

PAK OMAN INVESTMENT COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS ENDED JUNE 30, 2011

Six months ended			Quarter ended		Six months ended	
June 30, 2011	June 30, 2010		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
----(US Dollars in '000)----			-----Rupees in '000-----			
13,680	13,369	Mark-up/return/interest earned	576,312	590,410	1,171,420	1,144,816
9,438	9,114	Mark-up/return/interest expensed	412,053	403,038	808,185	780,436
4,242	4,255	Net mark-up/ interest income	164,259	187,372	363,235	364,380
(284)	986	(Reversal) of / provision against non -performing advances	(21,797)	102,511	(24,310)	84,401
(113)	(28)	(Reversal) of diminution in the value of investments	(29,686)	(2,390)	(9,715)	(2,390)
-	-	Bad debts written off directly	-	-	-	-
(397)	958		(51,483)	100,121	(34,025)	82,011
4,639	3,297	Net mark-up/ interest income after provisions	215,742	87,251	397,260	282,369
NON MARK-UP/INTEREST INCOME						
178	348	Fee, commission and brokerage income	1,566	11,422	15,272	29,820
348	202	Dividend income	18,646	2,307	29,789	17,278
284	646	Gain on sale of securities	(31,384)	29,007	24,297	55,323
(286)	(236)	Unrealised deficit on revaluation of investments classified as 'held-for-trading' securities	(14,263)	(16,307)	(24,489)	(20,214)
21	31	Other income	1,517	1,111	1,786	2,624
545	991	Total non -mark up/interest income	(23,918)	27,540	46,655	84,831
5,184	4,288		191,824	114,791	443,915	367,200
NON MARK-UP/INTEREST EXPENSES						
1,840	1,884	Administrative expenses	69,040	85,503	157,559	161,353
-	-	Other provisions/write offs	-	-	-	-
75	168	Other charges	2,092	11,357	6,427	14,411
1,915	2,052	Total non-mark up/interest expenses	71,132	96,860	163,986	175,764
3,269	2,236		120,692	17,931	279,929	191,436
159	191	Share of results of associates before taxation	-	4,815	13,639	16,324
-	-	Extra ordinary /unusual items	-	-	-	-
3,428	2,427	PROFIT BEFORE TAXATION	120,692	22,746	293,568	207,760
1,084	1,195	Taxation - current	12,627	48,774	92,813	102,298
-	-	- prior	-	-	-	-
138	(417)	- deferred	48,241	(34,616)	11,854	(35,694)
1,222	778		60,868	14,158	104,667	66,604
2,206	1,649	PROFIT AFTER TAXATION	59,824	8,588	188,901	141,156
62	187	Share of loss attributable to non controlling interest	-	14,685	5,272	16,029
2,268	1,836	PROFIT ATTRIBUTABLE TO SHAREHOLDERS	59,824	23,273	194,173	157,185
US \$ 0.0037	US \$ 0.003	Basic and diluted earnings per share (Rupees)	15	0.10	0.32	0.26

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

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 SIX MONTHS ENDED JUNE 30, 2011

<u>Six months ended</u>			<u>Quarter ended</u>		<u>Six months ended</u>	
<u>June 30,</u>	<u>June 30,</u>		<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
----(US Dollars in '000)----			-----Rupees in '000-----			
2,206	1,649	Profit after taxation	59,824	8,588	188,901	141,156
-	-	Other comprehensive income	-	-	-	-
<u>2,206</u>	<u>1,649</u>	Total comprehensive income for the period	<u>59,824</u>	<u>8,588</u>	<u>188,901</u>	<u>141,156</u>

Deficit / 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 these consolidated condensed interim financial statements.

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, 2011

June 30, 2011	June 30, 2010		Note	June 30, 2011	June 30, 2010
-----(US Dollars in '000)----				------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES					
3,428	2,427	Profit before taxation		293,568	207,760
<u>348</u>	<u>202</u>	Less: Dividend income		<u>29,789</u>	<u>17,278</u>
3,080	2,225			263,779	190,482
Adjustments for non-cash charges					
107	124	Depreciation		9,125	10,659
14	22	Amortisation of intangible assets		1,161	1,923
286	236	Unrealised deficit on revaluation of investments classified as 'held-for-trading'		24,489	20,214
(21)	(28)	(Gain) on sale of fixed assets		(1,789)	(2,389)
(159)	(191)	Share of (gain) from associates before taxation		(13,639)	(16,324)
(284)	986	(Reversal) of / provision against non-performing advances		(24,310)	84,401
(113)	(28)	(Reversal) of diminution in the value of investments		(9,715)	(2,390)
(13,680)	(13,369)	Financial income		(1,171,420)	(1,144,816)
9,438	9,114	Financial charges		808,185	780,436
<u>(4,412)</u>	<u>(3,134)</u>			<u>(377,913)</u>	<u>(268,286)</u>
(1,332)	(909)			(114,134)	(77,804)
(Increase)/decrease in operating assets					
23,380	21,374	Lendings to financial institutions		2,002,022	1,830,290
(27,252)	(6,047)	Net investments in Held-for-trading securities		(2,333,611)	(517,787)
(5,905)	(5,927)	Advances		(505,625)	(507,562)
760	236	Other assets		65,058	20,197
<u>(9,017)</u>	<u>9,636</u>			<u>(772,156)</u>	<u>825,138</u>
Increase/(decrease) in operating liabilities					
-	-	Bills payable		-	-
(5,622)	(10,311)	Borrowings		(481,419)	(882,967)
7,779	1,631	Deposits and other accounts		666,122	139,681
(38)	41	Liabilities against assets subject to finance lease		(3,226)	3,470
(365)	(373)	Other liabilities		(31,187)	(31,933)
<u>1,754</u>	<u>(9,012)</u>			<u>150,290</u>	<u>(771,749)</u>
(8,595)	(285)			(736,000)	(24,415)
13,495	13,636	Financial income received		1,155,543	1,167,653
(9,021)	(8,927)	Financial charges paid		(772,477)	(764,402)
(1,191)	(738)	Income tax paid		(101,986)	(63,217)
<u>(5,312)</u>	<u>3,686</u>	Net cash from operating activities		<u>(454,920)</u>	<u>315,619</u>
CASH FLOW FROM INVESTING ACTIVITIES					
651	(7,337)	Net investments in Available-for-sale securities		55,746	(628,265)
623	42	Net investments in Held-to-maturity		53,380	3,572
332	201	Dividend received		28,431	17,232
(207)	(225)	Investments in operating fixed assets		(17,717)	(19,279)
37	56	Sale proceeds of property and equipment disposed-off		3,146	4,827
<u>1,436</u>	<u>(7,263)</u>	Net cash (used in) investing activities		<u>122,986</u>	<u>(621,913)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
(2,873)	-	Dividend paid		(246,000)	-
<u>(2,873)</u>	<u>-</u>	Net cash used in financing activities		<u>(246,000)</u>	<u>-</u>
(6,749)	(3,577)	Decrease in cash and cash equivalents		(577,934)	(306,294)
8,729	8,700	Cash and cash equivalents at the beginning of the period		747,446	744,947
<u>1,980</u>	<u>5,123</u>	Cash and cash equivalents at the end of the period	17	<u>169,512</u>	<u>438,653</u>

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

Chief Financial Officer

Managing Director
and Chief Executive

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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, 2011

	Issued, subscribed and paid up capital	Reserve			Unappropriated profit / (Loss)	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve	Contingencies reserve				
-----Rupees in '000-----								
Balance as at January 1, 2010	6,150,000	348,483	66,437	-	(126,035)	6,438,885	96,469	6,535,354
Comprehensive income								
Net profit after tax for the six months ended June 30, 2010	-	-	-	-	141,156	141,156	-	141,156
Other comprehensive income	-	-	-	-	141,156	141,156	-	141,156
Share of loss attributable to non-controlling interest	-	-	-	-	16,029	16,029	(16,029)	-
Transfer to statutory reserve	-	26,722	-	-	(26,722)	-	-	-
Transfer to contingencies reserve	-	-	-	7,847	(7,847)	-	-	-
Balance as at June 30, 2010	6,150,000	375,205	66,437	7,847	(3,419)	6,596,070	80,440	6,676,510
Comprehensive income								
Net profit after tax for the six months ended December 31, 2010	-	-	-	-	191,643	191,643	-	191,643
Other comprehensive income	-	-	-	-	191,643	191,643	-	191,643
Transfer to statutory reserve	-	28,873	-	-	(28,873)	-	-	-
Transfer to contingencies reserve	-	-	-	14,206	(14,206)	-	-	-
Share of loss attributable to non-controlling interest	-	-	-	-	6,131	6,131	(6,131)	-
Balance as at December 31, 2010	6,150,000	404,078	66,437	22,053	151,276	6,793,844	74,309	6,868,153
Transfer from general reserve	-	-	(54,807)	-	54,807	-	-	-
Transfer from contingencies reserve	-	-	-	(22,053)	22,053	-	-	-
Transaction with owners								
Dividend for the year ended December 31, 2010	-	-	-	-	(246,000)	(246,000)	-	(246,000)
Comprehensive income								
Net profit after tax for the six months ended June 30, 2011	-	-	-	-	188,901	188,901	-	188,901
Other comprehensive income	-	-	-	-	188,901	188,901	-	188,901
Share of loss attributable to non controlling interest	-	-	-	-	5,272	5,272	(5,272)	-
Transfer to statutory reserve	-	32,490	-	-	(32,490)	-	-	-
Balance as at June 30, 2011	6,150,000	436,568	11,630	-	143,819	6,742,017	69,037	6,811,054

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

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 STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

The Group comprises of Pak Oman Investment Company Limited - POICL (the holding company) and a subsidiary, Pak Oman Asset Management Company Limited (POAMCL). POAMCL is involved in investment advisory, portfolio management, equity research and corporate finance. POICL holds 51% of the share capital of POAMCL.

The Group's associates are as follows:

Entity	Country of incorporation	Nature of business	Holding percentage 30-Jun-11
Japan Power Generation Limited (JPGL)	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	19.59
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in providing microfinance services to the poor and underserved segment of the society.	33.4
Pak Oman Advantage Fund	Pakistan	Established as an closed-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	27.36
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	28.88
Pak Oman Islamic Asset Allocation Fund (formerly Pak Oman Advantage Islamic Fund)	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	97.28
Pak Oman Advantage Asset Allocation fund (formerly Pak Oman Advantage stock fund)	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies (NBFC) Rules 2003 and Notified Entities Regulations, 2008	68.01

The holding 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. POICL's objectives interalia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and/or investment bank. Its registered office is situated at 1st Floor, Tower A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. POICL operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. POICL is designated as a development financial institution (DFI) under the BPD circular No. 35 dated October 28, 2003 issued by the State Bank of Pakistan.

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 Centre, Shahrah-e-Faisal, Karachi, Sindh. The company obtained certificate of commencement of business on October 31, 2006. The principal activities of the company include investment advisory and corporate finance.

PAK OMAN INVESTMENT COMPANY LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 (UN-AUDITED)

2 BASIS OF PRESENTATION AND CONSOLIDATION

2.1 Basis of presentation

2.1.1 These consolidated condensed interim financial statements have been prepared from the information available in the unconsolidated condensed interim financial statements of the holding company for the six months ended June 30, 2011 and the unaudited financial statements of POAMCL for the quarter ended March 31, 2011.

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

Entity	Source of information
Japan Power Generation Limited (JPGL)	Unaudited financial report for the quarter ended March 31, 2011
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial report for the first quarter ended March 31, 2011
Pak Oman Advantage Fund	Unaudited financial report for the quarter ended March 31, 2011
Pak Oman Advantage Islamic Income Fund	Unaudited financial report for the quarter ended March 31, 2011
Pak Oman Islamic Asset Allocation Fund (<i>formerly Pak Oman Advantage Islamic Fund</i>)	Unaudited financial report for the quarter ended March 31, 2011
Pak Oman Advantage Asset Allocation fund (<i>formerly Pak Oman Advantage stock fund</i>)	Unaudited financial report for the quarter ended March 31, 2011

3 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements of the Company for the six months period ended June 30, 2011 have 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 these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

The disclosures made in these condensed interim consolidated financial statements 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, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2010.

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. 85.63 = US dollar 1 for the six months ended June 30, 2011 and the corresponding period.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Group for the year ended December 31, 2010.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the group for the year ended December 31, 2010.

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, 2010.

7 INVESTMENTS

	Held by the company	Given as collateral	Total
	----- Rupees in '000 -----		
Balance as at June 30, 2011 (un-audited)	7,689,641	3,599,133	11,288,774
Balance as at December 31, 2010 (audited)	6,985,544	2,143,909	9,129,453

June 30, 2011 (Un-audited)			December 31, 2010 (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	89,807	-	89,807	113,479	25,556	139,035
Market treasury bills (T-Bills)	893,134	1,380,022	2,273,156	19,097	-	19,097
Listed shares	101,966	-	101,966	27,913	-	27,913
Mutual fund units	-	-	-	25,000	-	25,000
Sukuk Certificates	9,124	-	9,124	9,124	-	9,124
Term finance certificates (TFCs)	133,147	-	133,147	51,258	-	51,258
	1,227,178	1,380,022	2,607,200	245,871	25,556	271,427

Available-for-sale securities

Pakistan investment bonds	713,358	165,158	878,516	48,658	472,516	521,174
Market treasury bills	56,390	1,646,657	1,703,047	668,776	1,249,421	1,918,197
Listed shares	336,936	11,066	348,002	273,718	12,206	285,924
Unlisted shares	131,333	226,000	357,333	208,333	226,000	434,333
Mutual funds Units / Certificates	174,211	-	174,211	184,211	-	184,211
Sukuk certificates	1,137,037	-	1,137,037	1,311,891	-	1,311,891
Term finance certificates (TFCs)	3,291,669	175,705	3,467,374	3,271,840	189,887	3,461,727
	5,840,934	2,224,586	8,065,520	5,967,427	2,150,030	8,117,457

Held-to-maturity securities

Pakistan investment bonds	209,839	-	209,839	263,219	-	263,219
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Associates

Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Fund	295,690	-	295,690	286,702	-	286,702
Pak Oman Advantage Islamic Income Fund	125,790	-	125,790	103,327	-	103,327
Pak Oman Islamic Asset Allocation Fund (formerly : Pak Oman Advantage Islamic	124,659	-	124,659	129,786	-	129,786
Pak Oman Advantage Asset Allocation Fund (formerly: Pak Oman Advantage Stock Fund)	146,006	-	146,006	167,434	-	167,434
Pak Oman Micro Finance Bank Limited	234,568	-	234,568	228,611	-	228,611
	926,713	-	926,713	915,860	-	915,860

Investment at cost

	8,204,664	3,604,608	11,809,272	7,392,377	2,175,586	9,567,963
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Less: Provision for diminution in the value of investment

	296,381	-	296,381	306,096	-	306,096
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Less: Provision for impairment in the value of investment

	7,570	-	7,570	12,850	-	12,850
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Investment - net of provisions

	7,900,713	3,604,608	11,505,321	7,073,431	2,175,586	9,249,017
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(Deficit) on revaluation of held-for-trading securities

	(25,333)	(3,144)	(28,477)	(1,656)	(170)	(1,826)
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(Deficit) on revaluation of available-for-sale securities

	(185,739)	(2,331)	(188,070)	(86,231)	(31,507)	(117,738)
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Total investments at market value

	7,689,641	3,599,133	11,288,774	6,985,544	2,143,909	9,129,453
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	(Un-audited) June 30 2011	(Audited) December 31, 2010
----- Rupees in '000 -----		
8. ADVANCES		
Loans in Pakistan	6,440,607	5,863,548
Net investment in finance lease in Pakistan	1,117,688	1,189,122
Advances - gross	7,558,295	7,052,670
Less: Provision for non-performing advances	(1,083,319)	(1,107,629)
Advances - net of provision	6,474,976	5,945,041

8.1 Advances include amount aggregating Rs. 1,193.232 million (December 31, 2010: Rs. 1,221,006 million), which have been placed under the non-performing status as detailed below:

June 30, 2011 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
-----Rupees in '000-----					
Substandard	15,000	-	15,000	-	-
Doubtful	19,635	-	19,635	3,567	3,567
Loss	1,158,597	-	1,158,597	1,079,752	1,079,752
	1,193,232	-	1,193,232	1,083,319	1,083,319

December 31, 2010 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
-----Rupees in '000-----					
Substandard	20,988	-	20,988	8,125	8,125
Doubtful	23,617	-	23,617	6,949	6,949
Loss	1,176,401	-	1,176,401	1,092,555	1,092,555
	1,221,006	-	1,221,006	1,107,629	1,107,629

9 OPERATING FIXED ASSETS	(Un-Audited) June 30, 2011	(Un-Audited) June 30, 2010
	------(Rupees in '000)-----	
During the period additions to operating fixed assets were as follows:		
Owned		
Office premises on leasehold land	-	-
Improvements	468	26
Office equipment	267	235
Computer equipment	868	4,671
Furniture and fixture	900	345
Vehicles	13,675	367
Intangibles	-	4,445
Assets subject to finance lease	-	-
Vehicles	1,539	9,190
Additions	<u>17,717</u>	<u>19,279</u>

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

Owned		
Office premises on leasehold land	-	-
Improvements	-	14
Office equipment	16	15
Computer equipment	-	37
Furniture and fixture	109	135
Vehicles	-	-
Assets subject to finance lease	-	-
Vehicles	1,232	2,237
Disposals	<u>1,357</u>	<u>2,438</u>

10 DEFERRED TAX ASSETS - net	(Un-Audited) June 30, 2011	(Audited) December 31, 2010
	------(Rupees in '000)-----	
Deductible temporary differences on:		
Assets subject to finance leases	(2,437)	2,452
Amortization of premium	35,535	53,581
Deficit on revaluation of available-for-sale government securities	6,494	11,732
Provision for diminution in the value of investments	91,569	107,134
Provision against non-performing advances	379,162	387,670
	<u>510,323</u>	562,569
Taxable temporary differences on:		
Accelerated tax depreciation allowances	(543)	(860)
Net investment in finance leases	(137,447)	(163,839)
Unassessed tax losses	6,581	6,581
others	2,120	(22)
	<u>(129,289)</u>	(158,140)
Net deferred tax assets	<u>381,034</u>	404,429
	(Un-Audited) June 30, 2011	(Audited) December 31, 2010
	------(Rupees in '000)-----	

11 DEPOSITS AND OTHER ACCOUNTS	(Un-Audited) June 30, 2011	(Audited) December 31, 2010
Certificate of investment - remunerative (in local currency)	826,079	763,119
Financial institutions	5,401,208	4,798,046
Others	6,227,287	5,561,165
	<u>6,227,287</u>	<u>5,561,165</u>

11.1 The rate of return on deposits maturing June 2011 to June 2013 (2010: January 2011 to January 2013) is 12.20 to 13.85 (2010: 12 to 18) per annum.

12 SHARE CAPITAL

12.1 Authorized capital

(Un-Audited) June 30, 2011	(Audited) December 31, 2010		(Un-Audited) June 30, 2011	(Audited) December 31, 2010
----- (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>

12.2 Issued, subscribed and paid - up capital

(Un-Audited) June 30, 2011	(Audited) December 31, 2010		(Un-Audited) June 30, 2011	(Audited) December 31, 2010
----- (Number of shares) -----			----- (Rupees in '000) -----	
<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>

13 DEFICIT ON REVALUATION OF ASSETS - net

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

Government securities - (deficit)	(18,555)	(33,520)
Less: Deferred tax asset	<u>6,494</u>	<u>11,732</u>
	(12,061)	(21,788)
Listed TFCs - (deficit)	(142,367)	(69,231)
Shares/Units - (deficit)	<u>(27,148)</u>	<u>(14,987)</u>
	<u>(181,576)</u>	<u>(106,006)</u>
	(Un-Audited) June 30, 2011	Audited December 31, 2010
	----- (Rupees in '000) -----	

14 CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability:		
- guarantees	3,500	11,301
- import letter of credits	-	13,730
Pledge of shares on behalf of JPGL - note 14.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Pvt) Ltd - note 14.2	226,000	226,000
Commitments for:		
- sale of shares (future)	19,361	-
Commitments for loans and advances and net investment in finance leases	374,370	303,930

14.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (December 31, 2010: 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, 2010: 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).

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

	Quarter Ended June 30, 2011	Quarter Ended June 30, 2010	Ended June 30, 2011	Six Months Ended June 30, 2010
Profit attributable to shareholders (Rupees in '000)	<u>59,824</u>	23,273	<u>194,173</u>	<u>157,185</u>
Weighted average number of ordinary shares (in '000)	<u>615,000</u>	615,000	<u>615,000</u>	<u>615,000</u>
Basic and diluted earnings per share (Rupees)	<u>0.10</u>	0.04	<u>0.32</u>	<u>0.26</u>

16 SEGMENT ANALYSIS WITH RESPECT TO BUSINESS ACTIVITIES (UNAUDITED)

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

June 30, 2011 (Un-Audited)	Corporate Finance	Trading & Sales	Commercial Banking	Asset Management	Total
Total income	6,686	769,100	444,708	11,220	1,231,714
Total expense	21,281	591,025	304,023	21,817	938,146
Net income	<u>(14,595)</u>	<u>178,075</u>	<u>140,685</u>	<u>(10,597)</u>	<u>293,568</u>
June 30, 2010 (Un-Audited)					
Total income	2,695	825,989	395,713	21,819	1,246,216
Total expense	19,916	592,599	375,768	50,173	1,038,456
Net income	<u>(17,221)</u>	<u>233,390</u>	<u>19,945</u>	<u>(28,354)</u>	<u>207,760</u>

17 CASH AND CASH EQUIVALENTS	Six months ended	
	30-Jun-11	30-Jun-10
	----- Rupees in '000 -----	
Cash and balances with treasury banks	83,374	72,755
Balances with other banks	<u>86,138</u>	<u>365,898</u>
	<u>169,512</u>	<u>438,653</u>

18 RELATED PARTY TRANSACTIONS

18.1

The Group has related party relationship with its associated undertakings, employee benefit plans and its key management personnel (including their associates). The details of investments in associated undertakings are disclosed in note 7 to these consolidated condensed interim financial statements. Transactions between the Company and its related parties are carried as per terms agreed.

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 (formerly Pak Oman Advantage Islamic Fund)
- Pak Oman Advantage Asset Allocation Fund (formerly Pak Oman Advantage Stock Fund)

Other related party

- Orient Power Company (Private) Limited

Key management Personnel

- All head of departments
- Directors

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

	(Un-Audited) June 30, 2011			(Audited) December 31, 2010				
	At January 01,	Given during the year	Repaid during the year	At June 30,	At January 01,	Given during the year	Repaid during the year	At December 31
----- (Rupees in '000) -----								
Advances								
Key Management Executives	46,384	28,919	(7,151)	68,152	53,630	16,199	(23,445)	46,384
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Other related party	566,748	-	(10,685)	556,063	318,314	636,497	(388,063)	566,748
	681,332	28,919	(17,836)	692,415	440,144	652,696	(411,508)	681,332

	(Un-Audited) June 30, 2011			(Audited) December 31, 2010				
	At January 01,	Received during the year	Repaid during the year	At June 30,	At January 01,	Received during the year	Repaid during the year	At December 31
----- (Rupees in '000) -----								
Deposits								
Associates	388,119	182,960	(210,000)	361,079	211,861	388,119	(211,861)	388,119
Other Related Party	-	-	-	-	-	-	-	-
	388,119	182,960	(210,000)	361,079	211,861	388,119	(211,861)	388,119

	(Un-Audited) June 30, 2011			(Audited) December 31, 2010				
	At January 01,	Received during the year	Repaid during the year	At June 30,	At January 01,	Received during the year	Repaid during the year	At December 31
----- (Rupees in '000) -----								
Borrowings								
Associates	63,520	100,000	(63,520)	100,000	-	63,520	-	63,520
Other Related Party	-	-	-	-	-	-	-	-
	63,520	100,000	(63,520)	100,000	-	63,520	-	63,520

(Un-Audited) (Audited)
June 30, 2011 December 31,
 2010

(---Rupees in '000---)

Other receivables from:

Associates	5	-
Other related party	15	138

(Un-Audited) (Un-Audited)
June 30, 2011 June 30, 2010

(---Rupees in '000---)

Income for the period

On advances / placements with:

Key management executives	1,277	1,195
Other related party	32,953	51,215

Dividend income from the associates

3,570 -

Fee income

- 6,370

Expenses for the year

Remuneration to key management executives	40,582	20,765
Non-executive director's remuneration	85	60
Charge for defined benefit plan	3,278	3,349
Charge for defined contribution plan	4,726	3,483

Mark-up on Deposits of:

Associates	24,775	23,919
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Mark-up on Borrowing:

Associates	6,465	3,676
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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

These condensed interim consolidated financial statements were authorised on July 05, 2011 by the board of directors of the holding Company.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
Chief Executive**

Chairman