

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 nine months period ended September 30, 2013 together with the Directors' Review thereon.

Performance Summary

During the nine months period under review, the Company earned profit after tax of Rs. 168.739 million as against loss (Restated) of Rs. 1,130.240 million in FY-2012 for the corresponding nine months period. 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. Net mark-up income during the current period was Rs. 192.604 million as compared to Rs. 199.967 million in the same period of previous year.

Moreover, through strenuous recovery efforts and follow ups, the Company achieved reversal of provisions against certain old classified assets which also made contribution to the profit for 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 recognized prior year reversal of tax provision of Rs. 25 million in June-2013 which resulted in lower tax charge for the period under review. The overall profit was achieved despite interest rate volatility and stock market fluctuations during the period which impacted the value of investment portfolio.

With induction of a fresh human resource for Securities and Portfolio Management (SPM), the Company started implementation of renewed investment strategy for this division and has taken advantage of the opportunities available in the stock market thereby contributing to the profits for the nine months. Overall, nine months period for CY-2013 has been positive for equity markets whereby KSE-100 index registered a growth of 29%.

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 nine months are as follows:

Description	(Rs in '000)	
	Nine months ended September 30, 2013	Nine months ended September 30, 2012 (Restated) +
Profit/(loss) before taxation	177,698	(1,076,921)
Taxation	8,959	53,319
Profit/(loss) after taxation	168,739	(1,130,240)
Earnings / (loss) per share (Rs.)	274.74	(1,840.25)

+ Due to adoption of IAS-19 (Revised)

Entity Ratings

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

These 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 towards Rs. 4 billion rights issue transaction of the Company in line with recommendation of the Board is in process. This increase in capital aims to comply with statutory minimum capital requirement (MCR), for risk absorption and for better future business prospects of the Company. In the Annual General Meeting (AGM) held on April 29, 2013, after in-principal agreement on injection of capital by way of rights issue, it was decided to call Extra Ordinary General Meeting (EOGM) of shareholders to make a formal call for additional capital. Further, management was advised to follow up the matter with the Ministry of Finance (MOF) and Libyan Foreign Investment Company (LFICO). Meanwhile, the shareholders approved increase in the authorized capital of the Company from Rs. 8 billion to Rs. 12 billion in this AGM. In light of the decisions of the Board and shareholders, the management is doing necessary work and follow-ups on this matter with a target to complete the capital injection process till December 31, 2013.

Earlier, Company's external auditors without qualifying their opinion and conclusion had emphasized the matters of MCR compliance status and deferred tax assets recognition in their audit report of year ended December 31, 2012 and review report for the half year ended June 30, 2013, respectively. We are hopeful of positive outcome on the capital injection transaction and accordingly the assumptions for realization of deferred tax asset remain the same.

The management is focusing on all possible options for profitable operations of the Company. These include but are not limited to the recovery efforts for troubled and non-performing assets which are a source of potential earnings. Moreover, cautious stance is being maintained in further asset booking. Further, as per the Board's approved plan, efforts to exit from Kamoki Energy Limited (KEL) in best possible manner are underway.

The Company launched its retail liability product during the current year. We are hopeful that this development will help in reduction of overall cost of deposits of the Company and result in lower risk profile on this area.

In view of the efforts being made by the management, we are hopeful of positive business prospects for the Company.

It is important to mention here that effective handling of major challenges like energy crises, fiscal imbalances, law and order situation, currency devaluation, taxation reforms etc., by the Government of Pakistan will play a great role in determining of future path of the economic activity. This will resultantly impact the businesses operating in the Country.

Acknowledgements

We would like to express our sincere appreciation to all our stakeholders, the State Bank of Pakistan and LFICO 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: 25 OCT 2013

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

	(Un-audited) September 30, 2013	(Audited) December 31, 2012
Note	----- (Rupees in '000) -----	
		Restated
ASSETS		
Cash and balances with treasury banks	58,564	63,387
Balances with other banks	83,813	38,636
Lendings to financial institutions	6 100,000	-
Investments	7 7,904,452	7,706,331
Advances	8 4,263,825	4,841,011
Other assets	407,155	424,720
Operating fixed assets	9 93,508	97,945
Deferred tax asset	10 287,781	293,577
	13,199,098	13,465,607
LIABILITIES		
Bills payable	-	-
Borrowings from financial institutions	11 5,110,947	5,880,572
Deposits and other accounts	12 4,363,524	4,088,500
Sub-ordinated loans	-	-
Liabilities against assets subject to finance leases	-	-
Other liabilities	13 460,978	352,526
Deferred tax liabilities	-	-
	9,935,449	10,321,598
NET ASSETS	3,263,649	3,144,009
REPRESENTED BY		
Share capital	14 6,141,780	6,141,780
Reserves	14 33,748	-
Accumulated losses	(2,854,429)	(2,989,420)
	3,321,099	3,152,360
Deficit on revaluation of assets - net of tax	(57,450)	(8,351)
	3,263,649	3,144,009
CONTINGENCIES AND COMMITMENTS	15	

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



Chief Financial Officer



Managing Director



Director



Managing Director

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

	Quarter ended September 30, 2013	Nine months ended September 30, 2013	Quarter ended September 30, 2012	Nine months ended September 30, 2012
Note	----- (Rupees in '000) -----			
	----- (Restated) -----			
Mark-up / return / interest earned	309,806	880,487	290,657	922,582
Mark-up / return / interest expensed	234,487	687,883	229,664	722,615
Net mark-up / interest income	75,319	192,604	60,993	199,967
(Reversal of provision) / provision against loans and advances - net	8.2 (11,135)	(73,403)	21,220	117,027
(Reversal of provision) / provision for diminution in value of investments - net	7.2.3 (154)	(15,098)	2,275	704,165
Bad debts written off directly	-	-	-	-
Reversal of provision against lendings to financial institutions	-	(3,756)	-	(3,756)
	(11,289)	(92,257)	23,495	817,436
Net mark-up / interest / income after provisions	86,608	284,861	37,498	(617,469)
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	1,069	15,891	755	2,315
Dividend income	12,036	36,100	1,430	8,266
Gain from trading in securities - net	16 33,899	110,855	23,981	95,970
Income from dealing in foreign currencies	-	-	-	-
Unrealised loss on revaluation of investments classified as held-for-trading	7.2.1 (15,328)	(18,425)	32	-
Other income	(629)	459	551	1,888
Total non mark-up / interest income	31,047	144,880	26,749	108,439
	117,655	429,741	64,247	(509,030)
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	95,547	245,563	66,827	202,283
Other provision / write off / (reversal) - net	1,390	(18,786)	35,616	325,702
Other charges	1,561	25,266	789	7,050
Total non mark-up / interest expenses	98,498	252,043	103,232	535,035
Share of loss on interest in joint venture	-	-	-	(32,856)
	19,157	177,698	(38,985)	(1,076,921)
Extra Ordinary / unusual items	-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION	19,157	177,698	(38,985)	(1,076,921)
Taxation - current	5,863	18,178	1,508	4,760
- prior year	-	(25,000)	-	-
- deferred	(4,303)	15,781	7,742	48,559
	17 (1,560)	8,959	9,250	53,319
PROFIT / (LOSS) AFTER TAXATION	17,597	168,739	(48,235)	(1,130,240)
Basic and diluted earnings / (loss) per share (Rupees)	18 28.65	274.74	(78.54)	(1,840.25)

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



Chief Financial Officer



Managing Director



Director



Managing Director

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

	Quarter ended September 30, 2013	Nine months ended September 30, 2013	Quarter ended September 30, 2012	Nine months ended September 30, 2012
	----- (Rupees in '000) -----			
	----- (Restated) -----			
Profit / (loss) after taxation	17,597	168,739	(48,235)	(1,130,240)
Other comprehensive income - net				
Actuarial gains / (losses) on defined benefit plans	-	-	(717)	(2,151)
Tax impact	-	-	-	-
	-	-	(717)	(2,151)
Total comprehensive income / (loss) for the period	<u>17,597</u>	<u>168,739</u>	<u>(48,952)</u>	<u>(1,132,391)</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.



Chief Financial Officer



Managing Director



Director



Managing Director

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

	September 30, 2013	September 30, 2012
	----- (Rupees in '000) -----	----- Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	177,698	(1,076,921)
Less: Dividend income	(36,100)	(8,266)
	<u>141,598</u>	<u>(1,085,187)</u>
Adjustments for non-cash charges:		
Depreciation	17,424	12,472
Amortisation	9	6
(Reversal of provision) / provision against non-performing loans and advances - net	(73,403)	117,027
Unrealised loss on revaluation of investments classified as held-for-trading	18,425	-
(Reversal of provision) / provision for diminution in the value of investments - net	(15,098)	704,165
Reversal of provision against lendings to financial institutions	(3,756)	(3,756)
Other (reversal of provisions) / provisions	(18,786)	325,702
Share of loss on interest in joint venture	-	32,856
Loss / (gain) on sale of operating fixed assets	78	(892)
	<u>(75,107)</u>	<u>1,187,580</u>
	66,491	102,393
(Increase) / decrease in operating assets:		
Lendings to financial institutions	3,756	203,756
Investments classified as held-for-trading	37,468	-
Advances	650,589	260,107
Other assets	61,908	77,191
	<u>753,721</u>	<u>541,054</u>
(Decrease) / increase in operating liabilities:		
Borrowings from financial institutions	(769,625)	(818,278)
Deposits and other accounts	275,024	245,795
Other liabilities	108,452	120,292
	<u>(386,149)</u>	<u>(452,191)</u>
	434,063	191,256
Income tax paid	(11,933)	(25,843)
Net cash inflow from operating activities	<u>422,130</u>	<u>165,413</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments - net	(298,000)	(103,040)
Dividends received	29,300	6,121
Operating fixed assets purchased	(14,850)	(26,256)
Sale proceeds of property and equipment disposed-off	1,774	2,169
Net cash outflow from investing activities	<u>(281,776)</u>	<u>(121,006)</u>
Increase in cash and cash equivalents	<u>140,354</u>	<u>44,407</u>
Cash and cash equivalents at beginning of the period	102,023	83,820
Cash and cash equivalents at end of the period	<u>242,377</u>	<u>128,227</u>

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



Chief Financial Officer



Director



Managing Director



Managing Director

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

	Issued, subscribed and paid-up capital	Capital reserve Statutory reserve	Revenue reserve Unappropriated profit / (loss)	Total
	----- (Rupees in '000) -----			
Balance as at January 01, 2012 (as per previously reported)	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)
Balance as at January 01, 2012 - Restated	6,141,780	474,801	(32,834)	6,583,747
Total comprehensive income for the nine months ended September 30, 2012 - Restated				
Loss for the period	-	-	(1,130,240)	(1,130,240)
Other comprehensive income for the period	-	-	(2,151)	(2,151)
	-	-	(1,132,391)	(1,132,391)
Transfer from statutory reserve - net	-	(474,801)	474,801	-
Balance as at September 30, 2012 - Restated	6,141,780	-	(690,424)	5,451,356
Total comprehensive income for the quarter ended December 31, 2012 - Restated				
Loss for the period	-	-	(2,298,279)	(2,298,279)
Other comprehensive income for the period	-	-	(717)	(717)
	-	-	(2,298,996)	(2,298,996)
Transfer to statutory reserve	-	-	-	-
Balance as at December 31, 2012 - Restated	6,141,780	-	(2,989,420)	3,152,360
Total comprehensive income for the nine months ended September 30, 2013				
Profit for the period	-	-	168,739	168,739
Other comprehensive income for the period	-	-	-	-
	-	-	168,739	168,739
Transfer to statutory reserve	-	33,748	(33,748)	-
Balance as at September 30, 2013	<u>6,141,780</u>	<u>33,748</u>	<u>(2,854,429)</u>	<u>3,321,099</u>

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



Chief Financial Officer



Managing Director



Director



Managing Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 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 interalia includes the promotion of economic growth of Pakistan through industrial development, to undertake other feasible business and to establish and acquire companies to conduct various businesses as may be decided from time to time. The Company is designated as a Development Financial Institution (DFI) under the BPD Circular No. 35 dated 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 September 30, 2013 amounted to Rs.3.287 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.

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. Moreover, 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.

In light of the above explained decisions and timelines, necessary work and follow up by the management is currently underway with a target to complete the capital injection process till December 31, 2013.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Company for the nine months ended September 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.

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.

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) September 30, 2013	(Audited) December 31, 2012
----- (Rupees in '000) -----			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Placements	6.1	147,068	50,824
Less: Provision against Placements		(47,068)	(50,824)
		<u>100,000</u>	<u>-</u>

- 6.1 The performing placement carries mark-up at rate of 9.35% per annum (December 31, 2012: Nil) and will mature on November 05, 2013.

	Held by Company	Given as collateral	Total
----- (Rupees in '000) -----			
7. INVESTMENTS			
Balance as at September 30, 2013 (Un-audited)	<u>3,946,666</u>	<u>3,957,786</u>	<u>7,904,452</u>
Balance as at December 31, 2012 (Audited)	<u>3,687,269</u>	<u>4,019,062</u>	<u>7,706,331</u>
Balance as at September 30, 2012 (Un-audited)	<u>4,016,383</u>	<u>1,649,208</u>	<u>5,665,591</u>

	Held by Company	Given as collateral	Total
----- (Rupees in '000) -----			
7.1 Investments by types			
Held-for-trading securities	37,633	-	37,633
Available-for-sale securities	5,075,864	3,963,361	9,039,225
Held-to-maturity securities	43,475	-	43,475
Investment in a joint venture Kamoki Energy Limited, a related party	404,867	-	404,867
	5,561,839	3,963,361	9,525,200
Less: Provision for diminution in value of investments	1,546,977	-	1,546,977
Investments (net of provisions)	<u>4,014,862</u>	<u>3,963,361</u>	<u>7,978,223</u>
Less: Deficit on revaluation of investments classified as			
- held-for-trading securities	(4,596)	-	(4,596)
- available-for-sale securities	(63,600)	(5,575)	(69,175)
Balance as at September 30, 2013	<u>3,946,666</u>	<u>3,957,786</u>	<u>7,904,452</u>

		(Un-audited) September 30, 2013	(Audited) December 31, 2012
		----- (Rupees in '000) -----	
7.2 Investments by segments	Note		
Federal government securities			
Market treasury bills		4,868,824	4,343,100
Pakistan investment bonds (PIBs)	7.2.f	503,296	564,077
Fully paid-up Ordinary shares / certificates			
Listed		1,012,914	697,057
Unlisted		108,341	162,341
Fully paid-up preference shares			
Listed		50,000	50,715
Unlisted - Kamoki Energy Limited (KEL), a related party	7.2.2	300,000	300,000
Term Finance Certificates (TFCs)			
Listed		323,463	450,857
Unlisted		1,584,232	1,398,559
Participation term certificates		7,913	7,913
Strategic investment in a joint venture			
Unlisted Ordinary shares			
Kamoki Energy Limited, a related party	7.2.2	404,867	404,867
Other investments			
Mutual fund units - listed		19,230	589,230
Sukuks - unlisted		306,558	338,134
Commercial paper - unlisted		35,562	-
Total investments		9,525,200	9,306,850
Less: Provision for diminution in value of investments in KEL:			
- Preference shares	7.2.2	(300,000)	(300,000)
- Ordinary shares (strategic investment)	7.2.2	(404,867)	(404,867)
Provision for diminution in value of other investments	7.2.3	(842,110)	(885,636)
		(1,546,977)	(1,590,503)
Investments (net of provisions)		7,978,223	7,716,347
Less: (Deficit) / surplus on revaluation of 'held-for-trading' securities		(4,596)	74
Deficit on revaluation of 'available-for-sale' securities		(69,175)	(10,090)
Total investments at market value		7,904,452	7,706,331

7.2.1 This amount includes the impact of unrealized deficit on revaluation of securities amounting to Rs.13.828 million which has been charged to profit and loss account while shifting of PIBs having face value of Rs.250 million from HFT to AFS category.

7.2.2 As at September 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 September 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:

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	39,703	(39,703)	-
Total funded exposure	2,200,260	(1,934,072)	266,188
As at December 31, 2012 (Audited)	2,186,557	(1,920,369)	266,188

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

7.2.3 Provision for diminution in value of investments

Opening balance	1,590,503	688,161
Charge for the period / year	5,644	1,287,682
Less: Reversal during the period / year	(20,742)	(52,972)
Net (reversal) / charge for the period / year	(15,098)	1,234,710
Add: Transfer in	-	80,400
Less: Reversal on disposal	(28,428)	(412,768)
Net reversal	(28,428)	(332,368)
Closing balance	1,546,977	1,590,503

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

Note

8. ADVANCES

In Pakistan

Loans	6,212,016	6,742,122
Net investment in finance lease	246,827	335,409
Consumer loans and advances	209,290	260,710
Staff loans	90,020	80,049
Long-term financing of export oriented projects - (LTF-EOP)	60,179	60,179
Long-term financing facility - (LTFF)	89,163	79,615
Advances - gross	6,907,495	7,558,084
Less: Provision against non-performing advances - specific provision	2,642,034	2,714,680
Provision for consumer loans and advances - general provision	1,636	2,393
	2,643,670	2,717,073
	4,263,825	4,841,011

- 8.1 Advances include amounts aggregating to Rs.3,217.507 (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	10,356	-	10,356	242	242
Doubtful	450,000	-	450,000	225,000	225,000
Loss	2,757,151	-	2,757,151	2,416,792	2,416,792
	<u>3,217,507</u>	<u>-</u>	<u>3,217,507</u>	<u>2,642,034</u>	<u>2,642,034</u>

- 8.2 Particulars of provision against non-performing advances:

	(Un-audited) September 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	9,390	-	9,390	1,821,085	-	1,821,085
Reversals	(82,036)	(757)	(82,793)	(66,978)	(1,459)	(68,437)
Net (reversals) / charge	(72,646)	(757)	(73,403)	1,754,107	(1,459)	1,752,648
Less: Amount written off	-	-	-	-	-	-
Closing balance	<u>2,642,034</u>	<u>1,636</u>	<u>2,643,670</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.25.029 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 (December 31, 2012: 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 (December 31, 2012: Rs.58.782 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.

	Note	(Un-audited)	(Audited)
		September 30, 2013	December 31, 2012
		(Rupees in '000)	
9. OPERATING FIXED ASSETS			
Capital work-in-progress		8,677	17,410
Property and equipment	9.1	82,997	80,487
Intangible assets	9.1	1,834	48
		<u>93,508</u>	<u>97,945</u>

- 9.1 Additions during the nine months period ended September 30, 2013 amounted to Rs.23.583 million (December 31, 2012: Rs.31.947 million) while disposals had a cost of Rs.7.187 million (December 31, 2012: Rs.6.532 million) and written down value of Rs.1.852 million (December 31, 2012: Rs.1.850 million).

	(Un-audited) September 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	(35,762)	(56,884)
Accelerated tax depreciation	(583)	(402)
Unrealised gain on Term Finance Certificates - held-for-trading	-	(7)
Deferred debits arising in respect of:		
Provision for compensated absences	2,823	2,403
Provision for advances, investments and other assets	104,003	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	5,161	-
	<u>276,057</u>	<u>291,838</u>
Deferred tax asset on surplus on revaluation of available-for-sale investments - net	<u>11,724</u>	<u>1,739</u>
	<u>287,781</u>	<u>293,577</u>

10.1 As at September 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.1,901.230 million (2012: Rs.2,012.692 million) and on unused tax losses for FY-2012 amounting to Rs.1,988 181 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) September 30, 2013	(Audited) December 31, 2012
	----- (Rupees in '000) -----	
11. BORROWINGS FROM FINANCIAL INSTITUTIONS		
Note	<u>5,110,947</u>	<u>5,880,572</u>

11.1 This includes an amount of Rs.624,500 million (December 31, 2012: Rs.749,550 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.

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

12. DEPOSITS AND OTHER ACCOUNTS**Customers**

Certificates of investment - (in local currency)

4,363,524	3,388,500
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Financial institutions

Certificates of investment - (in local currency)

-	700,000
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<u>4,363,524</u>	<u>4,088,500</u>
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13. OTHER LIABILITIES

This includes an amount of Rs.12.410 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

<u>(942)</u>	<u>5,782</u>
--------------	--------------

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

Impact on condensed interim profit and loss account

(Decrease) in service cost in profit and loss account

(942)	(244)
-------	-------

Tax impact *

-	-
---	---

<u>(942)</u>	<u>(244)</u>
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Increase in actuarial loss movements in other comprehensive income

-	2,151
---	-------

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

Impact on loss per share

-	0.40
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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 September 30, 2013, the Company has a shortfall of Rs.2.713 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).

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 (TY) 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 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 year, 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 TY-2009 and TY-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 recorded Rs. 25 million as prior year tax reversal as of June 30, 2013 which pertained to payment made in FY- 2010 against tax demand for TY-2008.

15.2 For TY-2011, the Commissioner Inland Revenue (CIR) had selected the case for audit under section 177 of ITO. Selection was challenged on the legal grounds. Moreover, on random balloting by the FBR for audit, the case of the Company was not selected for Audit. The department was however of the view that regardless of any balloting, Commissioner had inherent power to select the case for audit. Accordingly, Deputy Commissioner Inland Revenue (DCIR) vide order dated August 30, 2013 passed under section 122 (1) read with section 177 of ITO has issued the amended assessment order and raised a demand of Rs. 84.392 million for TY-2011. 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. During calendar / financial year 2012, refund claim of Rs.70.53 million was filed by the Company for the TY-2011 through a revised tax return. However, the said additional refund is/was not recognized following a prudent stance. Further, no provision has been made for the demand for TY-2011 as the Company has filed an appeal with CIR (A) on October 14, 2013 and hopeful of a favorable outcome on this matter considering the appellate history.

Commitments	Note	(Un-audited)	(Audited)
		September 30, 2013	December 31, 2012
		----- (Rupees in '000) -----	
15.3 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		-	200,000
Others	15.3.1	<u>860,616</u>	<u>859,064</u>
		<u>860,616</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 7.2.2).

(Un-audited) (Audited)
September 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

-	-
111,867	147,588
<u>111,867</u>	<u>147,588</u>

15.5 Commitments to extent credit

<u>528,756</u>	<u>291,504</u>
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15.6 Commitments for acquisition of operating fixed assets

<u>475</u>	<u>-</u>
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15.7 Unsettled investment transactions for:

Sale of market treasury bills

Sale of listed ordinary shares

Purchase of listed ordinary shares - net

-	497,317
-	178
13,555	-
<u>13,555</u>	<u>497,495</u>

16. GAIN FROM TRADING IN SECURITIES - NET

This includes loss from trading in government securities amounting to Rs.1.344 million (September 2012: Gain of Rs.13.063 million).

17. TAXATION

17.1 During the period, the Company has utilized unrecognized brought forward tax losses against the taxable income for the nine months period ended September 30, 2013. Therefore, minimum tax provision has been made in these condensed interim financial statements. For details of 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 made reversal of provision for taxation pertaining to tax year 2008, amounting to Rs.25 million.

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

	Quarter ended September 30, 2013	Nine months ended September 30, 2013	Quarter ended September 30, 2012	Nine months ended September 30, 2012
	----- (Rupees in '000) -----			
	----- (Restated) -----			
Profit / (loss) after taxation	<u>17,597</u>	<u>168,739</u>	<u>(48,235)</u>	<u>(1,130,240)</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 / (loss) per share	<u>28.65</u>	<u>274.74</u>	<u>(78.54)</u>	<u>(1,840.25)</u>

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) September 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) -----				
19.1 Balances										
Bank balance	-	-	-	58,505	-	-	-	-	63,297	-
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Placements / reverse repo made during the period	-	-	-	3,350,858	-	-	-	-	1,852,927	-
Placements / reverse repo matured during the period	-	-	-	(3,250,858)	-	-	-	-	(1,852,927)	-
Closing balance	-	-	-	100,000	-	-	-	-	-	-
Investments										
Opening balance	-	-	704,867	5,417,738	54,500	-	-	737,723	2,785,639	54,500
Investment made during the period	-	-	-	12,205,538	-	-	-	-	18,191,023	-
Investment redeemed / disposed off during the period	-	-	-	(11,889,371)	(54,000)	-	-	-	(15,558,924)	-
Share of loss	-	-	-	-	-	-	-	(32,856)	-	-
Closing balance	-	-	704,867	5,733,905	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	-	-	-	(33,726)	-	-	-	-	(4,331)	-

	(Un-audited)					(Audited)				
	September 30, 2013					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) -----				
Advances										
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	-	(5,268)	-	-	-	-	(21,064)	-	-	-
Closing balance	-	38,303	1,250,000	945,170	-	-	39,147	1,250,000	945,170	-
Provision held against advances	-	-	983,812	-	-	-	-	983,812	-	-
Other assets										
Mark-up receivable on term loan										
- Gross	-	649	502,111	73,106	-	-	221	387,206	65,934	-
- Suspended / provided	-	-	502,111	32,490	-	-	-	387,206	18,674	-
Other receivables	-	-	39,703	-	-	-	-	26,000	-	-
Other advances										
Opening	-	3,752	-	-	-	-	4,084	-	-	-
Additions during the period	-	8,494	-	-	-	-	3,947	-	-	-
Repaid during the period	-	(5,572)	-	-	-	-	(4,279)	-	-	-
Closing balance	-	6,674	-	-	-	-	3,752	-	-	-
Provision against other assets	-	-	39,703	-	-	-	-	26,000	-	-
Borrowings from financial Institutions										
Opening	-	-	-	1,802,385	-	-	-	-	2,398,496	-
Borrowings during the period	-	-	-	60,907,253	-	-	-	-	42,991,026	-
Settled during the period	-	-	-	(58,434,328)	-	-	-	-	(43,587,137)	-
Closing balance	-	-	-	4,275,310	-	-	-	-	1,802,385	-
Deposits and other accounts										
Opening balance	-	-	-	3,978,500	110,000	-	-	-	3,572,844	80,000
Additions during the period	-	-	-	3,745,500	370,000	-	-	-	7,047,254	450,000
Repayments during the period	-	-	-	(3,500,000)	(360,000)	-	-	-	(6,641,597)	(420,000)
Closing balance	-	-	-	4,224,000	120,000	-	-	-	3,978,500	110,000

	(Un-audited) September 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) -----				
Other liabilities										
Mark-up payable	-	-	-	340,500	1,246	-	-	-	193,023	1,180
Amount payable to retirement benefit funds (Restated) (refer note 5 & 13)	-	-	-	-	12,410	-	-	-	-	26,475
Others	-	-	1,008	-	-	-	-	1,008	-	-
	-	-	1,008	340,500	13,656	-	-	1,008	193,023	27,655
Contingencies and commitments										
Letter of guarantee	-	-	860,616	-	-	-	-	859,064	-	-
Unsettled investment transactions	-	-	-	2,444	-	-	-	-	497,317	-
Commitments to extend credit	-	8,500	-	-	-	-	-	-	-	-
	-	8,500	860,616	2,444	-	-	-	859,064	497,317	-

	(Un-audited) September 30, 2013					(Un-audited) September 30, 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
19.2 Transactions, income and expenses										
Mark-up / return / interest earned	-	543	-	391,878	-	-	1,604	-	327,484	400
Gain / (loss) from trading in securities	-	-	-	29,366	(14,600)	-	-	-	-	-
Dividend income	-	-	-	7,625	-	-	-	-	-	-
Mark-up / return / interest expensed	-	-	-	527,183	8,995	-	-	-	507,688	13,804
Contribution paid to defined contribution plan	-	-	-	-	3,578	-	-	-	-	2,579
Contribution paid to defined benefit plan	-	-	-	-	7,000	-	-	-	-	7,056
Non-executive directors' fee and remuneration	3,454	-	-	-	-	109	-	-	-	-
Remunerations	-	103,514	-	-	-	-	77,785	-	-	-
Share of loss	-	-	-	-	-	-	-	(32,856)	-	-

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

20. SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Un-audited) September 30, 2013			(Un-audited) September 30, 2012		
	Corporate finance	Retail banking	Total *	Corporate finance	Retail banking	Total
	----- (Rupees in '000) -----			----- (Restated) -----		
Total income	1,098,818	18,806	1,117,624	141,429	72,156	213,585
Total expenses	924,171	15,755	939,926	1,267,680	22,826	1,290,506
Net income	174,647	3,051	177,698	(1,126,251)	49,330	(1,076,921)
Segment assets (gross)	17,670,408	214,259	17,884,667	15,806,816	292,473	16,099,289
Segment non-performing loans	3,147,392	70,115	3,217,507	3,240,660	87,293	3,327,953
Segment provision required	4,639,572	45,997	4,685,569	2,702,025	46,747	2,748,772
Segment liabilities	9,775,949	159,500	9,935,449	7,883,452	196,396	8,079,848
Net assets	3,254,887	8,762	3,263,649	5,221,339	49,330	5,270,669
Segment return on net assets	7.15%	0.11%	7.26%	-28.76%	1.52%	-27.24%
Segment cost of funds (%)	8.43%	1.44%	9.87%	10.37%	2.20%	12.57%

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

21. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	58,564	122,153
Balances with other banks	83,813	6,074
Placements	100,000	-
	<u>242,377</u>	<u>128,227</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 25 OCT 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.



Chief Financial Officer



Managing Director



Director



Managing Director