-	-	-
Placements / reverse repo made during the period	-	-	-	3,648,161	-	-	-	-	2,024,846	-
Placements / reverse repo matured during the period	-	-	-	(3,648,161)	-	-	-	-	(2,024,846)	-
Closing balance	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>										
Opening balance	-	-	704,867	9,062,104	500	-	-	704,867	6,053,143	500
Investment made during the period	-	-	-	10,257,946	-	-	-	-	23,604,997	-
Investment redeemed / disposed off during the period	-	-	-	(8,183,483)	-	-	-	-	(20,606,036)	-
Closing balance	-	-	704,867	11,136,567	500	-	-	704,867	9,052,104	500
<b>Provision for diminution in value of investments</b>										
Opening balance	-	-	-	50,000	-	-	-	-	50,000	-
Surplus / (Deficit) on revaluation of investments	-	-	-	206,479	-	-	-	-	128,171	-

	(Un-audited) 30 September 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
<b>Advances</b>										
Opening balance	-	44,118	1,284,690	-	-	-	40,919	1,284,690	-	-
Addition / rollover during the period	-	13,517	-	-	-	-	17,597	-	-	-
	-	(6,077)	(1,284,690)	-	-	-	(14,398)	-	-	-
Provision held against advances	-	51,558	-	-	-	-	44,118	1,284,690	-	-
	-	-	-	-	-	-	-	1,018,502	-	-
<b>Other assets</b>										
Mark-up receivable on term loan	-	493	-	99,336	-	-	491	773,826	255,676	-
- Gross	-	-	-	(3,267)	-	-	-	(773,826)	(7,648)	-
- Suspended / provided	-	-	-	96,069	-	-	491	-	248,028	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Amount receivable from defined contribution plan	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	30,412	-	-
Advance taxation	-	-	-	125,895	-	-	-	-	84,518	-
Other advances	-	550	-	-	-	-	770	-	-	532
Opening balance	-	25,783	-	-	-	-	796	-	-	-
Additions during the period	-	(550)	-	-	-	-	(1,016)	-	-	(532)
Repaid during the period	-	25,783	-	-	-	-	550	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	30,412	-	-
<b>Borrowings from financial institutions</b>										
Opening balance	-	-	-	2,080,804	-	-	-	-	3,005,529	-
Borrowings during the period	-	-	-	161,463,923	-	-	-	-	228,342,060	50,000
Settled during the period	-	-	-	(161,220,004)	-	-	-	-	(229,266,785)	(50,000)
Closing balance	-	-	-	2,324,723	-	-	-	-	2,080,804	-
<b>Deposits and other accounts</b>										
Opening balance	-	530	-	745,000	150,000	-	2,088	-	2,360,200	80,000
Additions during the period	-	546	-	650,000	170,000	-	8,044	-	2,845,000	810,000
Repayments during the period	-	(1,076)	-	(985,000)	(320,000)	-	(9,602)	-	(4,460,200)	(740,000)
Closing balance	-	-	-	410,000	-	-	530	-	745,000	150,000

	(Un-audited) 30 September 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)									
<b>Other liabilities</b>										
Mark-up payable	-	-	-	20,194	-	-	12	-	27,882	113
Amount payable to retirement benefit funds	-	-	-	-	8,871	-	-	-	-	11,297
Others	-	-	1,018	512	-	-	-	1,018	64	-
	-	-	1,018	20,706	8,871	-	12	1,018	27,946	11,410
<b>Contingencies and commitments</b>										
Letter of guarantee	-	-	860,570	-	-	-	-	860,487	-	-
Commitment to extend credit	-	-	-	-	-	-	-	-	-	-
Unsettled sale / purchase of investment transactions	-	-	-	-	-	-	-	-	-	-
	-	-	860,570	-	-	-	-	860,487	-	-
	(Un-audited) 30 September 2016				(Un-audited) 30 September 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
<b>18.2 Transactions, income and expenses</b>										
Mark-up / return / interest earned - net	-	522	-	448,300	-	-	685	-	734,166	-
Mark-up / return / interest expensed	-	18	-	184,563	5,320	-	165	-	303,230	7,447
Gain / (loss) on sale of securities - net	-	-	-	153,277	-	-	-	-	338,229	-
Dividend Income	-	-	-	11,212	-	-	-	-	9,037	-
Contribution to defined contribution plan	-	-	-	-	4,335	-	-	-	-	4,443
Contribution to defined benefit plan	-	-	-	-	8,086	-	-	-	-	7,396
Non-executive directors' fee and remuneration	2,640	-	-	-	-	2,113	-	-	-	-
Remunerations	-	120,543	-	-	-	-	122,371	-	-	5,973

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

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

## 19. SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Un-audited)					Total
	Corporate finance	Treasury	Capital Markets	Consumer Financings	Others	
	----- (Rupees in '000) -----					
<b>30 September 2016</b>						
Total income	1,182,516	810,372	53,243	5,073	5,079	2,056,283
Total expenses	(155,820)	(559,455)	(23,173)	(12,669)	(231,693)	(982,810)
Net income / (loss)	1,026,696	250,917	30,070	(7,596)	(226,614)	1,073,473
Segment assets (gross)	6,879,999	11,686,687	629,831	118,487	1,720,683	21,035,687
Segment non-performing loans	1,490,507	-	-	69,298	-	1,559,805
Segment non-performing investments	1,402,735	41,934	-	-	-	1,444,669
Segment provision required and held on loan	1,431,976	-	-	48,232	-	1,480,208
Segment provision on investments & lendings	1,293,304	41,934	-	-	-	1,335,238
Segment liabilities	1,678,012	11,441,519	137	113,467	31,407	13,264,542
Net assets	2,476,707	203,234	629,694	(43,212)	1,689,276	4,955,699
Segment return on net assets						6.71%
Segment cost of funds (%)						6.20%

\* To ensure comparability, this return on net assets has been adjusted by excluding the gain of Rs.867.81 million from the net income as well as net assets as this gain pertains to settlement of loan and advances of KEL, which is a one off event (refer note 7.2.2).

	(Un-audited)					Total
	Corporate finance	Treasury	Capital Markets	Consumer Financings	Others	
	----- (Rupees in '000) -----					
<b>30 September 2015</b>						
Total income	311,831	1,150,199	58,561	8,730	3,006	1,532,327
Total expenses	(415,078)	(413,058)	(50,782)	(10,540)	(215,090)	(1,104,548)
Net income / (loss)	(103,247)	737,141	7,779	(1,810)	(212,084)	427,779
Segment assets (gross)	8,631,857	12,285,019	653,007	142,259	667,152	22,379,294
Segment non-performing loans	3,184,191	-	-	74,974	-	3,259,165
Segment non-performing investments	1,601,948	47,939	-	-	-	1,649,887
Segment provision required and held on loan	2,529,472	-	-	49,250	-	2,578,722
Segment provision on investments & lendings	1,413,023	47,939	-	-	-	1,460,962
Segment liabilities	1,982,129	12,009,959	-	94,819	370,433	14,457,340
Net assets	2,707,233	227,121	653,007	(1,810)	296,719	3,882,270
Return on net assets						14.69%
Cost of funds (%)						8.24%

	(Audited)					Total
	Corporate finance	Treasury	Capital Markets	Consumer Financings	Others	
	----- (Rupees in '000) -----					
<b>31 December 2015</b>						
Total income	401,339	1,385,523	30,217	10,779	2,146	1,830,004
Total expenses	(540,675)	(453,570)	(67,877)	(12,788)	(282,479)	(1,357,389)
Net income / (loss)	(139,336)	931,953	(37,660)	(2,009)	(280,333)	472,615
Segment assets (gross)	8,606,837	9,644,276	640,507	135,637	540,977	19,568,234
Segment non-performing loans	3,159,191	-	-	69,945	-	3,229,136
Segment non-performing investments	1,685,241	47,939	1,152	-	-	1,734,332
Segment provision required and held on loan	2,523,222	-	-	48,901	-	2,572,123
Segment provision on investments	1,672,741	47,939	1,152	-	-	1,721,832
Segment liabilities	1,728,252	9,362,105	-	88,745	200,434	11,379,536
Net assets	2,682,622	234,232	639,355	(2,009)	340,543	3,894,743
Return on net assets						12.13%
Cost of funds (%)						7.93%

	(Un-audited)	
	30 September 2016	30 September 2015
	----- (Rupees In '000) -----	
Cash and balances with treasury banks	25,177	57,613
Balances with other banks	77,411	57,179
Placements	-	200,000
	<u>102,588</u>	<u>314,792</u>

**20 CASH AND CASH EQUIVALENTS****21 CREDIT RATING**

In its latest rating announcement (June 2016), 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 had maintained the rating of AA (Double A) assigned to the secured Privately Placed Term Finance Certificates issued by the Company which has been fully repaid by the Company on 24 August 2016.

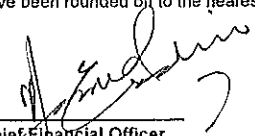
**22 DATE OF AUTHORISATION FOR ISSUE**


23 OCT 2016

These condensed Interim financial statements were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Company.

**23 GENERAL**

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


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


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


  
\_\_\_\_\_  
Director


  
\_\_\_\_\_  
Director