FINANCIAL STATEMENTS
(UN - AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

PakLibya

PAK-LIBYA HOLDING COMPANY (PVT.) LTD.

Directors' Review

The Board of Directors (the Board) is pleased to present the condensed interim financial statements of Pak-Libya Holding Company (Pvt.) Limited (the Company) for the first quarter ended March 31, 2013 together with Directors' Review thereon.

Performance review

During the quarter under review, the Company managed to revert to profitability with profit after tax of Rs. 19.80 million (Q1-2012 (Restated): Rs. 102.14 million profit after tax) despite incurring losses in FY-2012. However, net mark-up income during the period was Rs. 42.54 million as compared to Rs. 110.47 million in the same period of the previous year. The decrease in profit is mainly attributable to low earning spreads and impacts of suspension of income on certain assets. Moreover, unlike last year's first quarter net gain on sale of securities amounting to Rs. 46.84 million, there was a net loss of Rs. 0.59 million during the quarter ended March 31, 2013. Overall main contributors towards profit during the quarter were dividend income and income from certain non-performing assets in the form of reversal of provisions and/or mark-up income recognition thereon.

The summarized financial results for the quarter are as follows:

(Rs in '000)

Description	**March 31, 2013**	**March 31, 2012 (Restated)+**
Profit before tax	32,624	130,862
Taxation	12,821	28,726
Profit after taxation	19,803	102,136
Earnings Per Share (Rs.)	32	166

+ Due to adoption of IAS-19 (revised)

The Company is short of statutory minimum paid-up capital requirement (MCR) by Rs. 2,832 million. The State Bank of Pakistan has granted exemption to the Company in meeting MCR till December 31, 2013.

Future prospects

The Company is focusing on all possible avenues for profitable operations of the Company including recoveries from existing troubled and non-performing assets. As per the Board approved plan, efforts for exit from KEL in best possible manner are underway. Moreover, necessary work is in progress to ensure completion of Rs. 4 billion rights issue transaction for increase in share capital of the Company. This increase in capital aims to comply with MCR, for risk absorption and for better future business prospects of the Company.

Finally, on behalf of the Board, we would like to express gratitude to our shareholders for their continued support and trust and to employees for their hard work and dedication.

For and on behalf of the Board

Khalid S.T. Benrjoba
Deputy Managing Director

Abid Aziz
Managing Director

April 30, 2013
Karachi

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	Note	(Un-audited) March 31, 2013	(Audited) December 31, 2012
		------- (Rupees in '000) -------	
			Restated
ASSETS			
Cash and balances with treasury banks		**82,630**	63,387
Balances with other banks		**54,032**	38,636
Lendings to financial institutions		**903,469**	-
Investments	6	**8,327,369**	7,706,331
Advances	7	**4,679,451**	4,841,011
Other assets		**423,463**	424,720
Operating fixed assets	8	**93,799**	97,945
Deferred tax assets		**284,043**	293,577
		14,848,256	13,465,607
LIABILITIES			
Bills payable		**-**	-
Borrowings from financial institutions	9	**6,588,171**	5,880,572
Deposits and other accounts	10	**4,814,000**	4,088,500
Sub-ordinated loans		**-**	-
Liabilities against assets subject to finance lease		**-**	-
Other liabilities	11	**295,764**	352,526
Deferred tax liabilities		**-**	-
		11,697,935	10,321,598
NET ASSETS		**3,150,321**	3,144,009
REPRESENTED BY			
Share capital	12	**6,141,780**	6,141,780
Reserves	12	**3,961**	-
Accumulated loss		**(2,973,578)**	(2,989,420)
		3,172,163	3,152,360
Deficit on revaluation of assets - net of tax		**(21,842)**	(8,351)
		3,150,321	3,144,009
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 23 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 FIRST QUARTER ENDED MARCH 31, 2013

	Note	Quarter ended March 31, 2013	Quarter ended March 31, 2012
		---------- (Rupees in '000) ----------	
			Restated
Mark-up / return / interest earned		**271,175**	366,343
Mark-up / return / interest expensed		**228,632**	255,877
Net mark-up / interest income		**42,543**	110,466
Reversal of provision against non-performing loans and advances - net	7.2	**(22,954)**	(749)
Reversal of provision for diminution in value of investments - net		**(16,348)**	(39,397)
Bad debts written off directly		-	-
Provision against lendings to financial institutions		**-**	-
		(39,302)	(40,146)
Net mark-up / interest / income after provisions		**81,845**	150,612
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		**-**	1,165
Dividend income		**20,127**	3,427
(Loss) / gain from trading in securities - net	14	**(593)**	46,844
Income from dealing in foreign currencies		**-**	-
Unrealised gain on revaluation of investments classified as held-for-trading		**1,375**	-
Other income		**669**	244
Total non mark-up / interest income		**21,578**	51,680
		103,423	202,292
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		**70,886**	64,297
Other provision / write off / (Reversals) - net		**(14,602)**	-
Other charges		**14,515**	4,464
Total non mark-up / interest expenses		**70,799**	68,761
Share of loss on interest in joint venture		**-**	(2,669)
		32,624	130,862
Extra Ordinary / unusual items		**-**	-
PROFIT BEFORE TAXATION		**32,624**	130,862
Taxation - current	15	**1,462**	3,846
- prior year		**-**	-
- deferred		**11,359**	24,880
		12,821	28,726
PROFIT AFTER TAXATION		**19,803**	102,136
Basic and diluted earnings per share (Rupees)	16	**32.24**	166.30

The annexed notes from 1 to 23 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 FIRST QUARTER ENDED MARCH 31, 2013

	Note	Quarter ended March 31, 2013	Quarter ended March 31, 2012
		----------- (Rupees in '000) -----------	
			Restated
Profit after taxation		**19,803**	102,136
Other comprehensive income - net			
Actuarial gains / (losses) on defined benefit plans	5	**-**	(717)
Income tax impact		**-**	-
		-	(717)
Total comprehensive income for the period - net		**19,803**	101,419

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 23 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 FIRST QUARTER ENDED MARCH 31, 2013

	Note	Quarter ended March 31, 2013	Quarter ended March 31, 2012
		------- (Rupees in '000) -------	
			Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**32,624**	130,862
Less: Dividend income		**(20,127)**	(3,427)
		12,497	127,435
Adjustments for non-cash charges:			
Depreciation		**5,007**	3,778
Amortisation		**4**	3
(Reversal of provision) against non-performing loans and advances - net		**(22,954)**	(749)
Unrealised gain on revaluation of investments classified as held-for-trading		**(1,375)**	-
(Reversal of provision) for diminution in the value of investments - net		**(16,348)**	(39,397)
(Reversal) / provision against lendings to financial institutions		**-**	-
Other provisions		**(14,602)**	-
Share of loss on interest in joint venture		**-**	2,669
Gain on sale of operating fixed assets		**(526)**	(81)
		(50,794)	(33,777)
		(38,297)	93,658
(Increase) / decrease in operating assets:			
Lendings to financial institutions		**(803,469)**	200,000
Investments classified as held-for-trading		**9,180**	-
Advances		**184,514**	96,320
Other assets		**34,977**	23,839
		(574,798)	320,159
(Decrease) / increase in operating liabilities:			
Borrowings from financial institutions		**707,599**	(1,118,167)
Deposits and other accounts		**725,500**	336,374
Other liabilities		**(56,762)**	(18,276)
		1,376,337	(800,069)
		763,242	(386,252)
Income tax paid		**(3,682)**	(4,000)
Net cash inflow / (outflow) from operating activities		**759,560**	(390,252)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investments - net		**(627,811)**	465,888
Dividends received		**3,229**	2,775
Strategic investment made during the period		**-**	-
Operating fixed assets purchased		**(928)**	(22,729)
Sale proceeds of property and equipment disposed-off		**589**	814
Net cash (outflow) / inflow from investing activities		**(624,921)**	446,748
Increase / (decrease) in cash and cash equivalents		**134,639**	56,496
Cash and cash equivalents at beginning of the period		**102,023**	83,820
Cash and cash equivalents at end of the period	19	**236,662**	140,316

The annexed notes from 1 to 23 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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2013

	Note	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 - Restated	5	6,141,780	474,801	(32,834)	6,583,747
Total comprehensive income / (loss) for the first quarter ended March 31, 2012 - Restated					
Profit for the period		-	-	102,136	102,136
Other comprehensive loss for the period	5	-	-	(717)	(717)
		-	-	101,419	101,419
Transfer to statutory reserve		-	20,427	(20,427)	-
Balance as at March 31, 2012 - Restated		6,141,780	495,228	48,158	6,685,166
Total comprehensive (loss) / income for the three quarters ended December 31, 2012 - Restated					
Loss for the period		-	-	(3,530,655)	(3,530,655)
Other comprehensive loss for the period	5	-	-	(2,151)	(2,151)
		-	-	(3,532,806)	(3,532,806)
Transfer from statutory reserve - net (balance)			(495,228)	495,228	-
Balance as at December 31, 2012 - Restated		6,141,780	-	(2,989,420)	3,152,360
Total comprehensive income / (loss) for the first quarter ended March 31, 2013					
Profit for the period		-	-	19,803	19,803
Other comprehensive income for the period		-	-	-	-
		-	-	19,803	19,803
Transfer to statutory reserve		-	3,961	(3,961)	-
Balance as at March 31, 2013		**6,141,780**	**3,961**	**(2,973,578)**	**3,172,163**

The annexed notes from 1 to 23 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 FIRST QUARTER ENDED MARCH 31, 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 March 31, 2013 amounted to Rs.3.168 billion (December 31, 2012 Restated: Rs.3.152 billion). The Company utilized available statutory capital reserves during FY-2012 persuant 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 necessary procedural work in this respect is currently underway.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the three months period ended March 31, 2013 have been prepared in accordance with the requirements of International Accounting Standard 34, 'Interim financial reporting', requirements of the Companies Ordinance, 1984 (the Ordinance) and the provisions of and directives issued by the State Bank of Pakistan (SBP). In case, the requirements differ, the requirements of the Ordinance or the directives of SBP shall prevail.

These condensed interim financial statements have been prepared on the format of the accounts and mode of disclosures prescribed by SBP through its BSD Circular letter No. 2 dated May 12, 2004.

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention, except for investments classified as 'available-for-sale' 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

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)

The significant changes to IAS 19 are as follows:

- 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.

The adoption of the IAS 19 (revised) resulted in restatement of prior year figures. The impact on condensed interim statement of financial position, profit and loss account and statement of comprehensive income, as disclosed in note 11, is based on actuarial valuation as of December 31, 2012.

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.

6. INVESTMENTS

	Held by Company	Given as collateral	Total
	----------------- (Rupees in '000)	-----------------	
Balance as at March 31, 2013 (Un-audited)	**4,796,352**	**3,531,017**	**8,327,369**
Balance as at December 31, 2012 (Audited)	3,687,269	4,019,062	7,706,331
Balance as at March 31, 2012 (Un-audited)	4,643,936	1,207,312	5,851,248
6.1 Investments by types			
Held-for-trading securities	65,921	-	65,921
Available-for-sale securities	5,908,809	3,535,084	9,443,893
Held-to-maturity securities	7,913	-	7,913
Strategic investment in a joint venture Kamoki Energy Limited - net	404,867	-	404,867
	6,387,510	3,535,084	9,922,594
Less: Provision for diminution in value of investments	(1,571,194)	-	(1,571,194)
Investments (net of provisions)	4,816,316	3,535,084	8,351,400
Less: Surplus / (Deficit) on revaluation of investments classified as			
- held-for-trading securities	1,375	-	1,375
- available-for-sale securities	(21,339)	(4,067)	(25,406)
Balance as at March 31, 2013	**4,796,352**	**3,531,017**	**8,327,369**

	Note	(Un-audited) March 31, 2013	(Audited) December 31, 2012
		------- (Rupees in '000) -------	
6.2 Investments by segments			
Federal government securities			
Market treasury bills		**4,268,536**	4,343,100
Pakistan investment bonds		**458,431**	564,077
Fully paid-up Ordinary shares / certificates			
Listed	6.2.2	**963,720**	697,057
Unlisted		**162,341**	162,341
Fully paid-up preference shares			
Listed		**50,715**	50,715
Unlisted - Kamoki Energy Limited (KEL)	6.2.1	**300,000**	300,000
Term Finance Certificates (TFCs)			
Listed		**345,853**	450,857
Unlisted *		**1,432,529**	1,398,559
Participation term certificates		**7,913**	7,913
Strategic Investment in joint venture - Kamoki Energy Limited			
Unlisted Ordinary shares - net	6.2.1	**404,867**	404,867
Other investments			
Mutual fund units - listed		**1,169,230**	589,230
Sukuks		**358,459**	338,134
Total investment		**9,922,594**	9,306,850
Less: Provision for diminution in value of investments in KEL:			
- Preference shares	6.2.1	**(300,000)**	(300,000)
- Ordinary shares (strategic investment)	6.2.1	**(404,867)**	(404,867)
Provision for diminution in value of investments	6.2.2	**(866,327)**	(885,636)
		(1,571,194)	(1,590,503)
Investments (net of provisions)		**8,351,400**	7,716,347
Less: Surplus on revaluation of 'held-for-trading' securities		**1,375**	74
Deficit on revaluation of 'available-for-sale' securities	6.2.2	**(25,406)**	(10,090)
Total investments at market value		**8,327,369**	7,706,331

* This includes over the counter (OTC) TFCs.

6.2.1 As at March 31, 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.

During the year 2012, a decision was announced by the Honorable Supreme Court of Pakistan (Court) on March 30, 2012 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 March 31, 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	Note	Book value before provision	Provision held	Book value after provision
		-------------- (Rupees in '000) --------------		
Preference shares	6.2.1.1	**300,000**	**(300,000)**	**-**
Ordinary shares	6.2.1.2	**404,867**	**(404,867)**	**-**
Term loan	6.2.1.3	**1,250,000**	**(983,812)**	**266,188**
Other assets - accrued income	6.2.1.4	**205,690**	**(205,690)**	**-**
Other assets - other receivables	6.2.1.5	**30,693**	**(30,693)**	**-**
Total funded exposure		**2,191,250**	**(1,925,062)**	**266,188**
As at December 31, 2012 (Audited)		2,186,557	(1,920,369)	266,188

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

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

6.2.1.3 This represents term loan extended to KEL against which 100% provisioning has been made after taking a reduced Forced Sale Value (FSV) benefit of Rs.266.188 million out of the available FSV benefit of Rs.438.342 million as of December 31, 2012, as allowed by SBP vide its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated December 26, 2012 (Refer note 7.2.1).

6.2.1.4 An amount of Rs.205.69 million represents mark-up receivable upto December 31, 2011 on term loan extended to KEL. 100% provision has been made against the same. Further, remaining suspended mark-up amounting to Rs.219.520 million has not been recognised by the Company.

6.2.1.5 This represents receivable on account of certain payments made by the Company on behalf of KEL, against which 100% provision has been made.

6.2.2 The Company has partially availed the relaxations allowed by SBP vide its letters OSED/SEU-05/041(01)-12/2218/2012 dated December 26, 2012 & BPRD/BRD-(Policy)/2013-1857 dated February 15, 2013 with respect to provisions for impairment against shares of Agritech Limited (AGL). These letters allowed staggard recognition of provisions against shares of AGL up till June 30, 2013 and December 31, 2013 respectively. The benefit availed against these allowed relaxations amount to Rs.3.50 million and Rs.1.53 million respectively as on March 31, 2013 (December 31, 2012: Nil) which has not been charged to profit and loss account and kept in "deficit on revaluation of available-for-sale securities". The benefits so availed will not be available for the distribution of cash or stock dividend to the shareholders.

	Note	(Un-audited) March 31, 2013	(Audited) December 31, 2012
		------- (Rupees in '000) -------	
7. ADVANCES			
In Pakistan			
Loans		**6,607,508**	6,742,122
Net investment in finance lease		**313,681**	335,409
Consumer loans and advances		**234,216**	260,710
Staff loans		**78,371**	80,049
Long-term financing of export oriented projects - (LTF-EOP)		**60,179**	60,179
Long-term financing facility (LTFF)		**79,615**	79,615
Advances - gross	7.1	**7,373,570**	7,558,084
Less: Provision against non-performing advances - specific provision	7.2	**2,692,041**	2,714,680
Provision for consumer finance - general provision	7.2	**2,078**	2,393
		2,694,119	2,717,073
		4,679,451	4,841,011

7.1 Advances include amounts aggregating to Rs.3,276.327 (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	**11,577**	**-**	**11,577**	**306**	**306**
Doubtful	**468,766**	**-**	**468,766**	**227,310**	**227,310**
Loss	**2,795,984**	**-**	**2,795,984**	**2,464,425**	**2,464,425**
	3,276,327	**-**	**3,276,327**	**2,692,041**	**2,692,041**

7.2 Particulars of provision against non-performing advances:

	(Un-audited) March 31, 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	**2,192**	**-**	**2,192**	1,821,085	-	1,821,085
Reversals	**(24,831)**	**(315)**	**(25,146)**	(66,978)	(1,459)	(68,437)
Net charge / (reversals)	**(22,639)**	**(315)**	**(22,954)**	1,754,107	(1,459)	1,752,648
Less: Amount written off	**-**	**-**	**-**	-	-	-
Closing balance	**2,692,041**	**2,078**	**2,694,119**	2,714,680	2,393	2,717,073

7.2.1 The provision against non-performing advances includes impact of forced sale value (FSV) benefit amounting to Rs.31.339 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), as allowed by the State Bank of Pakistan under Prudential Regulations for 'Consumer Financing' and 'Corporate/Commercial Banking'. The benefits realized through FSV usage are not available for the distribution of cash or stock dividend to the shareholders. Further, SBP in its letter no. OSED/SEU-05/041(01)-12/2218/2012 dated December 26, 2012, while allowing certain benefits, including FSV benefit for KEL, has also stipulated that no dividend, cash or kind, shall be paid out of the benefits realised through the relaxations allowed therein.

	Note	(Un-audited) March 31, 2013	(Audited) December 31, 2012
		(Rupees in '000)	
8. OPERATING FIXED ASSETS			
Capital work-in-progress		**17,410**	17,410
Property and equipment		**76,345**	80,487
Intangible assets		**44**	48
		93,799	97,945
9. BORROWINGS FROM FINANCIAL INSTITUTIONS	9.1	**6,588,171**	5,880,572

9.1 This includes an amount of Rs.749.40 million (December 2012: Rs.749.55 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.

10. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) March 31, 2013	(Audited) December 31, 2012
	------- (Rupees in '000) -------	
Customers		
Certificates of investment - (in local currency)	**4,269,000**	3,388,500
Financial institutions		
Certificates of investment - (in local currency)	**545,000**	700,000
	4,814,000	4,088,500

11. OTHER LIABILITIES

This includes an amount of Rs.13.463 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. The impact of restatement is mentioned below:

	Note	(Un-audited) March 31, 2013	(Audited) December 31, 2012
		------- (Rupees in '000) -------	
			Restated
Impact of adoption of IAS 19 (revised)			
Impact on condensed interim statement of financial position			
(Decrease) / increase in the defined benefit plan obligation	5	**(314)**	5,782

	Note	(Un-audited) March 31, 2013	(Un-audited) March 31, 2012
		------- (Rupees in '000) -------	
			Restated
Impact on condensed interim profit and loss account			
(Decrease) in service cost in profit and loss account	5	**(314)**	(81)
Income tax impact	5	**110**	-
		(204)	(81)
Increase in actuarial loss movements in other comprehensive income		**-**	717

Increase in actuarial loss movements in other comprehensive income as of January 01, 2012: Rs.3.239 million - net.

12. SHARE CAPITAL AND RESERVES

As of March 31, 2013, the Company has a shortfall of Rs.2.832 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). During FY-2012, the Company utilised available statutory capital reserves against accumulated losses in view of the shortfall in meeting the Minimum Capital Requirement faced by the Company, as allowed by SBP vide its letter number OSED/SEU-05/041(01)-12/2218/2012 dated December 26, 2012 (Refer note 1.2).

13. CONTINGENCIES AND COMMITMENTS

Contingencies

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 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 payable under section 124(4). Against the order of the CIR(A) in both the tax years second appeals were filed before the Inland Revenue Appellate Tribunal (IRAT), Karachi. Meanwhile tax department issued the refund adjustment memos to adjust the tax demands of tax year 2009 & 2010 from the refund claims of tax year 2011 and tax year 2012. Recently IRAT-Karachi vide its order dated 20-2-2013 in the appeals filed by the Company for tax years 2009 & 2010 as well for tax years 2004, 2005, 2006 & 2008 decided the issues of loans and advances written-off, apportionment of expenditures and loans to executives/officers in favor of the Company as applicable to the respective tax year(s). Based on this decision of IRAT, un-adjusted brought forward losses of preceding tax years have risen which result in ‘Nil’ additional tax liability for TY-2009 and TY-2010. Based on this status, the above referred tax demands for TY-2009 and 2010 have been excluded from contingent liabilities as advised by the tax advisor of the Company.

For tax year 2011, the Commissioner Inland Revenue (CIR) selected the case for audit under section 177 of the Income Tax Ordinance, 2001. Selection has been challenged on the legal grounds. However, on random balloting by the FBR for audit, the case of Company has not been selected. 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 still to be resolved. 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 considering (a) viability or otherwise of the audit proceeding and (b) that on the similar pattern as adopted in the preceding years by the Additional Commissioner may invoke section 122(5A) of the ITO.

	Note	(Un-audited) March 31, 2013	(Audited) December 31, 2012
		------- (Rupees in '000) -------	
Commitments			
13.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		**200,000**	200,000
Others	13.1.1	**859,286**	859,064
		1,059,286	1,059,064

13.1.1 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 guarantee remained inoperative. Consequently, as per the opinion of the legal advisor, there cannot be any exposure of the Company under the same (Refer note 6.2.1).

13.2 Trade - related contingent liabilities		
Contingent liabilities in respect of letters of credit favouring:		
Government	**-**	-
Others	**147,588**	147,588
	147,588	147,588
13.3 Commitments to extent credit	**338,000**	291,504
13.4 Unsettled investment transactions for:		
Sale of market treasury bills	**-**	497,317
Sale of listed ordinary shares	**-**	178
	-	497,495
Purchase of unlisted term finance certificates	**52,338**	-

14. (LOSS) / GAIN FROM TRADING IN SECURITIES - NET

This includes (loss) / gain from trading in government securities amounting to Rs.(0.887) million (March 2012: Rs. 1.860 million).

15. TAXATION

During the period, the Company has utilized unrecognized brought forward tax losses against the taxable income for the quarter ended March 31, 2013. Therefore, minimum tax provision has been made in these condensed interim financial statements.

	Quarter ended March 31, 2013	Quarter ended March 31, 2012
	------- (Rupees in '000) -------	Restated
16. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	**19,803**	102,136
	----- (Number of shares) -----	
Weighted average number of Ordinary shares	**614,178**	614,178
	------------ (Rupees) ------------	
Earnings per share	**32.24**	166.30

17. 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) March 31, 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)				
17.1 Balances										
Bank balance	-	-	-	82,559	-	-	-	-	63,297	-
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Placements / reverse repo made during the period	-	-	-	395,000	-	-	-	-	1,852,927	-
Placements / reverse repo matured during the period	-	-	-	(295,000)	-	-	-	-	(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	-	-	-	1,830,390	-	-	-	-	18,191,023	-
Investment redeemed / disposed off during the period	-	-	-	(1,954,885)	-	-	-	-	(15,558,924)	-
Share of loss	-	-	-	-	-	-	-	(32,856)	-	-
Closing balance	-	-	704,867	5,293,243	54,500	-	-	704,867	5,417,738	54,500
Provision for diminution in value of investments	-	-	704,867	50,000	15,400	-	-	704,867	50,000	15,400
Deficit on revaluation of investments	-	-	-	(10,423)	-	-	-	-	(4,331)	-

	(Un-audited) March 31, 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)				
Advances										
Opening balance	-	39,147	1,250,000	945,170	-	-	43,565	1,250,000	945,170	-
Addition during the period	-	-	-	-	-	-	16,646	-	-	-
Repaid during the period	-	(1,444)	-	-	-	-	(21,064)	-	-	-
Closing balance	-	37,703	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	-	196	425,210	64,449	-	-	221	387,206	65,934	-
- Suspended / provided	-	-	425,210	23,429	-	-	-	387,206	18,674	-
Amount receivable from retirement benefit funds	-	-	-	-	894	-	-	-	-	-
Other receivables	-	-	30,697	-	-	-	-	26,000	-	-
Other advances										
Opening	-	3,752	-	-	-	-	4,084	-	-	-
Additions during the period	-	-	-	-	-	-	3,947	-	-	-
Repaid during the period	-	(1,035)	-	-	-	-	(4,279)	-	-	-
Closing balance	-	2,717	-	-	-	-	3,752	-	-	-
Provision against other assets	-	-	30,697	-	-	-	-	26,000	-	-
Borrowings from financial Institutions										
Opening	-	-	-	1,802,385	-	-	-	-	2,398,496	-
Borrowings during the period	-	-	-	12,045,533	-	-	-	-	42,991,026	-
Settled during the period	-	-	-	(11,627,585)	-	-	-	-	(43,587,137)	-
Closing balance	-	-	-	2,220,333	-	-	-	-	1,802,385	-
Deposits and other accounts										
Opening balance	-	-	-	3,978,500	110,000	-	-	-	3,572,844	80,000
Additions during the period	-	-	-	2,620,500	120,000	-	-	-	7,047,254	450,000
Repayments during the period	-	-	-	(2,050,000)	(110,000)	-	-	-	(6,641,597)	(420,000)
Closing balance	-	-	-	4,549,000	120,000	-	-	-	3,978,500	110,000

	(Un-audited) March 31, 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	**-**	**-**	**-**	**148,728**	**1,320**	-	-	-	193,023	1,180
Amount payable to retirement benefit funds **(Restated)**	**-**	**-**	**-**	**-**	**13,463**	-	-	-	-	26,475
Others	**-**	**-**	**1,008**	**-**	**-**	-	-	1,008	-	-
	-	**-**	**1,008**	**148,728**	**14,783**	-	-	1,008	193,023	27,655
Contingencies and commitments										
Letter of guarantee	**-**	**-**	**859,286**	**-**	**-**	-	-	859,064	-	-
Unsettled sale of investment transactions				**-**		-	-	-	497,317	-
	-	**-**	**859,286**	**-**	**-**	-	-	859,064	497,317	-

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

	(Un-audited) March 31, 2013					(Un-audited) March 31, 2012				
17.2 Transactions, income and expenses										
Mark-up / return / interest earned -net	**-**	**156**	**-**	**123,644**	**-**	-	401	47,202	113,354	360
Mark-up / return / interest expensed	**-**	**-**	**-**	**163,894**	**2,906**	-	-	-	184,160	3,012
Contribution paid to defined contribution plan	**-**	**-**	**-**	**-**	**1,024**	-	-	-	-	933
Contribution paid to defined benefit plan	**-**	**-**	**-**	**-**	**2,646**	-	-	-	-	2,364
Non-executive directors' fee and remuneration	**1,338**	**-**	**-**	**-**	**-**	72	-	-	-	-
Remunerations	**-**	**25,862**	**-**	**-**	**-**	-	32,476	-	-	-
Share of loss	**-**	**-**	**-**	**-**	**-**	-	-	(2,669)	-	-

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

18. SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Un-audited) March 31, 2013			(Un-audited) March 31, 2012		
	Corporate finance	Retail banking	Total	Corporate finance	Retail banking	Total
	(Rupees in '000)					
				(Restated)		
Total income	**318,569**	**13,486**	**332,055**	448,060	10,109	458,169
Total expenses	**293,984**	**5,447**	**299,431**	320,048	7,259	327,307
Net income	**24,585**	**8,039**	**32,624**	128,012	2,850	130,862
Segment assets (gross)	**19,325,645**	**241,048**	**19,566,693**	15,671,823	349,806	16,021,629
Segment non-performing loans	**3,203,956**	**72,371**	**3,276,327**	1,445,915	129,966	1,575,881
Segment provision required	**4,678,555**	**39,882**	**4,718,437**	1,650,970	91,260	1,742,230
Segment liabilities	**11,512,074**	**185,861**	**11,697,935**	7,480,303	250,233	7,730,536
Net assets	**3,135,016**	**15,305**	**3,150,321**	6,540,550	8,313	6,548,863
Segment return on net assets	**3.14%**	**1.02%**	**4.14%**	7.83%	0.16%	7.99%
Segment cost of funds (%)	**8.38%**	**1.56%**	**9.94%**	10.34%	2.32%	12.66%

19. CASH AND CASH EQUIVALENTS

	(Un-audited) March 31, 2013	(Un-audited) March 31, 2012
	(Rupees in '000)	
Cash and balances with treasury banks	**82,630**	75,207
Balances with other banks	**54,032**	65,109
Placements with financial institutions	**100,000**	-
	236,662	140,316

20. SUMMARY OF RECLASSIFICATIONS & RESTATEMENTS

20.1 Comparative information has been reclassified or rearranged in these condensed interim financial statements for the purposes of better presentation. Major reclassifications made are as follows:

Particulars	Component	Reclassified from	Reclassified to	(Rupees in '000)
Share of loss on interest in joint venture	Profit and loss account	Non mark-up / interest income	Share of loss on interest in joint venture	(2,669)

20.2 During the period, the Company adopted IAS 19 (Revised) and therefore certain amounts have been restated retrospectively. Accordingly, certain corresponding amounts shown in these condensed interim financial statements do not correspond to the annual audited financial statements for the year ended December 31, 2012 and condensed interim financial statements for the period ended March 31, 2012, which reflect adjustements made as detailed in note 5 & 11.

21. CREDIT RATING

In its latest rating announcement (June 2012), 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).

22. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 30,2013 by the Board of Directors of the Company.

23. GENERAL

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

Chief Financial Officer	**Managing Director**
Director	**Managing Director**