

**FINANCIAL STATEMENTS  
(UN - AUDITED)**

**FOR THE HALF YEAR ENDED JUNE 30, 2013**



**PAK-LIBYA HOLDING COMPANY (PVT.) LTD.**



## Directors' Review

The Board of Directors (the Board) is pleased to present the condensed interim financial information of Pak-Libya Holding Company (Pvt.) Limited (the Company) for the six months period ended June 30, 2013 together with the External Auditor's review report and Directors' Review thereon.

### Performance Summary

During the six month period under review, the Company managed to earn profit after tax of Rs. 151.142 million as against loss (Restated) of 1,082.005 million in FY-2012 for the corresponding six months period. Net mark-up income during the current period was Rs. 117.285 million as compared to Rs. 138.974 million in the same period of previous year.

The main contributors for profit during the period were dividend income, net gain from trading in securities and income from non-performing & troubled assets in the form of mark-up and fee recovery. Moreover, through strenuous recovery efforts and follow ups, the Company managed to achieve reversal of provision against certain assets which also made healthy contribution to the profit during the period. Further, in light of the favorable order by Inland Revenue Appellate Tribunal against the pending tax related appeals for various years, the Company has recognized prior year reversal of tax provision of Rs. 25 million during the period.

After induction of a fresh human resource for Securities and Portfolio Management (SPM), the Company implemented its renewed investment strategy for this division and took advantage of the opportunities available in the stock market thereby contributing to the profits for the half year. The 1H-CY-2013 has been positive for equity markets whereby KSE-100 index registered a growth of 24%.

In view of the overall economic conditions and challenges faced by the Country, the Company maintained its cautious and selective stance in asset increase.

The summarized financial results for the six months are as follows:

Description	(Rs in '000)	
	Six months ended June 30, 2013	Six months ended June 30, 2012 (Restated) +
Profit/(loss) before taxation	158,541	(1,037,936)
Taxation	7,399	44,069
Profit/(loss) after taxation	151,142	(1,082,005)
Earnings / (loss) per share (Rs.)	246.09	(1,761.71)

+ Due to adoption of IAS-19 (Revised)

### Comments of External Auditors' in their Review Report

The External Auditors' have added emphasis of matter paragraphs in their review report to the members for the half year ended June 30, 2013. The Auditors have drawn attention to note 1.2 to the accompanying condensed interim financial information which states that the State Bank of Pakistan (SBP) has granted exemption to the Company from the prescribed requirement with respect to the minimum paid-up capital (free of losses) till 31 December 2013 and has advised the Company to complete the process of capital injection of Rs.4 billion by 31 December 2013. In this respect, the management is working towards completion of this transaction at the earliest possible timeline and following up the matter with Ministry of Finance and Libyan Foreign Investment Company (LFICO).

Further, External Auditors have drawn attention to note 10.2 to the accompanying interim financial information relating to deferred tax asset amounting to Rs.274.859 million. The management has recorded the said asset based upon the assessment of its recoverability, on the basis of financial projections for future years, as approved by the Board of Directors of the Company, which take into account various assumptions regarding the future business and economic conditions. However, as

disclosed in the said note, a significant change in the assumptions used may have an impact on the realisability of the deferred tax asset recorded in the financial statements. In this respect, the Company has followed a prudent stance and restricted recognition of deferred tax asset based on the approved projections. We are hopeful that the Company will be able to increase its share capital and achieve the level of profits forecasted in the financial projections and, consequently, the recorded deferred tax asset will be realized in future.

The conclusion of External Auditors' is not qualified in respect of the above matters.

### Entity Ratings

In its latest rating review (May-2013), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term and short-term ratings of the Company at "AA-" (Double A minus) and "A1+" (A one plus), respectively. The rating of the PPTFC of PKR 750 million has been maintained at AA. The ratings have negative outlook signifying the need for timely injection of equity.

The ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

### Future Prospects

Necessary work to ensure timely completion of Rs.4 billion rights issue transaction for increase in share capital of the Company as recommended by the board of directors is in process. This increase in capital aims to comply with minimum capital requirement, for risk absorption and for better future business prospects of the Company. In the Annual General Meeting (AGM) held on April 29, 2013, it was decided to call Extra Ordinary General Meeting (EOGM) of shareholders in September / October 2013 to make a formal call for additional capital. Meanwhile, the shareholders have approved the increase in the authorized capital of the Company from Rs.8 billion to Rs.12 billion in this AGM. We are therefore hopeful of a successful closure of the rights issue transaction.

The Company has recently launched its retail liability product. We are hopeful that this development will help in reduction of overall cost of deposits for the Company and result in lower the risk profile in this area of business.

The management is focusing on all possible avenues for profitable operations of the Company. This includes recovery efforts from troubled and non-performing assets and cautious stance in further asset booking by business units. Further, as per the Board's approved plan, efforts to exit from Kamoki Energy Limited (KEL) in best possible manner are underway.

In view of the efforts being made by the management, we are hopeful of positive business prospects for the Company. However, on the Country's economic front, effective handling of major challenges like energy crises, fiscal imbalances, law and order situation, taxation reforms etc., and successful closure of requisite financing arrangement with IMF, by the newly elected Government will play a great role in determining of future economic path for the Country and its resulting impacts on the businesses therein.

### Acknowledgements

We would like to express our sincere appreciation to all our stakeholders and the State Bank of Pakistan for having reposed confidence in us with their consistent support and guidance.

### For and on behalf of the Board



**Khalid S.T. Benrjoba**  
Deputy Managing Director



**Abid Aziz**  
Managing Director

Dated: 22 AUG 2013



## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of **Pak Libya Holding Company (Private) Limited** (the Company) as at **30 June 2013** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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***Emphasis of matter***

We draw attention to the following matters:

- (i) note 1.2 to the accompanying interim financial information which states that the State Bank of Pakistan (SBP) has granted exemption to the Company from the prescribed requirement in respect of the minimum paid-up capital (free of losses) till 31 December 2013 and has advised the Company to complete the process of capital injection of Rs.4 billion by 31 December 2013; and
- (ii) note 10.2 to the accompanying interim financial information relating to deferred tax asset amounting to Rs.274.859 million. The management has recorded the said asset based upon their assessment of its recoverability, on the basis of financial projections for future years, as approved by the Board of Directors of the Company, which take into account various assumptions regarding the future business and economic conditions. However, as disclosed in the said note, a significant change in the assumptions used may have an impact on the realisability of the deferred tax asset recorded in the financial statements.

Our conclusion is not qualified in respect of the above matters.



Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: 22 August 2013

Karachi

**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2013**

	(Un-audited) June 30, 2013	(Audited) December 31, 2012
Note	----- (Rupees in '000) -----	
		Restated
<b>ASSETS</b>		
Cash and balances with treasury banks	131,785	63,387
Balances with other banks	33,483	38,636
Lendings to financial institutions	6 1,096,395	-
Investments	7 7,148,166	7,706,331
Advances	8 4,432,034	4,841,011
Other assets	419,959	424,720
Operating fixed assets	9 89,975	97,945
Deferred tax asset	10 274,859	293,577
	<b>13,626,656</b>	<b>13,465,607</b>
<b>LIABILITIES</b>		
Bills payable	-	-
Borrowings from financial institutions	11 4,867,912	5,880,572
Deposits and other accounts	12 5,080,500	4,088,500
Sub-ordinated loans	-	-
Liabilities against assets subject to finance leases	-	-
Other liabilities	13 394,705	352,526
Deferred tax liabilities	-	-
	<b>10,343,117</b>	<b>10,321,598</b>
<b>NET ASSETS</b>	<b>3,283,539</b>	<b>3,144,009</b>
<b>REPRESENTED BY</b>		
Share capital	14 6,141,780	6,141,780
Reserves	14 30,228	-
Accumulated losses	(2,868,506)	(2,989,420)
	<b>3,303,502</b>	<b>3,152,360</b>
Deficit on revaluation of assets - net of tax	(19,963)	(8,351)
	<b>3,283,539</b>	<b>3,144,009</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15	

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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Chief Financial Officer



Managing Director



Director



Director



**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2013**

	Quarter ended June 30, 2013	Six months ended June 30, 2013	Quarter ended June 30, 2012	Six months ended June 30, 2012
Note	----- (Rupees in '000) -----			
	----- (Restated) -----			
Mark-up / return / interest earned	299,506	570,681	265,582	631,925
Mark-up / return / interest expensed	224,764	453,396	237,074	492,951
<b>Net mark-up / interest income</b>	<b>74,742</b>	<b>117,285</b>	<b>28,508</b>	<b>138,974</b>
(Reversal of provision) / provision against loans and advances - net	8.2 (39,314)	(62,268)	96,556	95,807
(Reversal of provision) / provision for diminution in value of investments - net	7.2.2 1,404	(14,944)	741,287	701,890
Bad debts written off directly	-	-	-	-
Reversal of provision against lendings to financial institutions	(3,756)	(3,756)	(3,756)	(3,756)
	<b>(41,666)</b>	<b>(80,968)</b>	<b>834,087</b>	<b>793,941</b>
<b>Net mark-up / interest / income after provisions</b>	<b>116,408</b>	<b>198,253</b>	<b>(805,579)</b>	<b>(654,967)</b>
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	14,822	14,822	395	1,560
Dividend income	3,937	24,064	3,409	6,836
Gain from trading in securities - net	16 77,549	76,956	25,145	71,989
Income from dealing in foreign currencies	-	-	-	-
Unrealised loss on revaluation of investments classified as held-for-trading	(4,472)	(3,097)	(32)	(32)
Other income	419	1,088	1,093	1,337
<b>Total non mark-up / interest income</b>	<b>92,255</b>	<b>113,833</b>	<b>30,010</b>	<b>81,690</b>
	<b>208,663</b>	<b>312,086</b>	<b>(775,569)</b>	<b>(573,277)</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	79,130	150,016	71,159	135,456
Other provision / write off / (reversal) - net	(5,574)	(20,176)	290,086	290,086
Other charges	9,190	23,705	1,797	6,261
<b>Total non mark-up / interest expenses</b>	<b>82,746</b>	<b>153,545</b>	<b>363,042</b>	<b>431,803</b>
Share of loss on interest in joint venture	-	-	(30,187)	(32,856)
	<b>125,917</b>	<b>158,541</b>	<b>(1,168,798)</b>	<b>(1,037,936)</b>
Extra Ordinary / unusual items	-	-	-	-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	<b>125,917</b>	<b>158,541</b>	<b>(1,168,798)</b>	<b>(1,037,936)</b>
Taxation - current	10,853	12,315	(594)	3,252
- prior year	(25,000)	(25,000)	-	-
- deferred	8,725	20,084	15,937	40,817
	17 (5,422)	7,399	15,343	44,069
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>131,339</b>	<b>151,142</b>	<b>(1,184,141)</b>	<b>(1,082,005)</b>
<b>Basic and diluted earnings / (loss) per share (Rupees)</b>	18 <b>213.85</b>	<b>246.09</b>	<b>(1,928.01)</b>	<b>(1,761.71)</b>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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Chief Financial Officer



Managing Director



Director



Director



**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2013**

	Quarter ended June 30, 2013	Six months ended June 30, 2013	Quarter ended June 30, 2012	Six months ended June 30, 2012
	----- (Rupees in '000) -----			
	----- (Restated) -----			
Profit / (loss) after taxation	131,339	151,142	(1,184,141)	(1,082,005)
Other comprehensive income - net				
Actuarial gains / (losses) on defined benefit plans	-	-	(717)	(1,434)
Tax impact	-	-	-	-
	-	-	(717)	(1,434)
<b>Total comprehensive income / (loss) for the period</b>	<u><u>131,339</u></u>	<u><u>151,142</u></u>	<u><u>(1,184,858)</u></u>	<u><u>(1,083,439)</u></u>

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

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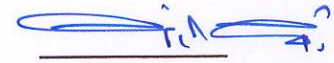
Chief Financial Officer



Managing Director



Director



Director

**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2013**

	Note	June 30, 2013 ----- (Rupees in '000) -----	June 30, 2012 Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		158,541	(1,037,936)
Less: Dividend income		(24,064)	(6,836)
		134,477	(1,044,772)
<b>Adjustments for non-cash charges:</b>			
Depreciation		11,012	7,466
Amortisation		6	6
(Reversal of provision) / provision against non-performing loans and advances - net		(62,268)	95,807
Unrealised loss on revaluation of investments classified as held-for-trading		3,097	32
(Reversal of provision) / provision for diminution in the value of investments - net		(14,944)	701,890
Reversal of provision against lendings to financial institutions		(3,756)	(3,756)
Other (reversal of provisions) / provisions		(20,176)	290,086
Share of loss on interest in joint venture		-	32,856
Gain on sale of operating fixed assets		(631)	(868)
		(87,660)	1,123,519
		46,817	78,747
<b>(Increase) / decrease in operating assets:</b>			
Lendings to financial institutions		(492,639)	203,756
Investments classified as held-for-trading		(1,705,870)	(105,386)
Advances		471,245	135,691
Other assets		42,810	35,816
		(1,684,454)	269,877
<b>(Decrease) / increase in operating liabilities:</b>			
Borrowings from financial institutions		(1,012,660)	(1,224,722)
Deposits and other accounts		992,000	366,192
Other liabilities		42,179	50,219
		21,519	(808,311)
		(1,616,118)	(459,687)
Income tax paid		(5,724)	(23,249)
Net cash outflow from operating activities		(1,621,842)	(482,936)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments - net		2,262,903	515,932
Dividends received		24,601	5,371
Operating fixed assets purchased		(3,205)	(25,424)
Sale proceeds of property and equipment disposed-off		788	2,144
Net cash inflow from investing activities		2,285,087	498,023
<b>Increase in cash and cash equivalents</b>		<b>663,245</b>	<b>15,087</b>
Cash and cash equivalents at beginning of the period		102,023	83,820
<b>Cash and cash equivalents at end of the period</b>	21	<b>765,268</b>	<b>98,907</b>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

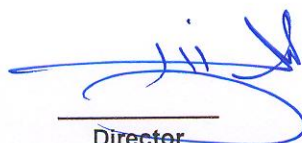
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Chief Financial Officer



Managing Director



Director



Director



**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2013**

	Issued, subscribed and paid-up capital	Capital reserve Statutory reserve	Revenue reserve Unappropriated profit / (loss)	Total
	----- (Rupees in '000) -----			
<b>Balance as at January 01, 2012</b> <b>(as per previously reported)</b>	6,141,780	474,801	(29,595)	6,586,986
Effect of change in accounting policy as stated in note 5	-	-	(3,239)	(3,239)
<b>Balance as at January 01, 2012 - Restated</b>	6,141,780	474,801	(32,834)	6,583,747
<b>Total comprehensive income for the half year ended June 30, 2012 - Restated</b>				
Loss for the period	-	-	(1,082,005)	(1,082,005)
Other comprehensive income for the period	-	-	(1,434)	(1,434)
	-	-	(1,083,439)	(1,083,439)
Transfer from statutory reserve - net	-	(474,801)	474,801	-
<b>Balance as at June 30, 2012 - Restated</b>	6,141,780	-	(641,472)	5,500,308
<b>Total comprehensive income for the half year ended December 31, 2012 - Restated</b>				
Loss for the period	-	-	(2,346,514)	(2,346,514)
Other comprehensive income for the period	-	-	(1,434)	(1,434)
	-	-	(2,347,948)	(2,347,948)
Transfer to statutory reserve	-	-	-	-
<b>Balance as at December 31, 2012 - Restated</b>	6,141,780	-	(2,989,420)	3,152,360
<b>Total comprehensive income for the half year ended June 30, 2013</b>				
Profit for the period	-	-	151,142	151,142
Other comprehensive income for the period	-	-	-	-
	-	-	151,142	151,142
Transfer to statutory reserve	-	30,228	(30,228)	-
<b>Balance as at June 30, 2013</b>	<b>6,141,780</b>	<b>30,228</b>	<b>(2,868,506)</b>	<b>3,303,502</b>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

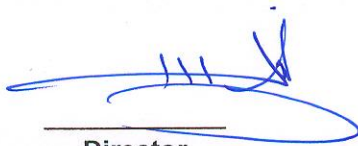
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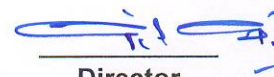
Chief Financial Officer



Managing Director



Director



Director



**PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2013**

**1. STATUS AND NATURE OF BUSINESS**

1.1 Pak-Libya Holding Company (Private) Limited (the Company) was incorporated in Pakistan as a private limited company on October 14, 1978. It is a joint venture between the Government of Pakistan and Government of Libya. The tenure of the Company was thirty years from the date of its establishment. The two contracting parties (i.e. both the governments) extended the tenure for further thirty years upto October 14, 2038. The objective of the Company 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 October 28, 2003 issued by the State Bank of Pakistan (SBP).

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

1.2 The State Bank of Pakistan (SBP) through its BSD Circular No. 19 dated September 05, 2008 has prescribed that the minimum paid-up capital (free of losses) for Development Financial Institutions (DFIs) is required to be maintained at Rs.6 billion. The paid-up capital of the Company (free of losses) as of June 30, 2013 amounted to Rs.3.273 billion (December 31, 2012 Restated: Rs.3.152 billion). The Company had utilized available statutory capital reserves during FY-2012 pursuant to the relaxation allowed by SBP vide its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated December 26, 2012.

The Board of Directors (BOD) of the Company in its meeting held on December 09, 2012 and December 10, 2012, recommended the shareholders for increase in paid-up capital by Rs.4 billion in the year 2013. Further, in their meeting held on February 01, 2013, the BOD has approved the financial projections for the next three years. 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, SBP vide its letter no. BPRD/BAID/2947/2013 dated March 14, 2013, has granted exemption from meeting the minimum capital requirement till December 31, 2013 and advised:

- to take up the matter with Ministry of Finance (MoF) for necessary budgetary provision for capital injection of Rs.2 billion as Government of Pakistan (GoP) share at the earliest; and
- to complete the process of capital injection of Rs.4 billion in the Company by December 31, 2013 and submit a quarterly progress report until the subject capital injection is materialised.

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The agenda for approval of increase in authorised and paid-up capital of the Company was considered in the Annual General Meeting (AGM) of the shareholders held on April 29, 2013. The meeting deliberated upon various points with respect to this matter, including the correspondence made with Ministry of Finance (MoF) and Libyan Foreign Investment Company (LFICO) on the same. The meeting also discussed upon the brief given about the initial reply received from MoF which showed its inability to inject further capital due to financial constraints. The MoF's reply further stated that the SBP will be requested for exemptions in respect of Minimum Capital Requirement for the Company beyond December 31, 2013, when necessary. The meeting was also apprised about subsequent letter written by the Company to MoF requesting reconsideration of request for capital injection which is under consideration of the MoF. The Company is expecting a positive outcome on this matter.

After detailed deliberations on the matter in AGM, the shareholders concluded by recognizing the importance of the Company as joint venture between the two countries and assured continued support for its success. The representatives of both the governments who attended the AGM agreed, in principle, to inject additional capital of Rs.4 billion by way of rights issue. In this respect, it was decided to call Extra Ordinary General Meeting (EOGM) of shareholders in September / October 2013 to make a formal call for additional capital. The meeting also advised the management to follow up the matter with MoF / LFICO. Meanwhile, the shareholders have approved the increase in the authorized capital of the Company from Rs.8 billion to Rs.12 billion in AGM. The minutes of the AGM will be formally approved in the upcoming EOGM as required under the corporate laws.

An update on the consent of AGM on these matters was also given by the Chairman of AGM/Board to the Board of Directors in its meeting held on April 30, 2013. Necessary work on these matters is currently underway.

## **2. STATEMENT OF COMPLIANCE**

- 2.1** These condensed interim financial statements of the Company for the six months ended June 30, 2013 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2** The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Non-Banking Financial Institutions (NBFIs) till further instructions. Further, according to the notification of the SECP dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable to NBFIs. Accordingly, the requirements of these standards have not been considered in the preparation of the condensed interim financial statements.
- 2.3** The disclosures made in these condensed interim financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2012.

## **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.

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**4. ACCOUNTING ESTIMATES AND JUDGMENTS**

In preparing these condensed interim financial statements, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual audited financial statements as at and for the year ended December 31, 2012, except, as disclosed in note 5 below.

**5. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT**

**5.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2012 other than those disclosed below:

**New standards, interpretations and amendments thereof adopted by the Company**

The Company has adopted the following amended IFRS which became effective during the period:

**Standard or interpretation**

IAS 1 – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

IAS 19 – Employee Benefits (Revised)

**Improvements to various standards issued by IASB**

IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Classification of Servicing equipment

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above revision, amendments, improvements and interpretation of the standards did not have any effect on the financial statements, other than the amendments to IAS 19 'Employees Benefits' as described in 5.2.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after January 01, 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**5.2 Change in accounting policy**

Amendments to IAS 19 range from fundamental changes to simple clarification and rewording. The significant changes to IAS 19 include the following:

- For defined benefit plans, the option to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognised directly in other comprehensive income with no subsequent recycling through the profit and loss account.
- The distinction between short-term and long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- The revised standard has new or revised disclosure requirements. The disclosures now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

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This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard – 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated. The impact on condensed interim statement of financial position, condensed interim profit and loss account and condensed interim statement of comprehensive income, as disclosed in note 13, is based on actuarial valuation as of December 31, 2012.

- 5.3 The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended December 31, 2012.

	Note	(Un-audited) June 30, 2013 ----- (Rupees in '000) -----	(Audited) December 31, 2012 -----
<b>6. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Reverse Repo Lending	6.1	496,395	-
Placements	6.2	647,068	50,824
		1,143,463	50,824
Less: Provision against Placements		(47,068)	(50,824)
		<u>1,096,395</u>	<u>-</u>

- 6.1 This carries mark-up at a rate of 9.25% per annum (2012: Nil) and is due to mature on July 03, 2013.

- 6.2 The performing placements carry mark-up at rates ranging from 9.2% to 9.8% per annum (2012: Nil) and are due to mature latest by July 26, 2013.

	Held by Company -----	Given as collateral -----	Total -----
	(Rupees in '000)		
<b>7. INVESTMENTS</b>			
Balance as at June 30, 2013 (Un-audited)	3,740,236	3,407,930	7,148,166
Balance as at December 31, 2012 (Audited)	3,687,269	4,019,062	7,706,331
Balance as at June 30, 2012 (Un-audited)	3,855,588	1,245,049	5,100,637

	Held by Company -----	Given as collateral -----	Total -----
	(Rupees in '000)		
<b>7.1 Investments by types</b>			
Held-for-trading securities	1,085,158	695,813	1,780,971
Available-for-sale securities	3,814,611	2,713,103	6,527,714
Held-to-maturity securities	7,913	-	7,913
Investment in a joint venture Kamoki Energy Limited, a related party	404,867	-	404,867
	5,312,549	3,408,916	8,721,465
Less: Provision for diminution in value of investments	1,547,133	-	1,547,133
<b>Investments (net of provisions)</b>	<u>3,765,416</u>	<u>3,408,916</u>	<u>7,174,332</u>
Less: Deficit on revaluation of investments classified as			
- held-for-trading securities	(2,933)	(164)	(3,097)
- available-for-sale securities	(22,247)	(822)	(23,069)
<b>Balance as at June 30, 2013</b>	<u>3,740,236</u>	<u>3,407,930</u>	<u>7,148,166</u>

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		(Un-audited) June 30, 2013	(Audited) December 31, 2012
		----- (Rupees in '000) -----	
<b>7.2 Investments by segments</b>	<b>Note</b>		
<b>Federal government securities</b>			
Market treasury bills		4,242,799	4,343,100
Pakistan investment bonds		518,330	564,077
<b>Fully paid-up Ordinary shares / certificates</b>			
Listed		924,907	697,057
Unlisted		108,341	162,341
<b>Fully paid-up preference shares</b>			
Listed		50,000	50,715
Unlisted - Kamoki Energy Limited (KEL), a related party	7.2.1	300,000	300,000
<b>Term Finance Certificates (TFCs)</b>			
Listed		323,420	450,857
Unlisted		1,461,483	1,398,559
<b>Participation term certificates</b>			
		7,913	7,913
<b>Strategic investment in a joint venture</b>			
Unlisted Ordinary shares			
Kamoki Energy Limited, a related party	7.2.1	404,867	404,867
<b>Other investments</b>			
Mutual fund units - listed		19,230	589,230
Sukuks - unlisted		360,175	338,134
<b>Total investments</b>		<b>8,721,465</b>	<b>9,306,850</b>
Less: Provision for diminution in value of investments in KEL:			
- Preference shares	7.2.1	(300,000)	(300,000)
- Ordinary shares (strategic investment)	7.2.1	(404,867)	(404,867)
Provision for diminution in value of other investments		(842,266)	(885,636)
	7.2.2	(1,547,133)	(1,590,503)
<b>Investments (net of provisions)</b>		<b>7,174,332</b>	<b>7,716,347</b>
Less: (Deficit) / surplus on revaluation of 'held-for-trading' securities			
Deficit on revaluation of 'available-for-sale' securities		(3,097)	74
<b>Total investments at market value</b>		<b>7,148,166</b>	<b>7,706,331</b>

**7.2.1** As at June 30, 2013, the Company has the following 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 electric power generation plant. KEL could not commence its commercial operations to date.

On March 30, 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 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 has 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 December 09 and 10, 2012, deliberated upon different alternatives in detail in respect of 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.

In view of the above circumstances, the Company carried out an impairment test in respect of equity investments (including preference shares) held by the Company in accordance with the requirement of International Accounting Standard (IAS) 36 - "Impairment of Assets" in FY-2012. Further, the provisioning against the term loan and mark-up accrued thereon has also been determined in accordance with the requirements of Prudential Regulations issued by the SBP. Accordingly, as at June 30, 2013, the Company holds provisions against diminution in the value of equity investments (ordinary and preference shares), non-performing term loan and against other receivables as follows:

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Nature of assets / exposures	Book value before provision -----	Provision held -----	Book value after provision -----
	(Rupees in '000)		
Preference shares	300,000	(300,000)	-
Ordinary shares	404,867	(404,867)	-
Term loan	1,250,000	(983,812)	266,188
Other assets - accrued income	205,690	(205,690)	-
Other assets - other receivables	34,945	(34,945)	-
<b>Total funded exposure</b>	<b>2,195,502</b>	<b>(1,929,314)</b>	<b>266,188</b>
As at December 31, 2012 (Audited)	<u>2,186,557</u>	<u>(1,920,369)</u>	<u>266,188</u>

(Un-audited)      (Audited)  
June 30,      December 31,  
2013      2012  
----- (Rupees in '000) -----

### 7.2.2 Provision for diminution in value of investments

Opening balance	1,590,503	688,161
Charge for the period / year	5,545	1,287,682
Less: Reversal during the period / year	(20,489)	(52,972)
Net (reversal) / charge for the period / year	(14,944)	1,234,710
Add: Transfer in	-	80,400
Less: Reversal on disposal	(28,426)	(412,768)
Net reversal	(28,426)	(332,368)
Closing balance	<u>1,547,133</u>	<u>1,590,503</u>

(Un-audited)      (Audited)  
June 30,      December 31,  
2013      2012  
----- (Rupees in '000) -----

Note

## 8. ADVANCES

### In Pakistan

Loans		6,358,526	6,742,122
Net investment in finance lease		269,124	335,409
Consumer loans and advances		217,631	260,710
Staff loans		86,273	80,049
Long-term financing of export oriented projects - (LTF-EOP)		60,179	60,179
Long-term financing facility - (LTFF)		95,106	79,615
<b>Advances - gross</b>	8.1	<u>7,086,839</u>	<u>7,558,084</u>
Less: Provision against non-performing advances - specific provision	8.2	<u>2,652,982</u>	<u>2,714,680</u>
Provision for consumer finance - general provision	8.2	1,823	2,393
		<u>2,654,805</u>	<u>2,717,073</u>
		<u>4,432,034</u>	<u>4,841,011</u>

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- 8.1 Advances include amounts aggregating to Rs.3,227.699 (December 31, 2012: Rs.3,307.968) million which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	2,684	-	2,684	36	36
Doubtful	467,819	-	467,819	227,310	227,310
Loss	2,757,196	-	2,757,196	2,425,636	2,425,636
	<u>3,227,699</u>	<u>-</u>	<u>3,227,699</u>	<u>2,652,982</u>	<u>2,652,982</u>

- 8.2 Particulars of provision against non-performing advances:

	(Un-audited) June 30, 2013			(Audited) December 31, 2012		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	2,714,680	2,393	2,717,073	960,573	3,852	964,425
Charge for the period	2,346	-	2,346	1,821,085	-	1,821,085
Reversals	(64,044)	(570)	(64,614)	(66,978)	(1,459)	(68,437)
Net (reversals) / charge	(61,698)	(570)	(62,268)	1,754,107	(1,459)	1,752,648
Less: Amount written off	-	-	-	-	-	-
Closing balance	<u>2,652,982</u>	<u>1,823</u>	<u>2,654,805</u>	<u>2,714,680</u>	<u>2,393</u>	<u>2,717,073</u>

- 8.2.1 The provision against non-performing advances includes an impact of forced sale value (FSV) benefit amounting to Rs.22.577 million (December 31, 2012: Rs.38.444 million) in respect of consumer financing and Rs.324.720 million (December 31, 2012: Rs.324.970 million) in respect of corporate financing which includes Rs.266.188 million being the reduced FSV benefit availed by the Company against the term loan of Kamoki Energy Limited (classified as loss) and security deposit amounting to Rs.58.532 million in respect of lease financing. The benefits realized through FSV usage are not available for the distribution of cash or stock dividend to the shareholders.

	(Un-audited) June 30, 2013	(Audited) December 31, 2012
	----- (Rupees in '000) -----	

## 9. OPERATING FIXED ASSETS

Capital work-in-progress	-	17,410
Property and equipment	89,934	80,487
Intangible assets	41	48
	<u>89,975</u>	<u>97,945</u>

- 9.1 Additions during the six months period ended June 30, 2013 amounted to Rs.20.617 million (2012: Rs.31.947 million) while disposals had a cost of Rs.3.871 million (2012: Rs.6.532 million) and written down value of Rs.0.167 million (2012: Rs.1.850 million).

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	(Un-audited) June 30, 2013	(Audited) December 31, 2012
	----- (Rupees in '000) -----	

**10. DEFERRED TAX ASSET - net****Deferred credit arising in respect of:**

Net investment in finance leases	(41,308)	(56,884)
Accelerated tax depreciation	(562)	(402)
Unrealised gain on Term Finance Certificates - held-for-trading	-	(7)

**Deferred debits arising in respect of:**

Provision for compensated absences	2,638	2,403
Provision for advances, investments and other assets	110,086	140,418
Unused tax losses	168,070	173,013
Share of loss in joint venture	32,345	33,297
Unrealised loss on held-for-trading investments	485	-
	<u>271,754</u>	<u>291,838</u>

**Deferred tax asset on surplus on revaluation of available-for-sale investments - net**

	3,105	1,739
	<u>274,859</u>	<u>293,577</u>

10.1 As at June 30, 2013, the Company has available deferred tax asset on provision for advances, investments and other assets (including provision against investment in KEL) amounting to Rs.1,919.347 million (2012: Rs.2,012.692 million) and on unused tax losses for FY-2012 amounting to Rs.1,999.959 million (2012: Rs.2,063.375 million). However, the management has recognised the above benefits 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 three 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 amount and 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.

	(Un-audited) June 30, 2013	(Audited) December 31, 2012
	----- (Rupees in '000) -----	

Note

**11. BORROWINGS FROM FINANCIAL INSTITUTIONS**

11.1

	<u>4,867,912</u>	<u>5,880,572</u>
--	------------------	------------------

11.1 This includes an amount of Rs.749.40 million being the balance amount of Privately Placed Term Finance Certificates (PPTFC) of Rs.750 million raised by the Company in February 2011. The issue is secured by first fixed charge by way of hypothecation on all the present and future loans and lease receivables of the Company ranking pari passu with prior charges. This issue is rated and carries a mark-up rate of six months' KIBOR plus 1.6% p.a. payable on semi-annual basis. The PPTFC issue is repayable in installments by February 2016 and is held by both financial and non-financial institutions.

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(Un-audited) (Audited)  
June 30, December 31,  
2013 2012  
----- (Rupees in '000) -----

## 12. DEPOSITS AND OTHER ACCOUNTS

### Customers

Certificates of investment - (in local currency)	4,485,500	3,388,500
--	-----------	-----------

### Financial institutions

Certificates of investment - (in local currency)	595,000	700,000
	<b>5,080,500</b>	<b>4,088,500</b>

## 13. OTHER LIABILITIES

This includes an amount of Rs.13.149 million (December 31, 2012 (Restated): Rs.26.475 million) payable to staff retirement gratuity fund. During the period, the Company adopted IAS 19 (Revised), which resulted in restatement of prior year figures (refer note 5.1). The impact of restatement is mentioned below:

### Impact of adoption of IAS 19 (revised)

#### Impact on condensed interim statement of financial position

(Decrease) / increase in the defined benefit plan obligation *	(628)	5,782
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
	<b>June 30,</b>	<b>June 30,</b>
	<b>2013</b>	<b>2012</b>
	----- (Rupees in '000) -----	-----
		<b>Restated</b>

#### Impact on condensed interim profit and loss account

(Decrease) in service cost in profit and loss account	(628)	(163)
Tax impact *	-	-
	<b>(628)</b>	<b>(163)</b>

Increase in actuarial loss movements in other comprehensive income	-	1,434
--	---	-------

----- (Rupees) -----

#### Impact on loss per share

	-	0.27
--	---	------

Increase in actuarial loss in opening accumulated loss as of January 01, 2012: Rs.3.239 million - net.

\* For tax impact refer note 17.1.

## 14. SHARE CAPITAL AND RESERVES

**14.1** The shareholders in the Annual General Meeting held on April 29, 2013 have approved increase in the authorized capital of the Company from existing Rs.8 billion to Rs.12 billion. This increase has been approved in light of the Board's recommendation to increase paid-up capital of the Company by Rs.4 billion through rights issue (refer note 1.2).

**14.2** As of June 30, 2013, the Company has a shortfall of Rs.2.727 billion (December 31, 2012 (Restated): Rs.2.848 billion) in meeting the Minimum Paid-up Capital Requirement as stipulated by the State Bank of Pakistan (SBP) (refer note 1.2).

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## 15. CONTINGENCIES AND COMMITMENTS

## Contingencies

- 15.1 For the tax years 2009 and 2010, the Additional Commissioner Inland Revenue (ACIR) had raised tax demands aggregating to Rs.361.582 million. The Company filed appeals against these demands with the Commissioner Inland Revenue Appeals [CIR(A)]. Against these appeals, the CIR(A) passed orders against which appeal effect under section 124 of the Income Tax Ordinance, 2001 (ITO) was given by the Income Tax Department (the Department) in this respect. On the basis thereof, no tax was payable for the tax year 2009. However, later, the Company received demand notice for the rectification order under section 221 of the ITO whereby demand was raised of Rs.13.253 million for tax year 2009, whereas, for tax year 2010, tax demand of Rs.69.684 million was raised under section 124(4). Against the order of the CIR(A) pertaining to both the tax years second appeals were filed before the Inland Revenue Appellate Tribunal (IRAT), Karachi. Meanwhile, tax department issued the refund adjustment memos for Rs.82.937 million to adjust remaining tax demands of tax years 2009 and 2010 from the refund claims of tax years 2011 and 2012.

During the current period, IRAT-Karachi vide its order dated February 20, 2013 in the appeals filed by the Company for tax years 2009 and 2010 as well as for tax years 2004, 2005, 2006 and 2008 decided the issues of loans and advances written-off, apportionment of expenditure and loans to executives / officers in favor of the Company as applicable to the respective tax year(s). Based on the decision of IRAT and overall resulting reliefs and brought forward losses, there is 'Nil' additional tax liability remaining for tax years 2009 and 2010. Based on this status, the above referred tax demands for 2009 and 2010 have been excluded from contingent liabilities as advised by the tax advisor of the Company. The applications for the appeal effect orders resulting from the decision of IRAT have been submitted with the ACIR – Audit. Further, considering the updated tax status in light of IRAT order dated February 20, 2013, the Company has recorded Rs.25 million as prior year tax reversal which pertained to payment made in 2010 against tax demand for 2008.

- 15.2 For tax year 2011, the Commissioner Inland Revenue (CIR) selected the case for audit under section 177 of ITO which is currently underway. Selection has been challenged on the legal grounds. Moreover, on random balloting by the FBR for audit, the case of the Company has not been selected for Audit. The department is of the view that regardless of any balloting, Commissioner has inherent power to select the case for audit. Final outcome of this matter is awaited. Further, during calendar / financial year 2012, refund claim of Rs.70.53 million was filed by the Company for the tax year 2011. However, the said additional refund has not been recognized following a prudent stance considering (a) viability or otherwise of the audit proceeding, and (b) the similar pattern as adopted in the preceding years for finalisation of assessments, the Additional Commissioner may invoke section 122(5A) of the ITO.

	Note	(Un-audited)	(Audited)
		June 30, 2013	December 31, 2012
Commitments		----- (Rupees in '000) -----	
<b>15.3 Direct credit substitutes</b>			
Contingent liabilities in respect of guarantees given favouring:			
Government		200,000	200,000
Others	15.3.1	859,378	859,064
		<u>1,059,378</u>	<u>1,059,064</u>

- 15.3.1 This represents the guarantees issued on behalf of Kamoki Energy Limited (KEL), a joint venture. During FY-2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court) on March 30, 2012, in which all contracts of RPPs were declared to be illegal and void ab initio and as a result of which the guarantees remained inoperative. Consequently, as per the opinion of the legal advisor, there cannot be any exposure of the Company under the same (note 7.2.1).

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(Un-audited) (Audited)  
June 30, December 31,  
2013 2012  
----- (Rupees in '000) -----

## 15.4 Trade - related contingent liabilities

Contingent liabilities in respect of letters of credit favouring:

Government

Others

-	-
147,588	147,588
<u>147,588</u>	<u>147,588</u>

## 15.5 Commitments to extent credit

712,472	291,504
<u>712,472</u>	<u>291,504</u>

## 15.6 Commitments for acquisition of operating fixed assets

950	-
<u>950</u>	<u>-</u>

## 15.7 Unsettled investment transactions for:

Sale of market treasury bills

Sale of listed ordinary shares - net

-	497,317
22,216	178
<u>22,216</u>	<u>497,495</u>

## 16. GAIN FROM TRADING IN SECURITIES - NET

This includes gain from trading in government securities amounting to Rs.1.641 million (June 2012: Rs.1.893 million).

## 17. TAXATION

17.1 During the period, the Company has utilized unrecognized brought forward tax losses against the taxable income for the half year ended June 30, 2013. Therefore, minimum tax provision has been made in these condensed interim financial statements. For unused tax losses, refer note 10.1.

17.2 As more fully explained in note 15.1, in light of IRAT order dated February 20, 2013, the Company has made reversal of provision for taxation pertaining to tax year 2008, amounting to Rs.25 million.

18. BASIC AND DILUTED  
EARNINGS / (LOSS) PER SHARE

Profit / (loss) after taxation

Quarter ended June 30, 2013	Six months ended June 30, 2013	Quarter ended June 30, 2012	Six months ended June 30, 2012
----- (Rupees in '000) -----			
131,339	151,142	(1,184,141)	(1,082,005)
----- (Restated) -----			

Weighted average number  
of Ordinary shares

----- (Number of shares) -----			
614,178	614,178	614,178	614,178

Earnings / (loss) per share

----- (Rupees) -----			
213.85	246.09	(1,928.01)	(1,761.71)

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## 19. RELATED PARTY TRANSACTIONS

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

The Company enters into transactions with related parties in the normal course of business. The transactions were carried out at contracted rates. Transactions with key management personnels are governed by the applicable policies and / or terms of employment / office. Key management personnel herein include Managing Director, Deputy Managing Director, Company Secretary and Head of Departments.

## Transactions and balances with related parties are as follows:

	(Un-audited) June 30, 2013				(Audited) December 31, 2012					
	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>19.1 Balances</b>										
<b>Bank balance</b>	-	-	-	131,704	-	-	-	-	63,297	-
<b>Lendings to financial institutions</b>										
Opening balance	-	-	-	-	-	-	-	-	-	-
Placements / reverse repo made during the period	-	-	-	1,507,850	-	-	-	1,852,927	-	-
Placements / reverse repo matured during the period	-	-	-	(911,455)	-	-	-	(1,852,927)	-	-
Closing balance	-	-	-	596,395	-	-	-	-	-	-
<b>Investments</b>										
Opening balance	-	-	704,867	5,417,738	54,500	-	-	737,723	2,785,639	54,500
Investment made during the period	-	-	-	6,694,845	-	-	-	-	18,191,023	-
Investment redeemed / disposed off during the period	-	-	-	(6,927,709)	(54,000)	-	-	-	(15,558,924)	-
Share of loss	-	-	-	-	-	-	-	(32,856)	-	-
Closing balance	-	-	704,867	5,184,874	500	-	-	704,867	5,417,738	54,500
Provision for diminution in value of investments	-	-	704,867	50,000	-	-	-	704,867	50,000	15,400
Deficit on revaluation of investments	-	-	-	(15,397)	-	-	-	-	(4,331)	-



	(Un-audited) June 30, 2013				(Audited) December 31, 2012							
	Directors	Key management personnel*	Joint venture	State controlled entities	Other related parties	Directors	Key management personnel*	Joint venture	State controlled entities	Other related parties		
	(Rupees in '000)				(Rupees in '000)				(Rupees in '000)			
<b>Advances</b>												
Opening balance	-	39,147	1,250,000	945,170	-	43,565	1,250,000	945,170	-	-		
Addition during the period	-	4,424	-	-	-	16,646	-	-	-	-		
Repaid during the period	-	(3,807)	-	-	-	(21,064)	-	-	-	-		
Closing balance	-	39,764	1,250,000	945,170	-	39,147	1,250,000	945,170	-	-		
<b>Provision held against advances</b>	-	-	983,812	-	-	-	983,812	-	-	-		
<b>Other assets</b>												
Mark-up receivable on term loan	-	149	464,100	78,258	-	221	387,206	65,934	-	-		
- Gross	-	-	464,100	78,258	-	-	387,206	65,934	-	-		
- Suspended / provided	-	-	-	27,969	-	-	387,206	18,674	-	-		
Amount receivable from retirement benefit funds	-	-	-	-	-	-	-	-	-	897		
Other receivables	-	-	34,945	-	-	-	26,000	-	-	-		
Other advances	-	3,752	-	-	-	4,084	-	-	-	-		
Opening	-	7,219	-	-	-	3,947	-	-	-	-		
Additions during the period	-	(2,072)	-	-	-	(4,279)	-	-	-	-		
Repaid during the period	-	8,899	-	-	-	3,752	-	-	-	-		
Closing balance	-	-	-	-	-	-	-	-	-	-		
<b>Provision against other assets</b>	-	-	34,945	-	-	-	26,000	-	-	-		
<b>Borrowings from financial Institutions</b>												
Opening	-	-	-	1,802,385	-	-	-	2,398,496	-	-		
Borrowings during the period	-	-	-	32,204,867	-	-	-	42,991,026	-	-		
Settled during the period	-	-	-	(29,920,758)	-	-	-	(43,587,137)	-	-		
Closing balance	-	-	-	4,086,494	-	-	-	1,802,385	-	-		
<b>Deposits and other accounts</b>												
Opening balance	-	-	-	3,978,500	110,000	-	-	3,572,844	80,000	-		
Additions during the period	-	-	-	3,495,500	250,000	-	-	7,047,254	450,000	-		
Repayments during the period	-	-	-	(2,600,000)	(230,000)	-	-	(6,641,597)	(420,000)	-		
Closing balance	-	-	-	4,874,000	130,000	-	-	3,978,500	110,000	-		

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	(Un-audited) June 30, 2013					(Audited) December 31, 2012				
	Directors	Key management personnel *	Joint venture	State controlled entities	Other related parties	Directors	Key management personnel *	Joint venture	State controlled entities	Other related parties
	(Rupees in '000)					(Rupees in '000)				
<b>Other liabilities</b>										
Mark-up payable	-	-	-	260,551	1,534	-	-	-	193,023	1,180
Amount payable to retirement benefit funds (Restated) (refer note 5 & 13)	-	-	-	-	13,149	-	-	-	-	26,475
Others	-	-	1,008	-	-	-	1,008	-	-	-
	-	-	1,008	260,551	14,683	-	1,008	1,008	193,023	27,655
<b>Contingencies and commitments</b>										
Letter of guarantee	-	-	859,378	-	-	-	-	859,064	-	-
Unsettled investment transactions	-	-	-	5,302	-	-	-	-	497,317	-
Commitments to extend credit	-	8,500	-	-	-	-	-	-	-	-
	-	8,500	859,378	5,302	-	-	859,064	497,317	-	-

## 19.2 Transactions, income and expenses

	(Un-audited) June 30, 2013					(Un-audited) June 30, 2012				
Mark-up / return / interest earned -net	-	313	-	239,461	-	-	1,274	-	211,164	400
Gain / (loss) from trading in securities	-	-	-	12,180	(14,600)	-	-	-	-	-
Dividend income	-	-	-	7,625	-	-	-	-	-	-
Mark-up / return / interest expensed	-	-	-	344,136	6,086	-	-	-	350,896	10,119
Contribution paid to defined contribution plan	-	-	-	-	2,228	-	-	-	-	2,127
Contribution paid to defined benefit plan	-	-	-	-	4,666	-	-	-	-	4,704
Non-executive directors' fee and remuneration	2,035	-	-	-	-	109	-	-	-	-
Remunerations	-	60,890	-	-	-	-	46,208	-	-	-
Share of loss	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	(32,856)	-	-

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

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## 20. SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Un-audited) June 30, 2013			(Un-audited) June 30, 2012		
	Corporate finance	Retail banking	Total	Corporate finance	Retail banking	Total
	----- (Rupees in '000) -----					
	----- (Restated) -----					
Total income	743,974	21,508	765,482	(143,214)	62,888	(80,326)
Total expenses	596,162	10,779	606,941	941,935	15,675	957,610
Net income	147,812	10,729	158,541	(1,085,149)	47,213	(1,037,936)
Segment assets (gross)	18,051,541	222,980	18,274,521	15,432,355	315,844	15,748,199
Segment non-performing loans	3,165,283	62,416	3,227,699	3,239,881	87,547	3,327,428
Segment provision required	4,608,623	39,242	4,647,865	2,650,855	47,019	2,697,874
Segment liabilities	10,175,746	167,371	10,343,117	7,501,400	221,611	7,723,011
Net assets	3,267,172	16,367	3,283,539	5,280,100	47,214	5,327,314
Segment return on net assets	9.05%	0.61%	9.66%	-41.10%	2.13%	-38.97%
Segment cost of funds (%)	8.45%	1.52%	9.97%	10.41%	2.27%	12.68%

(Un-audited) (Un-audited)  
June 30, June 30,  
2013 2012  
----- (Rupees in '000) -----

## 21. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	131,785	64,699
Balances with other banks	33,483	34,208
Placements	600,000	-
	<u>765,268</u>	<u>98,907</u>

## 22. CREDIT RATING

In its latest rating announcement (May 2013), the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating of AA-(Double A Minus) in the long term and A1+(A One Plus) in the short term (with negative outlook assigned to ratings). Further, PACRA has maintained the rating of AA(Double A) assigned to the secured Privately Placed Term Finance Certificates issued by the Company (with negative outlook assigned to rating).

## 23. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 22 AUG 2013 by the Board of Directors of the Company.

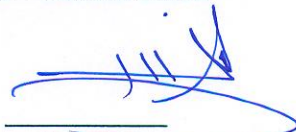
## 24. GENERAL

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

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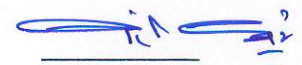
Chief Financial Officer



Director



Managing Director



Director