



KPMG Taseer Hadi & Co.
Chartered Accountants

**Pak Oman Investment Company
Limited**

**Unconsolidated Interim
Financial Statements**
For the period ended
30 June 2016



KPMG Taseer Hadi & Co.
Chartered Accountants
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Independent Auditors' Review Report to the Members of Pak Oman Investment Company Limited

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Pak Oman Investment Company Limited** ("the Company") as at 30 June 2016, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of the unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review.

Scope of Review

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

Conclusion

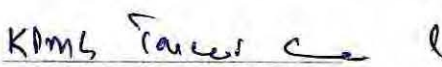
Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other Matters

The figures for the quarter ended 30 June 2016 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: 12 August 2016

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Pak Oman Investment Company Limited
 Unconsolidated Condensed Interim Statement of Financial Position
 As at 30 June 2016

30 June 2016	31 December 2015		Note	(Un-audited) 30 June 2016	(Audited) 31 December 2015
----- (US Dollars in '000) -----				----- (Rupees in '000) -----	
ASSETS					
597	894	Cash and balances with treasury banks		62,550	93,725
6,154	15,138	Balances with other banks		645,099	1,586,956
7,631	3,461	Lendings to financial institutions		800,000	362,824
163,834	134,244	Investments - net	7	17,175,405	14,073,356
137,648	95,324	Advances - net	8	14,430,253	9,993,263
902	785	Operating fixed assets	9	94,571	82,316
3,215	3,618	Deferred tax assets - net	10	337,086	379,314
4,968	5,942	Other assets		520,830	622,875
<u>324,949</u>	<u>259,406</u>			<u>34,065,794</u>	<u>27,194,629</u>
LIABILITIES					
-	-	Bills payable		-	-
187,488	138,117	Borrowings	11	19,655,147	14,479,440
52,726	38,249	Deposits and other accounts	12	5,527,496	4,009,860
-	-	Sub-ordinated loans		-	-
17	19	Liabilities against assets subject to finance lease		1,825	1,973
-	-	Deferred tax liabilities		-	-
5,775	5,135	Other liabilities		605,388	538,270
<u>246,006</u>	<u>181,520</u>			<u>25,789,856</u>	<u>19,029,543</u>
<u>78,943</u>	<u>77,886</u>			<u>8,275,938</u>	<u>8,165,086</u>
NET ASSETS					
REPRESENTED BY					
58,664	58,664	Share capital	13	6,150,000	6,150,000
8,926	8,044	Reserves		935,735	843,304
7,419	7,411	Unappropriated profit		777,774	776,899
<u>75,009</u>	<u>74,119</u>			<u>7,863,509</u>	<u>7,770,203</u>
3,934	3,767	Surplus on revaluation of assets - net of deferred tax	14	412,429	394,883
<u>78,943</u>	<u>77,886</u>			<u>8,275,938</u>	<u>8,165,086</u>
CONTINGENCIES AND COMMITMENTS					
15					

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial information.

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 Chief Financial Officer


 Managing Director
 and Chief Executive

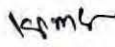

 Managing Director
 and Chief Executive


 Chairman

Pak Oman Investment Company Limited
 Unconsolidated Condensed Interim Profit and Loss Account (Un-Audited)
 For the half year ended 30 June 2016

Half year ended			Quarter ended		Half year ended	
30 June	30 June		30 June	30 June	30 June	30 June
2016	2015		2016	2015	2016	2015
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
10,715	11,099	Mark-up/return/interest earned	535,408	577,607	1,123,269	1,163,514
6,469	6,937	Mark-up/return/interest expensed	332,651	353,106	678,160	727,214
4,246	4,162	Net mark-up/ interest income	202,757	224,501	445,109	436,300
(1,002)	(526)	(Reversal) of provision against non-performing advance - net	(23,655)	(26,152)	(105,074)	(55,141)
190	(192)	Provision / (reversal) for diminution in the value of investments	18,853	(28,175)	19,945	(20,155)
-	-	Bad debts written off directly	-	-	-	-
(812)	(718)		(4,802)	(54,327)	(85,129)	(75,296)
5,058	4,880	Net mark-up/ interest income after provisions	207,559	278,828	530,238	511,596
		NON MARK-UP/INTEREST INCOME				
385	236	Fee, commission and brokerage income	24,569	19,416	40,390	24,767
498	484	Dividend income	38,190	35,457	52,213	50,691
-	-	Income from dealing in foreign currency	-	-	-	-
3,745	4,029	Gain on sale of securities	244,015	100,897	392,556	422,415
94	(218)	Unrealised gain / (loss) on revaluation of investments classified as 'held-for-trading' securities	(22,450)	(5,466)	9,811	(22,818)
19	18	Other income	1,956	1,514	1,956	1,889
4,741	4,549	Total non - mark up/interest income	286,280	151,818	496,926	476,944
9,799	9,429		493,839	430,646	1,027,164	988,540
		NON MARK-UP/INTEREST EXPENSES				
2,598	1,853	Administrative expenses	147,623	95,480	272,318	194,296
-	-	Other write offs / provisions	-	-	-	-
102	171	Other charges	4,979	8,843	10,683	17,930
2,700	2,024	Total non-mark up/interest expenses	152,602	104,323	283,001	212,226
7,099	7,405		341,237	326,323	744,163	776,314
-	-	Extra ordinary /unusual items	-	-	-	-
7,099	7,405	PROFIT BEFORE TAXATION	341,237	326,323	744,163	776,314
1,960	2,332	Taxation - current	115,363	87,099	205,440	244,467
370	226	- prior	38,746	23,718	38,746	23,718
361	550	- deferred	(8,264)	60,189	37,820	57,631
2,691	3,108		145,845	171,006	282,006	325,816
4,408	4,297	PROFIT AFTER TAXATION	195,392	155,317	462,157	450,498
----- US Dollar -----			----- (Rupees) -----			
0.0072	0.0070	Basic and diluted earnings per share	0.32	0.25	0.75	0.73

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial information.


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 Chief Financial Officer


 Managing Director
 and Chief Executive

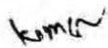
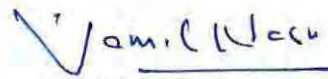

 Managing Director
 and Chief Executive


 Chairman

Pak Oman Investment Company Limited
 Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
 For the half year ended 30 June 2016

Half year ended			Quarter ended		Half year ended	
30 June	30 June		30 June	30 June	30 June	30 June
2016	2015		2016	2015	2016	2015
---(US Dollars in '000)---			----- (Rupees in '000) -----			
4,408	4,297	PROFIT AFTER TAXATION	195,392	155,317	462,157	450,498
		Other comprehensive income				
		Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
4,408	4,297	Comprehensive income transferred to equity	195,392	155,317	462,157	450,498
		Component of comprehensive income not transferred to equity				
93	789	Surplus / (deficit) on revaluation of 'available for sale' investments	(83,032)	(16,558)	9,760	82,692
(7)	158	Related tax impact	30,238	31,405	(705)	16,540
86	947		(52,794)	14,847	9,055	99,232
4,494	5,244	Total comprehensive income	142,598	170,164	471,212	549,730

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial information.



 Chief Financial Officer


 Managing Director
 and Chief Executive

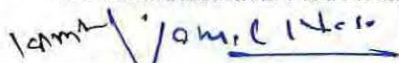

 Managing Director
 and Chief Executive


 Chairman


Pak Oman Investment Company Limited
 Unconsolidated Condensed Interim Cash Flow Statement (Un-Audited)
 For the half year ended 30 June 2016

30 June 2016 -----(US Dollars in '000)-----	30 June 2015		Note	30 June 2016 ------(Rupees in '000)-----	30 June 2015
CASH FLOW FROM OPERATING ACTIVITIES					
7,099	7,405	Profit before taxation		744,163	776,314
498	484	Less: Dividend income		52,213	50,691
<u>6,601</u>	<u>6,921</u>			<u>691,950</u>	<u>725,623</u>
Adjustments for non-cash charges					
139	89	Depreciation		14,591	9,297
-	1	Amortisation of intangible assets		41	100
(94)	218	Unrealised (gain) / loss on revaluation of investments classified as 'held-for-trading' securities		(9,811)	22,818
(19)	(18)	(Gain) on sale of fixed assets		(1,956)	(1,889)
(1,002)	(526)	(Reversal) of provision against non-performing advances		(105,074)	(55,141)
190	(192)	Provision / (reversal) for diminution in the value of investments		19,945	(20,155)
<u>(786)</u>	<u>(428)</u>			<u>(82,264)</u>	<u>(44,970)</u>
5,815	6,493			609,686	680,653
(Increase) / decrease in operating assets					
(4,170)	(14,805)	Lendings to financial institutions		(437,176)	(1,552,072)
(34,176)	(18,914)	Net Investments in held-for-trading securities		(3,582,823)	(1,982,879)
(41,322)	(18,374)	Advances		(4,331,916)	(1,926,203)
1,190	495	Other assets		124,803	51,900
<u>(78,478)</u>	<u>(51,598)</u>			<u>(8,227,112)</u>	<u>(5,409,254)</u>
Increase / (decrease) in operating liabilities					
49,370	34,455	Borrowings		5,175,707	3,612,113
14,477	(2,582)	Deposits and other accounts		1,517,636	(270,716)
215	(260)	Other liabilities		22,322	(27,196)
<u>64,062</u>	<u>31,613</u>			<u>6,715,665</u>	<u>3,314,201</u>
(8,601)	(13,492)			(901,761)	(1,414,400)
(1,718)	(1,249)	Income tax paid		(180,079)	(130,966)
<u>(10,319)</u>	<u>(14,741)</u>	Net cash (used in) operating activities		<u>(1,081,840)</u>	<u>(1,545,366)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
6,490	17,682	Net proceeds from / (investments in) available-for-sale securities		680,400	1,853,688
(954)	(2,194)	Investment in Subsidiary		(100,000)	(230,000)
(954)	(46)	Investment in associates		(100,000)	(4,858)
205	702	Dividend income received		21,472	73,554
(248)	(148)	Investments in operating fixed assets		(25,947)	(15,496)
19	21	Sale proceeds on sale of fixed assets disposed off		2,031	2,161
<u>4,558</u>	<u>16,017</u>	Net cash from investing activities		<u>477,956</u>	<u>1,679,049</u>
CASH FLOW FROM FINANCING ACTIVITIES					
(1)	(2)	Payment of lease obligation		(148)	(186)
(3,520)	(2,347)	Dividend paid		(369,000)	(246,000)
(3,521)	(2,349)	Net cash used in financing activities		(369,148)	(246,186)
<u>(9,282)</u>	<u>(1,073)</u>	(Decrease) in cash and cash equivalents		<u>(973,032)</u>	<u>(112,503)</u>
16,032	3,759	Cash and cash equivalents at beginning of the period		1,680,681	394,085
<u>6,750</u>	<u>2,686</u>	Cash and cash equivalents at the end of the period	20	<u>707,649</u>	<u>281,582</u>

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial information.


 Chief Financial Officer


 Managing Director
 and Chief Executive


 Managing Director
 and Chief Executive


 Chairman

Pak Oman Investment Company Limited
 Unconsolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
 For the half year ended 30 June 2016

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Total
		Statutory reserve	General reserve		
(Rupees in '000)					
Balance as at 01 January 2015	6,150,000	711,180	11,630	545,915	7,418,725
Total comprehensive income					
Net profit after tax for the half year ended 30 June 2015	-	-	-	450,498	450,498
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	450,498	450,498
Transfers					
Transfer to statutory reserve	-	90,100	-	(90,100)	-
Transaction with owners recognised directly in equity					
Dividend for the year ended 31 December 2014 (Re. 0.40 per share)	-	-	-	(246,000)	(246,000)
Balance as at 30 June 2015	6,150,000	801,280	11,630	660,313	7,623,223
Balance as at 01 January 2016	6,150,000	831,674	11,630	776,899	7,770,203
Total comprehensive income					
Net profit after tax for the half year ended 30 June 2016	-	-	-	462,157	462,157
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	462,157	462,157
Transfers					
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	149	149
Transfer to statutory reserve	-	92,431	-	(92,431)	-
Transaction with owners recognised directly in equity					
Dividend for the year ended 31 December 2015 (Re. 0.60 per share)	-	-	-	(369,000)	(369,000)
Balance as at 30 June 2016	6,150,000	924,105	11,630	777,774	7,863,509

The annexed notes from 1 to 24 form an integral part of this unconsolidated condensed interim financial information.

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 Chief Financial Officer


 Managing Director
 and Chief Executive


 Managing Director
 and Chief Executive


 Chairman

Pak Oman Investment Company Limited

Notes to the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the half year ended 30 June 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited (the Company) was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the Company was converted into a public limited company. It is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The Company's objectives inter alia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment bank. The registered office of the company is situated at 1st Floor, Tower A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Company is designated as a development financial institution (DFI) under BPD Circular No. 35 dated 28 October 2003 issued by the State Bank of Pakistan (SBP).

2. BASIS OF PREPARATION

The disclosures made in this unconsolidated condensed interim financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2015.

The US dollar amounts shown in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted into US Dollars at a rate of Rs.104.8344 = 1 US dollar for the half year ended 30 June 2016 and the corresponding period.

3. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Company have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – Interim Financial Reporting, provisions of the Companies Ordinance, 1984, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives shall prevail.

The SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Non Banking Financial Institutions in Pakistan vide BSD Circular Letter number 11 dated September 11, 2002, till further instructions. Further, according to the notification of SECP dated April 28, 2008, the International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' has not been made applicable for banks and NBFCs. Therefore, it is also not applicable on the Company as it follows the same format of reporting as made applicable on Banks by the SBP and accordingly, the requirements of this standard have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial information are consistent with those applied in preparation of financial statements for the year ended 31 December 2015 except for the following:

Non banking assets acquired in satisfaction of claims

Effective 1 January 2016, the Company has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated 1 January 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) and surplus on revaluation of assets would have been lower by Rs. 11.3 million and Rs. 8.49 million respectively while profit after tax and deferred tax assets - net would have been higher by Rs. 0.65 million and Rs. 3.3 million respectively.

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5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2015.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 31 December 2015.

7. INVESTMENTS - net

7.1 Investments by types

	30 June 2016 (Un-audited)			31 December 2015 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
----- (Rupees in '000) -----						
Held-for-trading securities						
Pakistan investment bonds	78,585	943,373	1,021,958	181,573	243,056	424,629
Ijara sukuk certificates	-	-	-	-	-	-
Market treasury bills (T-Bills)	75,778	3,369,432	3,445,210	247,051	215,250	462,301
Listed ordinary shares	113,290	-	113,290	110,705	-	110,705
	267,653	4,312,805	4,580,458	539,329	458,306	997,635
Available-for-sale securities						
Pakistan investment bonds	51,256	3,587,633	3,638,889	111,455	7,513,935	7,625,390
Market treasury bills (T-Bills)	502,849	3,408,840	3,911,689	74,201	144,555	218,756
Ijara sukuk certificates	46,000	-	46,000	300,000	-	300,000
Listed ordinary shares	559,856	-	559,856	682,716	-	682,716
Unlisted ordinary shares	121,333	226,000	347,333	121,333	226,000	347,333
Sukuk certificates	1,214,985	-	1,214,985	966,619	-	966,619
Term finance certificates (TFCs)	1,960,125	-	1,960,125	2,233,215	-	2,233,215
	4,456,404	7,222,473	11,678,877	4,489,539	7,884,490	12,374,029
Associates						
Japan Power Generation Limited	51,921	70,726	122,647	51,921	70,726	122,647
Pak Oman Microfinance Bank Limited	384,708	-	384,708	384,708	-	384,708
Pak Oman Advantage Islamic Income Fund	165,025	-	165,025	65,025	-	65,025
Pak Oman Islamic Asset Allocation Fund	92,414	-	92,414	92,414	-	92,414
Pak Oman Advantage Asset Allocation Fund	84,078	-	84,078	84,078	-	84,078
Pak Oman Government Securities Fund	249,000	-	249,000	249,000	-	249,000
	1,027,146	70,726	1,097,872	927,146	70,726	997,872
Subsidiary						
Pak Oman Asset Management Company Limited	498,300	-	498,300	398,300	-	398,300
	6,249,503	11,606,004	17,855,507	6,354,314	8,413,522	14,767,836
Investments at cost						
Less: Provision for diminution in the value of investments	1,203,353	59,271	1,262,624	1,198,160	59,271	1,257,431
	5,046,150	11,546,733	16,592,883	5,156,154	8,354,251	13,510,405
Investments - net of provisions						
Gain / (loss) on revaluation of held-for-trading securities	(2,609)	5,877	3,268	(7,325)	782	(6,543)
Surplus on revaluation of available-for-sale securities	4,646	574,608	579,254	15,335	554,159	569,494
	5,048,187	12,127,218	17,175,405	5,164,164	8,909,192	14,073,356
Total investments at carrying value						

- 7.2 As per the terms of the Share Transfer and Debt Swap Agreement, Agritech Limited Shares shall be held by the respective trustees for the TFC issues in their names for and on behalf of TFC Holders who shall be the beneficial owners of the subject shares in proportion to their holdings. The Trustees for the TFC issue are authorised pursuant to shareholders investors agreement to hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer.

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	(Un-audited) 30 June 2016	(Audited) 31 December 2015
	----- (Rupees in '000) -----	
8. ADVANCES - net		
Loans in Pakistan	12,386,680	9,148,012
Margin Trading	585,379	-
Net investment in finance lease in Pakistan	2,267,582	1,759,713
Advances - gross	15,239,641	10,907,725
Less: Provision for non-performing advances	(809,388)	(914,462)
Advances - net of provision	14,430,253	9,993,263

8.1 Advances include amount aggregating Rs. 1,075.839 million (31 December 2015: Rs. 1,193.866 million), which have been placed under the non-performing status as detailed below:

Category of classification	30 June 2016 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	294,762	-	294,762	72,026	72,026
Doubtful	-	-	-	-	-
Loss	781,077	-	781,077	737,362	737,362
	1,075,839	-	1,075,839	809,388	809,388
	31 December 2015 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	310,823	-	310,823	75,135	75,135
Doubtful	-	-	-	-	-
Loss	883,043	-	883,043	839,327	839,327
	1,193,866	-	1,193,866	914,462	914,462

8.2 In accordance with BSD Circular No. 2 dated 27 January 2009 issued by the SBP, the Company has availed the benefit of FSV against the non-performing advances and term finance certificates. As of 30 June 2016, the Company has availed total accumulated FSV benefit amounting to Rs. 98.485 million (net of tax Rs. 68.939 million). Accordingly, accumulated profit of Rs. 68.939 million (net of transfer to statutory reserves Rs. 55.152 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Company as required by the aforementioned SBP directives.

8.3 Particulars of provision against non-performing advances

	Half year ended 30 June 2016 (Un-audited)			Year ended 31 December 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	914,462	-	914,462	893,914	-	893,914
Charge during the period / year	-	-	-	115,664	-	115,664
Reversal during the period / year	(105,074)	-	(105,074)	(95,116)	-	(95,116)
Net (Reversal) / charge	(105,074)	-	(105,074)	20,548	-	20,548
Less: Amounts written off during the period / year	-	-	-	-	-	-
Closing balance	809,388	-	809,388	914,462	-	914,462

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(Un-Audited)
Half year ended
30 June 2016 **30 June 2015**
 -----(Rupees in '000)-----

9. OPERATING FIXED ASSETS

During the period additions to operating fixed assets were as follows:

Owned

Office equipment	683	66
Computer equipment	257	1,156
Furniture and fixture	474	300
Vehicles	20,162	7,947
Capital work in progress	4,371	6,027
	<u>25,947</u>	<u>15,496</u>

During the period WDV of disposals from operating fixed assets were as follows:

Owned

Office equipment	-	138
Furniture and fixture	75	-
Vehicles	-	134
	<u>75</u>	<u>272</u>

(Un-Audited) (Audited)
30 June 2016 **31 December**
 2015
 -----(Rupees in '000)-----

10. DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	309,478	319,793
Amortisation of premium on federal government securities	6,765	7,281
Assets subject to finance leases	25	10
Accelerated tax depreciation allowances	1,530	204
Non-banking assets	305	-
Revaluation on investments classified as held-for-trading	(1,735)	720
Provision against non-performing loans and advances	242,816	283,483
	<u>559,184</u>	<u>611,491</u>

Less: Deferred tax liabilities arising in respect of:

Revaluation on investments classified as available-for-sale	(175,316)	(174,611)
Revaluation on non-banking assets	(3,639)	-
Dividend receivable	(7,495)	-
Net investment in finance leases	(35,648)	(57,566)
	<u>(222,098)</u>	<u>(232,177)</u>
	<u>337,086</u>	<u>379,314</u>

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		(Un-Audited) 30 June 2016	(Audited) 31 December 2015
		----- (Rupees in '000) -----	
11. BORROWINGS			
	<i>Note</i>		
Secured			
Borrowings from the State Bank of Pakistan:			
- Long term financing facility (LTFF)	11.1	184,165	226,709
- Financing facility for storage of agricultural produce (FFSAP)	11.1	8,359	10,031
Repurchase agreement borrowings	11.2	10,207,566	9,006,240
Long term borrowings	11.3	4,437,933	1,550,000
Short term running finance	11.4	356,789	187,460
		<u>15,194,812</u>	<u>10,980,440</u>
Unsecured			
Placements	11.5	1,350,000	799,000
Murabaha financing	11.6	3,110,335	2,700,000
		<u>19,655,147</u>	<u>14,479,440</u>

- 11.1** The Company has entered into agreements for financing with the SBP of long term finance for export oriented projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Company at the date of maturity of the finances by directly debiting the current account maintained by the Company with the SBP. The rate of return ranges from 6.25 to 10.10 percent per annum (2015: 6.25 to 10.10 percent per annum). These are repayable within 6 years (2015: 7 years).
- 11.2** The rate of return on these repurchase agreement borrowings, maturing in July 2016 (2015: January 2016), ranges between 5.86 to 6.25 (2015: 6.20 to 6.45) percent per annum. Securities having cost of Rs 16,535.219 million (2015: Rs 8,479.620 million) have been pledged against these borrowings.
- 11.3** The rate of return on these long-term borrowings ranges from 6.39 to 6.86 (2015: 6.83 to 7.54) percent per annum. The above facilities are secured against loan and advances receivable.
- 11.4** The rate of return on these short-term running finance facilities is three month KIBOR + 0.25% (2015: three month KIBOR + 0.25%). The above facility are secured against loan and advances receivable.
- 11.5** The rates of return on these placements, maturing in July 2016 to August 2016 (2015: January to February 2016) ranges between 6.25 to 6.60 (2015: 6.10 to 7) percent per annum.
- 11.6** The rates of return on these murabaha financing, maturing in July 2016 to February 2017 (2015: January 2016) ranges between 5.83 to 6.25 (2015: 6.25 to 6.35) percent per annum.

		(Un-Audited) 30 June 2016	(Audited) 31 December 2015
		----- (Rupees in '000) -----	
12. DEPOSITS AND OTHER ACCOUNTS			
Certificate of investments - remunerative (in local currency)			
Financial institutions		2,116,700	985,726
Others		3,410,796	3,024,134
		<u>5,527,496</u>	<u>4,009,860</u>

- 12.1** The rate of return on deposits maturing between July 2016 to July 2017 (2015: January 2016 to May 2017) is 6 to 12 (2015: 6.05 to 12) percent per annum.

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13. SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) 30 June 2016	(Audited) 31 December 2015		(Un-Audited) 30 June 2016	(Audited) 31 December 2015
----- (Number of shares) -----			----- (Rupees in '000) -----	
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>10,000,000</u>	<u>10,000,000</u>

13.2 Issued, subscribed and paid - up capital

<u>615,000,000</u>	<u>615,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,150,000</u>	<u>6,150,000</u>
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13.3 The Ministry of Finance on behalf of the Government of Pakistan and the Sultanate of Oman through its Ministry of Finance each holds 307,495,900 (2015: 307,495,900) ordinary shares of the Company, while 4,100 (2015: 4,100) ordinary shares each are held by the Secretary - Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.

14. SURPLUS ON REVALUATION OF ASSETS - net of deferred tax

Surplus / (deficit) on revaluation of available-for-sale securities - net of tax

Federal Government Securities

- Pakistan investment bonds	578,451	556,031
- Ijara sukuk certificates	363	3,390
- Treasury bills (T-Bills)	4,335	5
	<u>583,149</u>	<u>559,426</u>

Shares-listed	(10,265)	12,076
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Term Finance Certificates

- Listed	(1,579)	(3,491)
- Unlisted	3,091	4,414
	<u>1,512</u>	<u>923</u>

Sukuk certificates	<u>4,858</u>	<u>(2,931)</u>
	<u>579,254</u>	<u>569,494</u>

Deferred tax asset recognized	<u>(175,316)</u>	<u>(174,611)</u>
	<u>403,938</u>	<u>394,883</u>

Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Revaluation of fixed assets / non-banking assets during the period / year	12,343	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period - net of deferred tax	(149)	-
Related deferred tax liability on incremental depreciation charged during the period / year	(64)	-
	<u>12,130</u>	<u>-</u>

Less: Related deferred tax liability on:

- Revaluation of fixed assets / non-banking assets during the period / year	(3,703)	-
- Incremental depreciation charged during the period / year	64	-
	<u>(3,639)</u>	<u>-</u>
	<u>8,491</u>	<u>-</u>

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	<u>412,429</u>	<u>394,883</u>
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	(Un-Audited) 30 June 2016	(Audited) 31 December 2015
----- (Rupees in '000) -----		
15. CONTINGENCIES AND COMMITMENTS		
Pledge of shares on behalf of Japan Power Generation Limited - note 15.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited - note 15.2	226,000	226,000
Commitments for:		
Purchase of Government securities	628,506	-
Sale of government securities	518,699	-
Purchase of shares under put option	-	10,385
Commitments for loans and advances and net investment in finance leases	3,778,989	1,412,393
Commitments for operating fixed assets	5,000	5,000

15.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (31 December 2015: 17,622,878) having a cost of Rs. 70.726 million (31 December 2015: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.

15.2 Shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 (31 December 2015 : 22,600,000) having a cost of Rs.226 million (31 December 2015: Rs. 226 million) are pledged as security on behalf of Orient Power Company (Private) Limited (related party) against a syndicate finance facility obtained by Orient Power Company (Private) Limited (related party).

15.3 The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013 and 2015, wherein major issues raised by the authorities were related to applicability of Workers Welfare Fund (WWF), disallowance of allocation of common expenses and disallowance of losses claimed on early termination of leased assets. The Company's appeals are pending at various appellate forums. For the tax year 2005 and 2008, the Commissioner Inland Revenue (Appeals) [CIR(A)] has adjudicated that the proceeding initiated by the department under section 122(5A) for respective tax years were barred in time, thereby, the amended assessment order has been annulled. Thereafter, the department being aggravated by the CIR(A) decision, filed appeal before the Appellate Tribunal Inland Revenue for the respective tax years. Management estimates that sufficient provisions have been made and no further provision is required.

16. TAXATION - PRIOR

Finance Act, 2016 & 2015 imposed super tax at 3% on the taxable income for the tax year 2016 & tax year 2015 respectively for rehabilitation of temporarily displaced persons.

17. BASIC AND DILUTED EARNINGS PER SHARE (Un-Audited)

	Quarter ended		Half year ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Profit after taxation (Rupees in '000)	<u>195,392</u>	<u>155,317</u>	<u>462,157</u>	<u>450,498</u>
Weighted average number of ordinary shares (in '000)	<u>615,000</u>	<u>615,000</u>	<u>615,000</u>	<u>615,000</u>
Basic and diluted earnings per share (Rupee)	<u>0.32</u>	<u>0.25</u>	<u>0.75</u>	<u>0.73</u>

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18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

30 June 2016 (Un-audited)

	HFT	Available for sale	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value			Total
								Level 1	Level 2	Level 3	
(Rupees in '000)											
Financial assets measured at fair value											
- Investments											
Government Securities	4,475,466	8,179,727	-	-	-	-	12,655,193	-	12,655,193	-	12,655,193
Listed Term Finance Certificates	-	742,291	-	-	-	-	742,291	-	742,291	-	742,291
Unlisted Term Finance Certificates	-	573,456	-	-	-	-	573,456	-	573,456	-	573,456
Sukuk Certificates	-	1,045,962	-	-	-	-	1,045,962	-	1,045,962	-	1,045,962
Listed shares	108,260	471,322	-	-	-	-	579,582	579,582	-	-	579,582
- Associates											
Listed shares	-	-	-	-	19,864	-	19,864	121,935	-	-	121,935
Mutual funds	-	-	-	-	590,517	-	590,517	645,180	-	-	645,180
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	-	-	-	62,550	-	-	62,550	-	-	-	-
- Balances with other banks	-	-	-	645,099	-	-	645,099	-	-	-	-
- Lending to financial instruments	-	-	-	800,000	-	-	800,000	-	-	-	-
- Unlisted shares	-	242,907	-	-	-	-	242,907	-	-	-	-
- Associates - unlisted shares	-	-	-	-	384,708	-	384,708	-	-	-	-
- Subsidiary - unlisted shares	-	-	-	-	340,925	-	340,925	-	-	-	-
- Advances	-	-	-	14,430,253	-	-	14,430,253	-	-	-	-
- Other assets	-	-	-	-	462,971	-	462,971	-	-	-	-
	4,583,726	11,255,665	-	15,937,902	1,798,985	-	33,576,278	1,346,697	15,016,902	-	16,363,599
Financial liabilities not measured at fair value											
- Borrowings from financial institutions	-	-	-	-	-	19,655,147	19,655,147	-	-	-	-
- Deposits and other accounts	-	-	-	-	-	5,527,496	5,527,496	-	-	-	-
- Liabilities against assets subject to finance lease	-	-	-	-	-	1,825	1,825	-	-	-	-
- Other liabilities	-	-	-	-	-	560,592	560,592	-	-	-	-
	-	-	-	-	-	25,745,060	25,745,060	-	-	-	-
	4,583,726	11,255,665	-	15,937,902	1,798,985	(25,745,060)	7,831,218	1,346,697	15,016,902	-	16,363,599

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The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

31 December 2015 (Audited)

							Fair value				
	HFT	Available for sale	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)											
Financial assets measured at fair value											
- Investments											
Government Securities	888,567	8,703,572	-	-	-	-	9,592,139	-	9,592,139	-	9,592,139
Listed Term Finance Certificates	-	740,573	-	-	-	-	740,573	-	740,573	-	740,573
Unlisted Term Finance Certificates	-	847,675	-	-	-	-	847,675	-	847,675	-	847,675
Sukuk Certificates	-	789,807	-	-	-	-	789,807	-	789,807	-	789,807
Listed shares	102,525	621,716	-	-	-	-	724,241	724,241	-	-	724,241
- Associates											
Listed shares	-	-	-	-	19,864	-	19,864	121,018	-	-	121,018
Mutual funds	-	-	-	-	490,517	-	490,517	539,798	-	-	539,798
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	-	-	-	93,725	-	-	93,725	-	-	-	-
- Balances with other banks	-	-	-	1,586,956	-	-	1,586,956	-	-	-	-
- Lending to financial instruments	-	-	-	362,824	-	-	362,824	-	-	-	-
- Unlisted shares	-	242,907	-	-	-	-	242,907	-	-	-	-
- Associates - unlisted shares	-	-	-	-	384,708	-	384,708	-	-	-	-
- Subsidiary - unlisted shares	-	-	-	-	240,925	-	240,925	-	-	-	-
- Advances	-	-	-	9,993,263	-	-	9,993,263	-	-	-	-
- Other assets	-	-	-	-	561,036	-	561,036	-	-	-	-
	991,092	11,946,250	-	12,036,768	1,697,050	-	26,671,160	1,385,057	11,970,194	-	13,355,251
Financial liabilities not measured at fair value											
- Borrowings from financial institutions	-	-	-	-	-	14,479,440	14,479,440	-	-	-	-
- Deposits and other accounts	-	-	-	-	-	4,009,860	4,009,860	-	-	-	-
- Liabilities against assets subject to finance lease	-	-	-	-	-	1,973	1,973	-	-	-	-
- Other liabilities	-	-	-	-	-	529,309	529,309	-	-	-	-
	-	-	-	-	-	19,020,582	19,020,582	-	-	-	-
	991,092	11,946,250	-	12,036,768	1,697,050	(19,020,582)	7,650,578	1,385,057	11,970,194	-	13,355,251

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

18.1 The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or repriced over short term. Therefore their carrying amounts are reasonable approximation of fair value.

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19. SEGMENT ANALYSIS WITH RESPECT TO BUSINESS ACTIVITIES (Un-Audited)

19.1 The segment analysis with respect to business activities are as follows:

	Corporate Finance	Trading & Sales	Commercial Banking	Total
----- (Rupees in '000) -----				
Half year ended 30 June 2016 (Un-Audited)				
Total income	9,057	1,074,801	536,337	1,620,195
Total expense	(45,828)	(520,828)	(309,376)	(876,032)
Net income	<u>(36,771)</u>	<u>553,973</u>	<u>226,961</u>	<u>744,163</u>

**Half year ended 30 June
2016 (Un-Audited)**

Segment assets	-	19,804,723	14,261,071	34,065,794
Segment liabilities	-	14,781,501	11,008,355	25,789,856
Segment non-performing loans	-	-	1,075,839	1,075,839
Investment provided for	-	1,789,755	-	1,789,755
Segment provisions required	-	1,262,624	809,388	2,072,012
Segment return on net assets %	-	22.06%	13.96%	-
Segment return on assets (ROA) %	-	5.59%	3.18%	-
Segment cost of funds %	-	4.79%	4.84%	-

**Half year ended 30 June
2015 (Un-Audited)**

Total income	10,261	1,084,508	545,689	1,640,458
Total expense	(33,206)	(483,987)	(346,951)	(864,144)
Net income	<u>(22,945)</u>	<u>600,521</u>	<u>198,738</u>	<u>776,314</u>

**Half year ended 30 June
2015 (Un-Audited)**

Segment assets	-	15,623,787	11,446,273	27,070,060
Segment liabilities	-	10,704,453	8,349,706	19,054,159
Segment non-performing loans	-	-	930,806	930,806
Investment provided for	-	1,648,509	-	1,648,509
Segment provisions required	-	1,068,181	838,773	1,906,954
Segment return on net assets %	-	24.41%	12.84%	-
Segment return on assets (ROA) %	-	7.69%	3.47%	-
Segment cost of funds %	-	6.13%	6.28%	-

(Un-Audited)

Half year ended

30 June	30 June
2016	2015

----- (Rupees in '000) -----

20. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	62,550	115,493
Balances with other banks	645,099	166,089
	<u>707,649</u>	<u>281,582</u>

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21. RELATED PARTY TRANSACTIONS

21.1 The Company has related party relationship with its associates, subsidiary, employee benefit plans and its key management personnel (including their associates). The details of investments in subsidiary and associates are stated in note 7 to this unconsolidated condensed interim financial information.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation /terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Advances are given to employees as per the Company's Policy. Transactions with other related parties are carried out on commercial terms and as per market rates.

Related parties of the Company comprises of:

Subsidiary

- Pak Oman Asset Management Company Limited

Associates

- Japan Power Generation Limited
- Pak Oman Microfinance Bank Limited
- Pak Oman Advantage Islamic Income Fund
- Pak Oman Islamic Asset Allocation Fund
- Pak Oman Advantage Asset Allocation Fund
- Pak Oman Government Securities Fund

Key management Personnel

- All heads of departments
- Directors

Retirement benefit fund

- Defined benefit plan
- Defined contribution plan

Other related party

- Orient Power Company (Private) Limited

1/2/2011

21.2 Transactions between related parties during the period are as under:

Nature of related party transaction	(Un-Audited) 30 June 2016			(Audited) 31 December 2015				
	As at 1 January 2016	Given during the year	Repaid during the year	As at 30 June 2016	As at 1 January 2015	Given during the year	Repaid during the year	As at 31 December 2015
----- (Rupees in '000) -----								
Investments								
Subsidiary	398,300	100,000	-	498,300	168,300	230,000	-	398,300
Associates	997,872	100,000	-	1,097,872	1,099,342	193,500	(294,970)	997,872
Other related parties	226,000	-	-	226,000	226,000	-	-	226,000
	<u>1,622,172</u>	<u>200,000</u>	<u>-</u>	<u>1,822,172</u>	<u>1,493,642</u>	<u>423,500</u>	<u>(294,970)</u>	<u>1,622,172</u>
Advances								
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key Management personnel	49,225	4,497	(5,431)	48,291	49,859	19,973	(20,607)	49,225
Other related parties	182,429	-	(15,432)	166,997	210,454	-	(28,025)	182,429
	<u>299,854</u>	<u>4,497</u>	<u>(20,863)</u>	<u>283,488</u>	<u>328,513</u>	<u>19,973</u>	<u>(48,632)</u>	<u>299,854</u>
Deposits								
Associates	535,926	117,337	(308,563)	344,700	732,747	592,926	(789,747)	535,926
Key Management personnel	2,149	4,856	(5,093)	1,912	4,988	19,198	(22,037)	2,149
Retirement benefit funds	5,358	52,215	(28,928)	28,645	-	36,555	(31,197)	5,358
	<u>543,433</u>	<u>174,408</u>	<u>(342,584)</u>	<u>375,257</u>	<u>737,735</u>	<u>648,679</u>	<u>(842,981)</u>	<u>543,433</u>
						(Un-Audited) 30 June 2016	(Audited) 31 December 2015	
						----- (Rupees in '000) -----		
Dividend receivable from								
Associates						29,574	-	
Other payable								
Gratuity fund						-	8,961	
						(Un-Audited) Half year ended 30 June 2016	30 June 2015	
						----- (Rupees in '000) -----		
Mark-up income								
Key Management personnel						1,061	1,278	
Other related parties						8,239	12,917	
Dividend income								
Associates						29,574	27,109	
Other related party						-	-	
Other income								
Other related parties						-	-	
Mark-up expense on Deposits								
Associates						14,417	31,187	
Key Management personnel						61	299	
Retirement benefit funds						496	402	
Expenses for the period								
Remuneration to key management personnel						110,892	77,239	
Non-executive director's fee / remuneration						8,252	7,273	
Charge for defined contribution plan						8,756	7,130	
Charge for defined benefit plan						9,420	6,316	
Outright purchase of Government Securities								
Retirement benefit funds						275,794	147,724	
Outright sale of Government Securities								
Subsidiary						108,960	-	
Retirement benefit funds						274,176	170,789	
Capital gain on Government Securities								
Subsidiary						(73)	-	
Retirement benefit funds						7	60	
Capital gain on Mutual funds								
Associates						-	4,858	

LCMR

22. **CREDIT RATING**

The JCR VIS Credit Rating Company Limited has maintained the company's rating of AA+ (Double AA Plus) in the long term and A-1+ (A One Plus) for the short term.

23. **GENERAL**

Figures have been rounded off to the nearest rupee in thousand.

24. **DATE OF AUTHORISATION FOR ISSUE**

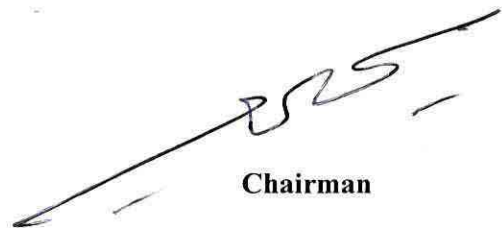
This unconsolidated condensed interim financial information was authorised on August 12, 2016 by the board of directors.

12/8/16


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman