



PakLibya

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Directors' Review

The Board of Directors is pleased to present the accounts of Pak-Libya Holding Company (Pvt.) Limited for the first quarter ended March 31, 2012:

During the quarter under review, the economy of Pakistan continued to face challenges like fiscal weaknesses, unfavorable law and order situation, high government borrowings, energy shortages and high inflation. As a result of this, the general business and operating environment remained challenging for most of the business segments of the economy. However, despite these challenges, stock market during the first quarter of CY-2012 managed to show a tremendous recovery of 21.27% whereby KSE-100 index closed at 13761 as at the quarter ended March 31, 2012 mainly because of the announcement about the tax reforms for capital markets.

During this period, the management primarily focused on troubled and non-performing assets and reduction of stock market exposure at appropriate levels for overall improvement in asset quality and income stream.

The net profit after tax during the first quarter (Q1) ended March 31, 2012 was Rs.102 million as compared to Rs.32 million in Q1 of the corresponding year thereby registering a growth of 219%. Moreover, net mark up income during the quarter was Rs.110 million as compared to Rs.113 million in the same period of the previous year. Suspension of income on certain assets along with lower interest rate levels has contributed to this decrease. Further, the Company reversed a net provision of Rs.39 million against investments and also recognized net capital gain on trading of securities amounting to Rs. 47 million during the quarter under review.

The balance sheet footing as on March 31, 2012 was Rs. 14,279 million as compared to Rs.14,884 million on December 31, 2011.

The summarized financial results for the quarter are as follows:

Description	(Rs in '000)	
	Quarter ended March 31, 2012	Quarter ended March 31, 2011 (Restated)
Profit after taxation	102,055	31,996
Un-appropriated (loss)/profit brought forward	(29,595)	34,296
Accumulated profit	72,460	66,292
Transfer to statutory (compulsory) reserve (interim)	20,411	6,399
Basic Earnings Per Share (Rs.)	166	52

Kamoki Energy Limited

On March 30, 2012, the Honorable Supreme Court of Pakistan (Court) announced judgment on the matter of Human Rights case initiated by the Honorable Court against the Government of Pakistan by taking a Suo motu action w.r.t. the Rental Power Plants (RPPs). In this decision the Honorable Court has declared the contracts of all RPPs as *void ab initio* and rescinded the same. This event has therefore affected Kamoki Energy Limited (KEL) which is an RPP and a joint venture between Pak-Libya Holding Company (Pvt.) Limited and Tapal Family. In light of this event, the management has already taken number of steps and is currently in the process of making a strategy to safeguard KEL and interest/exposures of the Company in KEL and determination of the resulting financial impact, if any. The matter is being closely overseen by the Board as well and a positive outcome is expected as a result of the efforts being made by the management.

Company Outlook

In light of the challenging economic and business conditions, the Company will remain focused on generating profitable business by following a selective approach. Further, we feel that the positive outcome of the efforts of management towards Company's troubled and non-performing assets and strong risk management measures will play an important role in profitability of the Company. We are hopeful that efforts of the management in this respect will yield positive results for the Company. Moreover, Special Asset Management Unit of the Company is dedicatedly pursuing for recoveries from NPLs and producing results which can be a healthy source of income.

Acknowledgements

Finally, we would like to express gratitude to our shareholders that is, the State Bank of Pakistan (SBP) and the Libyan Foreign Investment Co. (LFICO) for their support & professional guidance. The Board also wishes to place on record our appreciation of the hard work and dedication of the management and all staff members of the Company.

For and on behalf of the Board

A handwritten signature in blue ink, consisting of a series of loops and strokes, positioned above the title of the signatory.

**Deputy Managing Director
& Managing Director (Acting)**

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012

	Note	March 31, 2012 Un-audited ---Rupees in '000---	December 31, 2011 Audited
ASSETS			
Cash and balances with treasury banks		75,207	42,643
Balances with other banks		65,109	41,177
Lendings to financial institutions		-	200,000
Investments	5	5,851,248	6,187,323
Advances	6	6,943,543	7,039,113
Other assets		877,523	900,555
Operating fixed assets	7	86,783	68,568
Deferred tax assets		379,986	404,497
		14,279,399	14,883,876
LIABILITIES			
Bills payable		-	-
Borrowings from financial institutions	8	3,419,304	4,537,471
Deposits and other accounts		3,989,218	3,652,844
Sub-ordinated loans		-	-
Liabilities against assets subject to finance leases		-	-
Deferred tax liabilities		-	-
Other liabilities		318,139	336,334
		7,726,661	8,526,649
NET ASSETS		6,552,738	6,357,227
REPRESENTED BY			
Share capital	9	6,141,780	6,141,780
Reserves		495,212	474,801
Un-appropriated profit/ (loss)		52,049	(29,595)
		6,689,041	6,586,986
Deficit on revaluation of available for sale securities - net of tax		(136,303)	(229,759)
		6,552,738	6,357,227
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes 1 to 18 form an integral part of this condensed interim financial report.

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

	Quarter ended March 31, 2012	(Re-stated) Quarter ended March 31, 2011
	-----Rupees in '000-----	
Mark-up/return/interest earned	366,343	429,685
Mark-up/return/interest expensed	255,877	316,285
Net mark-up/interest income	110,466	113,400
Reversal of provision against non-performing loans and advances	(749)	25,883
Reversal of provision for diminution in the value of investments	(39,397)	-
Bad debts written off directly	-	-
Reversal of provision against lendings to financial institutions	-	-
	(40,146)	25,883
Net mark-up/interest/ income after provisions	150,612	87,517
NON-MARK UP/INTEREST INCOME		
Fee, commission and brokerage income	1,165	3,807
Share of loss on interest in joint venture	(2,669)	(6,935)
Dividend income	3,427	4,167
Gain from trading in securities - net	46,844	8,214
Income from dealing in foreign currencies	-	-
Unrealised loss on revaluation of investments classified as held-for-trading	-	(1,700)
Other income	244	395
Total non-markup/ interest income	49,011	7,948
	199,623	95,465
NON-MARK UP/INTEREST EXPENSES		
Administrative expenses	64,378	56,779
Other provision/write off	-	-
Other charges	4,464	9,516
Total non-markup/interest expenses	68,842	66,295
	130,781	29,170
Extraordinary/unusual items	-	-
PROFIT BEFORE TAXATION	130,781	29,170
Taxation -current	3,846	32,836
-prior year	-	-
-deferred	24,880	(35,662)
	28,726	(2,826)
PROFIT AFTER TAXATION	102,055	31,996
Unappropriated/unremitted (loss)/profit brought forward	(29,595)	34,296
Profit available for appropriation/unremitted profit	72,460	66,292
Basic and diluted (loss)/ earnings per share	166	52

The annexed notes 1 to 18 form an integral part of this condensed interim financial report.

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

	Quarter ended March 31,	(Re-stated) Quarter ended March 31,
	2012	2011
	-----Rupees in 000-----	
Profit after taxation	102,055	31,996
Components of other comprehensive income not transferred to equity:		
Surplus/ (deficit) on revaluation of investments classified as 'available for sale'	93,085	(62,473)
Deferred tax on revaluation of investments classified as as 'available for sale'	371	(1,901)
	93,456	(64,374)
Total comprehensive income/ (loss) for the period	195,511	(32,378)

The annexed notes 1 to 18 form an integral part of this condensed interim financial report.

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

	March 31, 2012 -----Rupees in '000-----	(Re-stated) March 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	130,781	29,170
Less: Dividend income	(3,427)	(4,167)
	<u>127,354</u>	<u>25,003</u>
Adjustments for non-cash charges:		
Depreciation	3,778	6,321
Amortisation	3	-
Reversal of provision against non-performing loans and advances	(749)	25,883
Unrealised loss on revaluation of investments classified as held-for-trading	-	1,700
Reversal of provision for diminution in the value of investments	(39,397)	-
Reversal of provision against lendings to financial institutions	-	-
Charge of other provision/write off	-	-
Share of loss on interest in joint venture	2,669	6,935
Gain on sale of operating fixed assets	(81)	(65)
	<u>(33,777)</u>	<u>40,774</u>
	<u>93,577</u>	<u>65,777</u>
Decrease in operating assets:		
Lendings to financial institutions	200,000	473,781
Investments classified as held-for-trading	-	292,275
Advances	96,320	160,892
Other assets (excluding advance taxation)	23,839	37,560
	<u>320,159</u>	<u>964,508</u>
Decrease/ (Increase) in operating liabilities:		
Borrowings from financial institutions	(1,118,167)	350,506
Deposits and others accounts	336,374	(972,446)
Other liabilities (excluding current taxation)	(18,195)	77,249
	<u>(799,988)</u>	<u>(544,691)</u>
	<u>(386,252)</u>	<u>485,594</u>
Income tax paid	(4,000)	(96,620)
Net cash (outflow)/ inflow from operating activities	<u>(390,252)</u>	<u>388,974</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments	465,888	(385,440)
Dividends received	2,775	(5,799)
Strategic investment	-	-
Investments in operating fixed assets	(22,729)	(2,412)
Sale proceeds of property and equipment disposed-off	814	89
Net cash inflow/ (outflow) from investing activities	<u>446,748</u>	<u>(393,562)</u>
Increase/ (decrease) in cash and cash equivalents	<u>56,496</u>	<u>(4,588)</u>
Cash and cash equivalents at beginning of the period	83,820	112,837
Cash and cash equivalents at end of the period	<u><u>140,316</u></u>	<u><u>108,249</u></u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial report.

Director

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PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

		Capital reserves		Revenue reserves		
	Issued, subscribed and paid up capital	Statutory (compulsory) reserve	Reserve for issue of bonus shares	Reserve for contingencies	Unappropriated profit/ (loss)	Total
	-----Rupees in '000-----					
Balance as at January 1, 2011 (Re-stated)	6,141,780	474,801	-	-	34,296	6,650,877
Profit for the first quarter ended March 31, 2011 (Re-stated)	-	-	-	-	31,996	31,996
Transfer to statutory reserve (Re-stated)	-	6,399	-	-	(6,399)	-
Balance as at March 31, 2011 (Re-stated)	6,141,780	481,200	-	-	59,893	6,682,873
Loss after tax for the three quarters ended December 31, 2011	-	-	-	-	(95,887)	(95,887)
Transfer to statutory reserve		(6,399)			6,399	-
Balance as at December 31, 2011	6,141,780	474,801	-	-	(29,595)	6,586,986
Profit for the first quarter ended March 31, 2012	-	-	-	-	102,055	102,055
Transfer to statutory reserve	-	20,411	-	-	(20,411)	-
Balance as at March 31, 2012	6,141,780	495,212	-	-	52,049	6,689,041

Director

Director

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

1 STATUS AND NATURE OF BUSINESS

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.

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 centers located in Lahore and Islamabad.

2 STATEMENT OF COMPLIANCE

This condensed interim financial report of the Company for the three months period ended March 31, 2012 has 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.

This financial report has 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

This condensed interim financial report has been prepared under the historical cost convention except that certain investments have been stated at revalued amount in accordance with the directives of SBP and obligations in respect of certain staff retirement benefits which are carried at present value.

This condensed interim financial report is presented in Pak Rupees, which is the Company's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2011.

The basis of significant accounting estimates and judgments adopted in the preparation of this condensed interim financial report are the same as that applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2011.

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

5 INVESTMENTS

	Note	Held by company	Given as collateral	Total
		Rupees in '000		
Balance as at March 31, 2012 (Un-audited)		4,643,936	1,207,312	5,851,248
Balance as at December 31, 2011 (Audited)		4,063,595	2,123,728	6,187,323
5.1 Investment by types:				
Held-for-trading securities		-	-	-
Available-for-sale securities	5.1.3	4,798,613	1,218,211	6,016,824
Held-to-maturity securities		32,487	-	32,487
Investment in joint venture				
Strategic Investment - Kamoki Energy Limited	5.1.1	500,000	-	500,000
Investment at cost		5,331,100	1,218,211	6,549,311
Less: Share of loss on interest in joint venture	5.1.2	64,946	-	64,946
		5,266,154	1,218,211	6,484,365
Less: Provision for diminution in value of investment		488,253	-	488,253
Investments (net of provisions)		4,777,901	1,218,211	5,996,112
Less: Deficit on revaluation of investments classified as				
-Held-for-trading securities		-	-	-
-Available for sale securities		133,965	10,899	144,864
Balance as at March 31, 2012		4,643,936	1,207,312	5,851,248

5.1.1 This represents 50% shareholding in the ordinary shares of (Rs. 10 each) Kamoki Energy Limited (KEL) which is an unlisted company & a Rental Power Plant. It is a joint venture (50% - 50%) between Pak-Libya Holding Company (Pvt.) Limited (the Company) and Tapal family. This investment is held as a strategic investment in terms of the Prudential Regulations for Corporate/Commercial Banking issued by the State Bank of Pakistan. The Company has used equity method of valuation for this investment as per the applicable International Accounting Standards.

KEL could not commence its commercial operations due to delay in receipt of down payment from Northern Power Generation Company Limited (NPGCL)/Pakistan Electric Power Company (Private) Limited (PEPCO) as per the Rental Service Contract (RSC) between KEL and NPGCL. Earlier, NPGCL/PEPCO suggested certain amendments in the RSC in order to remove concerns of various entities. KEL consented to incorporate the suggested amendments in the RSC. Accordingly, NPGCL/PEPCO, through the Ministry of Water and Power had submitted the amended contract for approval of the Federal Cabinet. While it was expected that KEL will soon receive the advance payment, in the mean time, the decision has been 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 Honorable Court taking a Suo motu action. In this decision, all contracts of RPPs have been declared to be illegal and *void ab initio* and hence ordered to be rescinded. In light of this event, management of Pak-Libya Holding Company (Pvt.) Limited is in the process of devising a strategy to protect KEL and the interest/ exposure of the Company in KEL as well as for the determination of the resulting financial impacts on the Company, if any.

5.1.2 The share of loss on interest in joint venture has been incorporated based on the latest available un-audited financial statements of KEL for the period ended March 31, 2012.

5.1.3 These include preference shares amounting to Rs. 300 million (2011: Rs. 300 million) issued by KEL. The entire issue of preference shares of Rs. 300 million was subscribed by the Company.

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

		March 31, 2012 Un-audited ----- Rupees in '000 -----	December 31, 2011 Audited
	Note		
5.2	Investments by segments		
	<i>Federal government securities</i>		
	Market treasury bills	1,892,947	2,147,123
	Pakistan investment bonds	285,082	286,758
	<i>Fully paid-up ordinary shares/certificates</i>		
	Listed companies	952,001	1,202,023
	Unlisted companies	107,191	107,191
	<i>Fully paid-up preference shares</i>		
	Listed companies	53,300	53,300
	Unlisted preference shares - Kamoki Energy Limited	300,000	300,000
	5.1.1 & 5.1.3		
	<i>Term finance certificates (TFCs)</i>		
	Listed TFCs	453,883	520,013
	Unlisted TFCs	1,512,028	1,506,784
	<i>Participation term certificates</i>	7,913	7,913
	<i>Interest in joint venture</i>		
	Unlisted ordinary shares - Kamoki Energy Limited	500,000	500,000
	5.1.1		
	<i>Other investments</i>		
	Mutual fund units - listed	19,230	19,230
	Commercial paper - unlisted	24,574	23,750
	Sukuks	441,162	501,625
	Total investment at cost	6,549,311	7,175,710
	Less: Share of loss on interest in joint venture	(64,946)	(62,277)
	5.1.2		
	Less: Provision for diminution in value of investments	(488,253)	(688,161)
	Investments (net of provisions)	5,996,112	6,425,272
	Less: Deficit on revaluation of 'available for sale' securities	(144,864)	(237,949)
	Total investments at market value	5,851,248	6,187,323

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

		March 31, 2012 Un-audited ----- Rupees in '000 -----	December 31, 2011 Audited
6	ADVANCES		
	In Pakistan		
	Loans	6.1 7,079,997	7,213,639
	Net investment in finance lease	358,281	291,571
	Consumer loans and advances	320,407	357,584
	Staff loans	88,354	79,565
	Long term financing of export oriented projects	60,179	61,179
	Advances-gross	6.2 7,907,218	8,003,538
	Less: provision against non-performing advances - specific provision	6.3 960,568	960,573
	Less: provision for consumer finance - general provision	6.3 3,107	3,852
		963,675	964,425
		6,943,543	7,039,113

6.1 This includes a term loan amounting to Rs. 1,250 million (2011: Rs. 1,250 million) extended to Kamoki Energy Limited (also please refer note 5.1.1).

6.2 Advances include amounts aggregating to Rs.1,575.881 million (December 31, 2011: Rs. 1,566.090 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	12,420	-	12,420	488	488
Doubtful	50,967	-	50,967	24,634	24,634
Loss	1,512,494	-	1,512,494	935,446	935,446
	1,575,881	-	1,575,881	960,568	960,568

6.2.1 The provision against non-performing advances includes impact of forced sale value benefit amounting to Rs. 40.215 million (2011: Rs. 27.076 million) in respect of consumer financing as allowed by the State Bank of Pakistan vide its BSD Circular no. 1 dated October 21, 2011. These amount are not available for payment of cash or stock dividend.

6.3 Particulars of provision against non-performing advances :

	March 31, 2012 Un-audited			Dec 31, 2011 Audited		
	Specific	General	Total	Specific	General	Total
	-----Rupees in'000-----					
Opening balance	960,573	3,852	964,425	1,012,781	6,750	1,019,531
Charge for the period	632	-	632	39,588	-	39,588
Less: Reversals	(637)	(745)	(1,382)	(91,796)	(2,898)	(94,694)
Net reversals	(5)	(745)	(750)	(52,208)	(2,898)	(55,106)
Less: Amount written off	-	-	-	-	-	-
Closing balance	960,568	3,107	963,675	960,573	3,852	964,425

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

	March 31, 2012 Un-audited ----- Rupees in '000 -----	December 31, 2011 Audited
7 OPERATING FIXED ASSETS		
Property and equipment	67,478	67,622
Capital work-in-progress	19,249	886
Intangible assets	56	60
	<u>86,783</u>	<u>68,568</u>

- 8 This includes an amount of Rs. 749.70 million (2011: 749.85 million) being the balance amount of Privately Placed Term Finance Certificates (PPTFC) raised by the Company in February 2011. The PPTFC issue is currently held by banks, development financial institutions and provident funds.

9 SHARE CAPITAL

9.1 Authorized share capital

March 31, 2012 Un-audited No. of shares in '000	December 31, 2011 Audited	Note	March 31, 2012 Un-audited ----- Rupees in '000 -----	December 31, 2011 Audited
<u>800,000</u>	800,000	Ordinary shares of Rs. 10,000 each	<u>8,000,000</u>	8,000,000

9.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 10,000 each

	March 31, 2012 Un-audited			December 31, 2011 Audited			March 31, 2012 Un-audited ---Rupees in '000---	December 31, 2011 Audited
	Issued for cash	Issued as bonus shares	Total	Issued for cash	Issued as bonus shares	Total		
Opening	471,836	142,342	614,178	471,836	142,342	614,178	6,141,780	6,141,780
Shares issued during the period / year	-	-	-	-	-	-	-	-
	<u>471,836</u>	<u>142,342</u>	<u>614,178</u>	<u>471,836</u>	<u>142,342</u>	<u>614,178</u>	<u>6,141,780</u>	<u>6,141,780</u>

- 9.3 The State Bank of Pakistan (SBP) on behalf of the Government of Pakistan and Libyan Foreign Investment Company (LFICO) on behalf of the Government of the Socialist Peoples Libyan Arab Jamahiriya each held 307,089 (2011: 307,089) ordinary shares of the Company.

10 CONTINGENCIES AND COMMITMENTS

For tax years 2009 & 2010, the Additional Commissioner Inland Revenue (ACIR) has raised tax demands aggregating to Rs 361.582 million resulting mainly from disallowance against bad debts, proration of expenditure to exempt income and taxation of disposal of fixed assets and employee benefit costs etc. by which an increased business income of the Company has been assessed. The Company has filed appeals before the learned Commissioner Inland Revenue (Appeal) against these tax demands raised by ACIR. Further, the Company has obtained stay orders from the Honorable High Court of Sindh (the Court) for further payment of the taxes against these demands so raised by the tax department (i.e. in addition to part payment made in 2011). No provision has been made in the accounts against these tax demands as the tax consultant and the Company believe that overall outcome of these matters is most likely to be in favor of the Company.

PAK-LIBYA HOLDING COMPANY (PRIVATE) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2012

For Tax Year 2011, the Commissioner Inland Revenue (CIR) selected the case for audit under section 177 of the Income Tax Ordinance, 2001 against which the Company, through its tax consultant has filed a request for withdrawal of audit proceedings on the grounds that the CIR is not empowered to select a case for audit proceedings as such the decision falls in the ambit of the Federal Board of Revenue.

Federal Board of Revenue		March 31, 2012	December 31, 2011	
	Note	Un-audited ---Rupees in '000---	Audited	
Commitments				
10.1	Direct credit substitutes	10.1.1 & 10.1.2	<u>1,057,881</u>	<u>1,057,715</u>
10.1.1	This includes an amount of Rs. 200 million (2011: Rs. 200 million) utilized under guarantee issued in favor of the Government of Pakistan.			
10.1.2	This includes an amount of Rs. 857.881 million (2011: Rs. 857.715 million) in form of guarantee issued on behalf of Kamoki Energy Limited (also refer note 5.1.1).			
	- Undisbursed sanctions for financial assistance in the form of loans and advances, term finance certificates and leases	10.1.3	<u>253,250</u>	<u>202,000</u>
	- Unsettled sale of shares		<u>13,533</u>	<u>-</u>
	- Letter of credit (LC's)		<u>183,301</u>	<u>186,560</u>
	- The Company has entered into an agreement to sell the non-banking assets acquired in settlement of claims having cost of Rs. 216.988 million at an agreed sale price at various dates.			
10.1.3	This includes an amount of Rs. 2 million (2011: Rs. 2 million) with respect to Kamoki Energy Limited (also refer note 5.1.1).			

11 BASIC AND DILUTED EARNINGS PER SHARE

		(Re-stated)	
		Quarter ended March 31,	Quarter ended March 31,
		2012	2011
		-----Rs in '000-----	
Profit after taxation		102,055	31,996
		Quarter ended March 31,	Quarter ended March 31,
		2012	2011
		Number of shares	
Weighted average number of ordinary shares		614,178	614,178
		Quarter ended March 31,	Quarter ended March 31,
		2012	2011
		-----Rupees-----	
Earnings per share		166	52

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12 SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Agency services	Commercial banking	Payment and settlement	Agency services	Total
----- Rupees in '000 -----										
THREE MONTHS ENDED MARCH 31, 2012										
Total income	445,391	-	10,109	-	-	-	-	-	-	455,500
Total expenses	317,460	-	7,259	-	-	-	-	-	-	324,719
Net income	127,931	-	2,850	-	-	-	-	-	-	130,781
Segment assets (gross)	15,671,823	-	349,806	-	-	-	-	-	-	16,021,629
Segment non performing loans	1,445,915	-	129,966	-	-	-	-	-	-	1,575,881
Segment provision required	1,650,970	-	91,260	-	-	-	-	-	-	1,742,230
Segment liabilities	7,476,428	-	250,233	-	-	-	-	-	-	7,726,661
Net assets	8,195,395	-	99,573	-	-	-	-	-	-	8,294,968
Segment return on net assets (ROA)%	6.24%	-	11.45%	-	-	-	-	-	-	6.31%
Segment cost of funds (%)	12.66%	-	12.66%	-	-	-	-	-	-	12.66%
THREE MONTHS ENDED MARCH 31, 2011 (RE-STATED)										
Total income	393,946	-	17,804	-	-	-	-	-	-	411,750
Total expenses	371,111	-	11,469	-	-	-	-	-	-	382,580
Net income	22,835	-	6,335	-	-	-	-	-	-	29,170
Segment assets (gross)	17,188,061	-	493,926	-	-	-	-	-	-	17,681,987
Segment non performing loans	1,681,015	-	128,036	-	-	-	-	-	-	1,809,051
Segment provision required	1,789,297	-	93,932	-	-	-	-	-	-	1,883,229
Segment liabilities	8,990,307	-	381,202	-	-	-	-	-	-	9,371,509
Net assets	8,197,754	-	112,724	-	-	-	-	-	-	8,310,478
Segment return on net assets (ROA)%	1.11%	-	22.48%	-	-	-	-	-	-	1.40%
Segment cost of funds (%)	13.75%	-	13.75%	-	-	-	-	-	-	13.75%

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13 RELATED PARTY TRANSACTIONS

The Company has related party relationship with its joint venture, companies with joint 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 on commercial terms and at market rates.

13.1 Transactions entered into with related parties are as follows:

	Quarter ended March Mar-31 2012	(Re-stated) Quarter ended Mar-31 2011
	-----Rupees in '000-----	
Advances / Investments		
Balance as at January 01	2,104,500	1,626,087
Addition during the period	-	78,573
Repayments during the period	-	(78)
Closing balance	2,104,500	1,704,582
Share of loss on interest in joint venture - closing balance	64,946	45,608
Provision for diminution in value of unlisted ordinary shares - closing balance	13,150	2,850
Borrowings / Deposits		
Balance as at January 01	1,877,804	1,160,237
Addition during the period	202,123	200,000
Repayments during the period	(660,809)	(236,398)
Closing balance	1,419,118	1,123,839
Non-Funded Commitments		
Balance as at January 01	857,715	855,904
Addition/FOREX gain during the period	166	1,079
Repayments during the period	-	-
Closing balance	857,881	856,983
13.2 Reimbursement of actual expenses incurred on behalf of a related party	1,942	1,866
13.3 Transactions, income and expenses		
<i>Expenses charged by:</i>		
Joint venture	-	-
Other related party	79,330	15,712
<i>Income from:</i>		
Joint venture	47,202	51,846
Other related party	360	7
13.4 Transactions with retirement benefit funds		
Defined contribution plan	934	942
Defined Benefit plan	2,352	1,332
13.5 Key management compensation		
Salaries benefits and other expenses	21,906	20,030
Non-executive director's remunerations	72	34
	21,978	20,064

The Executive Committee members are also entitled to usage of certain Company maintained assets as per their terms of employment.

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	Quarter ended March 31, 2012 -----Rupees in '000-----	Quarter ended March 31, 2011
13.6 Loans to key management personnel		
Balance as at January 01	41,146	37,396
Addition during the period	5,565	-
Repayments during the period	(3,427)	(1,752)
Closing balance	<u>43,284</u>	<u>35,644</u>
13.7 Mark-up received on loans to key management personnel	<u>378</u>	<u>727</u>
13.8 Bank Balance	<u>1,691</u>	<u>927</u>
13.9 Mark-up receivable on term loan		
Joint venture (refer note 6.1)	<u>252,892</u>	<u>90,668</u>
14 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	75,207	46,203
Balances with other banks	65,109	12,046
Placements	-	50,000
	<u>140,316</u>	<u>108,249</u>

15 CREDIT RATING

In its latest rating announcement (June-2011), the Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's credit rating of AA-(Double A Minus) in the long term and A1+(A One Plus) in the short term. Further, PACRA has assigned a rating of AA(Double A) to the secured privately placed term finance certificates issue of the Company.

16 RESTATEMENT OF PRIOR YEAR FIGURES (IAS - 8)

During the financial year ended December 31, 2011, the Company adopted equity method of accounting for its strategic investment in Kamoki Energy Limited (a 50-50% Joint Venture between Pak Libya Holding Company (Pvt.) Limited and Tapal family). Earlier, the said investment was being stated at cost less impairment, if any.

This change has been made for improved accounting and presentation of said investment by the Company. Pursuant to the requirements of IAS - 8 "Accounting Policies, Changes in accounting estimates and errors", the Company adopted this change retrospectively and therefore related prior period figures have been restated. The effect of recording this change is briefed as follows:

Particulars	Line item affected	Adjusted in year	Amount Rs. In '000
Share of loss on interest in Joint Venture	Share of loss on interest in Joint Venture (Line item added in P&L and Note on Investments)	2011	6,935
	Unappropriated profit as at January 1, 2011 (Statement of changes in equity)	2011	38,673

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17 GENERAL

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

18 DATE OF AUTHORISATION

This condensed interim financial report was authorized for issue on April 18, 2012 by the Board of Directors of the Company.

Director

Director