

**PAK OMAN INVESTMENT
COMPANY LIMITED**

**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)**

**FOR THE PERIOD
ENDED 30 JUNE 2015**

Pak Oman Investment Company Limited
 Consolidated Condensed Interim Statement of Financial Position (Un-Audited)
 As at 30 June 2015


30 June 2015 -----(US Dollars in '000)----	31 December 2014		Note	30 June 2015 ------(Rupees in '000)-----	Restated 31 December 2014
ASSETS					
1,164	1,002	Cash and balances with treasury banks		118,446	102,021
14,817	9,638	Balances with other banks		1,508,037	980,986
21,038	6,034	Lendings to financial institutions		2,141,249	614,177
116,134	118,788	Investments -net	7	11,819,997	12,090,049
112,176	91,233	Advances -net	8	11,417,126	9,285,610
990	901	Operating fixed assets	9	100,733	91,694
3,155	3,579	Deferred tax assets -net	10	321,148	364,238
6,178	7,655	Other assets		628,805	779,122
275,652	238,830			28,055,541	24,307,897
LIABILITIES					
-	-	Bills payable		-	-
122,627	87,137	Borrowings	11	12,480,843	8,868,730
53,736	54,884	Deposits and other accounts	12	5,469,165	5,586,042
-	-	Sub-ordinated loans		-	-
3	5	Liabilities against assets subject to finance lease		302	488
-	-	Deferred tax liabilities		-	-
6,063	5,619	Other liabilities		617,003	571,910
182,429	147,645			18,567,313	15,027,170
93,223	91,185	NET ASSETS		9,488,228	9,280,727
REPRESENTED BY					
60,425	60,425	Share capital	13	6,150,000	6,150,000
7,987	7,102	Reserves		812,910	722,810
6,333	5,346	Unappropriated profit		644,607	544,142
74,745	72,873			7,607,517	7,416,952
14,627	15,448	Non controlling interest		1,488,753	1,572,266
89,372	88,321			9,096,270	8,989,218
3,851	2,864	Surplus on revaluation of assets - net of deferred tax	14	391,958	291,509
93,223	91,185			9,488,228	9,280,727
CONTINGENCIES AND COMMITMENTS 15					

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.


 Chief Financial Officer


 Managing Director
 and Chief Executive


 Managing Director
 and Chief Executive


 Chairman

Pak Oman Investment Company Limited
 Consolidated Condensed Interim Profit and Loss Account (Un-Audited)
 For the half year ended 30 June 2015

Half year ended			Quarter ended		Half year ended	
30 June 2015	30 June 2014		30 June 2015	Restated 30 June 2014	30 June 2015	Restated 30 June 2014
-----US Dollars in '000-----			-----Rupees in '000-----			
12,808	10,154	Mark-up/return/interest earned	718,273	575,312	1,303,631	1,033,429
7,148	5,866	Mark-up/return/interest expensed	353,354	319,752	727,465	596,999
5,660	4,288	Net mark-up/ interest income	364,919	255,560	576,166	436,430
(529)	(188)	Reversal of provision against non - performing advances	(24,592)	(24,097)	(53,836)	(19,115)
(169)	976	(Reversal) / provision for diminution in the value of investments	(26,695)	91,549	(17,167)	99,381
-	-	Bad debts written off directly	-	-	-	-
(698)	788		(51,287)	67,452	(71,003)	80,266
6,358	3,500	Net mark-up/ interest income after provisions:	416,206	188,108	647,169	356,164
NON MARK-UP/INTEREST INCOME						
412	233	Fee, commission and brokerage income	36,539	16,841	41,886	23,679
280	136	Dividend income	13,274	8,574	28,508	13,808
-	-	Income from dealing in foreign currency	-	-	-	-
4,341	587	Gain on sale of securities	125,148	25,586	441,808	59,772
(278)	32	Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading' securities	(10,914)	(3,785)	(28,266)	3,217
49	4	Other income	4,361	181	4,937	415
4,804	992	Total non -mark up/interest income	168,408	47,397	488,873	100,891
11,162	4,492		584,614	235,505	1,136,042	457,055
NON MARK-UP/INTEREST EXPENSES						
2,937	2,197	Administrative expenses	200,683	137,674	298,937	223,615
-	40	Other write offs / provisions	-	(1,560)	-	4,104
243	187	Other charges	15,656	13,342	24,743	18,882
3,180	2,424	Total non-mark up/interest expenses:	216,339	149,456	323,680	246,601
7,982	2,068		368,275	86,049	812,362	210,454
-	-	Extra ordinary /unusual items	-	-	-	-
7,982	2,068	PROFIT BEFORE TAXATION	368,275	86,049	812,362	210,454
2,444	780	Taxation - current	89,589	47,049	248,733	79,378
233	-	- prior	23,718	-	23,718	-
588	12	- deferred	55,636	(3,216)	59,870	1,204
3,265	792		168,943	43,833	332,321	80,582
4,717	1,276	PROFIT AFTER TAXATION	199,332	42,216	480,041	129,872
PROFIT ATTRIBUTABLE TO:						
4,453	1,120	Shareholders of the holding company	166,105	26,366	453,217	114,022
264	156	Non-controlling interest	33,227	15,850	26,824	15,850
4,717	1,276		199,332	42,216	480,041	129,872
----- US Dollar -----			----- Rupee -----			
US \$ 0.0072	US \$ 0.0018	Basic and diluted earnings per share	0.27	0.04	0.74	0.19

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.


 Chief Financial Officer


 Managing Director
 and Chief Executive


 Managing Director
 and Chief Executive


 Chairman

Pak Oman Investment Company Limited
 Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
 For the half year ended 30 June 2015

Half year ended			Quarter ended		Half year ended	
30 June 2015	30 June 2014		30 June 2015	Restated 30 June 2014	30 June 2015	Restated 30 June 2014
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
4,717	1,276	Profit after taxation	199,332	42,216	480,041	129,872
		Other comprehensive income				
-	-	Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
<u>4,717</u>	<u>1,276</u>		<u>199,332</u>	<u>42,216</u>	<u>480,041</u>	<u>129,872</u>
		Comprehensive income transferred to equity attributable to:				
4,453	1,120	Shareholders of the holding company	166,105	26,366	453,217	114,022
264	156	Non-controlling interest	33,227	15,850	26,824	15,850
<u>4,717</u>	<u>1,276</u>	Comprehensive income transferred to equity	<u>199,332</u>	<u>42,216</u>	<u>480,041</u>	<u>129,872</u>
		Component of comprehensive income not transferred to equity				
822	(544)	Surplus / (deficit) on revaluation of 'available for sale' investments	(16,905)	(93,025)	83,670	(55,414)
165	61	Related tax impact	31,405	27,971	16,779	6,221
987	(483)		14,500	(65,054)	100,449	(49,193)
<u>5,704</u>	<u>793</u>	Total comprehensive income	<u>213,832</u>	<u>(22,838)</u>	<u>580,490</u>	<u>80,679</u>

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.




Chief Financial Officer



Managing Director
and Chief Executive



Managing Director
and Chief Executive



Chairman

Pak Oman Investment Company Limited
 Consolidated Condensed Interim Cash Flow Statement (Un-Audited)
 For the half year ended 30 June 2015

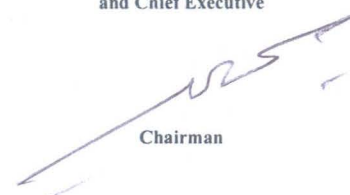
30 June 2015	30 June 2014		Note	30 June 2015	Restated 30 June 2014
----- (US Dollars in '000) -----				----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES					
7,982	2,068	Profit before taxation		812,362	210,454
280	136	Less: Dividend income		28,508	13,808
<u>7,702</u>	<u>1,932</u>			<u>783,854</u>	<u>196,646</u>
Adjustments for non-cash charges					
128	90	Depreciation		13,077	9,117
1	5	Amortisation of intangible assets		100	517
278	(32)	Unrealised (gain) / loss on revaluation of investments classified as 'held-for-trading'		28,266	(3,217)
(18)	(8)	Gain on sale of fixed assets		(1,827)	(847)
(529)	(188)	Reversal of provision against non-performing advances		(53,836)	(19,115)
(169)	976	(Reversal) / provision for diminution in the value of investments		(17,167)	99,381
<u>(309)</u>	<u>843</u>			<u>(31,387)</u>	<u>85,836</u>
<u>7,393</u>	<u>2,775</u>			<u>752,467</u>	<u>282,482</u>
(Increase) / decrease in operating assets					
(15,249)	942	Lendings to financial institutions		(1,552,072)	95,842
(14,850)	(23,635)	Net investments in held-for-trading securities		(1,511,459)	(2,405,491)
(20,414)	(437)	Advances		(2,077,680)	(44,460)
756	(2,829)	Other assets		76,927	(287,926)
<u>(49,757)</u>	<u>(25,959)</u>			<u>(5,064,284)</u>	<u>(2,642,035)</u>
Increase / (decrease) in operating liabilities					
-	-	Bills payable		-	-
35,490	55,723	Borrowings		3,612,113	5,671,449
(1,148)	1,629	Deposits and other accounts		(116,877)	165,757
(408)	86	Other liabilities		(41,599)	8,654
<u>33,934</u>	<u>57,438</u>			<u>3,453,637</u>	<u>5,845,860</u>
<u>(8,430)</u>	<u>34,254</u>			<u>(858,180)</u>	<u>3,486,307</u>
(1,329)	(1,318)	Income tax paid		(135,232)	(134,134)
<u>(9,759)</u>	<u>32,936</u>	Net cash (used in) / from operating activities		<u>(993,412)</u>	<u>3,352,173</u>
CASH FLOW FROM INVESTING ACTIVITIES					
18,217	(30,280)	Net proceeds from / (investments in) available-for-sale securities		1,854,081	(3,081,830)
505	124	Dividend received		51,371	12,608
(224)	(230)	Investments in operating fixed assets		(22,780)	(23,455)
23	11	Sale proceeds of property and equipment disposed-off		2,391	1,131
<u>18,521</u>	<u>(30,375)</u>	Net cash from / (used in) investing activities		<u>1,885,063</u>	<u>(3,091,546)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
(2)	(49)	Payment of lease obligation		(186)	(4,939)
(714)	(10)	Share of dividend attributable to non-controlling interest		(72,641)	(1,036)
(370)	(1,639)	Share of non-controlling interest		(37,696)	(166,798)
(164)	-	Payment against right issue expense		(16,652)	-
<u>(2,417)</u>	<u>(2,417)</u>	Dividend paid		<u>(246,000)</u>	<u>(246,000)</u>
<u>(3,667)</u>	<u>(4,115)</u>			<u>(373,175)</u>	<u>(418,773)</u>
5,095	(1,554)	Increase / (decrease) in cash and cash equivalents		518,476	(158,146)
10,886	14,408	Cash and cash equivalents at the beginning of the period		1,108,007	1,466,419
<u>15,981</u>	<u>12,854</u>	Cash and cash equivalents at the end of the period	19	<u>1,626,483</u>	<u>1,308,273</u>

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.


 Chief Financial Officer


 Managing Director
 and Chief Executive


 Managing Director
 and Chief Executive


 Chairman

Pak Oman Investment Company Limited
 Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
 For the half year ended 30 June 2015

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve				
(Rupees in '000)							
Balance as at 01 January 2014 - Restated	6,150,000	634,461	11,630	482,442	7,278,533	1,736,279	9,014,812
Total Comprehensive income							
Net profit after tax for the half year ended 30 June 2014	-	-	-	114,022	114,022	15,850	129,872
Other comprehensive income:	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	114,022	114,022	15,850	129,872
Transfers							
Transfer to statutory reserve	-	17,531	-	(17,531)	-	-	-
Transactions with owners recognised directly in equity							
Dividend for the year ended 31 December 2013 (Re 0.40 per share)	-	-	-	(246,000)	(246,000)	-	(246,000)
Share of dividend attributable to non - controlling interest	-	-	-	-	-	(1,036)	(1,036)
Decrease in share of non - controlling interest	-	-	-	-	-	(166,798)	(166,798)
Balance as at 30 June 2014 - Restated	6,150,000	651,992	11,630	332,933	7,146,555	1,584,295	8,730,850
Balance as at 01 January 2015 - Restated	6,150,000	711,180	11,630	544,142	7,416,952	1,572,266	8,989,218
Total Comprehensive income							
Net profit after tax for the half year ended 30 June 2015	-	-	-	453,217	453,217	26,824	480,041
Other comprehensive income:	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	453,217	453,217	26,824	480,041
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)	-	(246,000)
Share of dividend attributable to non - controlling interest	-	-	-	-	-	(72,641)	(72,641)
Decrease in share of non - controlling interest	-	-	-	-	-	(37,696)	(37,696)
Right issue expense	-	-	-	(16,652)	(16,652)	-	(16,652)
Balance as at 30 June 2015	6,150,000	801,280	11,630	644,607	7,607,517	1,488,753	9,096,270

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.


 Chief Financial Officer


 Managing Director
 and Chief Executive


 Managing Director
 and Chief Executive


 Chairman

Pak Oman Investment Company Limited
Notes to the Consolidated Condensed Interim Financial Information (Un-Audited)
For the half year ended 30 June 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

The Group is principally engaged in 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, asset management and investment advisory services. Brief profile of the holding company, its subsidiaries and associates are as follows:

1.1 Holding Company

Pak-Oman Investment Company Limited (the "holding company" or "POICL" or "parent") was incorporated as a private limited company on July 23, 2001. Subsequently, on March 17, 2004 the holding 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 objectives of the holding company 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. Its registered office is situated at 1st Floor, Tower A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The holding company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The holding company is designated as a development financial institution (DFI) under the BPD Circular Letter No. 35 dated October 28, 2003 issued by the State Bank of Pakistan (SBP).

1.2 The Group's Subsidiaries are as follows:

Entity	Country of incorporation	Nature of business	Holding %	
			30 June 2015	31 December 2015
Pak Oman Asset Management Company Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 on July 28, 2006 as an unlisted public limited company. The principal activities of the company are investment advisory and asset management services.	95.66	51.00
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in providing microfinance services to the poor and underserved segment of the society.	33.40	33.40
Pak Oman Advantage Fund *	Pakistan	Established as an closed-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	27.36	27.36
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	95.84	72.48
Pak Oman Islamic Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	99.96	99.74
Pak Oman Advantage Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	99.98	99.98
Pak Oman Government Securities Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	97.73	96.37

* Subsequent to period end investment in Pak Oman Advantage Fund was realized due to completion of the life of the Fund

1.3 The Group's Associates is as follows:

Japan Power Generation Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	19.59	19.59
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2 BASIS OF PRESENTATION AND CONSOLIDATION

2.1 Basis of presentation

2.1.1 This consolidated condensed interim financial information has been prepared from the information available in the unaudited unconsolidated condensed interim financial information of the holding company for the half year ended 30 June 2015, unaudited financial statements of Pak Oman Microfinance Bank for the half year ended 30 June 2015 and the unaudited financial statements of others subsidiaries and associates for the year ended 30 June 2015. The accounting policies used by subsidiaries and associates in preparation of their respective financial statements are consistent with that of the holding company except for the accounting policy for investments.

2.1.2 The disclosures made in this condensed interim consolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014.

2.1.3 The US dollar amounts shown in the consolidated condensed interim statement of financial position, consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted into US Dollar at a rate of Rs 101.7787 = US dollar 1 for the half year ended 30 June 2015 and the corresponding period.

3 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the half year ended 30 June 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting, provisions of the Companies Ordinance, 1984 and directives issued by 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 International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (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 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 standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2014. Standards which became effective during the period and related to financial statements of the group are summarized as below:

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IFRS 13 'Fair Value Measurements' became applicable from 1 January 2015, as notified by SECP.

IFRS 10 replaces the current guidance on consolidation in IAS 27 'Consolidated and Separate Financial Statements'. It introduces a single model of assessing control whereby an investor controls an investee when it has the power, exposure to variable returns and the ability to use its power to influence the returns of the investee. IFRS 10 also includes specific guidance on de facto control, protective rights and the determination of whether a decision maker is acting as principal or agent, all of which influence the assessment of control. In accordance with the application of provisions of IFRS 10, the Company reassessed the control conclusion for its investees at 1 January 2015. As a consequence, the group has changed its control conclusion in respect of its investment in the following subsidiaries which were previously accounted for as associates:

Pak Oman Microfinance Bank Limited
Pak Oman Advantage Fund
Pak Oman Advantage Islamic Income Fund
Pak Oman Islamic Asset Allocation fund
Pak Oman Advantage Asset Allocation Fund
Pak Oman Government Securities Fund

In accordance with the requirements of IAS 8 the above change has been accounted for as the change in accounting policy and comparatives have also been reclassified accordingly. As the subsidiaries and associates both are stated at cost less impairment, there is no impact on these financial statements.

IFRS 11 replaces IAS 31 'Interests in Joint Ventures'. It requires all joint ventures to be equity accounted thereby removing the option in IAS 31 for proportionate consolidation. It also removes the IAS 31 concept of jointly controlled assets. The Company does not have any interest in Joint venture.

IFRS 12 prescribes additional disclosures around significant judgments and assumptions made in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosures on the nature and risks associated with interests in unconsolidated structured entities. The Company will present the disclosures required by IFRS 12 in its financial statements for the year ending 31 December 2015.

IFRS 13 'Fair Value Measurement', which consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have a material impact on the financial statements of the Company.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2014.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2014.

	(Un-audited) 30 June 2015	(Un-audited) - Restated 31 December 2014
----- (Rupees in '000) -----		
8. ADVANCES - net		
Loans in Pakistan	10,573,071	8,907,436
Net investment in finance lease in Pakistan	1,686,931	1,275,198
Advances - gross	12,260,002	10,182,634
Less: Provision for non-performing advances		
General	(3,647)	(2,432)
Specific	(839,229)	(894,592)
	(842,876)	(897,024)
Advances - net of provision	11,417,126	9,285,610

8.1 Advances include amount aggregating Rs. 932.219 million (31 December 2014: Rs. 1,041.431 million), which have been placed under the non-performing status as detailed below:

Category of classification	30 June 2015 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
OAEM	341	-	341	-	-
Substandard	51,199	-	51,199	8,244	8,244
Doubtful	308	-	308	154	154
Loss	880,371	-	880,371	830,831	830,831
	932,219	-	932,219	839,229	839,229
	31 December 2014 (Un-audited) - Restated				
Category of	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
OAEM	2,132	-	2,132	-	-
Substandard	58,421	-	58,421	8,208	8,208
Doubtful	721	-	721	361	361
Loss	980,157	-	980,157	886,023	886,023
	1,041,431	-	1,041,431	894,592	894,592

8.2 In accordance with BSD Circular No. 2 dated 27 January 2009 issued by the SBP, the holding Company has availed the benefit of FSV against the non-performing advances and term finance certificates. As of 30 June, 2015, the holding Company has availed total accumulated FSV benefit amounting to Rs. 186.131 million (net of tax Rs. 128.431 million). Accordingly, accumulated profit of Rs. 128.431 million (net of transfer to statutory reserves Rs. 102.744 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the holding company as required by the aforementioned SBP directives.

9 OPERATING FIXED ASSETS

(Un-Audited)	
Half year ended	
30 June 2015	30 June 2014
------(Rupees in '000)-----	

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

Owned

Improvements	1,414	
Office equipment	201	867
Computer equipment	2,775	1,216
Furniture and fixture	311	100
Vehicles	12,007	19,764
Intangibles	45	244
Capital work in progress	6,027	1,264
	22,780	23,455

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

Owned

Office equipment	138	-
Computer equipment	62	-
Vehicles	364	284
	564	284

(Un-Audited)	(Un-Audited) - Restated
30 June 2015	31 December 2014
------(Rupees in '000)-----	

10 DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	223,767	260,516
Other provision	6,571	7,251
Amortisation of premium on federal government securities	2,446	547
Assets subject to finance leases	58	70
Accelerated tax depreciation allowances	1,222	388
Revaluation on investments classified as held-for-trading	5,505	(1,394)
Provision against non-performing loans and advances	261,019	313,277
Unabsorbed depreciation and carry forward losses	20,311	27,361
	520,899	608,016

Less: Deferred tax liabilities arising in respect of:

Revaluation on investments classified as available-for-sale	(148,288)	(165,067)
Dividend receivable	(31)	(2,312)
Net investment in finance leases	(51,432)	(76,399)
	(199,751)	(243,778)
	321,148	364,238

(Un-Audited) (Audited)
30 June 2015 31 December 2014
 -----(Rupees in '000)-----

11 BORROWINGS

Secured

Borrowings from the State Bank of Pakistan:

- Long term financing for export oriented projects (LTF - EOP)	11.1	3,093	14,904
- Long term financing facility (LTFF)	11.1	403,946	777,096
- Financing facility for storage of agricultural produce (FFSAP)	11.1	11,703	13,375
Repurchase agreement borrowings	11.2	8,524,061	5,979,208
Long term borrowings	11.3	1,366,667	516,667
Short-term borrowings			-
Short term running finance	11.4	108,373	112,980
		10,417,843	7,414,230
Unsecured			
Placements	11.5	1,363,000	1,454,500
Murabaha financing	11.6	700,000	-
		12,480,843	8,868,730

- 11.1** The group 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 group at the date of maturity of the finances by directly debiting the current account maintained by the group with the SBP. The rate of return ranges from 5 to 10.10 percent per annum (2014: 5 to 10.10 percent per annum). These are repayable within 7 years (2014: 6 years)
- 11.2** The rate of return on these repurchase agreement borrowings, maturing in July 2015 (2014: January 2015), ranges between 6.61 to 7 (2014: 9.5 to 10.30) percent per annum. Securities having cost of Rs 7,988.575 million (2014: Rs 5,969.243 million) have been pledged against these borrowings.
- 11.3** The rate of return on these long-term borrowings ranges from 7.09 to 8.44 (2014: 9.98 to 10.44) percent per annum. The above facilities are secured against loans and advances receivables.
- 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 loans and advances receivables.
- 11.5** The rates of return on these placements, maturing in July 2015 to August 2015 (2014: January to April 2015) ranges between 6.50 to 8.30 (2014: 9.50 to 10.15) percent per annum.
- 11.6** The rates of return on these murabaha financing, maturing in July 2015 to October 2015 ranges between 6.90 to 8 percent per annum.

	(Un-Audited) 30 June 2015	(Un-audited) - Restated 31 December 2014
	------(Rupees in '000)-----	
12 DEPOSITS AND OTHER ACCOUNTS		
Certificate of investments - remunerative (in local currency)		
Financial institutions	1,071,821	2,178,804
Others	4,397,344	3,407,238
	<u>5,469,165</u>	<u>5,586,042</u>

12.1 The rate of return on deposits maturing between July 2015 to May 2017 (2014: January 2015 to July 2017) is 6.5 to 12 (2014: 9 to 12) percent per annum.

13 SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) 30 June 2015	(Audited) 31 December 2014		(Un-Audited) 30 June 2015	(Audited) 31 December 2014
------(Number of shares)-----			------(Rupees in '000)-----	
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 ea	<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 ea	<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 (2014: 307,495,900) ordinary shares of the Company, while 4,100 (2014: 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.

	(Un-Audited) 30 June 2015	(Un-Audited) - Restated 31 December 2014
	------(Rupees in '000)-----	
14 SURPLUS ON REVALUATION OF ASSETS - net of deferred tax		
Surplus / (deficit) on revaluation of available-for-sale securities - net of deferred tax		
Federal Government Securities		
- Pakistan Investment Bonds	465,544	491,807
Shares-listed	83,015	(13,036)
Term Finance Certificates		
- Listed	(3,488)	(32,661)
- Unlisted	11,644	10,669
	8,156	(21,992)
Sukuk certificates	(15,508)	38
Investment in Mutual Funds	(961)	(241)
	<u>540,246</u>	<u>456,576</u>
Deferred tax asset recognized	(148,288)	(165,067)
	<u>391,958</u>	<u>291,509</u>

(Un-Audited)	(Audited)
30 June 2015	31 December 2014
------(Rupees in '000)-----	

15 CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:		
- guarantees	-	10,000
Underwriting commitments	99,750	-
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	-	823,733
Sale of government securities	-	379,303
Commitments for loans, advances and net investment in finance leases	1,565,615	1,684,585

15.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (31 December 2014: 17,622,878) having a cost of Rs. 70.726 million (31 December 2014: 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 2014: 22,600,000) having a cost of Rs.226 million (31 December 2014: 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, 2005, 2008, 2009, 2010, 2011, 2012 and 2013, 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 holding company's appeals are pending at various appellate forums. Management estimates that sufficient provisions have been made and no further provision is required.

16. TAXATION - PRIOR

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

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

	Quarter ended		Half year ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Profit attributable to shareholders (Rupees in '000)	166,105	26,366	453,217	114,022
Weighted average number of ordinary shares (in '000)	615,000	615,000	615,000	615,000
Basic and diluted earnings per share (Rupee)	0.27	0.04	0.74	0.19

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

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

	Corporate Finance	Trading & Sales	Commercial Banking	Asset Management	Total
	------(Rupees in '000)'-----				
Half year ended 30 June 2015 (Un-Audited)					
Total income	10,261	1,225,529	545,689	11,025	1,792,504
Total expense	33,206	588,441	346,951	11,544	980,142
Net income	<u>(22,945)</u>	<u>637,088</u>	<u>198,738</u>	<u>(519)</u>	<u>812,362</u>
Half year ended 30 June 2015 (Un-Audited)					
Segment assets -net	-	16,017,783	11,811,741	226,017	28,055,541
Segment Liabilities	-	10,226,414	8,349,706	(8,807)	18,567,313
Segment non performing loans	-	-	932,219	-	932,219
Investments provided for	-	1,174,078	-	-	1,174,078
Segment provision required	-	822,341	839,229	-	1,661,570
Segment return on net assets (%)	-	22.00%	11.48%	-0.44%	-
Segment return on assets (ROA) %	-	7.95%	3.37%	-0.46%	-
Segment cost of funds (%)	-	6.13%	6.28%	-	-
Half year ended 30 June 2014 (Un-Audited)					
Total income	1,150	702,652	423,978	6,540	1,134,320
Total expense	27,550	577,498	303,674	15,144	923,866
Net income	<u>(26,400)</u>	<u>125,154</u>	<u>120,304</u>	<u>(8,604)</u>	<u>210,454</u>
Half year ended 30 June 2014 (Un-Audited)					
Segment assets -net	-	16,368,506	8,123,338	46,952	24,538,796
Segment Liabilities	-	9,675,172	6,263,078	10,112	15,948,362
Segment non performing loans	-	-	1,042,034	-	1,042,034
Investments provided for	-	1,080,385	-	-	1,080,385
Segment provision required	-	731,572	921,927	-	1,653,499
Segment return on net assets (%)	-	3.74%	12.93%	-46.71%	-
Segment return on assets (ROA) %	-	1.53%	2.96%	-36.65%	-
Segment cost of funds (%)	-	6.43%	6.71%	-	-

	(Un-Audited)	
	Half year ended	
	30 June 2015	30 June 2014
	----- (Rupees in '000) -----	
19 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	118,446	102,136
Balances with other banks	1,508,037	1,006,137
Placements	-	200,000
	<u>1,626,483</u>	<u>1,308,273</u>

20 RELATED PARTY TRANSACTIONS

20.1 The Group has related party relationship with its associates, employee benefit plans, its key management personnel (including their associates). The details of investments in associates are stated in note 7 to this consolidated 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 Group comprises of :

Associates

-Japan Power Generation Limited

Key management Personnel

-All head of departments
-Directors

Retirement benefit fund

-Defined benefit plan
-Defined contribution plan

Other related party

-Orient Power Company (Private) Limited

21 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.

22 GENERAL

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

23 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised on September 01, 2015 by the board of directors of the holding Company.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman