

**PAK-OMAN INVESTMENT  
COMPANY LIMITED**

Unconsolidated Condensed  
Interim Financial Statements

**For six months ended June 30, 2011**

## REVIEW REPORT ON UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS

### *Introduction*

We have reviewed the accompanying unconsolidated condensed interim balance sheet of **Pak Oman Investment Company Limited (the Company)** as at June 30, 2011 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 for the six-month then ended (herein after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these condensed interim financial statements 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.

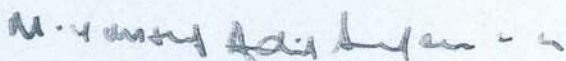
### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements as of and for the six-month ended June 30, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

### *Other matters*

The condensed interim financial statements of the Company for the six-month period ended June 30, 2010 and financial statements of the Company for the year ended December 31, 2010 were reviewed and audited by another firm of chartered accountants who through their reports dated August 9, 2010 and March 6, 2011 expressed an unqualified conclusion and opinion thereon.

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, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2011.



Chartered Accountants

Engagement Partner:  
Nadeem Yousuf Adil

Karachi  
Date: August 22, 2011

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2011**

(Unaudited) June 30, 2011 ------(US Dollars in '000)-----	(Audited) December 31, 2010		(Unaudited) June 30, 2011 ------(Rupees in '000)-----	(Audited) December 31, 2010
		Note		
<b>ASSETS</b>				
973	822		83,335	70,373
935	7,716		80,068	660,750
5,210	28,665		446,159	2,454,610
131,609	106,781	6	11,269,720	9,143,686
75,646	69,461	7	6,477,527	5,947,929
849	760	8	72,732	65,082
4,545	4,818	9	389,179	412,574
4,377	4,905		374,771	419,985
<b>224,144</b>	<b>223,928</b>		<b>19,193,491</b>	<b>19,174,989</b>
<b>LIABILITIES</b>				
-	-		-	-
66,144	71,766		5,663,930	6,145,349
72,723	64,944	10	6,227,287	5,561,165
-	-		-	-
140	178		11,999	15,202
-	-		-	-
8,320	8,366		712,506	716,383
<b>147,327</b>	<b>145,254</b>		<b>12,615,722</b>	<b>12,438,099</b>
<b>76,817</b>	<b>78,674</b>		<b>6,577,769</b>	<b>6,736,890</b>
<b>NET ASSETS</b>				
<b>REPRESENTED BY</b>				
71,821	71,821	11	6,150,000	6,150,000
5,234	5,752		448,198	492,568
1,882	2,339		161,147	200,328
<b>78,937</b>	<b>79,912</b>		<b>6,759,345</b>	<b>6,842,896</b>
<b>(2,120)</b>	<b>(1,238)</b>	12	<b>(181,576)</b>	<b>(106,006)</b>
<b>76,817</b>	<b>78,674</b>		<b>6,577,769</b>	<b>6,736,890</b>
<b>CONTINGENCIES AND COMMITMENTS</b>				
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The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

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, 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-----			
13,657	13,323	Mark-up/return/interest earned	576,312	587,946	1,169,484	1,140,837
9,438	9,114	Mark-up/return/interest expensed	412,053	403,038	808,185	780,436
4,219	4,209	<b>Net mark-up/ interest income</b>	164,259	184,908	361,299	360,401
(284)	986	(Reversal) of / provision against non-performing advances	(21,797)	102,511	(24,310)	84,401
36	261	(Reversal) of / provision for diminution in the value of investments	(28,770)	23,586	3,120	22,364
-	-	Bad debts written off directly	-	-	-	-
(248)	1,247		(50,567)	126,097	(21,190)	106,765
4,467	2,962	<b>Net mark-up/ interest income after provisions</b>	214,826	58,811	382,489	253,636
<b>NON MARK-UP/INTEREST INCOME</b>						
94	117	Fee, commission and brokerage income	1,566	1,800	8,092	9,988
348	168	Dividend income	18,646	2,222	29,789	14,347
123	628	Gain on sale of securities	(31,384)	27,484	10,501	53,796
(204)	(140)	Unrealised loss on revaluation of investments classified as held-for-trading	(14,263)	(2,075)	(17,500)	(11,984)
21	26	Other income	1,517	752	1,804	2,265
382	799	<b>Total non -mark up/interest income</b>	(23,918)	30,183	32,686	68,412
4,849	3,761		190,908	88,994	415,175	322,048
<b>NON MARK-UP/INTEREST EXPENSES</b>						
1,608	1,416	Administrative expenses	69,040	66,546	137,699	121,218
-	-	Other provisions/write offs	-	-	-	-
52	54	Other charges	2,092	2,776	4,470	4,618
1,660	1,470	<b>Total non-mark up/interest expenses</b>	71,132	69,322	142,169	125,836
3,189	2,291		119,776	19,672	273,006	196,212
-	-	Extra ordinary /unusual items	-	-	-	-
3,189	2,291	<b>PROFIT BEFORE TAXATION</b>	119,776	19,672	273,006	196,212
1,079	1,193	Taxation - current	12,627	48,723	92,400	102,197
-	-	- prior	-	-	-	-
212	(462)	- deferred	48,241	(38,516)	18,157	(39,594)
1,291	731		60,868	10,207	110,557	62,603
1,898	1,560	<b>PROFIT AFTER TAXATION</b>	58,908	9,465	162,449	133,609
-----US Dollar-----			-----Rupees -----			
0.0031	0.0025	Basic and diluted earning per share (Rupees)	0.10	0.02	0.26	0.22

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

Chief Financial Officer

Managing Director  
and Chief Executive

Managing Director  
and Chief Executive

Chairman

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (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>
----- <u>(US Dollars in '000)</u> -----			----- <u>(Rupees in '000)</u> -----			
<b>1,898</b>	1,560	Profit after taxation	<b>58,908</b>	9,465	<b>162,449</b>	133,609
-	-	Other comprehensive income	-	-	-	-
<b><u>1,898</u></b>	<u>1,560</u>	Total comprehensive income for the period	<b><u>58,908</u></b>	<u>9,465</u>	<b><u>162,449</u></b>	<u>133,609</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 20 form an integral part of these unconsolidated condensed interim financial statements.

**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, 2011

June 30, 2011 ------(US Dollars in '000)-----	June 30, 2010		June 30, 2011 ------(Rupees in '000)-----	June 30, 2010 ------(Rupees in '000)-----
		<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
3,189	2,291	Profit before taxation	273,006	196,212
348	168	Less: Dividend income	29,789	14,347
<u>2,841</u>	<u>2,123</u>		<u>243,217</u>	<u>181,865</u>
		<b>Adjustments for non-cash charges</b>		
90	84	Depreciation	7,696	7,194
10	9	Amortisation of intangible assets	882	794
204	140	Unrealised loss on revaluation of investments classified as held-for-trading	17,500	11,984
(21)	(26)	Gain on sale of operating fixed assets	(1,804)	(2,265)
(284)	986	(Reversal) of / provision against non-performing advances	(24,310)	84,401
36	261	Provision for diminution in the value of investments	3,120	22,364
(13,657)	(13,323)	Financial income	(1,169,484)	(1,140,837)
9,438	9,114	Financial charges	808,185	780,436
<u>(4,184)</u>	<u>(2,755)</u>		<u>(358,215)</u>	<u>(235,929)</u>
<u>(1,343)</u>	<u>(632)</u>		<u>(114,998)</u>	<u>(54,064)</u>
		<b>(Increase) / decrease in operating assets</b>		
23,455	21,641	Lendings to financial institutions	2,008,451	1,853,111
(27,065)	(6,047)	Net Investments in Held-for-Trading securities	(2,317,583)	(517,788)
(5,901)	(5,916)	Advances	(505,288)	(506,564)
759	226	Other assets	65,032	19,291
<u>(8,752)</u>	<u>9,904</u>		<u>(749,388)</u>	<u>848,050</u>
		<b>Increase / (decrease) in operating liabilities</b>		
-	-	Bills payable	-	-
(5,622)	(10,311)	Borrowings	(481,419)	(882,967)
7,779	1,631	Deposits and other accounts	666,122	139,681
(37)	49	Liabilities against assets subject to finance lease	(3,203)	4,215
(358)	(363)	Other liabilities	(30,745)	(31,063)
<u>1,762</u>	<u>(8,994)</u>		<u>150,755</u>	<u>(770,134)</u>
<u>(8,333)</u>	<u>278</u>		<u>(713,631)</u>	<u>23,852</u>
13,448	13,593	Finance income received	1,151,584	1,163,936
(9,021)	(8,927)	Finance charges paid	(772,477)	(764,402)
(1,182)	(730)	Income tax paid	(101,240)	(62,469)
<u>(5,088)</u>	<u>4,214</u>	Net cash (used in) / from operating activities	<u>(435,764)</u>	<u>360,917</u>
		<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
545	(7,220)	Net proceeds from / (investments) in Available-for-sale securities	46,657	(618,265)
623	42	Net proceeds from investments in Held-to-Maturity securities	53,380	3,572
332	168	Dividend income received	28,431	14,347
(205)	(215)	Investments in operating fixed assets	(17,541)	(18,404)
36	53	Sale proceeds on sale of operating fixed assets disposed off	3,117	4,519
<u>1,331</u>	<u>(7,172)</u>	Net cash from / (used in) investing activities	<u>114,044</u>	<u>(614,231)</u>
		<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(2,873)	-	Dividend paid	(246,000)	-
<u>(2,873)</u>	<u>-</u>	Net cash used in financing activities	<u>(246,000)</u>	<u>-</u>
<u>(6,630)</u>	<u>(2,958)</u>	Decrease in cash and cash equivalents	<u>(567,720)</u>	<u>(253,314)</u>
<u>8,538</u>	<u>7,758</u>	Cash and cash equivalents as at beginning of the period	<u>731,123</u>	<u>664,330</u>
<u>1,908</u>	<u>4,800</u>	<b>Cash and cash equivalents at the end of the period</b>	<u>163,403</u>	<u>411,016</u>

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

Chief Financial Officer

Managing Director  
and Chief Executive

Managing Director  
and Chief Executive

Chairman

**PAK-OMAN INVESTMENT COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2011**

	Issued, subscribed and paid up capital	Reserves			Unappropriated profit	Total
		Statutory reserve	General reserve	Contingencies reserve		
-----Rupees in '000-----						
<b>Balance as at January 1, 2010</b>	6,150,000	348,483	66,437	-	-	6,564,920
<b>Comprehensive Income</b>						
Net profit after tax for the six months ended June 30, 2010	-	-	-	-	133,609	133,609
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	133,609	133,609
Transfer to statutory reserve	-	26,722	-	-	(26,722)	-
Transfer to contingencies reserve	-	-	-	7,847	(7,847)	-
<b>Balance as at June 30, 2010</b>	<b>6,150,000</b>	<b>375,205</b>	<b>66,437</b>	<b>7,847</b>	<b>99,040</b>	<b>6,698,529</b>
<b>Comprehensive Income</b>						
Net profit after tax for the six months period ended December 31, 2010	-	-	-	-	144,367	144,367
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	144,367	144,367
Transfer to statutory reserve	-	28,873	-	-	(28,873)	-
Transfer to contingencies reserve	-	-	-	14,206	(14,206)	-
<b>Balance as at December 31, 2010</b>	<b>6,150,000</b>	<b>404,078</b>	<b>66,437</b>	<b>22,053</b>	<b>200,328</b>	<b>6,842,896</b>
<b>Comprehensive Income</b>						
Net profit after tax for the six months ended June 30, 2011	-	-	-	-	162,449	162,449
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	162,449	162,449
Transfer from general reserve	-	-	(54,807)	-	54,807	-
Transfer to statutory reserve	-	32,490	-	-	(32,490)	-
Transfer from contingencies reserve	-	-	-	(22,053)	22,053	-
<b>Transaction with owners</b>						
Dividend for the year ended December 31, 2010 (Re. 0.4 per share)	-	-	-	-	(246,000)	(246,000)
<b>Balance as at June 30, 2011</b>	<b>6,150,000</b>	<b>436,568</b>	<b>11,630</b>	<b>-</b>	<b>161,147</b>	<b>6,759,345</b>

The annexed notes from 1 to 20 form an integral part of these unconsolidated 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 UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2011**

**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 1<sup>st</sup> Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi. 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. 25 dated October 28, 2002 issued by State Bank of Pakistan (SBP).

**2. STATEMENT OF COMPLIANCE**

These unconsolidated 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 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 unconsolidated 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 unconsolidated condensed interim 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 condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2010.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**4. ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**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, 2010.

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

6. INVESTMENTS - net

	Held by the Company	Given as collateral	Total
	----- Rupees in '000 -----		
<b>Balance as at June 30, 2011 (Un-Audited)</b>	<b>7,648,206</b>	<b>3,621,514</b>	<b>11,269,720</b>
Balance as at December 31, 2010 (Audited)	6,969,994	2,173,692	9,143,686

June 30, 2011 (Un-Audited)			December 31, 2010 (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	89,807	-	89,807	113,479	25,556	139,035
Market Treasury Bills	893,134	1,380,022	2,273,156	18,121	-	18,121
Ordinary shares of listed companies	85,792	-	85,792	4,485	-	4,485
Mutual funds units	-	-	-	25,000	-	25,000
Term Finance Certificates (TFCs)	106,727	-	106,727	51,258	-	51,258
	<b>1,175,460</b>	<b>1,380,022</b>	<b>2,555,482</b>	212,343	25,556	237,899

**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
Ordinary shares of listed companies	336,936	11,066	348,002	273,718	12,206	285,924
Ordinary shares of unlisted listed companies	131,333	226,000	357,333	208,333	226,000	434,333
Mutual funds Units	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
	<b>5,840,934</b>	<b>2,224,586</b>	<b>8,065,520</b>	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	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 (formerly : Pak Oman Advantage Islamic Fund)	92,414	-	92,414	92,414	-	92,414
Pak Oman Advantage Asset Allocation Fund (formerly: Pak Oman Advantage Stock Fund)	84,078	-	84,078	84,078	-	84,078
Pak Oman Micro Finance Bank Limited	251,108	-	251,108	251,108	-	251,108
	<b>835,016</b>	<b>70,726</b>	<b>905,742</b>	835,016	70,726	905,742

**Subsidiary**

Pak Oman Asset Management Company Limited	168,300	-	168,300	168,300	-	168,300
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**Investments at cost**

	<b>8,229,549</b>	<b>3,675,334</b>	<b>11,904,883</b>	7,446,305	2,246,312	9,692,617
Less: Provision for diminution in the value of investment	373,946	48,345	422,291	378,228	40,943	419,171
Less: Provision for impairment in the value of investment	7,570	-	7,570	12,850	-	12,850
<b>Investments (net of provisions)</b>	<b>7,848,033</b>	<b>3,626,989</b>	<b>11,475,022</b>	7,055,227	2,205,369	9,260,596

Unrealised (loss) / gain on revaluation  
of Held-for-trading securities

	(14,088)	(3,144)	(17,232)	998	(170)	828
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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 carrying value**

	<b>7,648,206</b>	<b>3,621,514</b>	<b>11,269,720</b>	6,969,994	2,173,692	9,143,686
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7. <b>ADVANCES - net</b>	----- Rupees in '000 -----	
Loans in Pakistan	<b>6,440,607</b>	5,863,548
Net investment in finance lease in Pakistan	<b>1,120,239</b>	1,192,010
<b>Advances - gross</b>	<b>7,560,846</b>	7,055,558
Less: Provision for non-performing advances	<b>(1,083,319)</b>	(1,107,629)
<b>Advances - net of provision</b>	<b>6,477,527</b>	5,947,929

7.1 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:

Category of classification	June 30, 2011 (Un-Audited)				
	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
	<b>1,193,232</b>	-	<b>1,193,232</b>	<b>1,083,319</b>	<b>1,083,319</b>

Category of classification	December 31, 2010 (Audited)				
	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
	<b>1,221,006</b>	-	<b>1,221,006</b>	<b>1,107,629</b>	<b>1,107,629</b>

8. <b>OPERATING FIXED ASSETS</b>	(Un-Audited)	
	Six months ended	
	June 30, 2011	June 30, 2010
	----- (Rupees in '000) -----	

During the period additions to operating fixed assets were as follows:

**Owned**

Improvements	468	26
Office equipment	267	118
Computer equipment	692	4,302
Furniture and fixture	900	323
Intangibles	-	4,445
Vehicles	<b>13,675</b>	

**Assets subject to finance lease**

Vehicles	<b>1,539</b>	9,190
	<b>17,541</b>	18,404

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

**Owned**

Improvements	-	14
Office equipment	16	15
Computer equipment	-	37
Furniture and fixture	65	135

**Assets subject to finance lease**

Vehicles	<b>1,232</b>	2,053
	<b>1,313</b>	2,254

(Un-Audited)      (Audited)  
June 30,          December 31,  
2011                2010  
------(Rupees in '000)-----

**9. DEFERRED TAX ASSETS - net**

**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	106,295	121,860
Provision against non-performing advances	379,162	387,670
	<b>525,049</b>	<b>577,295</b>

**Taxable temporary differences on:**

Accelerated tax depreciation allowances	(543)	(860)
Net investment in finance leases	(137,447)	(163,839)
Others	2,120	(22)
	<b>(135,870)</b>	<b>(164,721)</b>

Net deferred tax assets	<b>389,179</b>	<b>412,574</b>
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**10. DEPOSITS AND OTHER ACCOUNTS**

Certificate of investment - remunerative (in local currency)		
Financial institutions	826,079	763,119
Others	5,401,208	4,798,046
	<b>6,227,287</b>	<b>5,561,165</b>

**10.1** 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) percent per annum.

**11. SHARE 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)-----	

**11.1 Authorized capital**

	<b>1,000,000,000</b>	1,000,000,000	Ordinary shares of Rs.10/- each.	<b>10,000,000</b>	10,000,000
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**11.2 Issued, subscribed and paid - up capital**

	<b>615,000,000</b>	615,000,000	Ordinary shares of Rs.10/- each.	<b>6,150,000</b>	6,150,000
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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, 2010: 307,495,900) ordinary shares of the Company. While 4,100 (December 31, 2010: 4,100) ordinary shares each are held by the Secretary, Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.

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

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

## 12. DEFICIT ON REVALUATION OF ASSETS - net

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

Federal Government securities	(18,555)	(33,520)
Less: Deferred tax asset	6,494	11,732
	<u>(12,061)</u>	<u>(21,788)</u>
Term Finance Certificates and Sukuks	(142,367)	(69,231)
Quoted shares and Mutual fund units	(27,148)	(14,987)
	<u>(181,576)</u>	<u>(106,006)</u>

## 13. 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 13.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Pvt) Ltd - note 13.2	226,000	226,000
Commitments for sale of shares (future)	19,361	-
Commitments for advances and net investment in finance leases	374,370	303,930

13.1 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.

13.2 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).

## 14. BASIC AND DILUTED EARNINGS PER SHARE (Un-Audited)

	Quarter Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Profit after taxation (Rupees in '000)	<u>58,908</u>	9,465	<u>162,449</u>	<u>133,609</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>	0.02	<u>0.26</u>	<u>0.22</u>

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

**Six Months Ended June 30, 2011**

Total income	6,686	750,685	444,799	1,202,170
Total expense	21,281	603,860	304,023	929,164
Net (loss) / income	<u>(14,595)</u>	<u>146,825</u>	<u>140,776</u>	<u>273,006</u>

**Six Months Ended June 30, 2010**

Total income	2,695	810,481	396,073	1,209,249
Total expense	19,916	617,353	375,768	1,013,037
Net (loss) / income	<u>(17,221)</u>	<u>193,128</u>	<u>20,305</u>	<u>196,212</u>

**(Un-Audited)****Six months ended**

<b>June 30,</b>	<b>June 30,</b>
<b>2011</b>	<b>2010</b>

----- Rupees in '000 -----

**16. CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks	83,335	72,737
Balances with other banks	80,068	338,279
	<u>163,403</u>	<u>411,016</u>

**17. RELATED PARTY TRANSACTIONS**

**17.1** The Company has related party relationship with its associated undertakings, subsidiary company, employee benefit plans and its key management personnel (including their associates). The details of investments in subsidiary company and associated undertakings are disclosed in note 6 to these unconsolidated condensed interim financial statements. Transactions between the Company and its related parties are carried as per terms agreed.

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

**Other related party**

Orient Power Company (Pvt) Limited

**Key management Personnel**

-All heads of departments  
 -Directors

17.2 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) -----								
<b>Advances</b>								
Key Management Executives	46,384	28,919	(7,151)	68,152	53,630	16,199	(23,445)	46,384
Subsidiary	2,888	-	(593)	2,295	6,063	-	(3,175)	2,888
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
	<u>684,220</u>	<u>28,919</u>	<u>(18,429)</u>	<u>694,710</u>	<u>446,207</u>	<u>652,696</u>	<u>(414,683)</u>	<u>684,220</u>

	(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) -----								
<b>Deposits</b>								
Associates	388,119	182,960	(210,000)	361,079	211,861	388,119	(211,861)	388,119
	<u>388,119</u>	<u>182,960</u>	<u>(210,000)</u>	<u>361,079</u>	<u>211,861</u>	<u>388,119</u>	<u>(211,861)</u>	<u>388,119</u>
<b>Borrowings</b>								
Associates	63,520	100,000	(63,520)	100,000	-	63,520	-	63,520
	<u>63,520</u>	<u>100,000</u>	<u>(63,520)</u>	<u>100,000</u>	<u>-</u>	<u>63,520</u>	<u>-</u>	<u>63,520</u>

	(Un-Audited) June 30, 2011	(Audited) December 31, 2010
----- (Rupees in '000) -----		
<b>Other receivables from:</b>		
Associates	5	-
Other related party	15	138
<b>Lease deposit from Subsidiary</b>	596	596
	<u>(Un-Audited)</u>	
	<u>Six months ended</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>2011</u>	<u>2010</u>
----- Rupees in '000 -----		
<b>Income for the period</b>		
On advances / placements with:		
Subsidiary	173	360
Key management executives	1,277	1,195
Other related party	32,953	51,215
<b>Dividend income from the associates</b>	3,570	-
<b>Fee income</b>	-	6,370
<b>Expenses for the year</b>		
Remuneration to key management executives	37,111	20,765
Non-executive director's remuneration	85	60
Charge for defined benefit plan	3,278	3,349
Charge for defined contribution plan	4,157	3,483
<b>Mark-up on Deposits of:</b>		
Subsidiary	-	-
Associates	24,775	23,919
<b>Mark-up on Borrowings</b>		
Associates	6,465	3,676

**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**

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

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
and Chief Executive**

**Chairman**