

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants

**PAK OMAN
INVESTMENT COMPANY
LIMITED**

**Unconsolidated Condensed
Interim Financial Information**

for the Six Month Ended June 30, 2013

Member of
Deloitte Touche Tohmatsu Limited

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Pak Oman Investment Company Limited (the Company)** as at June 30, 2013 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, and unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (herein after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this 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 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 as of and for the six-month ended June 30, 2013 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 of the unconsolidated condensed interim profit and loss account and the unconsolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2013.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Engagement Partner
Nadeem Yousuf Adil

Place: Karachi
Date: September 4, 2013

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

(Unaudited) (Audited)
June 30, December 31,
2013 2012
----- (US Dollars in '000) -----

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

ASSETS

	(Unaudited) June 30, 2013	(Audited) December 31, 2012		Note	(Unaudited) June 30, 2013	(Audited) December 31, 2012
	814	1,022	Cash and balances with treasury banks		81,100	101,865
	1,113	1,588	Balances with other banks		110,899	158,294
	11,678	8,360	Lendings to financial institutions		1,163,813	833,119
	89,012	102,640	Investments - net	6	8,870,861	10,229,027
	63,052	63,687	Advances - net	7	6,283,739	6,347,059
	542	589	Operating fixed assets	8	53,989	58,725
	4,869	4,770	Deferred tax assets - net	9	485,205	475,398
	3,876	3,757	Other assets	10	386,405	374,454
	174,956	186,413			17,436,011	18,577,941

LIABILITIES

	(Unaudited) June 30, 2013	(Audited) December 31, 2012		Note	(Unaudited) June 30, 2013	(Audited) December 31, 2012
	-	-	Bills payable		-	-
	56,536	65,687	Borrowings		5,634,397	6,546,367
	42,744	43,659	Deposits and other accounts	11	4,259,882	4,351,000
	-	-	Sub-ordinated loans		-	-
	76	106	Liabilities against assets subject to finance lease		7,612	10,556
	-	-	Deferred tax liabilities		-	-
	4,226	5,106	Other liabilities		421,087	508,948
	103,582	114,558			10,322,978	11,416,871

NET ASSETS

	71,374	71,855			7,113,033	7,161,070
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REPRESENTED BY

	(Unaudited) June 30, 2013	(Audited) December 31, 2012		Note	(Unaudited) June 30, 2013	(Audited) December 31, 2012
	61,710	61,710	Share capital	12	6,150,000	6,150,000
	6,091	5,729	Reserves		606,980	570,983
	3,362	4,385	Unappropriated profit		335,027	437,039
	71,163	71,824			7,092,007	7,158,022
	211	31	Surplus on revaluation of assets - net of deferred tax	13	21,026	3,048
	71,374	71,855			7,113,033	7,161,070

Contingencies and commitments

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The annexed notes from 1 to 21 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 (UNAUDITED)
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)			
7,723	10,702		373,269	544,060	769,692	1,066,561
4,430	7,077		215,688	369,971	441,484	705,277
3,293	3,625		157,581	174,089	328,208	361,284
378	(29)		38,383	(24,784)	37,706	(2,871)
180	506		11,714	36,003	17,956	50,461
-	-		-	-	-	-
558	477		50,097	11,219	55,662	47,590
2,735	3,148		107,484	162,870	272,546	313,694
NON MARK-UP / INTEREST INCOME						
43	58		2,548	3,418	4,287	5,787
268	132		20,739	(4,595)	26,702	13,130
1,117	836		93,666	61,651	111,289	83,309
75	164		4,158	9,205	7,436	16,306
4	7		195	701	351	701
1,507	1,197		121,306	70,380	150,065	119,233
4,242	4,345		228,790	233,250	422,611	432,927
NON MARK-UP/INTEREST EXPENSES						
1,510	1,494		74,137	84,769	150,481	148,876
37	112		-	11,129	3,698	11,129
42	34		2,586	1,984	4,199	3,433
1,589	1,640		76,723	97,882	158,378	163,438
2,653	2,705		152,067	135,368	264,233	269,489
-	-		-	-	-	-
2,653	2,705		152,067	135,368	264,233	269,489
PROFIT BEFORE TAXATION						
1,060	952		59,754	28,554	105,664	94,884
-	-		-	-	-	-
(215)	(307)		(10,595)	1,716	(21,416)	(30,546)
845	645		49,159	30,270	84,248	64,338
1,808	2,060		102,908	105,098	179,985	205,151
PROFIT AFTER TAXATION						
US Dollar			(Rupee)			
0.0029	0.0033	15	0.17	0.17	0.29	0.33

The annexed notes from 1 to 21 form an integral part of this unconsolidated condensed interim financial information.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
 UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 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) -----			
1,808	2,060	Profit after taxation	102,908	105,098	179,985	205,151
		Other comprehensive income for the period				
		<i>Items that will not be reclassified subsequently to profit and loss account:</i>				
-	-	Actuarial gain / loss	-	-	-	-
		Note				
		3.1				
1,808	2,060	Total comprehensive income for the period	102,908	105,098	179,985	205,151

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 21 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 CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTH ENDED JUNE 30, 2013

June 30, 2013 ------(US Dollars in '000)-----	June 30, 2012		Note	June 30, 2013 ------(Rupees in '000)-----	June 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES					
2,653	2,705	Profit before taxation		264,233	269,489
268	132	Less: Dividend income		26,702	13,130
<u>2,385</u>	<u>2,573</u>			<u>237,531</u>	<u>256,359</u>
Adjustments for non-cash charges					
78	77	Depreciation		7,773	7,723
6	12	Amortisation of intangible assets		577	1,152
(75)	(164)	Unrealised gain on revaluation of investments classified as held-for-trading		(7,436)	(16,306)
-	(7)	Gain on sale of operating fixed assets		(40)	(701)
378	(29)	Provision / (reversal) against non-performing advances		37,706	(2,871)
180	506	Provision for diminution in the value of investments		17,956	50,461
(7,723)	(10,702)	Financial income		(769,692)	(1,066,561)
4,430	7,077	Financial charges		441,484	705,277
<u>(2,726)</u>	<u>(3,230)</u>			<u>(271,672)</u>	<u>(321,826)</u>
(341)	(657)			(34,141)	(65,467)
(Increase) / decrease in operating assets					
(3,087)	(1,494)	Lendings to financial institutions		(307,694)	(148,909)
8,475	32,505	Net investments in held-for-trading securities		844,656	3,239,465
257	(7,397)	Advances		25,614	(737,153)
(517)	244	Other assets		(51,418)	24,179
<u>5,128</u>	<u>23,858</u>			<u>511,158</u>	<u>2,377,582</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
(275)	749	Other liabilities		(27,324)	74,556
<u>(10,340)</u>	<u>8,666</u>			<u>(1,030,412)</u>	<u>863,585</u>
(5,553)	31,867			(553,395)	3,175,700
8,119	10,291	Financial income received		809,159	1,025,555
(4,993)	(7,547)	Financial charges paid		(497,619)	(752,084)
(1,104)	(1,234)	Income tax paid		(110,066)	(122,944)
<u>(3,531)</u>	<u>33,377</u>	Net cash (used in) / from operating activities		<u>(351,921)</u>	<u>3,326,227</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
5,318	(31,782)	Net proceeds from / (investments in) available-for-sale securities		530,001	(3,167,359)
26	24	Net proceeds from investments in held-to-maturity securities		2,576	2,420
268	243	Dividend income received		26,702	24,260
(46)	(96)	Investments in operating fixed assets		(4,579)	(9,581)
10	25	Sale proceeds on sale of operating fixed assets		1,005	2,451
<u>5,576</u>	<u>(31,586)</u>	Net cash from / (used in) investing activities		<u>555,705</u>	<u>(3,147,809)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
(30)	(53)	Payment of lease obligation		(2,944)	(5,291)
(2,468)	(2,160)	Dividend paid		(246,000)	(215,250)
<u>(2,498)</u>	<u>(2,213)</u>	Net cash used in financing activities		<u>(248,944)</u>	<u>(220,541)</u>
(453)	(422)	Decrease in cash and cash equivalents		(45,160)	(42,123)
2,610	2,766	Cash and cash equivalents as at beginning of the period		260,159	275,705
<u>2,157</u>	<u>2,344</u>	Cash and cash equivalents at the end of the period	17	<u>214,999</u>	<u>233,582</u>

The annexed notes from 1 to 21 form an integral part of this unconsolidated condensed interim financial information.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive

Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTH ENDED JUNE 30, 2013

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Total
		Statutory reserve	General reserve		
(Rupees in '000)					
Balance as at January 1, 2012	6,150,000	473,682	11,630	309,606	6,944,918
Comprehensive Income					
Net profit after tax for the six month ended June 30, 2012	-	-	-	205,151	205,151
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	205,151	205,151
Transfers					
Transfer to statutory reserve	-	41,030	-	(41,030)	-
Transaction with owners recognised directly in equity					
Dividend for the year ended December 31, 2011 (Re. 0.35 per share)	-	-	-	(215,250)	(215,250)
Balance as at June 30, 2012	6,150,000	514,712	11,630	258,477	6,934,819
Comprehensive Income					
Net profit after tax for the six month ended December 31, 2012	-	-	-	223,203	223,203
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	223,203	223,203
Transfers					
Transfer to statutory reserve	-	44,641	-	(44,641)	-
Balance as at December 31, 2012	6,150,000	559,353	11,630	437,039	7,158,022
Comprehensive Income					
Net profit after tax for the six month ended June 30, 2013	-	-	-	179,985	179,985
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	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

The annexed notes from 1 to 21 form an integral part of this unconsolidated condensed interim financial information.


Chief Financial Officer


Managing Director
and Chief Executive

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Managing Director
and Chief Executive


Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTH ENDED JUNE 30, 2013

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 the State Bank of Pakistan (SBP).

2. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Company for the six month period ended June 30, 2013 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – Interim Financial Reporting, provisions of the Companies Ordinance, 1984, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives shall prevail.

The SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Non Banking Financial Institutions in Pakistan vide BSD Circular Letter number 11 dated September 11, 2002, till further instructions. Further, according to the notification of SECP dated April 28, 2008, the International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" has not been made applicable for banks and 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 these unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

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, 2012.

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

3. 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, 2012, except as disclosed in note 3.1.

3.1 Change in accounting policy

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.

4. 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, 2012, except as disclosed in note 3.1.

5. 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, 2012.

6. INVESTMENTS - net

Note	June 30, 2013 (Unaudited)			December 31, 2012 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
(Rupees in '000)						
6.1 Investments by types						
Held-for-trading securities						
Pakistan Investment Bonds (PIBs)	58,126	398,747	456,873	13,366	612,226	625,592
Market Treasury Bills (T-Bills)	-	-	-	50,812	648,145	698,957
Listed ordinary shares	23,020	-	23,020	-	-	-
	81,146	398,747	479,893	64,178	1,260,371	1,324,549
Available-for-sale securities						
Pakistan Investment Bonds (PIBs)	234,681	2,694,086	2,928,767	154,242	2,647,324	2,801,566
Market Treasury Bills (T-Bills)	528,862	-	528,862	485,026	653,294	1,138,320
Listed ordinary shares	264,273	-	264,273	213,693	-	213,693
Unlisted ordinary shares	131,333	226,000	357,333	131,333	226,000	357,333
Unlisted preference shares	227,211	-	227,211	231,744	-	231,744
Mutual funds units	14,337	-	14,337	14,337	-	14,337
Sukuk certificates	659,525	-	659,525	724,373	-	724,373
National Saving Bonds	-	-	-	9,999	-	9,999
Term finance certificates (TFCs)	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						
Pakistan Investment Bonds (PIBs)	200,000	-	200,000	202,576	-	202,576
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	251,108	-	251,108	251,108	-	251,108
	835,016	70,726	905,742	835,016	70,726	905,742
Subsidiary						
Pak Oman Asset Management Company Limited	168,300	-	168,300	168,300	-	168,300
	6,129,547	3,535,681	9,665,228	6,007,055	5,035,406	11,042,461
Investments at cost						
Less: Provision for diminution in the value of investments	764,476	59,271	823,747	746,520	59,271	805,791
Investments - net of provisions						
(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	(55,895)	80,167	24,272	(40,896)	35,581	(5,315)
Total investments at carrying value	5,308,260	3,562,601	8,870,861	5,219,520	5,009,507	10,229,027

6.2 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 Company has maintained 53% (December 31, 2012: 50%) provision on credit exposure and 100% impairment on mark-to-market loss on shares in this unconsolidated financial information.

6.3 The Board of Directors of the Company, in their meeting held on December 30, 2012, has approved the proposal of amalgamation of the subsidiary company with other group. Due diligence report for the aforesaid amalgamation has been prepared and swap ratio has been approved by the Board of POAMC. The Competition Commission of Pakistan has approved the scheme and the transaction has been submitted to Securities and Exchange Commission of Pakistan for approval

	(Unaudited) June 30, 2013	(Audited) December 31, 2012
	----- (Rupees in '000) -----	
7. ADVANCES - net		
Loans, cash credits, running finances, etc. 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

7.1 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:

Category of classification	June 30, 2013 (Unaudited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
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

Category of classification	December 31, 2012 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
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

7.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the 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 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 million (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 Company as required by the aforementioned SBP directives.

8. OPERATING FIXED ASSETS	(Unaudited)	
	Six month ended June 30, 2013	June 30, 2012
	----- (Rupees in '000) -----	
During the period additions to operating fixed assets were as follows:		
Owned		
Office equipment	21	22
Computer equipment	546	1,041
Furniture and fixtures	961	100
Vehicles	3,051	5,383
Capital work-in-progress	-	3,035
	4,579	9,581

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

Owned		
Office equipment	44	-
Furniture and fixtures	-	104
Vehicles	921	1,646
	965	1,750

	(Unaudited) June 30, 2013	(Audited) December 31, 2012
	----- (Rupees in '000) -----	
9. DEFERRED TAX ASSETS - net		
Deductible temporary differences arising for:		
Provision for diminution in the value of investments	210,916	211,119
Other provisions	1,257	-
Amortisation of premium on federal government securities	17,703	17,121
Accelerated tax depreciation allowances	519	814
Revaluation on investments classified as held-for-trading	-	815
Revaluation on investments classified as available-for-sale	-	8,363
Provision against non-performing loans and advances	330,317	326,835
	560,712	565,067
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)
	485,205	475,398

10. OTHER ASSETS

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 unconsolidated condensed interim financial information by the Board of Directors of the Company.

	(Unaudited) June 30, 2013	(Audited) December 31, 2012
	----- (Rupees in '000) -----	
11. 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

11.1 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.

12. SHARE CAPITAL

12.1 Authorized capital

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

12.2 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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12.3 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.

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

13. SURPLUS 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
	84,495	32,381
Shares - listed	10,315	17,727
Term Finance Certificates		
- Listed	(74,838)	(44,772)
- Unlisted	605	(9,827)
	(74,233)	(54,599)
Sukuk - unlisted	(713)	(1,076)
National Saving Bonds	-	(599)
Investment in Mutual Funds	4,408	851
	24,272	(5,315)
Deferred tax (liability) / asset recognized	(3,246)	8,363
	21,026	3,048
	21,026	3,048

14. CONTINGENCIES AND COMMITMENTS

Pledge of shares on behalf of Japan Power Generation Limited - note 14.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited - note 14.2	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

14.1 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.

14.2 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 against a syndicate finance facility obtained by it.

14.3 There is no change in respect of tax contingency as disclosed in note 28.2 of the financial statements for the year ended December 31, 2012 except as disclosed in note 14.4 of this unconsolidated financial information.

14.4 During the period, the Income Tax Department has amended the deemed assessment order for the tax year 2011. The 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 Company's tax consultant who expects a favorable outcome of the appeal.

15. BASIC AND DILUTED EARNINGS PER SHARE (Unaudited)

	Quarter ended		Six month ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	----- Rupees in '000 -----			
Profit after taxation (Rupees in '000)	102,908	105,098	179,985	205,151
Weighted average number of ordinary shares (in '000)	615,000	615,000	615,000	615,000
Basic and diluted earnings per share (Rupee)	0.17	0.17	0.29	0.33

16. SEGMENT ANALYSIS WITH RESPECT TO BUSINESS ACTIVITIES (Unaudited)

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

	Corporate Finance	Trading & Sales	Commercial Banking	Total
	----- Rupees in '000 -----			
Six month ended June 30, 2013 (Unaudited)				
Total income	2,111	572,796	344,850	919,757
Total expense	31,376	328,172	295,976	655,524
Net (loss) / income	(29,265)	244,624	48,874	264,233
Six month ended June 30, 2012 (Unaudited)				
Total income	3,346	783,368	399,080	1,185,794
Total expense	23,132	591,536	301,637	916,305
Net (loss) / income	(19,786)	191,832	97,443	269,489

17. CASH AND CASH EQUIVALENTS

	(Unaudited)	
	Six month ended June 30, 2013	June 30, 2012
	----- (Rupees in '000) -----	
Cash and balances with treasury banks	81,100	98,990
Balances with other banks	110,899	134,592
Placement	23,000	-
	214,999	233,582

18. RELATED PARTY TRANSACTIONS

18.1 The Company has related party relationship with its associates, subsidiary company, employee benefit plans, 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 6 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.

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

18.2 Subsidiary Company

-Pak Oman Asset Management Company Limited

18.3 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

18.4 Key management Personnel

-All heads of departments
 -Directors

18.5 Retirement benefit fund

-Defined benefit plan
 -Defined contribution plan

18.6 Other related party (due to common directorship)

-Orient Power Company (Private) Limited

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

Nature or related party transaction	(Unaudited) June 30, 2013				(Audited) December 31, 2012			
	As at 01-Jan-13	Given during the year	Repaid during the year	As at 30-Jun-13	As at 01-Jan-12	Given during the year	Repaid during the year	As at 31-Dec-12
(Rupees in '000)								
Investments								
Subsidiary	168,300	-	-	168,300	168,300	0%	0%	168,300
Associates	905,742	-	-	905,742	905,742	-	-	905,742
Other related parties	457,744	-	(4,533)	453,211	495,744	-	(38,000)	457,744
	1,531,786	-	(4,533)	1,527,253	1,569,786	-	(38,000)	1,531,786
Advances								
Subsidiary	-	-	-	-	1,465	-	(1,465)	-
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key management personnel	68,907	9,206	(8,561)	69,552	65,877	16,947	(13,917)	68,907
Other related parties	256,713	-	(10,468)	246,245	275,723	-	(19,010)	256,713
	393,820	9,206	(19,029)	383,997	411,265	16,947	(34,392)	393,820
Deposits								
Associates	441,747	137,000	-	578,747	353,819	383,888	(295,960)	441,747
Key management personnel	13,941	25,310	(26,355)	12,896	10,021	44,396	(40,476)	13,941
Retirement benefit fund	39,289	14,010	(6,034)	47,265	13,500	101,291	(75,502)	39,289
	494,977	176,320	(32,389)	638,908	377,340	529,575	(411,938)	494,977
Borrowings								
Associates	-	-	-	-	100,000	-	(100,000)	-
	-	-	-	-	100,000	-	(100,000)	-
						(Unaudited) June 30, 2013	(Audited) December 31, 2012	
(Rupees in '000)								
Other assets								
Advance against shares - Associate						50,100	-	
Other receivables from								
Associates						43	12	
Other payable								
Gratuity fund						-	2,121	
						(Unaudited) Six month ended June 30, 2013	(Audited) June 30, 2012	
(Rupees in '000)								
Mark-up income								
Subsidiary						-	77	
Key management personnel						1,522	1,506	
Other related parties						13,940	20,421	
Dividend income								
Associates						4,014	5,248	
Other related parties						15,234	-	
Other income								
Other related parties						304	-	
Mark-up expense on Deposits								
Associates						26,578	27,757	
Key management personnel						589	636	
Retirement benefit fund						2,181	1,642	
Mark-up expense on Borrowing								
Associates						-	441	
Expenses for the period								
Remuneration to key management personnel						57,913	50,462	
Non-executive director's fee / remuneration						6,737	6,251	
Charge for defined contribution plan						5,150	4,704	
Charge for defined benefit plan						4,156	3,846	
Outright sale of Government Securities / TFCs								
Retirement benefit fund						13,190	6,087	
Outright purchase of Government Securities								
Retirement benefit fund						-	516	

19. 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.

20. GENERAL

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

21. DATE OF AUTHORISATION FOR ISSUE

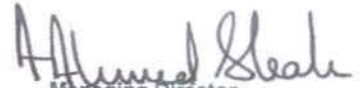
04 SEP 2013

This unconsolidated condensed interim financial information were authorised on _____, 2013 by the Board of Directors of the Company.

M. R. G.



Chief Financial Officer



Managing Director
and Chief Executive



Managing Director
and Chief Executive



Chairman