

**PAK OMAN INVESTMENT
COMPANY LIMITED**

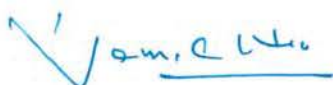
**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)**

**FOR THE SIX MONTH
ENDED JUNE 30, 2013**

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2013

(Unaudited) June 30, 2013 ------(US Dollars in '000)-----	(Audited) December 31, 2012		(Unaudited) June 30, 2013 ------(Rupees in '000)-----	(Audited) December 31, 2012
ASSETS				
814	1,023	Cash and balances with treasury banks	81,138	101,974
1,481	1,605	Balances with other banks	147,587	159,980
11,678	8,360	Lendings to financial institutions	1,163,813	833,119
89,640	103,313	Investments -net	8,933,476	10,296,148
63,052	63,687	Advances -net	6,283,739	6,347,059
559	615	Operating fixed assets	55,717	61,298
4,403	4,315	Deferred tax assets -net	438,802	430,070
3,980	3,901	Other assets	396,603	388,729
175,607	186,819		17,500,875	18,618,377
LIABILITIES				
-	-	Bills payable	-	-
56,536	65,687	Borrowings	5,634,397	6,546,367
42,744	43,659	Deposits and other accounts	4,259,882	4,351,000
-	-	Sub-ordinated loans	-	-
78	108	Liabilities against assets subject to finance lease	7,749	10,802
-	-	Deferred tax liabilities	-	-
4,127	4,997	Other liabilities	411,358	497,955
103,485	114,451		10,313,386	11,406,124
72,122	72,368	NET ASSETS	7,187,489	7,212,253
REPRESENTED BY				
61,710	61,710	Share capital	6,150,000	6,150,000
6,091	5,729	Reserves	606,980	570,983
3,823	4,543	Unappropriated profit	380,950	452,759
71,624	71,982		7,137,930	7,173,742
307	374	Non controlling interest	30,572	37,268
71,931	72,356		7,168,502	7,211,010
191	12	Surplus on revaluation of assets - net of deferred tax	18,987	1,243
72,122	72,368		7,187,489	7,212,253
CONTINGENCIES AND COMMITMENTS				
15				

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



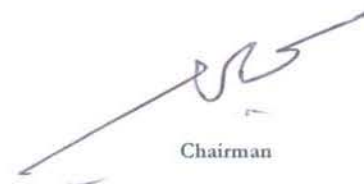
Chief Financial Officer



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 QUARTER AND SIX MONTH ENDED JUNE 30, 2013

Six month ended		Note	Quarter ended		Six month ended	
June 30, 2013	June 30, 2012		June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
(US Dollars in '000)			(Rupees in '000)			
7,732	10,714	Mark-up/return/interest earned	374,128	544,524	770,551	1,067,753
4,430	7,077	Mark-up/return/interest expensed	215,688	369,971	441,484	705,277
3,302	3,637	Net mark-up/ interest income	158,440	174,553	329,067	362,476
378	(29)	Provision / (reversal) against non -performing advances	38,383	(24,784)	37,706	(2,871)
110	465	Provision for diminution in the value of investments	4,745	31,907	10,987	46,365
-	-	Bad debts written off directly	-	-	-	-
488	436		43,128	7,123	48,693	43,494
2,814	3,201	Net mark-up/ interest income after provisions	115,312	167,430	280,374	318,982
NON MARK-UP/INTEREST INCOME						
205	222	Fee, commission and brokerage income	18,691	11,106	20,430	22,124
228	79	Dividend income	16,725	(7,245)	22,688	7,882
1,117	873	Gain on sale of securities	93,666	63,535	111,289	87,045
75	169	Unrealised gain on revaluation of investments classified as 'held-for-trading' securities	4,158	8,988	7,436	16,800
4	8	Other income	195	751	351	751
1,629	1,351	Total non -mark up/interest income	133,435	77,135	162,194	134,602
4,443	4,552		248,747	244,565	442,568	453,584
NON MARK-UP/INTEREST EXPENSES						
1,846	1,828	Administrative expenses	107,624	99,153	183,968	182,211
37	112	Other provisions	-	11,129	3,698	11,129
48	77	Other charges	3,043	5,332	4,656	7,612
1,931	2,017	Total non-mark up/interest expenses	110,667	115,614	192,322	200,952
2,512	2,535		138,080	128,951	250,246	252,632
391	500	Share of results of associates - net of tax	39,125	12,815	39,015	49,808
-	-	Extra ordinary /unusual items	-	-	-	-
2,903	3,035	PROFIT BEFORE TAXATION	177,205	141,766	289,261	302,440
1,065	954	Taxation - current	60,200	28,629	106,110	95,032
-	-	- prior	-	-	-	-
(204)	(292)	- deferred	(9,520)	3,150	(20,341)	(29,112)
861	662		50,680	31,779	85,769	65,920
2,042	2,373	PROFIT AFTER TAXATION	126,525	109,987	203,492	236,520
PROFIT / (LOSS) ATTRIBUTABLE TO:						
2,109	2,412	Shareholders of the holding company	133,221	112,039	210,188	240,455
(67)	(39)	Non-controlling interest	(6,696)	(2,052)	(6,696)	(3,935)
2,042	2,373		126,525	109,987	203,492	236,520
US Dollar			(Rupee)			
US \$ 0.0034	US \$ 0.0039	Basic and diluted earnings per share	0.22	0.18	0.34	0.39

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 QUARTER AND SIX MONTH ENDED JUNE 30, 2013

Six month ended			Quarter ended		Six month ended	
June 30, 2013	June 30, 2012		June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
2,042	2,373	Profit after taxation	126,525	109,987	203,492	236,520
		Other comprehensive income for the period				
		Items that will not be reclassified subsequently to profit and loss account				
-	-	Actuarial gain / loss	4.1	-	-	-
<u>2,042</u>	<u>2,373</u>	Total comprehensive income for the period	<u>126,525</u>	<u>109,987</u>	<u>203,492</u>	<u>236,520</u>
		Total comprehensive income attributable to:				
2,109	2,412	Shareholders of the holding company	133,221	112,039	210,188	240,455
(67)	(39)	Non-controlling interest	(6,696)	(2,052)	(6,696)	(3,935)
<u>2,042</u>	<u>2,373</u>		<u>126,525</u>	<u>109,987</u>	<u>203,492</u>	<u>236,520</u>

Surplus on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

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 CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE SIX MONTH ENDED JUNE 30, 2013

June 30, 2013	June 30, 2012		Note	June 30, 2013	June 30, 2012
----- (US Dollars in '000) -----				----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES					
2,903	3,035	Profit before taxation		289,261	302,440
228	79	Less: Dividend income		22,688	7,882
<u>2,675</u>	<u>2,956</u>			<u>266,573</u>	<u>294,558</u>
Adjustments for non-cash charges					
87	95	Depreciation		8,658	9,508
6	12	Amortisation of intangible assets		577	1,160
(75)	(169)	Unrealised (gain) on revaluation of investments classified as 'held-for-trading'		(7,436)	(16,800)
-	(7)	(Gain) on sale of fixed assets		(40)	(701)
(391)	(500)	Share of (gain) from associates - net of tax		(39,015)	(49,808)
378	(29)	Provision / (reversal) against non-performing advances		37,706	(2,871)
110	465	Provision for diminution in the value of investments		10,987	46,365
(7,732)	(10,714)	Financial income		(770,551)	(1,067,753)
4,430	7,077	Financial charges		441,484	705,277
<u>(3,187)</u>	<u>(3,770)</u>			<u>(317,630)</u>	<u>(375,623)</u>
(512)	(814)			(51,057)	(81,065)
(Increase)/decrease in operating assets					
(3,087)	(1,494)	Lendings to financial institutions		(307,694)	(148,909)
8,487	32,505	Net investments in held-for-trading securities		845,825	3,239,464
257	(7,410)	Advances		25,614	(738,438)
(476)	283	Other assets		(47,331)	28,216
<u>5,181</u>	<u>23,884</u>			<u>516,414</u>	<u>2,380,333</u>
Increase/(decrease) in operating liabilities					
-	-	Bills payable		-	-
(9,151)	5,871	Borrowings		(911,970)	585,095
(914)	2,046	Deposits and other accounts		(91,118)	203,934
(262)	727	Other liabilities		(26,060)	72,374
<u>(10,327)</u>	<u>8,644</u>			<u>(1,029,148)</u>	<u>861,403</u>
(5,658)	31,714			(563,791)	3,160,671
8,128	10,299	Financial income received		810,008	1,026,375
(4,993)	(7,547)	Financial charges paid		(497,619)	(752,084)
(1,109)	(1,240)	Income tax paid		(110,512)	(123,606)
<u>(3,632)</u>	<u>33,226</u>	Net cash (used in) / from operating activities		<u>(361,914)</u>	<u>3,311,356</u>
CASH FLOW FROM INVESTING ACTIVITIES					
5,318	(31,728)	Net (Investments in)/proceeds from available-for-sale securities		530,001	(3,161,961)
26	24	Net proceeds from investments in held-to-maturity		2,576	2,420
493	147	Investments in associates		49,087	14,630
228	191	Dividend received		22,688	19,012
(46)	(96)	Investments in operating fixed assets		(4,619)	(9,603)
10	30	Sale proceeds of property and equipment disposed-off		1,005	2,969
<u>6,029</u>	<u>(31,432)</u>	Net cash from / (used in) investing activities		<u>600,738</u>	<u>(3,132,533)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
(31)	(57)	Payment of lease obligation		(3,053)	(5,717)
(2,468)	(2,160)	Dividend paid		(246,000)	(215,250)
<u>(2,499)</u>	<u>(2,217)</u>	Net cash used in financing activities		<u>(249,053)</u>	<u>(220,967)</u>
(102)	(423)	Decrease in cash and cash equivalents		(10,229)	(42,144)
2,628	2,772	Cash and cash equivalents at the beginning of the period		261,954	276,210
<u>2,526</u>	<u>2,349</u>	Cash and cash equivalents at the end of the period	18	<u>251,725</u>	<u>234,066</u>

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 SIX MONTH ENDED JUNE 30, 2013

	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 January 1, 2012	6,150,000	473,682	11,630	296,512	6,931,824	47,850	6,979,674
Comprehensive income							
Net profit after tax for the six month ended June 30, 2012	-	-	-	240,455	240,455	(3,935)	236,520
Other comprehensive income -net of tax	-	-	-	-	-	-	-
	-	-	-	240,455	240,455	(3,935)	236,520
Transfers							
Transfer to statutory reserve	-	41,030	-	(41,030)	-	-	-
Transactions with owners recognised directly in equity							
Dividend for the year ended December 31, 2011 (Re 0.35 per share)	-	-	-	(215,250)	(215,250)	-	(215,250)
Balance as at June 30, 2012	6,150,000	514,712	11,630	280,687	6,957,029	43,915	7,000,944
Comprehensive income							
Net profit after tax for the six month ended December 31, 2012	-	-	-	216,713	216,713	(6,647)	210,066
Other comprehensive income -net of tax	-	-	-	-	-	-	-
	-	-	-	216,713	216,713	(6,647)	210,066
Transfers							
Transfer to statutory reserve	-	44,641	-	(44,641)	-	-	-
Balance as at December 31, 2012	6,150,000	559,353	11,630	452,759	7,173,742	37,268	7,211,010
Comprehensive income							
Net profit after tax for the six month ended June 30, 2013	-	-	-	210,188	210,188	(6,696)	203,492
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	210,188	210,188	(6,696)	203,492
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)	-	(246,000)
Balance as at June 30, 2013	6,150,000	595,350	11,630	380,950	7,137,930	30,572	7,168,502

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 SIX MONTH ENDED JUNE 30, 2013

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-13	31-Dec-12
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.	34.90	35.36
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.	93.09	64.97
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.	91.21	94.27
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
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

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 six month ended June 30, 2013 and the unaudited financial statements of POAMCL for the year ended June 30, 2013. 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 month ended March 31, 2013
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the six month ended June 30, 2013
Pak Oman Advantage Fund	Unaudited financial statements for the year ended June 30, 2013
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the year ended June 30, 2013
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the year ended June 30, 2013
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the year ended June 30, 2013
Pak Oman Government Securities Fund	Unaudited financial statements for the year ended June 30, 2013

3 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the six month ended June 30, 2013 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 NBFIs. 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.

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, 2012.

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 99.6595 = US dollar 1 for the six month ended June 30, 2013 and the corresponding period.

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, 2012, except as disclosed in note 4.1.

Change in accounting policy

4.1 During the current period, the Company has changed its accounting policy in respect of post-retirement defined benefit plan as required under IAS 19, 'Employee Benefits'. According to the new policy, all actuarial gains and losses are recognized in Other Comprehensive Income (OCI) in the periods in which they occur. Amounts recorded in profit and loss account are limited to current and past service costs, gain or loss on settlement and net interest income or expense. All other changes in the net defined benefit obligation are recognized directly in OCI with no subsequent recycling through profit and loss account. Previously, the Company was recognizing all actuarial gains / losses in the profit and loss account.

The effect of such change is considered immaterial to this unconsolidated condensed interim financial information as whole.

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, 2012, except as disclosed in note 4.1.

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, 2012.

7 INVESTMENTS - net

Note	June 30, 2013 (Un-audited)			December 31, 2012 (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						
	58,126	398,747	456,873	13,366	612,226	625,592
	-	-	-	50,812	648,145	698,957
	23,020	-	23,020	-	-	-
	2,274	-	2,274	3,443	-	3,443
	83,420	398,747	482,167	67,621	1,260,371	1,327,992
Available-for-sale securities						
	234,681	2,694,086	2,928,767	154,242	2,647,324	2,801,566
	528,862	-	528,862	485,026	653,294	1,138,320
7.2	264,273	-	264,273	213,693	-	213,693
	131,333	226,000	357,333	131,333	226,000	357,333
	227,211	-	227,211	231,744	-	231,744
	14,337	-	14,337	14,337	-	14,337
	659,525	-	659,525	724,373	-	724,373
	-	-	-	9,999	-	9,999
7.2	2,784,863	146,122	2,930,985	2,772,238	177,691	2,949,929
	4,845,085	3,066,208	7,911,293	4,736,985	3,704,309	8,441,294
Held-to-maturity securities						
	200,000	-	200,000	202,576	-	202,576
Associates						
	-	-	-	-	-	-
	307,789	-	307,789	298,760	-	298,760
	104,224	-	104,224	105,451	-	105,451
	126,581	-	126,581	112,441	-	112,441
	132,100	-	132,100	155,015	-	155,015
	-	-	-	-	-	-
11	224,428	-	224,428	233,761	-	233,761
	895,122	-	895,122	905,428	-	905,428
Investments at cost						
	6,023,627	3,464,955	9,488,582	5,912,610	4,964,680	10,877,290
Less: Provision for diminution in the value of investments						
	584,486	-	584,486	573,499	-	573,499
Investments - net of provisions						
	5,439,141	3,464,955	8,904,096	5,339,111	4,964,680	10,303,791
(Loss) / gain on revaluation of held-for-trading securities						
	(916)	6,024	5,108	(119)	(2,209)	(2,328)
(Deficit) / surplus on revaluation of available-for-sale securities						
14	(55,895)	80,167	24,272	(40,896)	35,581	(5,315)
Total investments at carrying value						
	5,382,330	3,551,146	8,933,476	5,298,096	4,998,052	10,296,148

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)/2013-11339 dated July 25, 2013 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 30%, 40%, 50%, 60%, 75%, 85% and 100% by June 30, 2013, September 30, 2013, December 31, 2013, March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014 respectively calculated under Prudential Regulations. While the SBP has maintained relaxation provided in respect of exposure of Azgard Nine Limited as per their earlier letter number BPRD/BRD-(Policy)/2013-1857 dated February 15, 2013 (fully disclosed in note 9.6.4.4 of annual financial statements). The holding Company has maintained 53% (December 31, 2012: 50%) provision on credit exposure and 100% impairment on mark-to-market loss on shares in this consolidated financial information.

	(Un-audited) June 30, 2013	(Audited) December 31, 2012
----- (Rupees in '000) -----		
8. ADVANCES - net		
Loans in Pakistan	6,218,071	6,352,491
Net investment in finance lease in Pakistan	1,037,188	928,382
Advances - gross	7,255,259	7,280,873
Less: Provision for non-performing advances	(971,520)	(933,814)
Advances - net of provision	6,283,739	6,347,059

- 8.1 Advances include amount aggregating Rs. 1,208.147 million (December 31, 2012: Rs. 1,182.906 million), which have been placed under the non-performing status as detailed below:

June 30, 2013 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
Substandard	-	-	-	-	-
Doubtful	105,778	-	105,778	-	-
Loss	1,102,369	-	1,102,369	971,520	971,520
	1,208,147	-	1,208,147	971,520	971,520

December 31, 2012 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
Substandard	94,878	-	94,878	-	-
Doubtful	128,266	-	128,266	63,061	63,061
Loss	959,762	-	959,762	870,753	870,753
	1,182,906	-	1,182,906	933,814	933,814

- 8.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the holding Company has further availed the benefit of FSV against the non-performing advances and term finance certificates. Had this benefit of FSV not been taken by the Company, the specific provision against non-performing advances and term finance certificates would have been higher by Rs. 54.37 million (net of tax Rs. 38.82 million) and profit before taxation for the six month ended June 30, 2013 would have been reduced by the same amount. As of June 30, 2013, the holding Company has availed total accumulated FSV benefit amounting to Rs. 347.84 million (net of tax Rs. 229.57 million). Accordingly, accumulated profit of Rs. 229.57 (net of transfer to statutory reserves Rs. 183.66 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) June 30, 2013	(Un-Audited) June 30, 2012
----- (Rupees in '000) -----		
9 OPERATING FIXED ASSETS		
During the period additions to operating fixed assets were as follows:		
Owned		
Office equipment	21	22
Computer equipment	546	1,063
Furniture and fixture	961	100
Vehicles	3,051	5,383
Capital work in progress	40	3,035
	4,619	9,603
During the period disposals from operating fixed assets were as follows:		
Owned		
Office equipment	44	-
Furniture and fixture	-	104
Vehicles	921	1,646
Assets subject to finance lease		
Vehicles	-	518
	965	2,268

(Un-Audited) (Audited)
June 30, 2013 December 31, 2012
------(Rupees in '000)-----

10 DEFERRED TAX ASSETS - net

Deductible temporary differences arising for:

Provision for diminution in the value of investments	164,513	165,791
Other provision	1,257	-
Revaluation on investments classified as held-for-trading	-	815
Revaluation on investments classified as available-for-sale	-	8,363
Amortisation of premium on federal government securities	17,703	17,121
Accelerated tax depreciation allowances	519	814
Provision against non-performing loans and advances	330,317	326,835
	514,309	519,739

Taxable temporary differences arising for:

Assets subject to finance leases	(1,656)	(1,930)
Revaluation on investments classified as held-for-trading	(2,134)	-
Revaluation on investments classified as available-for-sale	(3,246)	-
Net investment in finance leases	(68,471)	(87,739)
	(75,507)	(89,669)
	438,802	430,070

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This includes Rs. 50.1 million provided as advance against issue of shares to Pak Oman Microfinance Bank Limited, an associate. The shares were not issued till the date of approval of the consolidated condensed interim financial information by the Board of Directors of the holding company.

12 DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)		
Financial institutions	864,747	731,747
Others	3,395,135	3,619,253
	4,259,882	4,351,000

12.1 The rate of return on deposits maturing July 2013 to April 2014 (2012: January 2013 to May 2014) is 8.50% to 13.75% (2012: 9% to 13.75%) per annum.

13 SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) June 30, 2013 ------(Number of shares)-----	(Audited) December 31, 2012		(Un-Audited) June 30, 2013 ------(Rupees in '000)-----	(Audited) December 31, 2012
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each.	10,000,000	10,000,000

13.2 Issued, subscribed and paid - up capital

615,000,000	615,000,000	Ordinary shares of Rs. 10 each.	6,150,000	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 (2012: 307,495,900) ordinary shares of the Company, while 4,100 (2012: 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, 2013	(Audited) December 31, 2012
	------(Rupees in '000)-----	
14 SUPPLUS ON REVALUATION OF ASSETS - net of deferred tax		
Surplus on revaluation of available-for-sale securities - net of tax		
Federal Government Securities		
- Market Treasury Bills	(37)	873
- Pakistan Investment Bonds	84,532	31,508
	<u>84,495</u>	<u>32,381</u>
Shares-listed	10,315	17,727
Term Finance Certificates		
-Listed	(74,838)	(44,772)
-Unlisted	605	(9,827)
	<u>(74,233)</u>	<u>(54,599)</u>
Sukuk-unlisted	(713)	(1,076)
National Saving Bonds	-	(599)
Investment in Mutual Funds	4,408	851
	<u>24,272</u>	<u>(5,315)</u>
Deferred tax asset recognized	(3,246)	8,363
	<u>21,026</u>	<u>3,048</u>
Associate's share of deficit of revaluation of available-for-sale securities	(2,039)	(1,805)
	<u>18,987</u>	<u>1,243</u>

15 CONTINGENCIES AND COMMITMENTS

Pledge of shares on behalf of JPGL - 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	192,786	235,657
Purchase of government securities	54,301	
Commitments for loans and advances and net investment in finance leases	1,554,474	1,016,982
Commitments for the acquisition of operating fixed assets	-	709
15.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2012: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2012: 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, 2012: 22,600,000) having a cost of Rs.226 million (December 31, 2012: 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 There is no change in respect of tax contingency as disclosed in note 29.3 of the financial statements for the year ended December 31, 2012 except as disclosed in note 15.4 of this consolidated financial information.		
15.4 During the period, the Income Tax Department has amended the deemed assessment order for the tax year 2011. The holding company has filed an appeal against the said order. The effect of the amendments amounts to Rs. 51 million. No provision has been made against the amendments based on the opinion of the holding company's tax consultant who expects a favorable outcome of the appeal.		

16 **BASIC AND DILUTED EARNINGS PER SHARE (Un-Audited)**

	Quarter ended		Six month ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Profit attributable to shareholders (Rupees in '000)	133,221	112,039	210,188	240,455
Weighted average number of ordinary shares (in '000)	615,000	615,000	615,000	615,000
Basic and diluted earnings per share (Rupee)	0.22	0.18	0.34	0.39

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)' -----				
Six month ended June 30, 2013 (Un-Audited)					
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	(29,265)	282,871	48,874	(13,219)	289,261
Six month ended June 30, 2012 (Un-Audited)					
Total income	3,346	820,106	399,003	29,708	1,252,163
Total expense	23,132	587,440	301,637	37,514	949,723
Net income	(19,786)	232,666	97,366	(7,806)	302,440

18 **CASH AND CASH EQUIVALENTS**

	(Un-Audited)	
	Six month ended	
	June 30, 2013	June 30, 2012
	----- (Rupees in '000) -----	
Cash and balances with treasury banks	81,138	99,002
Balances with other banks	147,587	135,064
Placements	23,000	-
	<u>251,725</u>	<u>234,066</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.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the consolidated condensed interim financial information are as follows:

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 (due to common directorship)

- Orient Power Company (Private) Limited

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


04 SEP 2013

This consolidated condensed interim financial information were authorised on -----, 2013 by the board of directors of the holding Company.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman