

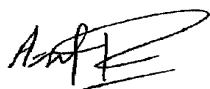
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET - (UNAUDITED)
AS AT JUNE 30 , 2007**

	Note	(Un audited) June 30, 2007	(Audited) Dec. 31, 2006 (Rupees in '000)
ASSETS			
			Restated
Cash and balances with treasury banks		47,555,720	49,023,540
Balances with other banks		21,784,624	19,418,278
Lendings to financial institutions		34,778,345	29,572,070
Investments	6	105,088,303	65,875,666
Advances	7	287,456,168	254,670,492
Fixed assets		7,041,428	6,362,492
Deferred tax assets - net		1,159,439	870,684
Other assets		9,742,599	10,200,122
		514,606,627	435,993,344
LIABILITIES			
Bills payable		4,222,328	4,627,769
Borrowings from financial institutions	8	39,550,517	38,679,808
Deposits and other accounts	9	414,118,999	343,804,830
Sub-ordinated loans		5,997,904	5,998,344
Liabilities against assets subject to finance lease		4,000	6,966
Other liabilities		13,530,407	9,594,496
		477,424,154	402,712,213
NET ASSETS		37,182,473	33,281,131
REPRESENTED BY			
Share capital	10	8,093,750	6,475,000
Reserves		10,473,624	9,329,564
Unappropriated profit		13,987,674	12,930,344
		32,555,048	28,734,908
Minority interest		1,900,596	1,772,168
		34,455,644	30,507,076
Surplus / (Deficit) on revaluation of assets		2,726,829	2,774,055
		37,182,473	33,281,131

CONTINGENCIES AND COMMITMENTS

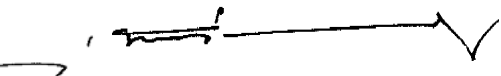
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The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.


Atif R. Bokhari
President and
Chief Executive Officer


Zameer Mohammed Choudrey
Director


Omar Z. Al Askari
Director


Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER & HALF YEAR ENDED JUNE 30, 2007**

	Note	Apr - Jun 2007	Apr - Jun 2006	Jan - Jun 2007	Jan - Jun 2006
----- (Rupees in '000) -----					
Mark-up / return / interest earned	12	10,325,187	8,136,504	20,192,080	15,354,481
Mark-up / return / interest expensed	13	(4,097,892)	(2,837,213)	(7,973,158)	(5,466,769)
Net mark-up / return / interest income		<u>6,227,295</u>	<u>5,299,291</u>	<u>12,218,921</u>	<u>9,887,712</u>
Provision against non-performing loans and advances - net		(165,649)	(256,703)	(308,806)	(491,710)
Provision against consumer loans		(47,539)	(113,066)	(96,964)	(257,235)
Provision for diminution in value of investments		(6,750)	(79,271)	(13,500)	(96,968)
Bad debts written off directly		(164,819)	(53,998)	(319,045)	(74,309)
		<u>(384,757)</u>	<u>(503,038)</u>	<u>(738,315)</u>	<u>(920,222)</u>
Net mark-up / return / interest income after provisions		<u>5,842,538</u>	<u>4,796,253</u>	<u>11,480,607</u>	<u>8,967,490</u>
Non mark-up / return / interest income					
Fee, commission and brokerage income		1,354,347	1,076,194	2,504,854	1,939,134
Dividend income / gain on sale of securities		214,664	156,644	665,005	437,482
Income from dealing in foreign currencies		214,602	128,566	458,921	306,708
Unrealised surplus on revaluation of trading securities		(3,435)	6,407	(3,435)	6,407
Other income		369,376	339,528	721,820	635,018
Total non mark-up / return / interest income		<u>2,149,555</u>	<u>1,707,339</u>	<u>4,347,165</u>	<u>3,324,749</u>
		<u>7,992,092</u>	<u>6,503,592</u>	<u>15,827,772</u>	<u>12,292,239</u>
Non mark-up / interest expenses					
Administrative expenses		(3,573,891)	(2,784,742)	(6,680,364)	(5,181,734)
Other provisions / write offs / reversals		(76,395)	(39,767)	(128,617)	(32,267)
Other charges		(611)	(471)	(1,119)	(508)
Total non mark-up / interest expenses		<u>(3,650,897)</u>	<u>(2,824,980)</u>	<u>(6,810,100)</u>	<u>(5,214,509)</u>
		<u>4,341,195</u>	<u>3,678,612</u>	<u>9,017,673</u>	<u>7,077,730</u>
Share of income from associates		117,167	23,576	117,167	23,576
Profit before taxation		<u>4,458,362</u>	<u>3,702,188</u>	<u>9,134,840</u>	<u>7,101,306</u>
Taxation	14				
- Current - for the period		(1,537,611)	(747,068)	(3,168,573)	(899,647)
- Prior		(438,569)	(9,801)	(438,569)	(9,801)
- Deferred		114,175	(370,824)	248,856	(1,468,105)
		<u>(1,862,006)</u>	<u>(1,127,693)</u>	<u>(3,358,286)</u>	<u>(2,377,553)</u>
Profit after taxation		<u>2,596,357</u>	<u>2,574,495</u>	<u>5,776,553</u>	<u>4,723,753</u>
Minority interest		(37,269)	(29,332)	(79,007)	(55,510)
		<u>2,559,087</u>	<u>2,545,163</u>	<u>5,697,546</u>	<u>4,668,243</u>
Unappropriated profit brought forward		11,915,194	6,894,821	12,930,344	7,790,148
		<u>14,474,281</u>	<u>9,439,984</u>	<u>18,627,890</u>	<u>12,458,391</u>
Transfer from surplus on revaluation of fixed assets - net of tax		23,613	23,613	47,227	47,227
Profit before appropriations		<u>14,497,894</u>	<u>9,463,597</u>	<u>18,675,117</u>	<u>12,505,618</u>
Appropriations					
Transfer to statutory reserve		(510,220)	(486,900)	(1,126,193)	(938,921)
Final cash dividend for the year ended December 31, 2005 and 2006 declared subsequent to the year end		-	-	(1,942,500)	(1,295,000)
Transfer to reserve for issue of bonus shares		-	-	(1,618,750)	(1,295,000)
		<u>(510,220)</u>	<u>(486,900)</u>	<u>(4,687,443)</u>	<u>(3,528,921)</u>
Unappropriated profit carried forward		<u>13,987,674</u>	<u>8,976,697</u>	<u>13,987,674</u>	<u>8,976,697</u>
		<u>(Rupees)</u>	<u>(Rupees)</u>	<u>(Rupees)</u>	<u>(Rupees)</u>
Basic and diluted earnings per share		<u>3.16</u>	<u>3.14</u>	<u>7.04</u>	<u>5.77</u>

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Atif R. Bokhari
President and
Chief Executive Officer

Zameer Mohammed Choudrey
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

Half Year Ended
June 30, 2007 Jun 30, 2006
('Rupees in '000)

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	9,134,840	7,101,306
Less: Dividend income	(143,241)	(68,159)
Share of income from associates	(117,167)	(23,576)
	8,874,432	7,009,571

Adjustments for non-cash charges

Depreciation	374,299	302,090
Provision for retirement benefits	87,102	123,768
Provision Against Non-performing Advances	405,770	748,945
Provision for Diminution in the value of investments	13,500	96,968
(Gain) on sale of fixed assets	(32,253)	(15,106)
Finance Charges on leased assets	409	329
Unrealized (gain) / deficit on revaluation of held for trading investment	3,435	6,407
Provision against other assets	6,064	36,389
Bad debts written off	319,045	74,309
	1,177,370	1,374,099
	10,051,802	8,383,670

(Increase)/ Decrease in operating assets

Lendings to financial institutions	(5,206,275)	(6,652,569)
Held-for-trading securities	(2,388,086)	772,161
Advances	(33,510,491)	(32,732,560)
Others assets	(634,648)	(2,182,300)
	(41,739,500)	(40,795,269)

Increase/ (Decrease) in operating liabilities

Bills Payable	(405,441)	233,654
Borrowings from financial institutions	870,709	1,728,150
Deposits	70,314,169	37,017,056
Other liabilities	813,558	2,183,871
	71,592,994	41,162,731

Received / (Payments) for retirement benefits

	39,905,296	8,751,132
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Income tax paid

	1,053,954	(255,498)
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Net cash flow from operating activities

	(532,180)	(367,818)
	40,427,070	8,127,816

CASH FLOW FROM INVESTING ACTIVITIES

Net investment in securities	(36,770,624)	(5,779,165)
Dividend received	142,089	40,629
Investments in operating fixed assets	(1,189,050)	(154,349)
Sale proceeds of property and equipment disposed-off	168,068	25,881
Net cash flow from investing activities	(37,649,517)	(5,867,004)

CASH FLOW FROM FINANCING ACTIVITIES

Payments of Sub-ordinated loan	(440)	(424)
Dividened paid	(1,942,500)	(1,295,000)
Payments of lease obligations	(3,375)	(368)
Net cash flow from financing activities	(1,946,315)	(1,295,792)
Net cash flow	831,239	965,019

Exchange difference on transaction of net investment in foreign branches

	17,867	278,711
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Exchange difference on transaction of net assets attributable to minority interest

	49,420	83,682
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Increase/(Decrease) in cash and cash equivalents

	898,526	1,327,412
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Cash and cash equivalents at beginning of the period

	68,441,818	52,831,811
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Cash and cash equivalents at end of the period

	69,340,344	54,159,223
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Director

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Deputy Chairman

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN - AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

	Share capital	General reserve	Statutory reserve	Reserve for Issue of Bonus Shares	Exchange reserve	Unappropriated profit	Total
------(Rupees in '000)-----							
Opening Balance on 1 January 2006	5,180,000	3,000	5,142,245	-	1,674,989	7,790,148	19,790,382
Final cash dividend for the year ended December 31, 2005 declared subsequent to year end at Rs 2.5 / share	-	-	-	-	-	(1,295,000)	(1,295,000)
Transfer to reserve for issue of bonus share	-	-	-	1,295,000	-	(1,295,000)	-
Issue of bonus shares	1,295,000	-	-	(1,295,000)	-	-	-
Profit after taxation for the quarter ended June 30, 2006	-	-	-	-	-	4,668,243	4,668,243
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	47,227	47,227
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	278,711	-	278,711
Net expense recognized directly in equity	-	-	-	-	278,711	47,227	325,938
Total recognized income and expense for the period	-	-	-	-	278,711	4,715,470	4,994,181
in foreign branches, subsidiaries and associates	-	-	-	-	-	-	-
Transfer to Statutory reserve	-	-	938,921	-	-	(938,921)	-
Balance as at June 30, 2006	6,475,000	3,000	6,081,166	-	1,953,700	8,976,697	23,489,563
Profit after taxation for six months ended Dec. 31, 2006	-	-	-	-	-	4,861,145	4,861,145
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	47,227	47,227
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	336,973	-	336,973
Net expense recognized directly in equity	-	-	-	-	336,973	47,227	384,200
Total recognized income and expense for the period	-	-	-	-	336,973	4,908,372	5,245,345
Transfer to Statutory reserve	-	-	954,725	-	-	(954,725)	-
Balance as at December 31, 2006	6,475,000	3,000	7,035,891	-	2,290,673	12,930,344	28,734,908
Final cash dividend for the year ended December 31, 2006 declared subsequent to year end at Rs 2.5/ share	-	-	-	-	-	(1,942,500)	(1,942,500)
Transfer to reserve for issue of bonus shares	-	-	-	1,618,750	-	(1,618,750)	-
Issue of Bonus shares	1,618,750	-	-	(1,618,750)	-	-	-
Profit after taxation for the half year ended June 30, 2007	-	-	-	-	-	5,697,546	5,697,546
Transfer from surplus on revaluation of fixed assets to un-appropriated profit-net of tax	-	-	-	-	-	47,227	47,227
Exchange differences on translation of net investments in foreign branches, subsidiaries and associates	-	-	-	-	17,867	-	17,867
Net expense recognized directly in equity	-	-	-	-	17,867	47,227	65,094
Total recognized income and expense for the period	-	-	-	-	17,867	5,744,773	5,762,640
Transfer to Statutory reserves	-	-	1,126,193	-	-	(1,126,193)	-
Closing balance as at June 30, 2007	8,093,750	3,000	8,162,084	-	2,308,540	13,987,674	32,555,048

The annexed notes 1 to 19 form an integral part of these financial statements.

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President and
Chief Executive Officer

Zameer Mohammed Choudrey
Director

Omar Z. Al Askari
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Deputy Chairman

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**
1. STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company

United Bank Limited (The Bank)

Subsidiary Companies

United National Bank Limited (UNBL), United Kingdom

United Bank AG (Zurich), Switzerland

United Executors and Trustees Company Limited

United Bank Financial services (Pvt.) limited

UBL Fund Managers Limited

(Formerly United Asset Management Company Limited)

The Group is engaged in commercial banking, modaraba management, asset management, mutual funds and trustee services. The Bank is listed on all three Stock Exchanges in Pakistan. The Bank's registered office and principal office is situated in State Life Building No. 1, I. I. Chundirgar Road Karachi. The Bank operates 1045 (2006: 1044) branches inside including the Karachi Export Processing Zone Branch (KEPZ) and 16 (2006: 15) branches outside Pakistan.

The minority interest represents National Bank of Pakistan's 45% share in the net asset value of UNBL.

During the current period, the Board of Directors of United Bank Financial Services (Private) Limited in their meeting held on March 30, 2007, decided to voluntarily wind up the Company. The details of assets, liabilities and equity of the subsidiary company as of June 30, 2007, based on un-audited financial statements, are as follows:

	Current Assets	Liabilities	Equity and surplus on revaluation of assets
United Bank Financial Services (Private) Limited	* 2,598	65	2,533

* Includes investments of Rs. 2.24 million and bank balance of Rs. 0.35 million (at fair value).

During the period the Government of Pakistan (GoP) which was holding 44.46% shares of the bank through the State Bank of Pakistan (SBP) disinvested 21.74% of total shareholding of the Bank in the form of Global Depository Receipts (GDRs). As a pre-requisite to such offering by the GoP, the bank was admitted to the official list of the UK Listing Authority and London Stock Exchange Professional Securities Market for trading of GDRs issued by the bank. These GDRs are also eligible for trading on the International Order Book System of the London Stock Exchange. Further, the GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S. Trading in the GDRs on the London Stock Exchange commenced on June 29, 2007. For more details refer note 10 to these condensed interim financial statements.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the

The financial results of the Islamic banking branch of the bank have been consolidated in these condensed interim financial statements for reporting purposes, after eliminating intra branch transactions / balances. Key financial figures of the Islamic banking branch are disclosed in note 16 to these condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

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 Banking Companies through BSD Circular No. 10 dated August 26, 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of

The disclosures made in these condensed interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the bank for the year ended December 31, 2006.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2006, except for the change as stated in note 5 to these condensed financial statements.

5. CHANGE IN ACCOUNTING POLICY

During the period the Group has changed its accounting policy pertaining to subsequent measurement of investments in unquoted equity securities (excluding investments in subsidiaries and associates) in order to comply with the requirements set out in BPRD Circular Letter No. 16 issued during the current period by the State Bank of Pakistan. As per the new accounting policy the investments in unquoted equity securities are valued at their breakup value subsequent to their initial recognition. Breakup value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. The entire portfolio of unquoted equity securities held by the bank is classified as available for sale. Accordingly, surplus / (deficit) arising on remeasurement of unquoted equity securities at their breakup value is taken to a separate account shown in the balance sheet below equity (except in case of impairment losses, in which case it is charged to the profit and loss account). Previously, investment in unquoted equity securities were valued at the lower of cost or breakup value and any deficit arising on account of b being lower than cost was charged to the profit and loss account. In accordance with the requirements of International Accounting Standard 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' the change in accounting policy has been applied retrospectively and the comparative information has been restated. The effect of this change in accounting policy on the condensed interim financial statements of the Group is given below:

	June 30, 2007	Dec. 31, 2006
	-----Rupees in '000'-----	
Investments are higher by	143,612	140,538
Deferred tax asset is lower by	37,698	36,891
Surplus on revaluation of assets (net of tax) is higher by	105,914	103,647

6. INVESTMENTS

Note	June 30, 2007			Dec. 31, 2006			
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total	
	-----Rupees in '000'-----			-----Rupees in '000'-----			
Held-for-trading securities	6.1	2,525,631	-	2,525,631	137,445	-	137,445
Available-for-sale securities	6.2	57,161,652	17,673,143	74,834,795	26,964,463	16,743,707	43,708,170
Held-to-maturity securities	6.3	26,855,734	-	26,855,734	21,540,291	-	21,540,291
Investments in Associates	6.4	1,003,800	-	1,003,800	586,633	-	586,633
		87,546,817	17,673,143	105,219,960	49,228,832	16,743,707	65,972,539
Provision for Diminution in value of investments		(389,265)	-	(389,265)	(400,886)	-	(400,886)
Surplus / (deficit) on revaluation of available for sale investments		285,729	(24,686)	261,043	314,288	(6,940)	307,348
Surplus / (deficit) on revaluation of held for trading investments		(3,435)	-	(3,435)	(3,335)	-	(3,335)
Investments (net of provisions)		87,439,846	17,648,457	105,088,303	49,138,899	16,736,767	65,875,666

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

	June 30, 2007			Dec. 31, 2006		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	-----'Rupees in '000'-----			-----'Rupees in '000'-----		
6.1 Held-for-trading securities						
- Market treasury bills	1,485,135	-	1,485,135	46,438	-	46,438
- Pakistan investment bonds	484,676	-	484,676	-	-	-
- Ordinary shares of listed companies	314,274	-	314,274	91,007	-	91,007
- Units of mutual funds	60,308	-	60,308	-	-	-
- Other Bonds	181,238	-	181,238	-	-	-
	2,525,631	-	2,525,631	137,445	-	137,445
6.2 Available for sale securities						
- Market treasury bills	32,872,474	17,648,248	50,520,722	15,304,284	16,743,707	32,047,991
- Pakistan investment bonds	12,669,247	24,895	12,694,142	3,157,602	-	3,157,602
- Ordinary shares of listed companies	1,168,362	-	1,168,362	2,409,288	-	2,409,288
- Ordinary shares of unlisted companies	390,943	-	390,943	497,318	-	497,318
- Cumulative Preference Shares	8,120	-	8,120	8,120	-	8,120
- GOP Islamic Bonds - Sakkuk	1,356,417	-	1,356,417	694,271	-	694,271
- Units of mutual funds	3,595,183	-	3,595,183	1,246,338	-	1,246,338
- Euro Bonds	1,494,024	-	1,494,024	1,247,217	-	1,247,217
- Foreign Currency bonds	2,880,885	-	2,880,885	1,705,045	-	1,705,045
- Term Finance Certificates	725,996	-	725,996	694,980	-	694,980
	57,161,652	17,673,143	74,834,795	26,964,463	16,743,707	43,708,170
6.3 Held to maturity securities						
- Term Finance Certificates	7,372,045	-	7,372,045	8,134,206	-	8,134,206
- CIRC bonds	2,900,000	-	2,900,000	2,900,000	-	2,900,000
- Pakistan investment bonds	4,548,406	-	4,548,406	4,691,273	-	4,691,273
- GoP- Guaranteed bonds	2,410,415	-	2,410,415	2,410,415	-	2,410,415
- Foreign currency bonds	1,370,725	-	1,370,725	1,382,986	-	1,382,986
- Foreign securities	2,187,444	-	2,187,444	734,939	-	734,939
- Debentures	10,540	-	10,540	11,289	-	11,289
-Participation of Term Certificates	54,488	-	54,488	55,169	-	55,169
- CDC SAARC Fund	302	-	302	505	-	505
- Federal investment bonds	13,971	-	13,971	13,906	-	13,906
- Market treasury bills	5,987,398	-	5,987,398	1,205,603	-	1,205,603
	26,855,734	-	26,855,734	21,540,291	-	21,540,291
6.4 Investments in Associates						
- United Stock Advantage Fund	324,325	-	324,325	238,350	-	238,350
- United Composite Islamic Fund	587,150	-	587,150	250,300	-	250,300
- UBL Insurers Limited	85,344	-	85,344	91,002	-	91,002
- Oman United Exchange Company, Musca	6,981	-	6,981	6,981	-	6,981
	1,003,800	-	1,003,800	586,633	-	586,633
	87,546,817	17,673,143	105,219,960	49,228,832	16,743,707	65,972,539
Provision for Diminution in value of investments	(389,265)	-	(389,265)	(400,886)	-	(400,886)
	87,157,552	17,673,143	104,830,695	48,827,946	16,743,707	65,571,653
Surplus / (deficit) on revaluation of available for sale investments	285,729	(24,686)	261,043	314,288	(6,940)	307,348
Surplus / (deficit) on revaluation of held for trading investments	(3,435)	-	(3,435)	(3,335)	-	(3,335)
Investments (net of provisions)	87,439,846	17,648,457	105,088,303	49,138,899	16,736,767	65,875,666

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

7. ADVANCES	Note	June 30, 2007	Dec 31, 2006
		-----'Rupees in '000'-----	
Loans, cash credits, running finances, etc.			
In Pakistan		215,152,764	209,353,477
Outside Pakistan		68,252,853	44,195,586
		<u>283,405,617</u>	<u>253,549,063</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		8,428,810	6,537,721
Payable outside Pakistan		6,381,873	6,947,677
		<u>14,810,683</u>	<u>13,485,398</u>
		<u>298,216,299</u>	<u>267,034,461</u>
Finance in respect of continuous funding system (CFS)		2,985,796	1,462,242
Provision for non-performing advances- specific	7.1	(12,362,554)	(12,409,962)
- general	7.2	(1,383,373)	(1,416,249)
		<u>(13,745,927)</u>	<u>(13,826,211)</u>
		<u>287,456,168</u>	<u>254,670,492</u>

7.1 Advances include Rs.18.406 billion (December 31,2006: Rs. 16.745 billion)which have been placed under non-performing status as detailed below:-

Category of Classification	-----June 30, 2007-----				
	Domestic	Overseas	Total	Provision Required	Provision Held
	-----Rupees in '000'-----				
Other Assets Especially Mentioned	561,397	-	561,397	-	-
Substandard	2,456,018	129,604	2,585,622	410,438	410,438
Doubtful	2,012,368	83,808	2,096,176	864,340	864,340
Loss	8,385,975	4,270,996	12,656,971	10,900,459	10,900,459
	<u>13,415,758</u>	<u>4,484,408</u>	<u>17,900,166</u>	<u>12,175,237</u>	<u>12,175,237</u>
Subsidiary Company	-	505,994	505,994	187,317	187,317
	<u>13,415,758</u>	<u>4,990,402</u>	<u>18,406,160</u>	<u>12,362,554</u>	<u>12,362,554</u>

Category of Classification	-----December 31, 2006-----				
	Domestic	Overseas	Total	Provision Required	Provision Held
	-----Rupees in '000'-----				
Other Assets Especially Mentioned	363,819	-	363,819	-	-
Substandard	1,583,124	175,597	1,758,721	381,179	381,179
Doubtful	1,612,613	68,730	1,681,343	500,383	500,383
Loss	7,907,722	4,543,804	12,451,526	11,301,773	11,301,773
	<u>11,467,278</u>	<u>4,788,131</u>	<u>16,255,409</u>	<u>12,183,335</u>	<u>12,183,335</u>
Subsidiary Company	-	490,382	490,382	226,627	226,627
	<u>11,467,278</u>	<u>5,278,513</u>	<u>16,745,791</u>	<u>12,409,962</u>	<u>12,409,962</u>

7.2 General provision represents provision amounting to Rs 1,259.983 million (December 31, 2006: Rs.1,163.019 million) against consumer financing portfolio as required by the Prudential Regulations issued by State Bank of Pakistan and Rs123.390 million (December 31, 2006: Rs. 253.23 million) pertaining to overseas/ subsidiaries advances to meet the requirements of monetary agencies and regulating authorities of the respective country.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

	June 30, 2007	December 31, 2006
	------(Rupees in '000)-----	
8. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under		
- Export refinance scheme	9,063,215	9,414,812
- Long - term financing under export oriented projects	5,193,855	5,333,691
- Locally manufactured machinery refinance scheme	2,514	3,382
	14,259,584	14,751,885
Repurchase agreement borrowings	20,913,833	17,527,738
	<u>35,173,417</u>	<u>32,279,623</u>
Unsecured		
Call borrowings	3,502,342	4,604,999
Overdrawn nostro accounts	176,160	567,880
Trading Liabilities	698,598	1,123,135
Others	-	104,171
	4,377,100	6,400,185
	<u>39,550,517</u>	<u>38,679,808</u>
9. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	140,758,748	118,250,882
Savings deposits	155,081,869	123,454,103
Sundry deposits	5,838,883	4,942,064
Margin deposits	2,668,402	2,710,848
Current accounts - remunerative	1,519,257	1,999,555
Current accounts - non-remunerative	105,594,945	91,673,844
	411,462,103	343,031,296
Financial Institutions		
Remunerative deposits	2,286,275	549,862
Non-remunerative deposits	370,621	223,672
	2,656,896	773,534
	<u>414,118,999</u>	<u>343,804,830</u>
10. SHARE CAPITAL		

During the period the Government of Pakistan (GoP) which was holding 44.46% shares of the bank through the State Bank of Pakistan (SBP) disinvested 21.74% of total shareholding of the bank comprising 175,951,092 equity shares in the form of Global Depository Receipts (GDRs). The GoP also granted an option to the Lead Manager to the issue i.e. Merrill Lynch International to purchase an additional 3.26% of the bank's equity shares within a period of 30 days from the announcement of offer price i.e. June 29, 2007 in case of over allotment. Merrill Lynch International has subsequently exercised this over-allotment option on July 11, 2007. In pursuance of the above mentioned disinvestment by the GoP, the bank has issued 43,987,773 GDRs each representing four ordinary equity shares at an offer price of US\$ 12.8543 per GDR before June 30, 2007 and an additional 6,598,165 GDRs at the same offer price on July 11, 2007 (total disinvestment being 25% of the total share capital of the bank). Due to the above cumulative disinvestment, the shareholding of SBP in the bank has reduced to 19.48%.

The bank has not received any proceeds from the offering of GDRs. Holders of GDRs are entitled, subject to the provision of the depository agreement, to receive dividends, if any and rank parri passu with other equity shareholders in respect of such entitlement to receive dividends. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the equity shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited equity shares in respect of which the GDRs were issued may be withdrawn from the depository facility. Upon withdrawal, the holders will rank parri passu with other equity shareholders in respect of voting powers. At June 30, 2007 none of the deposited equity shares had been withdrawn from the depository facility.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

11. CONTINGENCIES AND COMMITMENTS	June 30,2007	Dec.31,2006
	-----'Rupees in '000'-----	
11.1 Direct Credit Substitutes		
Contingent liability in respect of guarantees given favouring:		
- Government	7,755,557	9,658,487
- Banking companies and other financial institutions	2,184,430	2,450,816
- Others	4,107,431	4,120,475
	<u>14,047,418</u>	<u>16,229,778</u>
11.2 Transaction-related Contingent Liabilities		
Contingent liability in respect of performance bonds, bid bonds, warranties, etc.		
- Government	29,223,513	27,269,975
- Banking companies and other financial institutions	2,539,649	1,387,386
- Others	9,573,493	4,585,391
	<u>41,336,655</u>	<u>33,242,752</u>
11.3 Trade-related Contingent Liabilities		
Contingent liability in respect of letters of credit favouring:		
- Government	44,700,790	50,491,386
- Banking companies and other financial institutions	553,476	365,045
- Others	61,871,230	43,357,420
	<u>107,125,495</u>	<u>94,213,851</u>
11.4 Other Contingencies		
Claims against the bank not acknowledge as debts	<u>17,879,427</u>	<u>13,732,499</u>
11.5 Commitments in respect of forward lending		
The bank makes commitments to extend credit in the normal course of its business but these being recoverable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
11.6 Commitments in respect of forward exchange contracts		
- Sale	64,891,234	58,556,959
- Purchase	<u>59,276,015</u>	<u>56,461,145</u>
11.7 Other commitments	June 30,2007	Dec.31,2006
	-----'Rupees in '000'-----	
- Forward purchase contracts of government securities	-	5,634,902
- Forward sale contracts of government securities	236,901	2,833,400
- Interest rate swaps	5,123,414	6,884,347
- Cross currency swaps	450,000	-
- Equity futures	317,132	382,026
- Sales of securities not yet purchased	698,598	1,067,735
- Commitments in respect of capital expenditure	76,574	89,037
- Forward Rate Agreement	300,000	-
12. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances		
- Customers	14,929,820	11,455,610
- Financial institutions	837,357	644,770
	15,767,177	12,100,380
On investments in		
- Securities	3,557,637	2,610,903
On deposits with financial institutions	172,294	50,822
On securities purchased under resale agreements	656,484	551,638
Discount income	38,488	40,738
	<u>20,192,080</u>	<u>15,354,481</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

	Jan - Jun 2007	Jan - Jun 2006
13. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	6,275,843	4,402,133
On securities sold under repurchase agreements	674,026	488,997
On other short - term borrowings	681,090	365,405
On other long - term borrowings	297,402	177,878
Discount expense	44,797	32,356
	7,973,158	5,466,769

14. TAXATION

The income tax assessment of United Bank Limited for domestic branches for the assessment year 2002-2003 (financial year ended December 31, 2001) has been finalised under normal tax regime. The returns for the Tax Years 2003, 2004, 2005 and 2006 (financial years ended December 31, 2002, 2003, 2004 and December 31, 2005) were filed under the provisions of section 120(1) of the Income Tax Ordinance, 2001 which are deemed to be assessed. The return for the tax year 2003 was selected for audit under section 177 of the Income Tax Ordinance, 2001 and the assessment has been finalised/amended on the bases of audit observations by adding / disallowing certain expenses / deductions resulting in an additional tax liability of Rs 406 million. Notwithstanding its contention that the above additions are arbitrary in nature, the management has, on account of prudence, decided to create the provision against the above amount in these condensed interim financial statements. An appeal against the said order has also been filed with the Appellate Commissioner. The management is confident that the above additions would ultimately be deleted and the matter would be decided in favour of the bank.

15. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

-----For the Period Ended June 30, 2007-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
----- (Rupees in '000) -----						
Total income	448,817	5,054,513	10,245,204	8,685,756	136,685	85,439
Total expenses	(62,897)	(3,798,016)	(5,837,372)	(5,667,380)	(90,944)	(64,963)
Net income / (loss)	385,920	1,256,497	4,407,832	3,018,376	45,740	20,475
Segment return on assets (ROA) (%)	8%	7%	11%	10%	88%	4%
Segment cost of funds (%)	6%	7%	5%	8%	0%	8%

-----For the Period Ended June 30, 2006-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
----- (Rupees in '000) -----						
Total income	237,371	3,538,034	8,063,470	6,760,877	46,711	56,343
Total expenses	(150,503)	(2,868,170)	(3,708,145)	(4,788,917)	(44,340)	(41,425)
Net income / (loss)	86,868	669,864	4,355,325	1,971,960	2,371	14,918
Segment return on assets (ROA) (%)	10%	7%	15%	8%	88%	4%
Segment cost of funds (%)	8%	7%	9%	3%	0%	7%

-----As at June 30, 2007-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
----- (Rupees in '000) -----						
Segment assets (gross of NPL provisions)	5,322,507	178,794,789	164,149,854	176,149,666	154,747	2,397,618
Segment non performing loans (NPL)	-	-	10,897,513	7,508,647	-	-
Segment provision required against NPL	-	-	6,542,783	5,819,770	-	-
Segment liabilities	3,702,643	166,886,426	141,218,598	164,744,345	24,246	847,896

-----As at December 31, 2006-----

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Assets Management	Others
----- (Rupees in '000) -----						
Segment assets (gross of NPL provisions)	1,065,980	118,913,989	193,219,277	133,325,526	70,522	1,704,365
Segment non performing loans (NPL)	-	-	9,859,499	6,886,292	-	-
Segment provision required against NPL	-	-	7,289,044	5,120,918	-	-
Segment liabilities	289,895	112,533,607	165,970,561	122,857,860	15,283	1,045,006

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**
16. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associated undertakings, employee benefit plans and its directors and executive officers (including their associates).

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their appointment.

16.1 Related party transactions

Details of transactions with related parties are given below:

	For the Period Ended June 30 , 2007			For the Year Ended December 31, 2006		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
----- (Rupees in '000) -----						
Advances						
At January 01	95,000	565	1,000,000	80,824	565	1,817,576
Given during the period / year	12,878	-	-	46,817	-	-
Repaid during the period / year	(17,006)	(565)	-	(33,092)	-	(817,576)
At June 30	<u>90,872</u>	<u>-</u>	<u>1,000,000</u>	<u>94,549</u>	<u>565</u>	<u>1,000,000</u>
Deposits						
At January 01	13,249	11,226	6,160,983	15,542	4,261	4,317,759
Received during the period / year	111,047	7,575,899	15,767,669	189,638	11,190,278	138,271,114
Withdrawn during the period / year	(107,775)	(7,519,307)	(14,140,914)	(191,931)	(11,183,313)	(136,427,890)
At June 30	<u>16,521</u>	<u>67,818</u>	<u>7,787,738</u>	<u>13,249</u>	<u>11,226</u>	<u>6,160,983</u>
Outstanding placement at the end of period / year	-	-	-	-	-	-
Payable in respect of acquisition of shares	-	-	-	-	-	-
Management Fee and distribution commission receivable	-	-	131,833	-	-	42,927
Other receivable	-	34,513	-	-	-	-
----- (Rupees in '000) -----						
	For the Period Ended June 30 , 2007			For the Year Ended June 30, 2006		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
Mark-up / return / interest earned	1,918	542	18,908	-	-	65,779
Mark-up / return / interest expensed	18	-	107,191	-	-	42,406
Reimbursement of liaison office expenses paid to Dubai and Abu Dhabi Group	-	-	18,218	-	-	17,996
Dividend income received	-	-	-	-	-	-
Other expenses paid	-	13,250	-	-	-	-
Remuneration paid	161,301	-	-	56,855	-	-
Post employment benefit	4,986	-	-	7,490	-	-
Contribution to defined contribution plan	-	-	60,068	-	-	52,422
Contribution to defined benefit plan	-	-	650,284	-	-	368,137
Distribution commission income	-	-	-	-	-	-
Placements made during the period / year	-	-	-	-	-	-
Placements settled during the period / year	-	-	-	-	-	-
Maximum amount of a placement made during the period / year	-	-	-	-	-	-
Investment made during the period / year	-	300,000	-	-	250,000	-

The balances and transactions with State Bank of Pakistan (SBP) have not been included above as these are held and executed with the SBP in its capacity as Central Bank.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**
17. ISLAMIC BANKING BUSINESS

The bank opened its first Islamic banking branch in Karachi in 2006. The balance sheet of this branch as at June 30, 2007 is as follows:

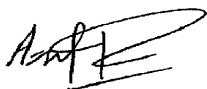
	June 30, 2007	Dec. 31, 2006
	------(Rupees in '000)-----	
ASSETS		
Cash and balances with treasury banks	316,971	1,087
Balances with and due from financial institutions	-	48,000
Investments	396,778	-
Financing - net of provision	300,000	-
Operating fixed assets	80,571	-
Other assets	544,082	1,951
Total Assets	1,638,402	51,038
LIABILITIES		
Bills payable	3,323	-
Deposits and other accounts	1,400,852	1,006
Other liabilities	19,024	-
	<u>1,423,199</u>	<u>1,006</u>
NET ASSETS	<u>215,203</u>	<u>50,032</u>
REPRESENTED BY		
Islamic banking fund	250,000	50,000
Unappropriated / unremitted profit	(46,574)	32
	<u>203,426</u>	<u>50,032</u>
Surplus on revaluation of assets	11,777	-
	<u><u>215,203</u></u>	<u><u>50,032</u></u>

18. DATE OF AUTHORIZATION

These consolidated financial statements were authorised for issue by the Board of Directors of the Bank on July 24, 2007.

19. GENERAL

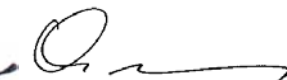
Corresponding information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.



Atif R. Bokhari
President and
Chief Executive Officer



Zameer Mohammed Choudrey
Director



Omar Z. Al Askari
Director



Sir Mohammed Anwar Pervez, OBE, HPk
Deputy Chairman