

**PAK OMAN INVESTMENT  
COMPANY LIMITED**

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

**FOR THE HALF YEAR  
ENDED JUNE 30, 2014**

PAK OMAN INVESTMENT COMPANY LIMITED  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2014

June 30, 2014	December 31, 2013		(Unaudited) June 30, 2014	(Audited) December 31, 2013
----- (US Dollars in '000) -----			----- (Rupees in '000) -----	
<b>ASSETS</b>				
1,004	790	Cash and balances with treasury banks	99,152	78,034
1,185	2,298	Balances with other banks	117,092	227,034
10,472	12,211	Lendings to financial institutions	1,034,679	1,206,521
133,144	77,446	Investments -net	7	13,155,193
76,469	75,844	Advances -net	8	7,555,446
680	533	Operating fixed assets	9	67,151
4,873	4,986	Deferred tax assets -net	10	481,450
9,326	5,548	Other assets	11	921,565
237,153	179,656		23,431,728	17,750,651
<b>LIABILITIES</b>				
-	-	Bills payable	-	-
115,311	57,911	Borrowings	12	11,393,280
46,529	44,875	Deposits and other accounts	12	4,597,258
-	-	Sub-ordinated loans	-	-
7	57	Liabilities against assets subject to finance lease	666	5,605
-	-	Deferred tax liabilities	-	-
4,164	3,787	Other liabilities	411,423	374,125
166,011	106,630		16,402,627	10,535,409
71,142	73,026	<b>NET ASSETS</b>	7,029,101	7,215,242
<b>REPRESENTED BY</b>				
62,244	62,244	Share capital	13	6,150,000
6,811	6,539	Reserves	673,005	646,091
3,275	4,883	Unappropriated profit	323,550	482,442
72,330	73,666		7,146,555	7,278,533
183	225	Non controlling interest	18,051	22,221
72,513	73,891		7,164,606	7,300,754
(1,371)	(865)	Deficit on revaluation of assets - net of deferred tax.	14	(135,505)
71,142	73,026		7,029,101	7,215,242
<b>CONTINGENCIES AND COMMITMENTS</b>				
15				

The annexed notes from 1 to 22 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 JUNE 30, 2014

Half year ended		Note	Quarter ended		Half year ended	
June 30, 2014	June 30, 2013		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
9,810	7,799	Mark-up/return/interest earned	511,133	374,128	969,250	770,551
6,042	4,468	Mark-up/return/interest expensed	319,730	215,688	596,977	441,484
3,768	3,331	<b>Net mark-up/ interest income</b>	191,403	158,440	372,273	329,067
(188)	382	(Reversal) / provision against non - performing advances	(23,528)	38,383	(18,546)	37,706
940	111	Provision for diminution in the value of investments	85,005	4,745	92,837	10,987
-	-	Bad debts written off directly	-	-	-	-
752	493		61,477	43,128	74,291	48,693
3,016	2,838	<b>Net mark-up/ interest income after provisions</b>	129,926	115,312	297,982	280,374
<b>NON MARK-UP/INTEREST INCOME</b>						
232	207	Fee, commission and brokerage income	16,053	18,691	22,891	20,430
136	230	Dividend income	8,175	16,725	13,409	22,688
-	-	Income from dealing in foreign currency	-	-	-	-
590	1,126	Gain on sale of securities	24,126	93,666	58,312	111,289
7	75	Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading' securities	(6,320)	4,158	682	7,436
9	4	Other income	610	195	844	351
974	1,642	<b>Total non-mark up/ interest income</b>	42,644	133,435	96,138	162,194
3,990	4,480		172,570	248,747	394,120	442,568
<b>NON MARK-UP/INTEREST EXPENSES</b>						
1,856	1,862	Administrative expenses	97,405	107,624	183,346	183,968
39	37	Other write off / provisions / (reversal)	(1,810)	-	3,854	3,698
95	48	Other charges	3,769	3,043	9,309	4,656
1,990	1,947	<b>Total non-mark up/interest expenses</b>	99,364	110,667	196,509	192,322
2,000	2,533		73,206	138,080	197,611	250,246
90	395	Share of results of associates - net of tax	8,873	39,125	8,873	39,015
-	-	Extra ordinary /unusual items	-	-	-	-
2,090	2,928	<b>PROFIT BEFORE TAXATION</b>	82,079	177,205	206,484	289,261
801	1,074	Taxation - current	46,850	60,200	79,179	106,110
-	-	- prior	-	-	-	-
177	(206)	- deferred	13,033	(9,520)	17,453	(20,341)
978	868		59,883	50,680	96,632	85,769
1,112	2,060	<b>PROFIT AFTER TAXATION</b>	22,196	126,525	109,852	203,492
<b>PROFIT ATTRIBUTABLE TO:</b>						
1,154	2,128	Shareholders of the holding company	26,366	133,221	114,022	210,188
(42)	(68)	Non-controlling interest	(4,170)	(6,696)	(4,170)	(6,696)
1,112	2,060		22,196	126,525	109,852	203,492
----- US Dollar -----			----- (Rupees) -----			
US \$ 0.0019	US \$ 0.0035	Basic and diluted earnings per share	0.04	0.22	0.19	0.34

The annexed notes from 1 to 22 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 JUNE 30, 2014

Half year ended			Quarter ended		Half year ended	
June 30, 2014	June 30, 2013		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
1,112	2,060	Profit after taxation	22,196	126,525	109,852	203,492
		Other comprehensive income				
		Not to be reclassified to profit and loss account in subsequent period				
		Retirement of defined benefit plan				
<u>1,112</u>	<u>2,060</u>	<b>Total comprehensive income for the period</b>	<u>22,196</u>	<u>126,525</u>	<u>109,852</u>	<u>203,492</u>
		<b>Total comprehensive income attributable to:</b>				
1,154	2,128	Shareholders of the holding company	26,366	133,221	114,022	210,188
(42)	(68)	Non-controlling interest	(4,170)	(6,696)	(4,170)	(6,696)
<u>1,112</u>	<u>2,060</u>		<u>22,196</u>	<u>126,525</u>	<u>109,852</u>	<u>203,492</u>

The deficit arising on revaluation of assets is shown separately in the statement of financial position below equity, in accordance with the directives of the State Bank of Pakistan.

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

*V. Am. e. W. e. r.*

Chief Financial Officer

*Ahmed Shah*

Managing Director  
and Chief Executive

*Ahmed Shah*

Managing Director  
and Chief Executive

*[Signature]*

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED  
 CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
 FOR THE HALF YEAR ENDED JUNE 30, 2014

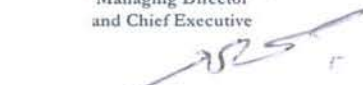
June 30, 2014	June 30, 2013		Note	June 30, 2014	June 30, 2013
----- (US Dollars in '000) -----				----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
2,090	2,928	Profit before taxation		206,484	289,261
136	230	Less: Dividend income		13,409	22,688
1,954	2,698			193,075	266,573
<b>Adjustments for non-cash charges</b>					
82	88	Depreciation		8,130	8,658
4	6	Amortisation of intangible assets		378	577
(7)	(75)	Unrealised gain on revaluation of investments classified as 'held-for-trading'		(682)	(7,436)
(9)	-	Gain on sale of fixed assets		(847)	(40)
(90)	(395)	Share of loss from associates - net of tax		(8,873)	(39,015)
(188)	382	(Reversal) / provision against non-performing advances		(18,546)	37,706
940	111	Provision for diminution in the value of investments		92,837	10,987
732	117			72,397	11,437
2,686	2,815			265,472	278,010
<b>(Increase)/decrease in operating assets</b>					
970	(3,114)	Lendings to financial institutions		95,842	(307,694)
(26,570)	8,561	Net investments in held-for-trading securities		(2,625,267)	845,825
(437)	259	Advances		(43,210)	25,614
(2,907)	(81)	Other assets		(287,366)	(7,874)
(28,944)	5,625			(2,860,001)	555,871
<b>Increase/(decrease) in operating liabilities</b>					
-	-	Bills payable		-	-
57,401	(9,230)	Borrowings		5,671,449	(911,970)
1,654	(922)	Deposits and other accounts		163,410	(91,118)
377	(832)	Other liabilities		37,298	(82,195)
59,432	(10,984)			5,872,157	(1,085,283)
33,174	(2,544)			3,277,628	(251,402)
(1,358)	(1,118)	Income tax paid		(134,134)	(110,512)
31,816	(3,662)	Net cash from / (used in) operating activities		3,143,494	(361,914)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
(30,872)	5,364	Net (Investments in)/proceeds from available-for-sale securities		(3,050,309)	530,001
-	26	Net proceeds from investments in held-to-maturity		-	2,576
333	230	Investments in associates		32,937	22,688
(181)	497	Dividend received		(17,837)	49,087
(234)	(47)	Investments in operating fixed assets		(23,117)	(4,619)
10	10	Sale proceeds of property and equipment disposed-off		947	1,005
(30,944)	6,080	Net cash (used in) / from investing activities		(3,057,379)	600,738
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
(50)	(31)	Payment of lease obligation		(4,939)	(3,053)
(2,490)	(2,490)	Dividend paid		(246,000)	(246,000)
(2,540)	(2,521)			(250,939)	(249,053)
(1,668)	(103)	Decrease in cash and cash equivalents		(164,824)	(10,229)
5,881	2,651	Cash and cash equivalents at the beginning of the period		581,068	261,954
4,213	2,548	Cash and cash equivalents at the end of the period	18	416,244	251,725

The annexed notes from 1 to 22 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 JUNE 30, 2014

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve				
(Rupees in '000)							
<b>Balance as at January 1, 2013</b>	6,150,000	559,353	11,630	452,759	7,173,742	37,268	7,211,010
<i>Total Comprehensive income</i>							
Profit for the year for the half year ended June 30, 2013	-	-	-	210,188	210,188	(6,696)	203,492
<i>Other comprehensive income:</i>							
Actural loss on defined benefit plan - net	-	-	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	210,188	210,188	(6,696)	203,492
<b>Transfers</b>							
Transfer to statutory reserve	-	35,997	-	(35,997)	-	-	-
<b>Transactions with owners recognised directly in equity</b>							
Dividend for the year ended December 31, 2012 (Re 0.40 per share)	-	-	-	(246,000)	(246,000)	-	(246,000)
<b>Balance as at June 30, 2013</b>	6,150,000	595,350	11,630	380,950	7,137,930	30,572	7,168,502
<i>Total Comprehensive income</i>							
Profit for the year for the six months ended December 31, 2013	-	-	-	143,962	143,962	(8,351)	135,611
<i>Other comprehensive income:</i>							
Actural loss on defined benefit plan - net	-	-	-	(3,359)	(3,359)	-	(3,359)
<i>Total comprehensive income</i>	-	-	-	140,603	140,603	(8,351)	132,252
<b>Transfers</b>							
Transfer to statutory reserve	-	39,111	-	(39,111)	-	-	-
<b>Balance as at December 31, 2013</b>	6,150,000	634,461	11,630	482,442	7,278,533	22,221	7,300,754
Balance as at January 01, 2014	6,150,000	634,461	11,630	482,442	7,278,533	22,221	7,300,754
<i>Total Comprehensive income</i>							
Profit for the year for the half year ended June 30, 2014	-	-	-	114,022	114,022	(4,170)	109,852
<i>Other comprehensive income:</i>							
Actural loss on defined benefit plan - net	-	-	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	114,022	114,022	(4,170)	109,852
<b>Transfers</b>							
Transfer to statutory reserve	-	26,914	-	(26,914)	-	-	-
<b>Transaction with owners recognised directly in equity</b>							
Dividend for the year ended December 31, 2013 (Re 0.40 per share)	-	-	-	(246,000)	(246,000)	-	(246,000)
<b>Balance as at June 30, 2014</b>	6,150,000	661,375	11,630	323,550	7,146,555	18,051	7,164,606

The annexed notes from 1 to 22 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 JUNE 30, 2014**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** The Group comprises of Pak Oman Investment Company Limited - POICL (the "holding company" or "parent") and a subsidiary, Pak Oman Asset Management Company Limited (POAMCL). 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 and its subsidiary is as follows:

**1.1.1 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).

**1.1.2 Subsidiary Company**

POAMCL was incorporated in Pakistan under the Companies Ordinance, 1984 on July 28, 2006 as an unlisted public limited company having its registered office at Horizon Vista, Mezzanine Floor-2, Plot No Com-10, Scheme-5, Block 4 Clifton, Karachi, Pakistan. POAMCL obtained certificate of commencement of business on October 31, 2006. The principal activities of the company include investment advisory and corporate finance.

**1.2 The Group's associates are as follows:**

Entity	Country of incorporation	Nature of business	Holding %	
			30-Jun-14	31-Dec-13
Pak Oman Advantage Fund	Pakistan	Established as an closed-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	<b>27.36</b>	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.	<b>70.39</b>	41.04
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.	<b>99.73</b>	88.61
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.	<b>99.98</b>	84.36
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.	<b>33.40</b>	33.40
Japan Power Generation Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	<b>19.59</b>	19.59

## 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 June 30, 2014 and the unaudited financial statements of POAMCL for the nine months ended March 31, 2014. The accounting policies used by POAMCL 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 associates have been accounted for in this consolidated condensed interim financial information under the equity method of accounting on the respective basis as follows:

Entity	Source of information
Japan Power Generation Limited (JPGL)	Unaudited financial statements for the nine months ended March 31, 2014
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the first quarter ended March 31, 2014
Pak Oman Advantage Fund	Unaudited financial statements for the nine months ended March 31, 2014
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the nine months ended March 31, 2014
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the nine months ended March 31, 2014
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the nine months ended March 31, 2014
Pak Oman Government Securities Fund	Unaudited financial statements for the nine months ended March 31, 2014

- 2.1.3 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 December 31, 2013.
- 2.1.4 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 98.8046 = US dollar 1 for the half year ended June 30, 2014 and the corresponding period.

## 3 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the half year ended June 30, 2014 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 these 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 December 31, 2013.

## 5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this condensed interim consolidated financial information are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2013.

## 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 December 31, 2013.

## 7 INVESTMENTS - net

Note	June 30, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total

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

### 7.1 Investments by types

#### Held-for-trading securities

Pakistan investment bonds	703,393	2,253,750	2,957,143	30,659	252,088	282,747
Market treasury bills (T-Bills)	596,599	98,267	694,866	726,187	197,369	923,556
Listed ordinary shares	197,877	-	197,877	17,472	-	17,472
Sukuk Certificates	173	-	173	1,017	-	1,017
	1,498,042	2,352,017	3,850,059	775,335	449,457	1,224,792

#### Available-for-sale securities

Pakistan investment bonds	301,247	5,229,099	5,530,346	402,615	2,351,998	2,754,613
Listed ordinary shares	560,286	-	560,286	207,890	-	207,890
Unlisted ordinary shares	131,333	226,000	357,333	131,333	226,000	357,333
Mutual funds units	14,337	-	14,337	14,337	-	14,337
Sukuk certificates	558,816	-	558,816	605,074	-	605,074
Term finance certificates (TFCs)	2,316,433	-	2,316,433	2,351,722	-	2,351,722
	3,882,452	5,455,099	9,337,551	3,712,971	2,577,998	6,290,969

#### Associates

Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Fund	303,410	-	303,410	296,570	-	296,570
Pak Oman Advantage Islamic Income Fund	103,013	-	103,013	105,034	-	105,034
Pak Oman Islamic Asset Allocation Fund	98,737	-	98,737	114,721	-	114,721
Pak Oman Advantage Asset Allocation Fund	97,641	-	97,641	110,540	-	110,540
Pak Oman Microfinance Bank Limited	272,997	-	272,997	271,056	-	271,056
	875,798	-	875,798	897,921	-	897,921

#### Investments at cost

	6,256,292	7,807,116	14,063,408	5,386,227	3,027,455	8,413,682
Less: Provision for diminution in the value of investments	720,724	-	720,724	629,521	-	629,521
<b>Investments - net of provisions</b>	<b>5,535,568</b>	<b>7,807,116</b>	<b>13,342,684</b>	<b>4,756,706</b>	<b>3,027,455</b>	<b>7,784,161</b>

(Loss) / gain on revaluation of held-for-trading securities

	(4,594)	9,182	4,588	193	3,713	3,906
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Deficit on revaluation of available-for-sale securities

14	(119,872)	(72,207)	(192,079)	(54,758)	(81,259)	(136,017)
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#### Total investments at carrying value

	<b>5,411,102</b>	<b>7,744,091</b>	<b>13,155,193</b>	<b>4,702,141</b>	<b>2,949,909</b>	<b>7,652,050</b>
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7.2 In respect of term finance certificates and shares of Agritech Limited, the State Bank of Pakistan (SBP) vide their letter number BPRD/BRD-(Policy)/2014-11546 dated June 27, 2014 has provided further relaxation and advised to record provision and impairment on existing credit exposure and mark-to-market loss on shares in a phased manner upto 65%, 70%, 75%, 80%, 85%, 90% and 100% by June 30, 2014, September 30, 2014, December 31, 2014, March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015 respectively calculated under Prudential Regulations. The Company has maintained 65% (December 31, 2013: 53.56%) provision on credit exposure and 95.83% (December 31, 2013: 100%) impairment on mark-to-market loss on shares in this consolidated condensed interim financial information.

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 name for and on behalf of the 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.

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----		
<b>8. ADVANCES - net</b>		
Loans in Pakistan	7,124,552	7,225,533
Net investment in finance lease in Pakistan	1,351,215	1,207,024
<b>Advances - gross</b>	<b>8,475,767</b>	<b>8,432,557</b>
Less: Provision for non-performing advances	(920,321)	(938,867)
<b>Advances - net of provision</b>	<b>7,555,446</b>	<b>7,493,690</b>

- 8.1 Advances include amount aggregating Rs. 1,031.347 million (December 31, 2013: Rs. 1,132.366 million), which have been placed under the non-performing status as detailed below:

June 30, 2014 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
----- (Rupees in '000) -----					
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	1,031,347	-	1,031,347	920,321	920,321
	<b>1,031,347</b>	<b>-</b>	<b>1,031,347</b>	<b>920,321</b>	<b>920,321</b>

December 31, 2013 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
----- (Rupees in '000) -----					
Substandard	-	-	-	-	-
Doubtful	54,185	-	54,185	-	-
Loss	1,078,181	-	1,078,181	938,867	938,867
	<b>1,132,366</b>	<b>-</b>	<b>1,132,366</b>	<b>938,867</b>	<b>938,867</b>

- 8.2 In accordance with BSD Circular No. 2 dated January 27, 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 June 30, 2014, the holding company has availed total accumulated FSV benefit amounting to Rs. 260.941 million (net of tax Rs. 174.830 million). Accordingly, accumulated profit of Rs. 174.830 million (net of transfer to statutory reserves Rs. 139.864 million) will not be available for the distribution as cash or stock dividend to the shareholders of the holding company as required by the aforementioned SBP directives.

(Un-Audited)		
Half year ended		
9 OPERATING FIXED ASSETS	June 30, 2014	June 30, 2013
----- (Rupees in '000) -----		
During the period additions to operating fixed assets were as follows:		
<b>Owned</b>		
Office equipment	681	21
Computer equipment	1,064	546
Furniture and fixture	100	961
Vehicles	19,764	3,051
Intangibles	244	-
Capital work in progress	1,264	40
	<b>23,117</b>	<b>4,619</b>

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

<b>Owned</b>		
Office equipment	-	44
Vehicles	100	921
	<b>100</b>	<b>965</b>

(Un-Audited)                      (Audited)  
**June 30, 2014**                      December 31, 2013  
 -----(Rupees in '000)-----

**10 DEFERRED TAX ASSETS - net**

**Deductible temporary differences arising for:**

Provision for diminution in the value of investments	201,457	182,941
Other provision	623	1,294
Amortisation of premium on federal government securities	1,085	778
Assets subject to finance leases	67	(1,170)
Accelerated tax depreciation allowances	289	601
Revaluation on investments classified as available-for-sale	58,880	52,659
Provision against non-performing loans and advances	303,706	328,603
	<b>566,107</b>	<b>565,706</b>

**Taxable temporary differences arising for:**

Revaluation on investments classified as held-for-trading	(2,930)	(1,402)
Dividend receivable	(7,751)	-
Net investment in finance leases	(73,976)	(71,622)
	<b>(84,657)</b>	<b>(73,024)</b>
	<b>481,450</b>	<b>492,682</b>

11 This includes Rs. 83.5 million provided as advance against issue of shares to Pak Oman Microfinance Bank Limited, an associate.

**12 DEPOSITS AND OTHER ACCOUNTS**

Certificate of investments - remunerative (in local currency)		
Financial institutions	1,812,747	607,747
Others	2,784,511	3,826,101
	<b>4,597,258</b>	<b>4,433,848</b>

12.1 The rate of return on deposits maturing June 2014 to May 2017 (2013: January 2014 to July 2015) is 8.60% to 12.30% (2013: 8.6% to 12.30%) per annum.

**13 SHARE CAPITAL**

**13.1 Authorized capital**

(Un-Audited) June 30, 2014	(Audited) December 31, 2013		(Un-Audited) June 30, 2014	(Audited) December 31, 2013
----- (Number of shares) -----			----- (Rupees in '000) -----	
<b>1,000,000,000</b>	1,000,000,000	Ordinary shares of Rs. 10 each.	<b>10,000,000</b>	10,000,000

**13.2 Issued, subscribed and paid - up capital**

<b>615,000,000</b>	615,000,000	Ordinary shares of Rs. 10 each.	<b>6,150,000</b>	6,150,000
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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 (2013: 307,495,900) ordinary shares of the Company, while 4,100 (2013: 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) June 30, 2014	(Audited) December 31, 2013
	------(Rupees in '000)-----	
<b>14 DEFICIT ON REVALUATION OF ASSETS - net of deferred tax</b>		
<b>(Deficit) / surplus on revaluation of available-for-sale securities - net of deferred tax</b>		
Federal Government Securities		
- Pakistan Investment Bonds	(96,315)	(84,640)
Shares-listed	(18,273)	6,422
Term Finance Certificates		
-Listed	(86,943)	(71,004)
-Unlisted	4,834	6,401
	(82,109)	(64,603)
Sukuk certificates	-	(1,210)
Investment in Mutual Funds	4,618	8,014
	(192,079)	(136,017)
Deferred tax asset recognized	58,880	52,659
	(133,199)	(83,358)
Associate's share of deficit of revaluation of available-for-sale securities	(2,306)	(2,154)
	(135,505)	(85,512)

#### 15 CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:		
- guarantees	30,000	20,000
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:		
Sale of government securities	1,926,100	496,945
Commitments for loans and advances and net investment in finance leases	3,081,810	1,762,545

- 15.1** Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2013: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2013: 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 (December 31, 2013: 22,600,000) having a cost of Rs.226 million (December 31, 2013: 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 **BASIC AND DILUTED EARNINGS PER SHARE (Un-Audited)**

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Profit attributable to shareholders (Rupees in '000)	<u>26,366</u>	<u>133,221</u>	<u>114,022</u>	<u>210,188</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>0.04</u>	<u>0.22</u>	<u>0.19</u>	<u>0.34</u>

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

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

	Corporate Finance	Trading & Sales	Commercial Banking	Asset Management	Total
----- (Rupees in '000)' -----					
<b>Half year ended June 30, 2014 (Un-Audited)</b>					
Total income	1,150	642,593	423,978	6,540	1,074,261
Total expense	27,550	521,409	303,674	15,144	867,777
Net income	<u>(26,400)</u>	<u>121,184</u>	<u>120,304</u>	<u>(8,604)</u>	<u>206,484</u>
<b>Half year ended June 30, 2014 (Un-Audited)</b>					
Segment assets -net	-	15,399,723	7,985,053	46,952	23,431,728
Segment Liabilities	-	10,129,437	6,263,078	10,112	16,402,627
<b>Half year ended June 30, 2013 (Un-Audited)</b>					
Total income	2,111	604,074	344,850	20,725	971,760
Total expense	31,376	321,203	295,976	33,944	682,499
Net income	<u>(29,265)</u>	<u>282,871</u>	<u>48,874</u>	<u>(13,219)</u>	<u>289,261</u>
<b>Half year ended June 30, 2013 (Un-Audited)</b>					
Segment assets -net	-	10,754,070	6,694,004	52,801	17,500,875
Segment Liabilities	-	5,763,842	4,559,136	(9,592)	10,313,386

18 **CASH AND CASH EQUIVALENTS**

	(Un-Audited)	
	June 30, 2014	June 30, 2013
----- (Rupees in '000) -----		
Cash and balances with treasury banks	99,152	81,138
Balances with other banks	117,092	147,587
Placements	<u>200,000</u>	<u>23,000</u>
	<u>416,244</u>	<u>251,725</u>

19 **RELATED PARTY TRANSACTIONS**

19.1 The Group has related party relationship with its associates, employee benefit plans, company having common directors and 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 Company comprises of :

**Associates**

- Pak Oman Microfinance Bank Limited
- Japan Power Generation 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

**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

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

Nature of related party transaction	(Unaudited) June 30, 2014			(Audited) December 31, 2013				
	As at 01-Jan-14	Given during the year	Repaid during the year	As at 30-Jun-14	As at 01-Jan-13	Given during the year	Repaid during the year	As at 31-Dec-13
	(Rupees in '000)							
<b>Investments</b>								
Associates	897,921	-	(22,123)	875,798	905,428	63,000	(70,507)	897,921
Other related parties	226,000	-	-	226,000	457,744	-	(231,744)	226,000
	<b>1,123,921</b>	<b>-</b>	<b>(22,123)</b>	<b>1,101,798</b>	<b>1,363,172</b>	<b>63,000</b>	<b>(302,251)</b>	<b>1,123,921</b>
<b>Advances</b>								
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key Management personnel	63,303	3,946	(8,397)	58,852	68,907	10,356	(15,960)	63,303
Other related parties	235,078	-	(11,914)	223,164	256,713	-	(21,635)	235,078
	<b>366,581</b>	<b>3,946</b>	<b>(20,311)</b>	<b>350,216</b>	<b>393,820</b>	<b>10,356</b>	<b>(37,595)</b>	<b>366,581</b>
<b>Deposits</b>								
Associates	575,747	844,821	(860,821)	559,747	441,747	297,859	(163,859)	575,747
Key Management personnel	11,311	23,868	(22,437)	12,742	13,941	48,634	(51,264)	11,311
Retirement benefit funds	10,018	5,898	(10,018)	5,898	39,289	36,399	(65,670)	10,018
	<b>597,076</b>	<b>874,587</b>	<b>(893,276)</b>	<b>578,387</b>	<b>494,977</b>	<b>382,892</b>	<b>(280,793)</b>	<b>597,076</b>

	(Un-Audited) June 30, 2014	(Audited) December 31, 2013
	(Rupees in '000)	
<b>Other assets</b>		
Advance against shares - Associates	83,500	-
<b>Other payable</b>		
Gratuity fund	-	4,876
<b>Formation cost receivable from associates</b>	1,219	-
<b>Management fee receivable from associates</b>	4,287	2,957
<b>Formation cost received from associates</b>	2,081	2,081
<b>Management fee received from associates</b>	30,657	27,280
	(Un-Audited)	(Audited)
	Half year ended	
	June 30, 2014	June 30, 2013
	(Rupees in '000)	
<b>Mark-up income</b>		
Key Management personnel	1,377	1,522
Other related parties	14,757	13,940
<b>Dividend income</b>		
Associates	30,844	4,014
Other related parties		15,234
<b>Other income</b>		
Other related parties	-	304
<b>Mark-up expense on Deposits</b>		
Associates	26,758	26,578
Key Management personnel	556	589
Retirement benefit funds	335	2,181
<b>Expenses for the period</b>		
Remuneration to key management personnel	66,949	65,340
Non-executive director's fee / remuneration	6,848	6,737
Charge for defined contribution plan	6,122	6,239
Charge for defined benefit plan	5,546	4,156
<b>Outright sale of Government Securities</b>		
Retirement benefit funds	102,889	13,190
<b>Capital gain on Government Securities</b>		
Retirement benefit funds	13	(1)

20 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.

21 GENERAL

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

22 DATE OF AUTHORISATION FOR ISSUE

31 AUG 2014

This consolidated condensed interim financial information was authorised on ----- by the board of directors of the holding Company.

  
Chief Financial Officer

  
Managing Director  
and Chief Executive

  
Managing Director  
and Chief Executive

  
Chairman