



**Pak Oman Investment Company
Limited**

Unconsolidated Condensed
Interim Financial Information
For the half year ended 30 June
2014



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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 2014, 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 2014 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.

The financial statements of the Company for the year ended 31 December 2013 and six months period ended 30 June 2013 were audited / reviewed by another firm of chartered accountants who have expressed unmodified opinion / conclusion dated 6 March 2014 and 4 September 2013 thereon respectively.

Date: 31 August 2014

Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

June 30, 2014	December 31, 2013		Note	(Unaudited) June 30, 2014	(Audited) December 31, 2013
----- (US Dollars in '000) -----		----- (Rupees in '000) -----			
ASSETS					
1,003	789	Cash and balances with treasury banks		99,064	77,998
1,059	2,091	Balances with other banks		104,609	206,647
10,472	12,211	Lendings to financial institutions		1,034,679	1,206,521
133,102	77,216	Investments - net	7	13,151,069	7,629,301
76,469	75,844	Advances - net	8	7,555,446	7,493,690
666	517	Operating fixed assets	9	65,848	51,086
5,372	5,501	Deferred tax assets - net	10	530,789	543,492
9,014	5,253	Other assets	11	890,585	518,975
<u>237,157</u>	<u>179,422</u>			<u>23,432,089</u>	<u>17,727,710</u>
LIABILITIES					
-	-	Bills payable		-	-
115,311	57,911	Borrowings		11,393,280	5,721,831
46,529	44,875	Deposits and other accounts	12	4,597,258	4,433,848
-	-	Sub-ordinated loans		-	-
7	57	Liabilities against assets subject to finance lease		666	5,585
-	-	Deferred tax liabilities		-	-
4,063	3,700	Other liabilities		401,311	365,601
<u>165,910</u>	<u>106,543</u>			<u>16,392,515</u>	<u>10,526,865</u>
<u>71,247</u>	<u>72,879</u>			<u>7,039,574</u>	<u>7,200,845</u>
NET ASSETS					
REPRESENTED BY					
62,244	62,244	Share capital	13	6,150,000	6,150,000
6,811	6,539	Reserves		673,005	646,091
3,540	4,940	Unappropriated profit		349,768	488,112
<u>72,595</u>	<u>73,723</u>			<u>7,172,773</u>	<u>7,284,203</u>
(1,348)	(844)	Deficit on revaluation of assets - net of tax	14	(133,199)	(83,358)
<u>71,247</u>	<u>72,879</u>			<u>7,039,574</u>	<u>7,200,845</u>
CONTINGENCIES AND COMMITMENTS					
15					

The annexed notes from 1 to 22 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 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) -----			
9,807	7,790		510,863	373,269	968,980	769,692
6,042	4,468		319,730	215,688	596,977	441,484
3,765	3,322		191,133	157,581	372,003	328,208
(188)	382		(23,528)	38,383	(18,546)	37,706
984	182		89,347	11,714	97,179	17,956
-	-		-	-	-	-
796	564		65,819	50,097	78,633	55,662
2,969	2,758		125,314	107,484	293,370	272,546
NON MARK-UP / INTEREST INCOME						
176	43		10,526	2,548	17,364	4,287
448	270		39,019	20,739	44,253	26,702
-	-		-	-	-	-
587	1,126		23,830	93,666	58,016	111,289
7	75		(6,320)	4,158	682	7,436
5	4		213	195	447	351
1,223	1,518		67,268	121,306	120,762	150,065
4,192	4,276		192,582	228,790	414,132	422,611
NON MARK-UP / INTEREST EXPENSES						
1,709	1,523		82,906	74,137	168,847	150,481
39	37		(1,810)	-	3,854	3,698
89	42		3,124	2,586	8,664	4,199
1,837	1,602		84,220	76,723	181,365	158,378
2,355	2,674		108,362	152,067	232,767	264,233
-	-		-	-	-	-
2,355	2,674		108,362	152,067	232,767	264,233
PROFIT BEFORE TAXATION						
802	1,069		46,944	59,754	79,273	105,664
-	-		-	-	-	-
192	(217)		14,504	(10,595)	18,924	(21,416)
994	852		61,448	49,159	98,197	84,248
1,361	1,822		46,914	102,908	134,570	179,985
PROFIT AFTER TAXATION						
----- (US Dollars) -----			----- (Rupees) -----			
0.0022	0.0030	16	0.08	0.17	0.22	0.29

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

Kamran

Vam. C. Khan

Chief Financial Officer

Ahmed Shale

Managing Director
and Chief Executive

Ahmed Shale

Managing Director
and Chief Executive

[Signature]

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
 UNCONSOLIDATED 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) -----			
1,361	1,822	Profit after taxation	46,914	102,908	134,570	179,985
		Other comprehensive income				
		Not to be reclassified to profit and loss account in subsequent periods				
-	-	Actuarial gain / (loss) on defined benefit plan	-	-	-	-
<u>1,361</u>	<u>1,822</u>	Total comprehensive income for the period	<u>46,914</u>	<u>102,908</u>	<u>134,570</u>	<u>179,985</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 unconsolidated condensed interim financial information.

KMP

V. A. Khan
 Chief Financial Officer

Ahmed Shah
 Managing Director
 and Chief Executive

Ahmed Shah
 Managing Director
 and Chief Executive

[Signature]
 Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED 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) -----	
CASH FLOW FROM OPERATING ACTIVITIES					
2,355	2,674	Profit before taxation		232,767	264,233
448	270	Less: Dividend income		44,253	26,702
1,907	2,404			188,514	237,531
Adjustments for:					
81	79	Depreciation		7,977	7,773
4	6	Amortisation of intangible assets		378	577
(7)	(75)	Unrealised gain on revaluation of investments classified as 'held-for-trading' securities		(682)	(7,436)
(5)	-	Gain on sale of fixed assets		(447)	(40)
(188)	382	(Reversal) / provision against non-performing advances		(18,546)	37,706
984	182	Provision for diminution in the value of investments		97,179	17,956
869	574			85,859	56,536
2,776	2,978			274,373	294,067
(Increase) / decrease in operating assets					
970	(3,114)	Lendings to financial institutions		95,842	(307,694)
(26,579)	8,549	Net Investments in Held-for-Trading securities		(2,626,111)	844,656
(437)	259	Advances		(43,210)	25,614
(2,888)	(122)	Other assets		(285,409)	(11,951)
(28,934)	5,572			(2,858,888)	550,625
Increase / (decrease) in operating liabilities					
-	-	Bills payable		-	-
57,401	(9,230)	Borrowings		5,671,449	(911,970)
1,654	(922)	Deposits and other accounts		163,410	(91,118)
362	(845)	Other liabilities		35,710	(83,459)
59,417	(10,997)			5,870,569	(1,086,547)
33,259	(2,447)			3,286,054	(241,855)
(1,359)	(1,114)	Income tax paid		(134,228)	(110,066)
31,900	(3,561)	Net cash from / (used in) operating activities		3,151,826	(351,921)
CASH FLOW FROM INVESTING ACTIVITIES					
(30,851)	5,364	Net investments in available-for-sale securities		(3,048,216)	530,001
-	26	Net proceeds from investments in held-to-maturity		-	2,576
132	270	Dividend income received		13,007	26,702
(234)	(46)	Investments in operating fixed assets		(23,117)	(4,579)
5	10	Sale proceeds on sale of fixed assets disposed off		447	1,005
(30,948)	5,624	Net cash (used in) / from investing activities		(3,057,879)	555,705
CASH FLOW FROM FINANCING ACTIVITIES					
(50)	(30)	Payment of lease obligation		(4,919)	(2,944)
(2,490)	(2,490)	Dividend paid		(246,000)	(246,000)
(2,540)	(2,520)	Net cash used in financing activities		(250,919)	(248,944)
(1,588)	(457)	Decrease in cash and cash equivalents		(156,972)	(45,160)
5,674	2,633	Cash and cash equivalents at beginning of the period		560,645	260,159
4,086	2,176	Cash and cash equivalents at the end of the period	18	403,673	214,999

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

K/M/A

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 JUNE 30, 2014

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Total
		Statutory reserve	General reserve		
(Rupees in '000)					
Balance as at January 01, 2013	6,150,000	559,353	11,630	437,039	7,158,022
<i>Total comprehensive income</i>					
Profit for the half year ended June 30, 2013	-	-	-	179,985	179,985
<i>Other comprehensive income:</i>					
Actuarial loss on defined benefit plan - net	-	-	-	-	-
Total comprehensive income	-	-	-	179,985	179,985
Transfers					
Transfer to statutory reserve	-	35,997	-	(35,997)	-
Transaction with owners recognised directly in equity					
Dividend for the year ended December 31, 2012 (Re. 0.40 per share)	-	-	-	(246,000)	(246,000)
Balance as at June 30, 2013	6,150,000	595,350	11,630	335,027	7,092,007
<i>Total comprehensive income</i>					
Profit for the six months ended December 31, 2013	-	-	-	195,555	195,555
<i>Other comprehensive income:</i>					
Actuarial loss on defined benefit plan - net	-	-	-	(3,359)	(3,359)
Total comprehensive income	-	-	-	192,196	192,196
Transfers					
Transfer to statutory reserve	-	39,111	-	(39,111)	-
Balance as at December 31, 2013	6,150,000	634,461	11,630	488,112	7,284,203
Balance as at January 01, 2014	6,150,000	634,461	11,630	488,112	7,284,203
<i>Total comprehensive income</i>					
Profit for the half year ended June 30, 2014	-	-	-	134,570	134,570
<i>Other comprehensive income:</i>					
Actuarial loss on defined benefit plan - net	-	-	-	-	-
Total comprehensive income	-	-	-	134,570	134,570
Transfers					
Transfer to statutory reserve	-	26,914	-	(26,914)	-
Transaction with owners recognised directly in equity					
Dividend for the year ended December 31, 2013 (Re. 0.40 per share)	-	-	-	(246,000)	(246,000)
Balance as at June 30, 2014	6,150,000	661,375	11,630	349,768	7,172,773

The annexed notes from 1 to 22 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
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

Pak Oman Investment Company Limited (the Company) was incorporated as a private limited company on July 23, 2001. Subsequently, on March 17, 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 October 28, 2003 issued by 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 May 12, 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 December 31, 2013.

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 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 unconsolidated 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 (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 standards 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 this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2013.

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 December 31, 2013.

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 December 31, 2013.

K/Smt

7 INVESTMENTS - net

Note	June 30, 2014 (Unaudited)			December 31, 2013 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	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
	1,497,869	2,352,017	3,849,886	774,318	449,457	1,223,775
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	51,921	70,726	122,647	51,921	70,726	122,647
Pak Oman Advantage Fund	262,828	-	262,828	262,828	-	262,828
Pak Oman Advantage Islamic Income Fund	92,667	-	92,667	92,667	-	92,667
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 Microfinance Bank Limited	301,208	-	301,208	301,208	-	301,208
	885,116	70,726	955,842	885,116	70,726	955,842
Subsidiary						
Pak Oman Asset Management Company Limited	168,300	-	168,300	168,300	-	168,300
Investments at cost	6,433,737	7,877,842	14,311,579	5,540,705	3,098,181	8,638,886
Less: Provision for diminution in the value of investments	913,748	59,271	973,019	818,203	59,271	877,474
Investments - net of provisions	5,519,989	7,818,571	13,338,560	4,722,502	3,038,910	7,761,412
(Loss)/ gain on revaluation of held-for-trading securities	(4,594)	9,182	4,588	193	3,713	3,906
Deficit on revaluation of available-for-sale securities	14 (119,872)	(72,207)	(192,079)	(54,758)	(81,259)	(136,017)
Total investments at carrying value	<u>5,395,523</u>	<u>7,755,546</u>	<u>13,151,069</u>	<u>4,667,937</u>	<u>2,961,364</u>	<u>7,629,301</u>

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 unconsolidated 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.

7.3 The Board of Directors of the Company has approved the proposal of amalgamation of the subsidiary company with KASB Funds Limited in their meeting held on 14 April 2014. The process of amalgamation is in progress.

K. M. S.

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

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:

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

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

8.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Company has availed the benefit of FSV against the non-performing advances and term finance certificates. As of June 30, 2014, the 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 Company as required by the aforementioned SBP directives.

	(Un-Audited)	
	Half year ended	
	June 30, 2014	June 30, 2013
	----- (Rupees in '000) -----	
9. OPERATING FIXED ASSETS		

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

Owned

Office equipment	681	21
Computer equipment	1,064	546
Furniture and fixtures	100	961
Vehicles	19,764	3,051
Intangibles	244	-

Capital work in progress

	1,264	-
	<u>23,117</u>	<u>4,579</u>

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

Owned

Office equipment	-	44
Vehicles	-	921
	<u>-</u>	<u>965</u>

Signature

	(Un-Audited) June 30, 2014	(Audited) December 31, 2013
----- (Rupees in '000) -----		
10. DEFERRED TAX ASSETS - net		
Deductible temporary differences arising for:		
Provision for diminution in the value of investments	250,796	233,751
Other provisions	623	1,294
Amortisation of premium on 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
	<u>615,446</u>	<u>616,516</u>
Taxable temporary differences arising for:		
Revaluation on investments classified as held-for-trading	(2,930)	(1,402)
Dividend receivables	(7,751)	-
Net investment in finance leases	(73,976)	(71,622)
	<u>(84,657)</u>	<u>(73,024)</u>
	<u>530,789</u>	<u>543,492</u>

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
	<u>4,597,258</u>	<u>4,433,848</u>

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) -----	
<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 (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.

12/11/14

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

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

(Deficit) / surplus on revaluation of available-for-sale securities - net of tax

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 recognised	58,880	52,659
	<u>(133,199)</u>	<u>(83,358)</u>

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 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 after taxation (Rupees in '000)	<u>46,914</u>	<u>102,908</u>	<u>134,570</u>	<u>179,985</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>0.08</u>	<u>0.17</u>	<u>0.22</u>	<u>0.29</u>

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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	Total
----- (Rupees in '000) -----				
Half year ended June 30, 2014 (Un-Audited)				
Total income	1,150	664,614	423,978	1,089,742
Total expense	27,550	525,751	303,674	856,975
Net income	(26,400)	138,863	120,304	232,767
Half year ended June 30, 2014 (Un-Audited)				
Segment assets - net	-	15,447,037	7,985,052	23,432,089
Segment liabilities	-	10,129,437	6,263,078	16,392,515
Half year ended June 30, 2013 (Un-Audited)				
Total income	2,111	572,796	344,850	919,757
Total expense	31,376	328,172	295,976	655,524
Net income	(29,265)	244,624	48,874	264,233
Half year ended June 30, 2013 (Un-Audited)				
Segment assets - net	-	10,742,007	6,694,004	17,436,011
Segment liabilities	-	5,763,842	4,559,136	10,322,978

18. CASH AND CASH EQUIVALENTS

	(Un-Audited) Half year ended	
	June 30, 2014	June 30, 2013
----- (Rupees in '000) -----		
Cash and balances with treasury banks	99,064	81,100
Balances with other banks	104,609	110,899
Placements	200,060	23,000
	403,673	214,999

19. RELATED PARTY TRANSACTIONS

19.1 The Company has related party relationship with its associates, subsidiary, employee benefit plans, directors, company having common directors and its key management personnel (including their associates). The details of investments in subsidiary company 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 Company

-Pak Oman Asset Management Company Limited

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 heads of departments
- Directors

Retirement benefit fund

- Defined benefit plan
- Defined contribution plan

Other related party

- Orient Power Company (Private) Limited

1-2014

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 January 01, 2014	Given during the year	Repaid during the year	As at June 30, 2014	As at January 01, 2013	Given during the year	Repaid during the year	As at December 31, 2013
(Rupees in '000)								
Investments								
Subsidiary	168,300	-	-	168,300	168,300	-	-	168,300
Associates	955,842	-	-	955,842	905,742	50,100	-	955,842
Other related parties	226,000	-	-	226,000	457,744	-	(231,744)	226,000
	1,350,142	-	-	1,350,142	1,531,786	50,100	(231,744)	1,350,142
Advances								
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
	366,581	3,946	(20,311)	350,216	393,820	10,356	(37,595)	366,581
Deposits								
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
	597,076	874,587	(893,276)	578,387	494,977	382,892	(280,793)	597,076
							(Un-Audited) June 30, 2014	(Audited) December 31, 2013
(Rupees in '000)								
Other Assets								
Advance against shares - Associates							83,500	-
Other payable								
Gratuity fund							-	4,876
							(Un-Audited) Half year ended June 30, 2014	June 30, 2013
(Rupees in '000)								
Mark-up income								
Key Management personnel							1,377	1,522
Other related parties							14,757	13,940
Dividend income								
Associates							30,844	4,014
Other related party							-	15,234
Other income								
Other related parties							-	304
Mark-up expense on Deposits								
Associates							26,758	26,578
Key Management personnel							556	589
Retirement benefit funds							335	2,181
Expenses for the period								
Remuneration to key management personnel							63,450	57,913
Non-executive director's fee / remuneration							6,848	6,737
Charge for defined contribution plan							6,122	5,150
Charge for defined benefit plan							5,546	4,156
Outright sale of Government Securities								
Retirement benefit funds							102,889	13,190
Capital gain on Government Securities								
Retirement benefit funds							13	(1)

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20. CREDIT RATING

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

21. GENERAL

The figures have been rounded off to the nearest thousand rupees.

22. DATE OF AUTHORISATION FOR ISSUE

31 AUG 2014

This unconsolidated condensed interim financial information was authorised on ----- by the board of directors.

Amir

V. Anand
Chief Financial Officer

Ahmed Shah
Managing Director
and Chief Executive

Ahmed Shah
Managing Director
and Chief Executive

[Signature]
Chairman