

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE SIX MONTHS
ENDED JUNE 30, 2012**

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

(Unaudited) June 30, 2012 ----(US Dollars in '000)----	(Audited) December 31, 2011		(Unaudited) June 30, 2012 ----- (Rupees in '000) -----	(Audited) December 31, 2011
		Note		
ASSETS				
1,047	705		99,002	66,679
1,429	2,216		135,064	209,531
15,554	13,980		1,470,654	1,321,745
111,574	112,459	7	10,549,210	10,632,874
68,820	60,980	8	6,506,870	5,765,561
687	722	9	64,943	68,276
4,465	4,097	10	422,166	387,350
4,116	4,093		389,060	387,028
<u>207,692</u>	<u>199,252</u>		<u>19,636,969</u>	<u>18,839,044</u>
LIABILITIES				
-	-		-	-
76,509	70,320		7,233,811	6,648,716
51,821	49,664	11	4,899,627	4,695,693
-	-		-	-
150	210		14,141	19,858
-	-		-	-
6,303	6,336		595,994	599,001
<u>134,783</u>	<u>126,530</u>		<u>12,743,573</u>	<u>11,963,268</u>
<u>72,909</u>	<u>72,722</u>		<u>6,893,396</u>	<u>6,875,776</u>
NET ASSETS				
REPRESENTED BY				
65,046	65,046		6,150,000	6,150,000
5,567	5,133		526,342	485,312
2,969	3,136		280,687	296,512
<u>73,582</u>	<u>73,315</u>		<u>6,957,029</u>	<u>6,931,824</u>
464	506		43,915	47,850
74,046	73,821		7,000,944	6,979,674
(1,137)	(1,099)	13	(107,548)	(103,898)
<u>72,909</u>	<u>72,722</u>		<u>6,893,396</u>	<u>6,875,776</u>
CONTINGENCIES AND COMMITMENTS				
		14		

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


Chief Financial Officer


Managing Director
and Chief Executive

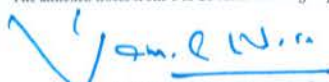

Managing Director
and Chief Executive


Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
 CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER AND SIX MONTHS ENDED JUNE 30, 2012

Six months ended		Note	Quarter ended		Six months ended		
June 30, 2012	June 30, 2011		June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	
(US Dollars in '000)			(Rupees in '000)				
11,293	12,390	Mark-up/return/interest earned	544,524	576,312	1,067,753	1,171,420	
7,459	8,548	Mark-up/return/interest expensed	369,971	412,053	705,277	808,185	
3,834	3,842	Net mark-up/ interest income	174,553	164,259	362,476	363,235	
(30)	(257)	Reversal of provision against non-performing advances	(24,784)	(21,797)	(2,871)	(24,310)	
490	(103)	Provision / (reversal) for diminution in the value of investments	31,907	(29,686)	46,365	(9,715)	
-	-	Bad debts written off directly	-	-	-	-	
460	(360)		7,123	(51,483)	43,494	(34,025)	
3,374	4,202	Net mark-up/ interest income after provisions	167,430	215,742	318,982	397,260	
NON MARK-UP/INTEREST INCOME							
234	162	Fee, commission and brokerage income	11,106	1,566	22,124	15,272	
83	315	Dividend income	(7,245)	18,646	7,882	29,789	
921	257	Gain / (loss) on sale of securities	63,535	(31,384)	87,045	24,297	
178	(259)	Unrealised gain / (loss) on revaluation of investments classified as 'held-for-trading' securities	8,988	(14,263)	16,800	(24,489)	
8	19	Other income	751	1,517	751	1,786	
1,424	494	Total non-mark up/interest income	77,135	(23,918)	134,602	46,655	
4,798	4,696		244,565	191,824	453,584	443,915	
NON MARK-UP/INTEREST EXPENSES							
1,927	1,666	Administrative expenses	99,153	69,040	182,211	157,559	
118	-	Other provisions	11,129	-	11,129	-	
81	69	Other charges	5,332	2,092	7,612	6,427	
2,126	1,735	Total non-mark up/interest expenses	115,614	71,132	200,952	163,986	
2,672	2,961		128,951	120,692	252,632	279,929	
527	144	Share of results of associates - net of tax	12,815	-	49,808	13,639	
-	-	Extra ordinary /unusual items	-	-	-	-	
3,199	3,105	PROFIT BEFORE TAXATION	141,766	120,692	302,440	293,568	
1,005	982	Taxation - current	28,629	12,627	95,032	92,813	
-	-	- prior	-	-	-	-	
(308)	125	- deferred	3,150	48,241	(29,112)	11,854	
697	1,107		31,779	60,868	65,920	104,667	
2,502	1,998	PROFIT AFTER TAXATION	109,987	59,824	236,520	188,901	
PROFIT / (LOSS) ATTRIBUTABLE TO:							
2,544	2,054	Shareholders of the holding company	112,039	59,824	240,455	194,173	
(42)	(56)	Non-controlling interest	(2,052)	-	(3,935)	(5,272)	
2,502	1,998		109,987	59,824	236,520	188,901	
US \$ 0.0041	US \$ 0.0033	Basic and diluted earnings per share (Rupees)	15	0.18	0.10	0.39	0.32

The annexed notes from 1 to 21 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 MONTHS ENDED JUNE 30, 2012

Six months ended			Quarter ended		Six months ended	
June 30, 2012	June 30, 2011		June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
2,502	1,998	Profit after taxation	109,987	59,824	236,520	188,901
-	-	Other comprehensive income	-	-	-	-
<u>2,502</u>	<u>1,998</u>	Total comprehensive income for the period	<u>109,987</u>	<u>59,824</u>	<u>236,520</u>	<u>188,901</u>
Total comprehensive income attributable to:						
2,544	2,054	Shareholders of the holding company	112,039	59,824	240,455	194,173
(42)	(56)	Non-controlling interest	(2,052)	-	(3,935)	(5,272)
<u>2,502</u>	<u>1,998</u>		<u>109,987</u>	<u>59,824</u>	<u>236,520</u>	<u>188,901</u>

Deficit / surplus on revaluation of assets has been reported in accordance with the requirements of the directives of State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 21 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 MONTHS ENDED JUNE 30, 2012

June 30, 2012	June 30, 2011		Note	June 30, 2012	June 30, 2011
----- (US Dollars in '000) -----				----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES					
3,199	3,105	Profit before taxation		302,440	293,568
83	315	Less: Dividend income		7,882	29,789
<u>3,116</u>	<u>2,790</u>			<u>294,558</u>	<u>263,779</u>
Adjustments for non-cash charges					
101	97	Depreciation		9,508	9,125
12	12	Amortisation of intangible assets		1,160	1,161
(178)	259	Unrealised (gain) / loss on revaluation of investments classified as 'held-for-trading'		(16,800)	24,489
(7)	(19)	(Gain) on sale of fixed assets		(701)	(1,789)
(527)	(144)	Share of (gain) from associates - net of tax		(49,808)	(13,639)
(30)	(257)	Reversal of provision against non-performing advances		(2,871)	(24,310)
490	(103)	Provision / (reversal) for diminution in the value of investments		46,365	(9,715)
(11,293)	(12,390)	Financial income		(1,067,753)	(1,171,420)
7,459	8,548	Financial charges		705,277	808,185
<u>(3,973)</u>	<u>(3,997)</u>			<u>(375,623)</u>	<u>(377,913)</u>
(857)	(1,207)			(81,065)	(114,134)
(Increase)/decrease in operating assets					
(1,575)	21,174	Landings to financial institutions		(148,909)	2,002,022
34,262	(24,682)	Net investments in held-for-trading securities		3,239,464	(2,333,611)
(7,810)	(5,348)	Advances		(738,438)	(505,625)
299	689	Other assets		28,216	65,058
<u>25,176</u>	<u>(8,167)</u>			<u>2,380,333</u>	<u>(772,156)</u>
Increase/(decrease) in operating liabilities					
-	-	Bills payable		-	-
6,188	(5,092)	Borrowings		585,095	(481,419)
2,157	7,045	Deposits and other accounts		203,934	666,122
(60)	(34)	Liabilities against assets subject to finance lease		(5,717)	(3,226)
765	(329)	Other liabilities		72,374	(31,187)
<u>9,050</u>	<u>1,590</u>			<u>855,686</u>	<u>150,290</u>
33,369	(7,784)			3,154,954	(736,000)
10,856	12,222	Financial income received		1,026,375	1,155,543
(7,954)	(8,170)	Financial charges paid		(752,084)	(772,477)
(1,307)	(1,079)	Income tax paid		(123,606)	(101,986)
<u>34,964</u>	<u>(4,811)</u>	Net cash from / (used in) operating activities		<u>3,305,639</u>	<u>(454,920)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
(33,443)	493	Net (Investments in)/proceeds from Available-for-sale securities		(3,161,961)	46,657
26	565	Net proceeds from Investments in Held-to-Maturity		2,420	53,380
155	96	Investments in associates		14,630	9,089
201	301	Dividend received		19,012	28,431
(102)	(187)	Investments in operating fixed assets		(9,603)	(17,717)
31	33	Sale proceeds of property and equipment disposed-off		2,969	3,146
<u>(33,132)</u>	<u>1,301</u>	Net cash (used in) / from investing activities		<u>(3,132,533)</u>	<u>122,986</u>
CASH FLOW FROM FINANCING ACTIVITIES					
(2,277)	(2,602)	Dividend paid		(215,250)	(246,000)
<u>(2,277)</u>	<u>(2,602)</u>	Net cash used in financing activities		<u>(215,250)</u>	<u>(246,000)</u>
(445)	(6,112)	Decrease in cash and cash equivalents		(42,144)	(577,934)
2,921	7,905	Cash and cash equivalents at the beginning of the period		276,210	747,446
<u>2,476</u>	<u>1,793</u>	Cash and cash equivalents at the end of the period	17	<u>234,066</u>	<u>169,512</u>

The annexed notes from 1 to 21 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 MONTHS ENDED JUNE 30, 2012


	Issued, subscribed and paid up capital	Reserves			Unappropriated profit	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve	Contingencies reserve				
------(Rupees in '000)-----								
Balance as at January 1, 2011	6,150,000	404,078	66,437	22,053	151,276	6,793,844	74,309	6,868,153
Comprehensive income								
Net profit after tax for the six months ended June 30, 2011	-	-	-	-	194,173	194,173	(5,272)	188,901
Other comprehensive income -net of tax	-	-	-	-	194,173	194,173	(5,272)	188,901
Transfers								
Transfer from general reserve	-	-	(54,807)	-	54,807	-	-	-
Transfer from contingencies reserve	-	-	-	(22,053)	22,053	-	-	-
Transfer to statutory reserve	-	32,490	-	-	(32,490)	-	-	-
Transactions with owners recognised directly in equity								
Dividend for the year ended December 31, 2010 (Re 0.4 per share)	-	-	-	-	(246,000)	(246,000)	-	(246,000)
Balance as at June 30, 2011	6,150,000	436,568	11,630	-	143,819	6,742,017	69,037	6,811,054
Comprehensive income								
Net profit after tax six months ended December 31, 2011	-	-	-	-	189,807	189,807	(21,187)	168,620
Other comprehensive income -net of tax	-	-	-	-	189,807	189,807	(21,187)	168,620
Transfers								
Transfer to statutory reserve	-	37,114	-	-	(37,114)	-	-	-
Balance as at December 31, 2011	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 months ended June 30, 2012	-	-	-	-	240,455	240,455	(3,935)	236,520
Other comprehensive income	-	-	-	-	240,455	240,455	(3,935)	236,520
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)	-	(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

The annexed notes from 1 to 21 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 MONTHS ENDED JUNE 30, 2012

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, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The holding company operates a branch at Lahore and other representative offices at Islamabad, Gawadar 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 1st Floor, Tower A, Finance and Trade Center, Shahrah-e-Faisal, 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-12	31-Dec-11
Pak Oman Advantage Plus 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.	39.85	33.63
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.	98.88	98.63
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.	89.96	83.34
Pak Oman Government Securirties Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	19.60	16.70
Pak Oman Micro Finance Bank Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in providing micro finance services to the poor and underserved segment of	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 unconsolidated condensed interim financial information of the holding company for the six months ended June 30, 2012 and the unaudited financial statements of POAMCL for the year ended June 30, 2012. The accounting policies used by POAMCL and associates in preparation of their respective financial statements are consistent with that of the holding company except for the accounting policy for investments.

2.1.2 The associates have been accounted for in this consolidated condensed interim financial information under the equity method of accounting on the respective basis as follows:

Entity	Source of information
Japan Power Generation Limited (JPGL)	Unaudited financial statements for the nine months ended March 31, 2012
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the six months ended June 30, 2012
Pak Oman Advantage Fund	Unaudited financial statements for the year ended June 30, 2012
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the year ended June 30, 2012
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the year ended June 30, 2012
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the year ended June 30, 2012
Pak Oman Government Securities Fund	Unaudited financial statements for the year ended June 30, 2012

3 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the six months ended June 30, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by Securities and Exchange Commission of Pakistan and the the State Bank of Pakistan. In case where requirements differ, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the said directives have been followed.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Non Banking Financial Institutions in Pakistan vide BSD Circular Letter number 11 dated September 11, 2002, till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks and NBFCs. Therefore, it is also not applicable on the Company as it follows the same format of reporting as made applicable on banks by the SBP and accordingly, the requirements of these standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

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, 2011.

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. 94.5488 = US dollar 1 for the six months ended June 30, 2012 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 financial statements of the Group for the year ended December 31, 2011.

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, 2011.

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the group for the year ended December 31, 2011.

7 INVESTMENTS - net

	June 30, 2012 (Un-audited)			December 31, 2011 (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
------(Rupees in '000)-----						
7.1 Investments by types						
Held-for-trading securities						
Pakistan investment bonds	5,546	-	5,546	17,293	663,597	680,890
Market treasury bills (T-Bills)	429,134	331,005	760,139	586,634	2,625,176	3,211,810
Listed ordinary shares	-	-	-	101,633	-	101,633
Term finance certificates (TFCs)	34,214	-	34,214	45,031	-	45,031
	468,894	331,005	799,899	750,591	3,288,773	4,039,364
Available-for-sale securities						
Pakistan investment bonds	110,408	574,199	684,607	97,041	212,890	309,931
Market treasury bills (T-Bills)	282,202	3,502,747	3,784,949	9,140	573,859	582,999
Listed ordinary shares	214,593	10,060	224,653	251,314	11,066	262,380
Unlisted ordinary shares	131,333	226,000	357,333	131,333	226,000	357,333
Unlisted preference shares	231,744	-	231,744	269,744	-	269,744
Mutual funds Units / Certificates	14,337	-	14,337	14,337	-	14,337
Sukuk certificates	771,198	-	771,198	970,838	-	970,838
National Saving Bonds	9,999	-	9,999	-	-	-
Term finance certificates (TFCs)	2,884,951	178,093	3,063,044	3,088,510	178,469	3,266,979
	4,650,765	4,491,099	9,141,864	4,832,257	1,202,284	6,034,541
Held-to-maturity securities						
Pakistan investment bonds	205,073	-	205,073	207,493	-	207,493
Associates						
Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Fund	312,439	-	312,439	296,899	-	296,899
Pak Oman Advantage Islamic Income Fund	110,066	-	110,066	105,332	-	105,332
Pak Oman Islamic Asset Allocation Fund	116,821	-	116,821	103,920	-	103,920
Pak Oman Advantage Asset Allocation Fund	100,140	-	100,140	89,180	-	89,180
Pak Oman Government Securities Fund	50,013	-	50,013	57,181	-	57,181
Pak Oman Microfinance Bank Limited	233,893	-	233,893	233,724	-	233,724
	923,372	-	923,372	886,236	-	886,236
Investments at cost	6,248,104	4,822,104	11,070,208	6,676,577	4,491,057	11,167,634
Less: Provision for diminution in the value of investments	365,679	-	365,679	373,952	-	373,952
Investments - net of provisions	5,882,425	4,822,104	10,704,529	6,302,625	4,491,057	10,793,682
Gain / (loss) on revaluation of held-for-trading securities	791	(112)	679	(5,267)	(10,855)	(16,122)
(Deficit) / surplus on revaluation of available-for-sale securities	(145,563)	(10,435)	(155,998)	(150,239)	5,553	(144,686)
Total investments at carrying value	5,737,653	4,811,557	10,549,210	6,147,119	4,485,755	10,632,874

7.2 In respect of term finance certificates of Azgard Nine Limited and Agritech Limited, the State Bank of Pakistan vide letter number BSD/BRP/-1/5388/2012 dated May 02, 2012 has granted the relaxation for provisioning requirement under Prudential Regulation till June 30, 2012, Consequently, no provision has been recognised in this financial information in respect of these term finance certificates.

	(Un-audited) June 30, 2012	(Audited) December 31, 2011
	----- (Rupees in '000) -----	
8. ADVANCES - net		
Loans in Pakistan	6,482,785	5,770,498
Net investment in finance lease in Pakistan	995,438	969,287
Advances - gross	7,478,223	6,739,785
Less: Provision for non-performing advances	(971,353)	(974,224)
Advances - net of provision	6,506,870	5,765,561

8.1 Advances include amount aggregating Rs. 1,168.238 million (December 31, 2011: Rs. 1,199.078 million), which have been placed under the non-performing status as detailed below:

June 30, 2012 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision	
				required	held
----- (Rupees in '000) -----					
Substandard	20,000	-	20,000	-	-
Doubtful	137,959	-	137,959	65,642	65,642
Loss	1,010,279	-	1,010,279	905,711	905,711
	1,168,238	-	1,168,238	971,353	971,353

December 31, 2011 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision	
				required	held
----- (Rupees in '000) -----					
Substandard	126,121	-	126,121	31,530	31,530
Doubtful	59,595	-	59,595	22,298	22,298
Loss	1,013,362	-	1,013,362	920,396	920,396
	1,199,078	-	1,199,078	974,224	974,224

8.2 In accordance with BSD Circular No. 1 dated October 21, 2011 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. 74.522 million (net of tax Rs. 48.439 million) and profit before taxation for the six months ended June 30, 2012 would have been reduced by the same amount. As of June 30, 2012, the Company has availed total accumulated FSV benefit amounting to Rs. 198.204 million (net of tax Rs. 128.833 million). Accordingly accumulated profit of Rs. 128.583 million will not be available for the distribution as cash or stock dividend to shareholders of the Company as required by the aforementioned SBP directives.

	(Un-Audited) June 30, 2012	(Un-Audited) June 30, 2011
	----- (Rupees in '000) -----	
9 OPERATING FIXED ASSETS		
During the period additions to operating fixed assets were as follows:		
Owned		
Improvements	-	468
Office equipment	22	267
Computer equipment	1,063	868
Furniture and fixture	100	900
Vehicles	5,383	13,675
Assets subject to finance lease		
Vehicles	-	1,539
Capital work in progress	3,035	-
	9,603	17,717

During the period disposals from operating fixed assets were as follows:		
Owned		
Office equipment	-	16
Furniture and fixture	104	109
Vehicles	1,646	-
Assets subject to finance lease		
Vehicles	518	1,232
	2,268	1,357

(Un-Audited)
June 30, 2012

------(Rupee)

10 DEFERRED TAX ASSETS - net

Deferred tax assets arising in
respect of:

Provision for diminution in the value of investments	125,299
Amortisation of premium on federal government securities	15,605
Revaluation on investments classified as held-for-trading	(65)
Revaluation on investments classified as available-for-sale	51,045
Provision against non-performing loans and advances	339,974
	531,858

Less: Deferred tax (liabilities)
arising in respect of:

Assets subject to finance leases	(1,987)
Accelerated tax depreciation allowances	398
Net investment in finance leases	(107,703)
Dividend receivable	(400)
	(109,692)
	<u>422,166</u>

11 DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)	
Financial institutions	654,000
Others	4,245,627
	<u>4,899,627</u>

11.1 The rate of return on deposits maturing July 2012 to May 2014 (2011: January 2012 to December 2013) is 11.19 to 13.85) per annum.

12 SHARE CAPITAL

12.1 Authorized capital

(Un-Audited) June 30, 2012 ------(Number of shares)-----	(Audited) December 31, 2011		(Un-Audited) June 30, 2012 ------(Rupee)
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Ordinary shares of Rs. 10 each.	<u>10,000,000</u>

12.2 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>
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12.3 The Ministry of Finance on behalf of the Government of Pakistan and the Ministry of Finance on behalf of the Government of Oman each held 307,495,900 (December 31, 2011: 307,495,900) ordinary shares of the Company. While 4,100 (December 31, 2011: 4,100) ordinary shares each are held by the Secretary, Economic Affairs Division, Government of Pakistan and Ministry of Finance of Sultanate of Oman.

(Audited)
December 31, 2011
as in '000)-----

109,111
14,445
4,154
45,341
340,978
514,029

(2,134)
(16)
(123,016)
(1,513)
(126,679)

387,350

803,819
3,891,874
<u>4,695,693</u>

o 13.75 (2011: 11.40 to

(Audited)
December 31, 2011
s in '000)-----

10,000,000

6,150,000

rnment of the Sultanate
ember 31, 2011: 4,100)
ommerce and Industry,

	(Un-Audited) June 30, 2012	(Audited) December 31, 2011
	------(Rupees in '000)-----	
13 DEFICIT ON REVALUATION OF ASSETS - net of deferred tax		
Surplus / (Deficit) on revaluation of available-for-sale securities - net of tax		
Federal Government Securities		
- Market Treasury Bills	(12,093)	1,659
- Pakistan Investment Bonds	(5,724)	(798)
	<u>(17,817)</u>	<u>861</u>
Shares-listed	(10,155)	(16,192)
Term Finance Certificates		
-Listed	(127,206)	(129,134)
-Unlisted	636	668
Sukuk-unlisted	(857)	(1,941)
National Saving Bonds	(599)	-
Investment in Mutual Funds	-	1,052
	<u>(155,998)</u>	<u>(144,686)</u>
Deferred tax asset recognized	51,045	45,341
	<u>(104,953)</u>	<u>(99,345)</u>
Associate's share of surplus of revaluation of available-for-sale securities	(2,595)	(4,553)
	<u>(107,548)</u>	<u>(103,898)</u>

14 CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:

- guarantees

Pledge of shares on behalf of JPGL - note 14.1

Pledge of shares on behalf of Orient Power Company (Pvt) Ltd - note 14.2

Commitments for:

Sale of government securities

Purchase of government securities

Commitments for loans and advances and

net investment in finance leases

Reverse repurchase agreement

14.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2011: 17,622,878) having a cost of Rs. 70.726 million (December 31, 2010: 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 (Pvt) Ltd (related party) aggregating 22,600,000 (December 31, 2011: 22,600,000) having a cost of Rs.226 million (December 31, 2010: Rs. 226 million) are pledged as security on behalf of Orient Power Company (Pvt) Ltd (related party) against a syndicate finance facility obtained by Orient Power Company (Pvt) Ltd (related party).

14.3 There is no change in the status of tax contingency as reported in notes 22.3 and 29.3 of annual consolidated financial statements for the year ended December 31, 2011.

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

	Quarter ended		Six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Profit attributable to shareholders (Rupees in '000)	<u>112,039</u>	<u>59,824</u>	<u>240,455</u>	<u>194,173</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 (Rupees)	<u>0.18</u>	<u>0.10</u>	<u>0.39</u>	<u>0.32</u>

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

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

	Corporate Finance	Trading & Sales	Commercial Banking	Asset Management	Total
	----- (Rupees in '000) -----				
Six months ended June 30, 2012 (Un-Audited)					
Total income	3,346	820,106	399,003	29,708	1,252,163
Total expense	<u>23,132</u>	<u>587,440</u>	<u>301,637</u>	<u>37,514</u>	<u>949,723</u>
Net income	<u>(19,786)</u>	<u>232,666</u>	<u>97,366</u>	<u>(7,806)</u>	<u>302,440</u>
Six months ended June 30, 2011 (Un-Audited)					
Total income	6,686	769,100	444,708	11,220	1,231,714
Total expense	<u>21,281</u>	<u>591,025</u>	<u>304,023</u>	<u>21,817</u>	<u>938,146</u>
Net income	<u>(14,595)</u>	<u>178,075</u>	<u>140,685</u>	<u>(10,597)</u>	<u>293,568</u>

17 **CASH AND CASH EQUIVALENTS**

	(Un-Audited)	
	Six months ended	
	June 30, 2012	June 30, 2011
	----- (Rupees in '000) -----	
Cash and balances with treasury banks	<u>99,002</u>	83,374
Balances with other banks	<u>135,064</u>	<u>86,138</u>
	<u>234,066</u>	<u>169,512</u>

18 **RELATED PARTY TRANSACTIONS**

18.1 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

- Orient Power Company (Private) Limited

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

This consolidated condensed interim financial information were authorised on August 26, 2012 by the board of directors of the holding Company.


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman