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M. Yousuf Adil Saleem & Co
Chartered Accountants

**PAK OMAN INVESTMENT
COMPANY LIMITED**

Financial Statements

for the period ended June 30, 2012

A member firm of
Deloitte Touche Tohmatsu



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Chartered Accountants
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AUDITOR'S 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, 2012 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial information 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 presentation of the unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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, 2012 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2012.

M. Yousuf Adil Saleem & Co

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

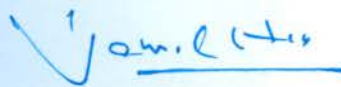
Karachi
Date: August 26, 2012

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

(Unaudited) June 30, 2012	(Audited) December 31, 2011		(Unaudited) June 30, 2012	(Audited) December 31, 2011
----- (US Dollars in '000) -----			----- (Rupees in '000) -----	
ASSETS				
1,047	705	Cash and balances with treasury banks	98,990	66,647
1,424	2,211	Balances with other banks	134,592	209,058
15,554	13,980	Lendings to financial institutions	1,470,654	1,321,745
110,736	112,005	Investments - net	10,469,975	10,589,968
68,822	60,995	Advances - net	6,507,050	5,767,026
664	675	Operating fixed assets	62,767	63,811
4,919	4,535	Deferred tax assets - net	465,073	428,823
3,966	3,906	Other assets	374,956	369,259
207,132	199,012		19,584,057	18,816,337
LIABILITIES				
-	-	Bills payable	-	-
76,509	70,320	Borrowings	7,233,811	6,648,716
51,821	49,664	Deposits and other accounts	4,899,627	4,695,693
-	-	Sub-ordinated loans	-	-
149	205	Liabilities against assets subject to finance lease	14,087	19,378
-	-	Deferred tax liabilities	-	-
6,416	6,420	Other liabilities	606,666	606,977
134,895	126,609		12,754,191	11,970,764
72,237	72,403		6,829,866	6,845,573
NET ASSETS				
REPRESENTED BY				
65,046	65,046	Share capital	6,150,000	6,150,000
5,567	5,133	Reserves	526,342	485,312
2,734	3,275	Unappropriated profit	258,477	309,606
73,347	73,454		6,934,819	6,944,918
(1,110)	(1,051)	Deficit on revaluation of assets - net of deferred tax	(104,953)	(99,345)
72,237	72,403		6,829,866	6,845,573
CONTINGENCIES AND COMMITMENTS				

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

MVA-2



Chief Financial Officer



Managing Director
and Chief Executive



Managing Director
and Chief Executive



Chairman

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

Six months ended	
June 30, 2012	June 30, 2011
----- (US Dollars in '000) -----	

11,281	12,369
7,459	8,548
<u>3,822</u>	<u>3,821</u>
(30)	(257)
534	33
-	-
<u>504</u>	<u>(224)</u>
<u>3,318</u>	<u>4,045</u>

Mark-up/return/interest earned
Mark-up/return/interest expensed

Net mark-up/interest income

Reversal of provision against non - performing advances
(Reversal) of provision for diminution in the value of investments
Bad debts written off directly

Net mark-up/interest income after provisions

NON MARK-UP/INTEREST INCOME

61	86
139	315
881	111
172	(185)
7	19
<u>1,260</u>	<u>346</u>
<u>4,578</u>	<u>4,391</u>

Fee, commission and brokerage income
Dividend income
Gain on sale of securities
Unrealised gain/(loss) on revaluation of
investments classified as held-for-trading
Other income

Total non-markup/interest income

NON MARK-UP/INTEREST EXPENSES

1,575	1,456
118	-
35	48
<u>1,728</u>	<u>1,504</u>
<u>2,850</u>	<u>2,887</u>
-	-
<u>2,850</u>	<u>2,887</u>

Administrative expenses
Other provisions
Other charges

Total non-mark up/interest expenses

Extra ordinary /unusual items

PROFIT BEFORE TAXATION

1,004	977
-	-
(324)	192
<u>680</u>	<u>1,169</u>
<u>2,170</u>	<u>1,718</u>

Taxation - current
- prior
- deferred

PROFIT AFTER TAXATION

----- US Dollar -----	
0.0035	0.0028

Basic and diluted earning per share (Rupees)

Note	Quarter ended		Six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	----- (Rupees in '000) -----			

544,060	576,312	1,066,561	1,169,484
369,971	412,053	705,277	808,185
<u>174,089</u>	<u>164,259</u>	<u>361,284</u>	<u>361,299</u>
(24,784)	(21,797)	(2,871)	(24,310)
36,003	(28,770)	50,461	3,120
-	-	-	-
<u>11,219</u>	<u>(50,567)</u>	<u>47,590</u>	<u>(21,190)</u>
<u>162,870</u>	<u>214,826</u>	<u>313,694</u>	<u>382,489</u>

3,418	1,566	5,787	8,092
(4,595)	18,646	13,130	29,789
61,651	(31,384)	83,309	10,501
9,205	(14,263)	16,306	(17,500)
701	1,517	701	1,804
<u>70,380</u>	<u>(23,918)</u>	<u>119,233</u>	<u>32,686</u>
<u>233,250</u>	<u>190,908</u>	<u>432,927</u>	<u>415,175</u>

84,769	69,040	148,876	137,699
11,129	-	11,129	-
1,984	2,092	3,433	4,470
<u>97,882</u>	<u>71,132</u>	<u>163,438</u>	<u>142,169</u>
<u>135,368</u>	<u>119,776</u>	<u>269,489</u>	<u>273,006</u>
-	-	-	-
<u>135,368</u>	<u>119,776</u>	<u>269,489</u>	<u>273,006</u>

28,554	12,627	94,884	92,400
-	-	-	-
1,716	48,241	(30,546)	18,157
<u>30,270</u>	<u>60,868</u>	<u>64,338</u>	<u>110,557</u>
<u>105,098</u>	<u>58,908</u>	<u>205,151</u>	<u>162,449</u>

----- Rupees -----				
14	0.17	0.10	0.33	0.26

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

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Yasir Ali
Chief Financial Officer

Ahmed Shah
Managing Director
and Chief Executive

Ahmed Shah
Managing Director
and Chief Executive

[Signature]
Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
 UNCONSOLIDATED CONDENSED INTERIM 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) -----			
2,170	1,718	PROFIT AFTER TAXATION	105,098	58,908	205,151	162,449
-	-	Other comprehensive income	-	-	-	-
<u>2,170</u>	<u>1,718</u>	Total comprehensive income for the period	<u>105,098</u>	<u>58,908</u>	<u>205,151</u>	<u>162,449</u>

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

The annexed notes from 1 to 20 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 (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2012

June 30, 2012 ------(US Dollars in '000)-----	June 30, 2011		Note	June 30, 2012 ------(Rupees in '000)-----	June 30, 2011
CASH FLOW FROM OPERATING ACTIVITIES					
2,850	2,887	Profit before taxation		269,489	273,006
139	315	Less: Dividend income		13,130	29,789
<u>2,711</u>	<u>2,572</u>			<u>256,359</u>	<u>243,217</u>
Adjustments for non-cash charges					
82	81	Depreciation		7,723	7,696
12	9	Amortisation of intangible assets		1,152	882
(172)	185	Unrealised (gain)/loss on revaluation of investments classified as held-for-trading		(16,306)	17,500
(7)	(19)	Gain on sale of operating fixed assets		(701)	(1,804)
(30)	(257)	Reversal of provision against non - performing advances		(2,871)	(24,310)
534	33	Provision for diminution in the value of investments		50,461	3,120
(11,281)	(12,369)	Financial income		(1,066,561)	(1,169,484)
7,459	8,548	Financial charges		705,277	808,185
<u>(3,403)</u>	<u>(3,789)</u>			<u>(321,826)</u>	<u>(358,215)</u>
(692)	(1,217)			(65,467)	(114,998)
(Increase) / decrease in operating assets					
(1,575)	21,242	Lendings to financial institutions		(148,909)	2,008,451
34,262	(24,512)	Net Investments in Held-for-Trading securities		3,239,465	(2,317,583)
(7,797)	(5,344)	Advances		(737,153)	(505,288)
255	689	Other assets		24,179	65,032
<u>25,145</u>	<u>(7,925)</u>			<u>2,377,582</u>	<u>(749,388)</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
(56)	(34)	Liabilities against assets subject to finance lease		(5,291)	(3,203)
788	(325)	Other liabilities		74,556	(30,745)
<u>9,077</u>	<u>1,594</u>			<u>858,294</u>	<u>150,755</u>
33,530	(7,548)			3,170,409	(713,631)
10,847	12,180	Financial income received		1,025,555	1,151,584
(7,954)	(8,170)	Financial charges paid		(752,084)	(772,477)
(1,300)	(1,071)	Income tax paid		(122,944)	(101,240)
<u>35,123</u>	<u>(4,609)</u>	Net cash from / (used in) operating activities		<u>3,320,936</u>	<u>(435,764)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
(33,500)	493	Net (investments in)/proceeds from Available-for-sale securities		(3,167,359)	46,657
26	565	Net proceeds from investments in Held-to-Maturity securities		2,420	53,380
257	301	Dividend income received		24,260	28,431
(101)	(186)	Investments in operating fixed assets		(9,581)	(17,541)
26	33	Sale proceeds on sale of operating fixed assets		2,451	3,117
<u>(33,292)</u>	<u>1,206</u>	Net cash (used in) / from investing activities		<u>(3,147,809)</u>	<u>114,044</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>
(446)	(6,005)	Decrease in cash and cash equivalents		(42,123)	(567,720)
2,916	7,733	Cash and cash equivalents as at beginning of the period		275,705	731,123
<u>2,470</u>	<u>1,728</u>	Cash and cash equivalents at the end of the period		<u>233,582</u>	<u>163,403</u>

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

CFairman

PAK OMAN INVESTMENT COMPANY LIMITED
UNCONSOLIDATED 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	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	200,328	6,842,896
Comprehensive Income						
Net profit after tax for the six months ended June 30, 2011	-	-	-	-	162,449	162,449
Other comprehensive income - net of tax	-	-	-	-	-	-
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)	-
Transaction with owners recognised directly in equity						
Dividend for the year ended December 31, 2010 (Re. 0.40 per share)	-	-	-	-	(246,000)	(246,000)
Balance as at June 30, 2011	6,150,000	436,568	11,630	-	161,147	6,759,345
Comprehensive Income						
Net profit after tax for the six months ended December 31, 2011	-	-	-	-	185,573	185,573
Other comprehensive income - net of tax	-	-	-	-	-	-
Transfers						
Transfer to statutory reserve	-	37,114	-	-	(37,114)	-
Balance as at December 31, 2011	6,150,000	473,682	11,630	-	309,606	6,944,918
Comprehensive Income						
Net profit after tax for the six months ended June 30, 2012	-	-	-	-	205,151	205,151
Other comprehensive income - net of tax	-	-	-	-	-	-
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

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

MUSL

 Chief Financial Officer


 Managing Director
 and Chief Executive


 Managing Director
 and Chief Executive


 Chairman

PAK OMAN INVESTMENT COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2012

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, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Company is designated as a development financial institution (DFI) under BPD Circular No. 35 dated October 28, 2003 issued by State Bank of Pakistan (SBP).

2. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Company for the six months period 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 (SECP) and the SBP. In case where requirements differ, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the said directives have been followed.

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 unconsolidated 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 unconsolidated condensed interim financial information has 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 does 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, 2011.

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

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, 2011.

5. FINANCIAL RISK MANAGEMENT

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

6. INVESTMENTS - net

Note	June 30, 2012 (Unaudited)			December 31, 2011 (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)	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 (PIBs)	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	14,337	-	14,337	14,337	-	14,337
Sukuk certificates	767,163	-	767,163	961,405	-	961,405
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
	4,646,730	4,491,099	9,137,829	4,822,824	1,202,284	6,025,108
Held-to-maturity securities						
Pakistan investment bonds (PIBs)	205,073	-	205,073	207,493	-	207,493
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
Investments at cost	6,324,013	4,892,830	11,216,843	6,784,224	4,561,783	11,346,007
Less: Provision for diminution in the value of investments	531,783	59,271	591,054	535,960	59,271	595,231
Investments - net of provisions	5,792,230	4,833,559	10,625,789	6,248,264	4,502,512	10,750,776
Gain/(loss) on revaluation of held-for-trading securities	296	(112)	184	(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	5,646,963	4,823,012	10,469,975	6,092,758	4,497,210	10,589,968

6.2 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 2, 2012 has granted the relaxation for provisioning requirement under Prudential Regulations till June 30, 2012. Consequently, no provision has been recognized in this financial information in respect of these term finance certificates.

	(Un-audited) June 30, 2012	(Audited) December 31, 2011
	------(Rupees in '000)-----	
7. ADVANCES - net		
Loans, cash credits, running finances, etc in Pakistan	6,362,663	5,660,050
Net investment in finance lease in Pakistan	995,618	970,752
Staff Loan	120,122	110,448
Advances - gross	7,478,403	6,741,250
Less: Provision for non-performing advances	(971,353)	(974,224)
Advances - net of provision	6,507,050	5,767,026

7.1 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:

Category of classification	June 30, 2012 (Un-audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	------(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

Category of classification	December 31, 2011 (Audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	------(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

7.2 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. 128.833 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)	
	Six months ended	
	June 30, 2012	June 30, 2011
	------(Rupees in '000)-----	
8. OPERATING FIXED ASSETS		
During the period additions to operating fixed assets were as follows:		
Owned		
Improvements	-	468
Office equipment	22	267
Computer equipment	1,041	692
Furniture and fixture	100	900
Vehicles	5,383	13,675
Assets subject to finance lease		
Vehicles	-	1,539
Capital work in progress	3,035	-
	9,581	17,541

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

Owned		
Office equipment	-	16
Furniture and fixture	104	65
Vehicles	1,646	-
Assets subject to finance lease		
Vehicles	-	1,232
	1,750	1,313

(Un-Audited) June 30, 2012	(Audited) December 31, 2011
------(Rupees in '000)-----	

9. DEFERRED TAX ASSETS - net

Deductible temporary differences arising in respect of:

Provision for diminution in the value of investments	168,206	150,584
Amortisation of premium on federal government securities	15,605	14,445
Revaluation on investments classified as held-for-trading	(65)	4,154
Revaluation on investments classified as available-for-sale	51,045	45,341
Provision against non-performing loans and advances	339,974	340,978
	<u>574,765</u>	<u>555,502</u>

Less: Taxable temporary differences arising in respect of:

Assets subject to finance leases	(1,987)	(2,134)
Accelerated tax depreciation allowances	398	(16)
Net investment in finance leases	(107,703)	(123,016)
Dividend receivable	(400)	(1,513)
	<u>(109,692)</u>	<u>(126,679)</u>
	<u>465,073</u>	<u>428,823</u>

10. DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)		
Financial institutions	654,000	803,819
Others	4,245,627	3,891,874
	<u>4,899,627</u>	<u>4,695,693</u>

10.1 The rate of return on deposits maturing between July 2012 to May 2014 (2011: January 2012 to December 2013) is 11.19 to 13.75 (2011: 11.40 to 13.85) percent per annum.

11. SHARE CAPITAL

11.1 Authorized capital

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

11.2 Issued, subscribed and paid - up capital

<u>615,000,000</u>	<u>615,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,150,000</u>	<u>6,150,000</u>
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11.3 The Ministry of Finance on behalf of the Government of Pakistan and the Ministry of Finance on behalf of the Government of the Sultanate 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 Commerce and Industry, Sultanate of Oman.

Note	(Un-Audited) June 30, 2012	(Audited) December 31, 2011
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------(Rupees in '000)-----

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

(Deficit) / surplus 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>

13. CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:

- guarantees		-	3,500
Pledge of shares on behalf of Japan Power Generation Limited	13.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company Private Limited	13.2	226,000	226,000

Commitments for:

Sale of government securities		53,917	2,135,261
Purchase of government securities		-	98,362
Commitments for loans and advances and net investment in finance leases		645,591	299,523
Reverse repurchase agreement		389,304	-

- 13.1** 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, 2011: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.
- 13.2** Shares in Orient Power Company Private Limited aggregating 22,600,000 (December 31, 2011: 22,600,000) having a cost of Rs.226 million (December 31, 2011: Rs. 226 million) are pledged as security on behalf of Orient Power Company Private Limited against a syndicate finance facility obtained by Orient Power Company Private Limited.
- 13.3** There is no change in the status of tax contingency as reported in note 28.2 of annual financial statements for the year ended December 31, 2011

14. 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 after taxation (Rupees in '000)	105,098	58,908	205,151	162,449
Weighted average number of ordinary shares (in '000)	615,000	615,000	615,000	615,000
Basic and diluted earnings per share (Rupees)	0.17	0.10	0.33	0.26

15. SEGMENT ANALYSIS WITH RESPECT TO BUSINESS ACTIVITIES (Un-Audited)

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

	Corporate Finance	Trading & Sales	Commercial Banking	Total
Six months ended June 30, 2012 (Un-Audited)				
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
Six months ended June 30, 2011 (Un-Audited)				
Total income	6,686	750,685	444,799	1,202,170
Total expense	21,281	603,860	304,023	929,164
Net (loss) / income	(14,595)	146,825	140,776	273,006

16. CASH AND CASH EQUIVALENTS

	(Un-Audited)	
	June 30, 2012	June 30, 2011
	-----Rupees in '000-----	
Cash and balances with treasury banks	98,990	83,335
Balances with other banks	134,592	80,068
	233,582	163,403

17. RELATED PARTY TRANSACTIONS

17.1 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:

Subsidiary Company

-Pak Oman Asset Management Company Limited

Associates

-Pak Oman Microfinance Bank Limited
 -Japan Power Generation Limited
 -Pak Oman Advantage Fund
 -Pak Oman Advantage Islamic Income Fund
 -Pak Oman Islamic Asset Allocation Fund
 -Pak Oman Advantage Asset Allocation Fund
 -Pak Oman Government Securities Fund

Key management Personnel

-All heads of departments
 -Directors

Retirement benefit fund

-Defined benefit plan
 -Defined contribution plan

Other related party

-Orient Power Company Private Limited

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

Nature of related party transaction	(Unaudited) June 30, 2012			(Audited) December 31, 2011				
	As at 01-Jan-12	Given during the year	Repaid during the year	As at 30-Jun-12	As at 01-Jan-11	Given during the year	Repaid during the year	As at 31-Dec-11
	------(Rupees in '000)-----							
Investments								
Subsidiary	168,300	-	-	168,300	168,300	-	-	168,300
Associates	905,742	-	-	905,742	905,742	-	-	905,742
Other related parties	495,744	-	(38,000)	457,744	226,000	269,744	-	495,744
	1,569,786	-	(38,000)	1,531,786	1,300,042	269,744	-	1,569,786
Advances								
Subsidiary	1,465	-	(1,285)	180	2,888	-	(1,423)	1,465
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key Management personnel	65,877	2,350	(7,399)	60,828	46,384	31,703	(12,210)	65,877
Other related parties	275,723	-	(9,198)	266,525	566,748	-	(291,025)	275,723
	411,265	2,350	(17,882)	395,733	684,220	31,703	(304,658)	411,265
Deposits								
Associates	353,819	310,141	(194,960)	469,000	388,119	353,819	(388,119)	353,819
Key Management personnel	8,321	19,830	(17,337)	10,814	4,500	27,067	(23,246)	8,321
Other related parties	13,500	54,015	(23,500)	44,015	46,763	13,500	(46,763)	13,500
	375,640	383,986	(235,797)	523,829	439,382	394,386	(458,128)	375,640
Borrowings								
Associates	100,000	-	(100,000)	-	63,520	100,000	(63,520)	100,000
	100,000	-	(100,000)	-	63,520	100,000	(63,520)	100,000

	(Un-Audited) June 30, 2012	(Audited) December 31, 2011
	------(Rupees in '000)-----	
Other receivables from		
Gratuity fund	-	781
Associates	-	344
Lease deposits from Subsidiary	101	487
	------(Rupees in '000)-----	
	(Un-Audited) Six months ended June 30, 2012	(Audited) June 30, 2011
	------(Rupees in '000)-----	
Mark-up income		
Subsidiary	77	173
Key Management personnel	1,506	1,277
Other related parties	20,421	32,953
Dividend income		
Associates	5,248	3,570
Other related parties	-	-
Mark-up expense on Deposits		
Associates	27,757	24,775
Key Management personnel	636	381
Other related parties	1,642	1,045
Mark-up expense on Borrowing		
Associates	441	6,465
Expenses for the period		
Remuneration to key management personnel	46,038	37,111
Non-executive director's fee	91	85
Charge for defined contribution plan	4,704	4,157
Charge for defined benefit plan	3,846	3,278
Outright sale of Government Securities		
Other related parties	6,087	96,184
Outright purchase of Government Securities		
Other related parties	516	-

18. 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.

19. GENERAL

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

20. DATE OF AUTHORISATION FOR ISSUE

26 AUG 2012

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

MYGK


Chief Financial Officer


Managing Director
and Chief Executive


Managing Director
and Chief Executive


Chairman