

**PAK OMAN INVESTMENT
COMPANY LIMITED**

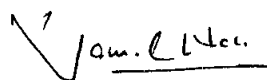
**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS
(UN-AUDITED)**

**FOR THE FIRST QUARTER
ENDED 31 MARCH 2019**

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Financial Position
As at 31 March 2019

(Unaudited) 31 March 2019 (US Dollar in '000)	(Audited) 31 December 2018		(Unaudited) 31 March 2019 (Rupees in '000)	(Audited) 31 December 2018
		ASSETS		
1,131	872	Cash and balances with treasury banks	159,185	122,740
13,980	16,295	Balances with other banks	1,968,133	2,294,067
34,209	38,601	Lendings to financial institutions	4,816,018	5,434,296
134,255	201,319	Investments	18,900,437	28,341,835
146,656	145,489	Advances	20,646,377	20,482,056
1,709	736	Fixed assets	240,529	103,626
1,875	1,876	Intangible assets	263,952	264,069
2,801	2,862	Deferred tax assets	394,336	402,873
8,907	6,757	Other assets	1,253,946	951,091
345,523	414,807		48,642,913	58,396,653
		LIABILITIES		
-	-	Bills payable	-	-
219,388	285,935	Borrowings	30,885,504	40,254,145
59,160	64,004	Deposits and other accounts	8,328,544	9,010,490
6	7	Liabilities against assets subject to finance lease	899	992
-	-	Subordinated debt	-	-
-	-	Deferred tax liabilities	-	-
11,975	7,658	Other liabilities	1,685,918	1,078,033
290,529	357,604		40,900,865	50,343,660
54,994	57,203	NET ASSETS	7,742,048	8,052,993
		REPRESENTED BY		
43,685	43,685	Share capital	6,150,000	6,150,000
8,434	8,273	Reserves	1,187,342	1,164,643
249	280	Surplus on revaluation of assets	35,016	39,425
2,568	4,906	Unappropriated profit	361,547	690,607
54,936	57,144	Equity attributable to shareholder of holding company	7,733,905	8,044,675
58	59	Non-Controlling Interest	8,143	8,318
54,994	57,203		7,742,048	8,052,993
		CONTINGENCIES AND COMMITMENTS		
				21

The annexed notes from 1 to 39 form an integral part of this consolidated condensed interim financial statements.



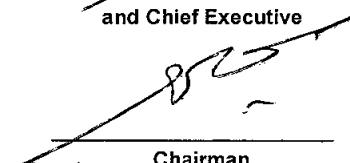
Chief Financial Officer



Managing Director
and Chief Executive



Managing Director
and Chief Executive

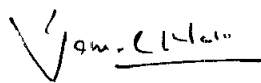


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Pak Oman Investment Company Limited
Consolidated Condensed Interim Profit and Loss Account (Un-Audited)
For the first quarter ended 31 March 2019

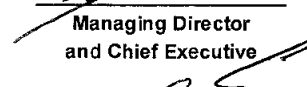
31 March 2019 (US Dollar in '000)	31 March 2018		Note	31 March 2019 (Rupees in '000)	31 March 2018
8,176	5,645	Mark-up / Return / Interest Earned	22	1,151,011	794,678
6,338	4,277	Mark-up / Return / Interest Expensed	23	892,205	602,115
<u>1,838</u>	<u>1,368</u>	Net mark-up / interest income		<u>258,806</u>	<u>192,563</u>
NON MARK-UP / INTEREST INCOME					
178	340	Fee and commission income	24	25,039	47,843
-	6	Dividend income		-	797
-	-	Foreign exchange income		-	-
-	-	Income / (loss) from derivatives		-	-
80	58	Gain on securities	25	11,292	8,166
110	131	Share of profit from associates - net of tax		15,476	18,432
11	144	Other income	26	1,528	20,248
379	679	Total non mark-up / interest income		53,335	95,486
<u>2,217</u>	<u>2,047</u>	Total Income		<u>312,141</u>	<u>288,049</u>
NON MARK-UP / INTEREST EXPENSES					
1,167	1,212	Operating expenses	27	164,294	170,579
18	17	Workers Welfare Fund		2,544	2,423
34	43	Other charges	28	4,761	6,066
1,219	1,272	Total non mark-up / interest expenses		171,599	179,068
998	775	Profit Before Provisions		140,542	108,981
193	853	Reversals and write offs - net	29	27,231	120,070
-	-	Extra ordinary / unusual items		-	-
1,191	1,628	PROFIT BEFORE TAXATION		167,773	229,051
(316)	(462)	Taxation	30	(44,470)	(65,105)
<u>875</u>	<u>1,166</u>	PROFIT AFTER TAXATION		<u>123,303</u>	<u>163,946</u>
ATTRIBUTABLE TO:					
876	1,166	Shareholders of the holding company		123,478	163,877
(1)	-	Non-controlling interest		(175)	69
<u>875</u>	<u>1,166</u>			<u>123,303</u>	<u>163,946</u>
(US \$)		(Rupees)			
<u>0.0014</u>	<u>0.0019</u>	Basic and diluted earnings per share attributable to shareholders of the holding company	31	<u>0.20</u>	<u>0.27</u>

The annexed notes from 1 to 39 form an integral part of this consolidated condensed interim financial statements.


Chief Financial Officer


Managing Director
and Chief Executive

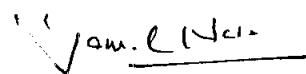

Managing Director
and Chief Executive


Chairman

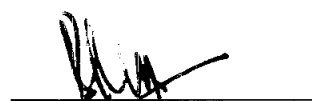
Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the first quarter ended 31 March 2019

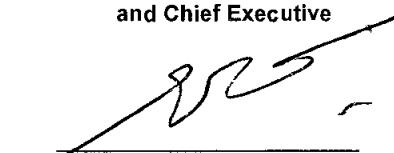
31 March 2019 (US Dollar in '000)	31 March 2018		31 March 2019 (Rupees in '000)	31 March 2018
875	1,166	Profit after taxation for the year	123,303	163,946
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods:		
(27)	98	Movements in deficit on revaluation of investments - net of tax	(3,748)	13,754
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(5)	(56)	Movement in deficit on revaluation of non-banking assets- net of tax	(661)	(7,829)
(5)	(56)		(661)	(7,829)
<u>843</u>	<u>1,208</u>	Total comprehensive income	<u>118,894</u>	<u>169,871</u>
		ATTRIBUTABLE TO:		
844	1,208	Shareholders of the holding company	119,069	169,802
(1)	-	Non-controlling interest	(175)	69
<u>843</u>	<u>1,208</u>		<u>118,894</u>	<u>169,871</u>

The annexed notes from 1 to 39 form an integral part of this 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)

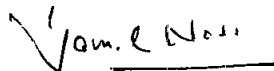
For the first quarter ended 31 March 2019

31 March 2019 (US Dollar in '000)	31 March 2018 (US Dollar in '000)		31 March 2019 (Rupees in '000)	31 March 2018 (Rupees in '000)
		CASH FLOW FROM OPERATING ACTIVITIES		
1,191	1,628	Profit before taxation	167,773	229,051
-	(6)	Less: Dividend income	-	(797)
<u>1,191</u>	<u>1,622</u>		<u>167,773</u>	<u>228,254</u>
		Adjustments:		
77	86	Depreciation	10,877	12,069
43	-	Depreciation on right-of-use assets	6,105	-
1	1	Amortization	117	117
(193)	(853)	(Reversals) and write offs - net	(27,231)	(120,070)
-	(7)	Gain on sale of fixed assets	-	(1,017)
(110)	(131)	Share of (profit) from associates - net of tax	(15,476)	(18,432)
29	-	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	4,083	-
-	-	Finance charges on leased assets	51	15
(58)	9	Unrealised (gain) / loss on revaluation of investments classified as held-for-trading	(8,097)	1,252
<u>(211)</u>	<u>(895)</u>		<u>(29,571)</u>	<u>(126,066)</u>
980	727		138,202	102,188
		(Increase) / Decrease in operating assets		
4,392	(19,006)	Lendings to financial institutions	618,278	(2,675,717)
94,392	145,265	Held-for-trading securities	13,288,564	20,450,443
(1,004)	(21,215)	Advances	(141,336)	(2,986,637)
(1,719)	341	Other assets (excluding advance taxation)	(242,180)	48,192
<u>96,061</u>	<u>105,385</u>		<u>13,523,326</u>	<u>14,836,281</u>
		Increase / (decrease) in operating liabilities		
-	-	Bills payable	-	-
(66,548)	(188,565)	Borrowings	(9,368,641)	(26,546,305)
(4,844)	(2,168)	Deposits	(681,946)	(305,252)
262	(4,035)	Other liabilities (excluding current taxation)	36,794	(568,060)
<u>(71,130)</u>	<u>(194,768)</u>		<u>(10,013,793)</u>	<u>(27,419,617)</u>
25,911	(88,656)		3,647,735	(12,481,148)
(716)	(574)	Income tax paid	(100,801)	(80,750)
<u>25,195</u>	<u>(89,230)</u>	Net cash flow generated from / (used in) operating activities	<u>3,546,934</u>	<u>(12,561,898)</u>
		CASH FLOW FROM INVESTING ACTIVITIES		
(27,167)	85,179	Net investments in available-for-sale securities	(3,824,553)	11,991,551
-	945	Investments in associates	-	133,025
0	3	Dividend received	-	367
(14)	(4)	Investments in operating fixed assets	(1,975)	(623)
-	25	Proceeds from sale of fixed assets	-	3,570
<u>(27,181)</u>	<u>86,148</u>	Net cash flow (used in) / generated from investing activities	<u>(3,826,528)</u>	<u>12,127,890</u>
		CASH FLOW FROM FINANCING ACTIVITIES		
(1)	(1)	Payments of lease obligations	(144)	(73)
(69)	-	Payments of lease liability against right-of-use assets	(9,751)	-
-	-	Dividend paid	-	-
<u>(70)</u>	<u>(1)</u>	Net cash flow (used in) financing activities	<u>(9,895)</u>	<u>(73)</u>
(2,056)	(3,083)	(Decrease) in cash and cash equivalents	(289,489)	(434,081)
17,167	15,720	Cash and cash equivalents at beginning of the period	2,416,807	2,213,137
<u>15,111</u>	<u>12,637</u>	Cash and cash equivalents at end of the period	<u>2,127,318</u>	<u>1,779,056</u>


Note

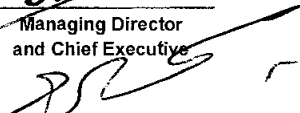
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Chief Financial Officer


Managing Director
and Chief Executive

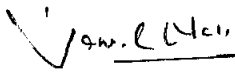

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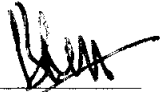
Pak Oman Investment Company Limited
 Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
 For the first quarter ended 31 March 2019

	Share capital	(Reserves)		Surplus / (deficit) on revaluation of		Unappropriated profit	Sub total	Non-controlling interest	Total
		Statutory reserve	General reserve	Investments	Non-banking assets				
(Rupees in '000)									
Opening balance as at 01 January 2018	6,150,000	1,060,131	11,630	8,182	55,380	737,744	8,023,067	8,142	8,031,209
Total comprehensive income									
Profit after taxation	-	-	-	-	-	163,877	163,877	69	163,946
Other comprehensive loss - net of tax	-	-	-	13,754	(7,829)	-	5,925	-	5,925
Total comprehensive income for the first quarter ended 31 March 2018	-	-	-	13,754	(7,829)	163,877	169,802	69	169,871
Transfer to statutory reserve	-	29,137	-	-	-	(29,137)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	706	706	-	706
Transaction with owners recorded directly in equity									
Final cash dividend - 31 December 2017 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)	-	(430,500)
Opening balance as 01 April 2018	6,150,000	1,089,268	11,630	21,936	47,551	442,690	7,763,875	8,211	7,771,286
Total comprehensive income									
Profit after taxation	-	-	-	-	-	302,582	302,582	107	302,689
Other comprehensive loss - net of tax	-	-	-	(29,438)	(624)	6,984	(23,078)	-	(23,078)
Total comprehensive income for the nine months ended 31 December 2018	-	-	-	(29,438)	(624)	309,566	279,504	107	279,611
Transfer to statutory reserve	-	63,745	-	-	-	(63,745)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	2,096	2,096	-	2,096
Opening balance as 31 January 2019	6,150,000	1,153,013	11,630	(7,502)	46,927	690,607	8,044,675	8,318	8,052,993
Total comprehensive income									
Profit after taxation	-	-	-	-	-	123,478	123,478	(175)	123,303
Other comprehensive loss - net of tax	-	-	-	(3,748)	(661)	-	(4,409)	-	(4,409)
Total comprehensive income for the first quarter ended 31 March 2019	-	-	-	(3,748)	(661)	123,478	119,069	(175)	118,894
Transfer to statutory reserve	-	22,699	-	-	-	(22,699)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	661	661	-	661
Transaction with owners recorded directly in equity									
Final cash dividend - 31 December 2018 declared subsequent to the year end (Rs. 0.7 per share)	-	-	-	-	-	(430,500)	(430,500)	-	(430,500)
Closing balance as at 31 March 2019	6,150,000	1,175,712	11,630	(11,250)	46,266	361,547	7,733,905	8,143	7,742,048

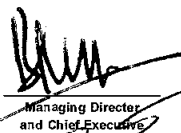
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Chief Financial Officer



Managing Director
and Chief Executive



Managing Director
and Chief Executive


Chairman

Pak Oman Investment Company Limited

Notes to the Consolidated Condensed Interim Financial Information (Un-Audited)

For the first quarter ended 31 March 2019

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent"), a subsidiary, Pak Oman Asset Management Company Limited (POAMCL) and associates. The Group is principally engaged in promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment bank, asset management and investment advisory services. Brief profile of the holding company and its subsidiary is as follows:

1.1.1 Holding Company

Pak-Oman Investment Company Limited - POICL (the "holding company" or "parent") was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the holding company was converted into a public company. The Company 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 company. The registered office of the Company is situated at 1st Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The holding company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The holding company is designated as a Development Financial Institution (DFI) under the BPD Circular Letter No. 35 dated 28 October, 2003 issued by the State Bank of Pakistan.

1.1.2 Subsidiary Company

Pak-Oman Asset Management Company Limited (the "subsidiary company" or "POAMCL") was incorporated in Pakistan under the repealed Companies Ordinance, 1984 on 28 July 2006 as an unlisted public limited company having its registered office at 1st Floor, Tower A, Shahrah-e-faisal, Karachi, Pakistan. POAMCL obtained certificate of commencement of business on 31 October 2006. The principal activities of the subsidiary company includes investment advisory and asset management services.

In 2017, the subsidiary company had purchased 100% shares of Askari Investment Management Limited for a consideration of Rs. 551 million. The acquisition is effective from the close of business as on 31 May 2017 under a Share Purchase Agreement dated 10 January 2017. Askari Investment Management Limited has been merged with Pak Oman AMCL effective from 30 October 2017 and accordingly seven funds of Askari Investment Management Limited are now under the management of the subsidiary company as disclosed in note 35.1.

1.2 The Group's associates are as follows:

Entity	Country of Incorporatio	Nature of business	Holding %	
			31-Mar-19	31-Dec-18
Pak Oman Advantage Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	72.79	70.44
Pak Oman Islamic Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	50.71	30.98
Pak Oman Advantage Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	88.66	88.66
Pak Oman Government Securities Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	99.03	98.68
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in providing micro finance services to the poor and under served segment of the society.	16.67	16.67
Japan Power Generation Limited	Pakistan	Incorporated under the repealed Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	11.29	11.29

2. BASIS OF PRESENTATION

2.1 Consolidated financial statements

These consolidated condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular letter No. 05 dated 22 March 2019 effective from the accounting year starting from 01 January 2019.

These consolidated financial statements have been prepared from the information available in the unaudited condensed interim financial statements of the holding company for the first quarter ended 31 March 2019 and the unaudited financial statements of the subsidiary (POAMCL) for the first quarter ended 31 March 2019. The consolidated condensed interim financial statements used for the equity accounting of associates.

These consolidated financial statements have been presented in Pakistani Rupees which is the Group's functional and presentation currency.

2.2 US Dollar equivalent

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 Dollars at a rate of Rs.140.7806 = 1 US dollar for the first quarter ended 31 March 2019 and the corresponding period.

2.3 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards IFRS issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Act, 2017 and directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP). Whenever the requirements of the Banking Companies Ordinance, 1962, Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2018.

2.4 Amendments to approved accounting standards that are effective in the current period

During the period IFRS 16, the accounting standard for leases, became applicable for the company. The impact of the adoption of IFRS 16 on the company's condensed interim financial statements is disclosed in note 3.2 below.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant impact on the Company's unconsolidated condensed interim financial statements.

2.5 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

During the period, SECP vide S.R.O 229 (I)/2019 dated February 14, 2019, has deferred the applicability of IFRS 9 'Financial Instrument' for reporting period/year ending on or after June 30, 2019 for all companies. Further, the Company considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing loans and advances, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Company expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the financial sector of Pakistan. The company is in the process of assessing the full impact of this standard.

There are other certain standards, amendments and interpretations with respect to the approved accounting standards that are not yet effective and are not expected to have material impact on the company's financial statements in the period of their initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements for the year ended December 31, 2018 except as disclosed in note 3.2.

3.1 Change in reporting format

The SBP vide BPRD Circular Letter No.5 dated March 22, 2019 specified the new reporting format for the quarterly and half yearly financial statements of Banks/ DFIs. The new format has revised the disclosure requirements of the Banks/DFIs for the quarter ended 31 March 2019 which has resulted in certain additional disclosures and reclassifications of the items in these consolidated condensed interim financial statements.

3.2 Impact of IFRS 16- Leases

The Company has adopted IFRS 16 from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The uniform borrowing rate applied to the

The change in accounting policy affected the following items in the balance sheet on 31 March 2019:

- Right-of-Use (RoU) assets recognized as fixed assets – increase by Rs 141.781 million;
- Lease liabilities recognized as other liabilities – increase by Rs 141.561 million

The impact on profit and loss account for the period January 1, 2019 to March 31, 2019 was a decrease of Rs 2.925 million.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2018.

		(Un-audited) 31 March 2019	(Audited) 31 December 2018
	Note	(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
local currency		443	433
foreign currency		198	198
		641	631
With State Bank of Pakistan in Local currency current account	6.1	157,642	121,861
With National Bank of Pakistan in Local currency current account		902	248
		159,185	122,740
6.1	This represent the amount required to be maintained by the holding company in accordance with the SBP's Regulations.		
7. BALANCES WITH OTHER BANKS			
In Pakistan:			
In current accounts		2,506	17,776
In deposit accounts	7.1	1,964,996	2,275,788
		1,967,502	2,293,564
Outside Pakistan:			
In current accounts		631	503
		1,968,133	2,294,067
7.1	These include term deposit receipts (TDRs) of Rs. 1,950 million (2018: Rs. 2,250 million) maturing between April 2019 to May 2019 (2018: January 2019 to March 2019). These carry mark-up rates ranging from 11.25% to 12.35% (2018: 9.35% to 12%) per annum.		
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Certificates of investment		250,000	-
Repurchase agreement lendings (Reverse Repo)		4,566,018	5,434,296
		4,816,018	5,434,296

9 INVESTMENTS

	31 March 2019 (Unaudited)			31 December 2018 (Audited)				
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
----- (Rupees in '000) -----								
9.1 Investments by types								
Held-for-trading securities								
Federal Government securities	9,239,961	-	5,571	9,245,532	22,528,724	-	(3,246)	22,525,478
Shares	-	-	-	-	-	-	-	-
Non-Government debt securities	427,769	-	146	427,915	419,849	-	8,587	428,436
	9,667,730	-	5,717	9,673,447	22,948,573	-	5,341	22,953,914
Available-for-sale securities								
Federal Government securities	5,285,183	-	(28,761)	5,256,422	1,405,393	-	(43,262)	1,362,131
Shares	347,333	(121,333)	-	226,000	347,333	(121,333)	-	226,000
Non-Government debt securities	3,182,535	(463,477)	13,136	2,732,194	3,237,772	(467,723)	32,843	2,802,892
	8,815,051	(584,810)	(15,625)	8,214,616	4,990,498	(589,056)	(10,419)	4,391,023
Associates	1,012,374	-	-	1,012,374	996,898	-	-	996,898
Total Investments	19,495,155	(584,810)	(9,908)	18,900,437	28,935,969	(589,056)	(5,078)	28,341,835

9.1.1 Investments given as collateral

	31 March 2019 (Unaudited)		31 December 2018 (Audited)					
	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised Cost	Provision for diminution	Surplus / (deficit)	Carrying Value
(Rupees in '000)								
Federal Government Securities								
- Pakistan Investment Bonds	10,100,714	-	(24,215)	10,076,499	3,827,167	-	(44,398)	3,782,769
- Market treasury bills	2,637,262	-	(127)	2,637,135	18,374,587	-	(2,253)	18,372,334
	12,737,976	-	(24,342)	12,713,634	22,201,754	-	(46,651)	22,155,103
Shares								
- Listed companies	-	-	-	-	-	-	-	-
- Unlisted companies	226,000	-	-	226,000	226,000	-	-	226,000
	226,000	-	-	226,000	226,000	-	-	226,000
Total investments	12,963,976	-	(24,342)	12,939,634	22,427,754	-	(46,651)	22,381,103

(Un-audited)
First quarter ended
31 March
2019

(Rupees in '000)

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	589,056	697,700
Charges / reversals		
Charge for the year	(4,246)	(37,533)
Reversals for the year	(4,246)	(37,533)
Transfers - net Amounts written off Closing balance	-	(71,111)
	584,810	589,056

9.2.2 Particulars of provision against debt securities

Category of classification	31 March 2019 (Unaudited)		31 December 2018 (Audited)	
	NPI	Provision	NPI	Provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	483,926	463,477	488,172	467,723
Total	483,926	463,477	488,172	467,723

10 ADVANCES

	Performing		Non-performing		Total	
	31-Mar-19 (Rupees in '000)	31-Dec-18 (Rupees in '000)	31-Mar-19 (Rupees in '000)	31-Dec-18 (Rupees in '000)	31-Mar-19 (Rupees in '000)	31-Dec-18 (Rupees in '000)
Loans, cash credits, running finances, etc.	20,236,707	20,122,055	688,206	711,233	20,924,913	20,833,288
Margin trading	279,171	229,460	-	-	279,171	229,460
Advances - Gross	20,515,878	20,351,515	688,206	711,233	21,204,084	21,062,748
Provision against advances						
Specific	213	213	557,494	580,479	557,494	580,479
General	213	213	-	-	213	213
Advances - net of provision	20,515,665	20,351,302	130,712	130,754	20,646,377	20,482,056

10.1 Advances include Rs. 688 million (2018: Rs 711 million) which have been placed under the non-performing status as detailed below:

Category of Classification

	31 March 2019 (Unaudited)		31 December 2018 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	2,177	-	26,912	-
Doubtful	207,513	90,000	182,820	90,000
Loss	478,516	467,494	501,501	490,479
	688,206	557,494	711,233	580,479

10.2 Particulars of provision against advances

	First quarter ended 31 March 2019 (Unaudited)		Year ended 31 December 2018 (Audited)	
	Specific	General	Specific	General
Opening balance	580,479	213	875,047	213
Charge for the year	-	-	-	-
Reversals	(22,985)	-	(294,568)	-
	(22,985)	-	(294,568)	-
Amounts written off	-	-	-	-
Closing balance	557,494	213	580,479	213

10.2.1 Particulars of provision against advances

	First quarter ended 31 March 2019 (Unaudited)		Year ended 31 December 2018 (Audited)	
	Specific	General	Specific	General
In local currency	557,494	213	580,479	213
In foreign currencies	-	-	-	-
	557,494	213	580,479	213

10.3 In accordance with BPRD Circular No. 6 dated 26 June 2014 issued by the SBP, the Group has availed the benefit of FSV against the non-performing advances. As of 31 March 2019, the Group has availed total accumulated FSV benefit amounting to Rs 8 million (2018: Rs. 4.3 million) [net of tax Rs. 5.7 million (2018: net of tax Rs. 3.1 million)]. Accordingly, accumulated profit of Rs 5.7 million (2018: Rs.3.1 million) [net of transfer to statutory reserves Rs 4.6 million (2018:Rs. 2.5 million)] will not be available for the distribution as cash or stock dividend to the shareholders /bonus to employees of the Group as required by the aforementioned SBP directives.

	Note	(Un-audited) 31 March 2019 ----- (Rupees in '000) -----	(Audited) 31 December 2018
11			
FIXED ASSETS			
Property and equipments	11.1	<u>240,529</u>	<u>103,626</u>

11.1 This includes right-of-use assets due to adoption of IFRS 16 as detailed in note 3.2.

(Un-Audited)	
First quarter ended	
31 March 2019	31 March 2018
----- (Rupees in '000) -----	

11.1 Additions to fixed assets

The following additions have been made to fixed assets during the period:

Property and equipment

Improvements	-	47
Office equipment	1,760	85
Computer equipment	65	-
Furniture and fixture	150	350
Vehicles	-	141
Total	<u>1,975</u>	<u>623</u>

11.2 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Vehicles	-	2,553
Total	<u>-</u>	<u>2,553</u>

	(Un-audited) 31 March 2019 ----- (Rupees in '000) -----	(Audited) 31 December 2018
12		
INTANGIBLE ASSETS		
Computer Software	320	437
Goodwill	<u>263,632</u>	<u>263,632</u>
	<u>263,952</u>	<u>264,069</u>

(Un-Audited)	(Audited)
31 March	31 December
2019	2018

(Rupees in '000)

13 DEFERRED TAX ASSETS

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	163,747	164,935
Assets subject to finance leases	67	66
Amortisation of premium on Federal Government Securities	3,559	2,555
Provision against non-performing advances	156,158	162,594
Revaluation on investments classified as available-for-sale	4,375	2,917
Revaluation on investments classified as held-for-trading	(1,746)	667
Net investment in finance leases	68,332	71,793
Accumulated tax losses - POAMCL	7,499	7,499
	401,991	413,026

Less: Deferred tax liabilities arising in respect of:

Accelerated tax depreciation allowances	(201)	(1,388)
Revaluation on Non-banking assets	(7,454)	(8,765)
Dividend receivable	-	-
	(7,655)	(10,153)

394,336	402,873
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14 OTHER ASSETS

Income/ Mark-up accrued in local currency - net of provision	631,936	454,508
Mark-up / profit receivable on purchase of securities	84,520	13,373
Security deposits	8,262	8,262
Prepayments	16,549	18,963
Taxation	65,356	-
Non-banking assets acquired in satisfaction of claims	263,463	267,226
Receivable from funds under management and investment advisory clients	110,927	106,719
Staff Gratuity	2,466	9,928
Others	6,209	6,936
	1,189,688	885,915

Less: Provision held against other assets

Other assets (net of provisions)	1,189,688	885,915
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	64,258	65,176

1,253,946	951,091
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15	BORROWINGS	Note	(Un-Audited)	(Audited)
			31 March 2019	31 December 2018
			(Rupees in '000)	
Secured				
Borrowings from the State Bank of Pakistan:				
	- Long term financing facility (LTFF)	15.1	2,113,384	2,128,804
	Repurchase agreement borrowings	15.2	15,480,008	25,823,942
	Long term borrowings	15.3	6,023,967	6,415,633
	Short term running finance	15.4	655,020	581,897
	Bai Muajjal	15.5	1,296,869	1,296,869
	Total secured		25,569,248	36,247,145
Unsecured				
	Placements	15.6	5,316,256	3,007,000
	Murabaha financing	15.7	-	1,000,000
	Total unsecured		5,316,256	4,007,000
			30,885,504	40,254,145

- 15.1 The holding company has entered into agreements for financing with the SBP of long term finance for export oriented projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the holding company at the date of maturity of the finances by directly debiting the current account maintained by the holding company with the SBP. The mark up rates ranges from 2% to 4.50% (2018: 2% to 4.50%) per annum. These are repayable within 10 years (2018: 10 years).
- 15.2 The mark up rate on these repurchase agreement borrowings, maturing in April 2019 (2018: January 2019), ranges between 10.19% to 10.40% (2018: 10.19% to 10.40%) per annum. Securities having cost of Rs. 15.507 million (2018: Rs 25.809 million) have been pledged against these borrowings.
- 15.3 The mark up rate on these long-term borrowings ranges from 9.77% to 11.40% (2018: 8.35% to 11.14%) per annum. The above facilities are secured against advances receivable and Government securities. This also includes Rs 292.5 million (2018: Rs 292.5 million) loan availed by POAMCL from Habib Bank Limited. The principal repayment will start from March 2018 and will be fully paid off by May 2022. The said loan was obtained against the security provided by the holding company amounting to Rs. 334 million against the charged on current and future assets of the POAMCL amounting to Rs. 613 million.
- 15.4 The mark up rate on these short-term running finance facility is three months KIBOR + 0.25% (2018: three months KIBOR + 0.25%). The above facility are secured against loan and advances receivable.
- 15.5 The mark up rate on these Bai Muajjal secured against government securities, maturing in April 2019 (2018: April 2019) is 6.56% (2018: 6.56%) per annum.
- 15.6 The mark up rate on these placements, maturing in April 2019 (2018: January 2019 to February 2019) ranges between 10.60% to 11.25% (2018: 10.25% to 11%) per annum.
- 15.7 The mark up rate on these murabaha financing, maturing nil (2018: January 2019) is nil (2018: 10.50%) per annum.

16 DEPOSITS AND OTHER ACCOUNTS

	31 March 2019 (Unaudited)		31 December 2018 (Audited)	
	In local currency	Total	In local currency	Total
(Rupees in '000)				
Certificates of investment				
Financial institutions	3,007,938	3,007,938	2,961,000	2,961,000
Others	5,320,606	5,320,606	6,049,490	6,049,490
	8,328,544	8,328,544	9,010,490	9,010,490

- 16.1 The rate of return on deposits maturing between April 2019 to March 2020 (2018: January 2019 to December 2019) ranges between 6.40% to 11.25% (2018: 3.90% to 10.60%) per annum.

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
(Rupees in '000)						
Not later than one year	431	42	389	431	49	382
Later than one year and upto five years	520	10	510	628	18	610
	951	52	899	1,059	67	992

- 17.1 The holding company has entered into lease agreement with financial institution for lease of vehicle. Lease rentals are payable in monthly installments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 7.90% (2018: 7.90%) per annum. At the end of lease term, the holding company has option to acquire the assets, subject to adjustment of security deposits.

18	OTHER LIABILITIES	(Un-Audited)	(Audited)
		31 March 2019	31 December 2018
		(Rupees in '000)	
	Mark-up/ Return/ Interest payable in local currency	420,504	340,718
	Accrued expenses	177,358	224,954
	Dividend payable	430,500	-
	Security deposits against investment in finance leases	363,412	356,216
	Taxation	-	970
	Advance rent	3,100	4,600
	Sales tax and federal excise duty payable	91,020	91,012
	Lease liability against right-of-use assets	141,561	-
	Others	58,463	59,563
		<u>1,685,918</u>	<u>1,078,033</u>

19 SHARE CAPITAL

19.1 Authorized Capital

	(Un-Audited)	(Audited)		(Un-Audited)	(Audited)
	31 March 2019	31 December 2018		31 March 2019	31 December 2018
	(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>

19.2 Issued, subscribed and paid-up

			Ordinary shares of Rs. 10 each		
	600,000,000	600,000,000	- Fully paid in cash	6,000,000	6,000,000
	15,000,000	15,000,000	- Issued as bonus shares	150,000	150,000
	<u>615,000,000</u>	<u>615,000,000</u>		<u>6,150,000</u>	<u>6,150,000</u>

19.3 The Ministry of Finance on behalf of the Government of Pakistan and the Sultanate of Oman through its Ministry of Finance each holds 307,495,900 (2018: 307,495,900) ordinary shares of the holding company, while 4,100 (2018: 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.

20 SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of

- Available for sale securities	(15,625)	(10,419)
- Non-banking assets acquired in satisfaction of claims	64,258	65,176
	48,633	54,757

Deferred tax on surplus / (deficit) on revaluation of:

- Available for sale securities	4,375	2,917
- Non-banking assets acquired in satisfaction of claims	(17,992)	(18,249)
	(13,617)	(15,332)
	<u>35,016</u>	<u>39,425</u>

21	CONTINGENCIES AND COMMITMENTS	Note	(Un-Audited)	(Audited)
			31 March 2019 (Rupees in '000)	31 December 2018
	Transaction related contingent liability:			
	Standby letter of credit		343,314	208,513
	Pledge of shares on behalf of Japan Power Generation Limited	21.1	70,726	70,726
	Pledge of shares on behalf of Orient Power Company (Private) Limited	21.2	226,000	226,000
	Commitments for:			
	Purchase of Government securities		91,948	13,944,874
	Sale of Government securities		2,428,372	2,869,539
	Commitments for advances and net investment in finance leases		564,970	2,042,040
	Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited	21.3	334,000	334,000
21.1	Shares in Japan Power Generation Limited (JPGL) (an associate) aggregating 17,622,878 having a cost of Rs. 70.726 million (2018: Rs. 70.726 million) are pledged as security on behalf of that associate company against a syndicate finance facility obtained by it (the associate company).			
21.2	Investment in unlisted shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 having a cost of Rs. 226 million are pledged as security against a syndicate finance facility obtained by Orient Power Company (Private) Limited.			
21.3	PIBs having face value amounting to Rs. 334 million (2018: PIBs and T-Bill Rs 334 million) which have been collateralized against a loan sanctioned to Pak Oman Asset Management Company Limited from Habib Bank Limited for the acquisition of Askari Investment Management Limited (AIML).			
22.4	Pak Oman Asset Management Company Limited			
22.4.1	In year 2007, the Pak Oman Asset Management Company Limited ("POAMCL" or "the Company") had launched POBOP Advantage Plus Fund (the Fund) under the capital subscription and fee sharing agreement with The Bank of Punjab (BOP). BOP had subscribed five million core units and one million non-core units of the aggregate face value of Rs. 250 million and Rs. 500 million respectively. During year 2011 the management rights of the Fund were transferred to another asset management company.			
	In 2013, BOP filed a suit against the POAMCL before the Honorable High Court of Sindh claiming damages of Rs. 100.4 million in respect of the alleged losses suffered by BOP due to non-honoring of its redemption requests by POAMCL in year 2009 allegedly violating the NBFC regulations and provisions of the trust deed.			
	The legal advisor of POAMCL has opined that the suit is based on factual inconsistencies and POAMCL has sound defense on legal grounds. During the year ended 31 December 2015, POAMCL had also lodged a counter claim of Rs. 250 million against BOP for damaging the image and reputation of POAMCL.			
22.4.2	During the years ended 31 December 2013 and 2014 two former employees of the merged entity served notices to the Company and its former Chief Executive Officer. The employees demanded Rs. 28.5 million for defamation and Rs. 0.723 million against settlement of outstanding dues. Later, the employees also filed cases in the Court of District Judge South at Karachi. The legal advisors of the Company are of the view that although the outcome of the case appears to be favourable, the Company's chances of success cannot currently be determined due to the inherently uncertain nature of the litigation. Furthermore, the management expects that an insignificant amount will be required to settle these cases. Accordingly, provision to the extent of Rs. 0.489 million has been recognised on account of settlement of outstanding dues while no provision has been recognised in respect of defamation claim in the consolidated condensed interim financial statements for the first quarter ended 31 March 2019.			

		(Un-Audited)	
		First quarter ended	
		31 March	31 March
		2019	2018
		(Rupees in '000)	
22	MARK-UP / RETURN / INTEREST EARNED		
	On loans and advances	546,636	381,260
	On investments	447,714	341,010
	On lendings to financial institutions	111,015	43,514
	On balances with banks	45,646	28,894
		<u>1,151,011</u>	<u>794,678</u>
23	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	187,295	162,397
	Borrowings	700,827	439,718
	Lease liability against right-of-use assets	4,083	-
		<u>892,205</u>	<u>602,115</u>
24	FEE AND COMMISSION INCOME		
	Credit related fees	6,049	17,572
	Investment banking fees	-	5,297
	Commission on guarantees	917	-
	Underwriting commission of Government securities auction	1,722	-
	Remuneration from funds under management	15,617	24,115
	Fee from investments advisory services	734	859
		<u>25,039</u>	<u>47,843</u>
25	GAIN ON SECURITIES		
	Realised	3,195	9,418
	Unrealised - held for trading	8,097	(1,252)
		<u>11,292</u>	<u>8,166</u>
25.1	Realised gain on:		
	Federal Government Securities	2,385	(4,665)
	Non Government debt securities	810	2,180
	Shares	-	11,903
		<u>3,195</u>	<u>9,418</u>
26	OTHER INCOME		
	Gain on sale of fixed assets - net	-	1,017
	Rental income	1,500	1,500
	Gain on sale of non-banking assets - net	-	17,381
	Scarp sale	-	320
	Others	28	30
		<u>1,528</u>	<u>20,248</u>

27 OPERATING EXPENSES

		(Un-Audited)	
		First quarter ended	
		31 March 2019	31 March 2018
		(Rupees in '000)	
Total compensation expense		116,997	117,378
Property expense			
Rent & taxes	3,410	9,050	
Utilities cost	682	750	
Security (including guards)	228	175	
Repair & maintenance (including janitorial charges)	1,843	1,876	
Depreciation on right-of-use assets	6,105	-	
Depreciation	527	527	
	12,795	12,378	
Information technology expenses			
Software maintenance	271	368	
Hardware maintenance	-	17	
Depreciation	320	563	
Amortisation	117	117	
Network charges	224	481	
Others	77	197	
	1,009	1,743	
Other operating expenses			
Directors' fees and allowances	6,002	4,481	
Directors' fees and allowances - Subsidiary	1,703	1,800	
Legal & professional charges	3,996	4,195	
Travelling & conveyance	2,431	1,820	
Depreciation	10,030	10,979	
Training & development	62	83	
Postage & courier charges	96	113	
Communication	1,475	1,573	
Stationery & printing	427	382	
Marketing, advertisement & publicity	262	826	
Donations	300	320	
Auditors' remuneration	508	1,156	
Membership and subscriptions	1,170	1,816	
Transportation	2,002	2,376	
Insurance	1,154	772	
Finance charges on leased assets	51	15	
Entertainment and canteen expenses	741	919	
Shahriah advisor fee	75	75	
Distribution commission	396	2,170	
Others	612	3,209	
	33,493	39,080	
Total operating expenses	164,294	170,579	

		(Un-Audited)	
		First quarter ended	
		31 March 2019	31 March 2018
		(Rupees in '000)	
28	OTHER CHARGES		
	Fees, commission and others	4,761	6,066
		<u>4,761</u>	<u>6,066</u>
29	REVERSALS & WRITE OFFS - NET		
	Reversals of provisions for diminution in value of investments	(4,246)	-
	Reversals of provisions against loans & advances	(22,985)	(120,070)
		<u>(27,231)</u>	<u>(120,070)</u>
30	TAXATION		
	Current	34,475	39,941
	Prior years	-	-
	Deferred	9,995	25,164
		<u>44,470</u>	<u>65,105</u>

30.1 Tax contingencies

30.1.1 Pak Oman Investment Company Limited

The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018, wherein major issues raised by the authorities were related to applicability of Workers Welfare Fund (WWF), disallowance of allocation of common expenses and disallowance of losses claimed on early termination of leased assets. The Company's appeals are pending at various appellate forums. For the tax year 2005 and 2008, the Commissioner Inland Revenue (Appeals) [CIR(A)] has adjudicated that the proceeding initiated by the department under section 122(5A) for respective tax years were barred in time, thereby, the amended assessment order has been annulled. Thereafter, the department being aggravated by the CIR(A) decision, filed appeal before the Appellate Tribunal Inland Revenue for the respective tax years. Further, for tax years 2015 to 2017 ACIR has passed orders under section 221 of the income tax ordinance 2001 and raised demand of Super tax of Rs 158 million. The company has filed appeal against the said orders, the said appeal is pending at adjudication. The Company's tax advisor is confident to obtain favourable decision from appellate forum and accordingly no provision has been made. Moreover, for the matter of WWF, Supreme Court (SC) in its recent decision has annulled the amendments made through Finance Act 2006 and 2008. However, Federal Board of Revenue (FBR) has now filed review petition in the SC against the SC decision in the matter of WWF. Management estimates that sufficient provisions have been made and no further provision is required.

30.1.2 Pak Oman Asset Management Company Limited

As per the requirement of Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of Management Company has been applied effective from 13 June 2013. The management is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and the Honorable High Court of Sindh has issued stay order against such levy.

During 2016, the Honorable Sindh High Court, in its judgment dated 30 June 2016, on the Constitutional Petition instituted by MUFAP declared that the provisions of the Federal Excise Act, 2005, insofar as they relate to providing or rendering of services, are ultra vires to the 18th amendment of the Constitution with effect from 01 July 2011, the date on which Sindh Sales Tax on Services Act, 2011 came into force. However, the Federal Board of Revenue (FBR) has right to challenge the decision in the Supreme Court of Pakistan within 90 days of the above decision of the Court, and the petition of the Management Company is still pending in the Court; therefore, as a matter of prudence, the Company has maintained the accumulated provision against FED amounting to Rs. 78.345 million as of 31 March 2019.

Through Finance Act 2016, FED on services rendered by Non-Banking Financial Institutions (NBFIs) including Asset Management Companies, which are already subject to provincial sales tax, has been withdrawn. Accordingly, no FED has been charged on the remuneration of the Company for period subsequent to 30 June 2016.

The Company has been selected for audit under section 214-C of the Ordinance for the tax year 2012. Tax authorities have passed orders under section 122(1) of the ordinance making certain additional amounting to Rs. 17.3 million to the loss declared in the return filed by the Company. Further Taxation Officer has charged capital gain tax amounting to Rs. 1.514 million at 10%. As a result total tax payable for tax year 2012 increased by Rs. 1.05 million. Tax officer has also disallowed the total tax credit in respect of advance tax paid / collected during the tax year 2012 except for the tax collected under section 153 of the Ordinance amounting to Rs. 2.092 million. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the orders passed by the tax officer and the hearing on the case has been done. However, based on the opinion of the tax advisor, management is confident that the matter would be decided in favor of the Company.

As at 31 March 2019, deferred tax asset amounting to Rs. 42.49 million (31 December 2018: Rs. 42.49 million) has not been recognized as the management considers that there is uncertainty with regards to availability of future profits against which such assets can be adjusted. The unrecognized deferred tax asset has been arising on account of accumulated tax losses and deductible temporary differences.

		(Un-Audited)	
		First quarter ended	
		31 March 2019	31 March 2018
31	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit attributable to shareholders of the holding company	Rupees in '000 <u>123,478</u>	<u>163,877</u>
	Weighted average number of ordinary shares in issue	Numbers in '000 <u>615,000</u>	<u>615,000</u>
	Basic and diluted earnings per share attributable to shareholders of holding company	Rupees <u>0.20</u>	<u>0.27</u>

31.1 There were no convertible dilutive potential ordinary shares outstanding on 31 March 2018 and 2019.

		(Un-Audited)	
		First quarter ended	
		31 March 2019	31 March 2018
		(Rupees in '000)	
32	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	159,185	154,740
	Balances with other banks	<u>1,968,133</u>	<u>1,624,316</u>
		<u>2,127,318</u>	<u>1,779,056</u>

33 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

33.1 Fair Value of financial assets

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

In the opinion of management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently repriced.

33.2 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	31 March 2019			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	14,501,954	-	14,501,954
Non-Government Debt Securities	-	3,160,109	-	3,160,109
Mutual funds	637,950	-	-	637,950
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	600,424
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	23,887,609	-	23,887,609
Non-Government Debt Securities	-	3,003,598	-	3,003,598
Mutual funds	624,637	-	-	624,637
Financial assets - disclosed but not measured at fair value				
Investments	-	-	-	598,261

34 SEGMENT DETAIL WITH RESPECT TO BUSINESS ACTIVITIES

	First quarter ended 31 March 2019 (Unaudited)				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/profit	158,105	(18,510)	120,030	(819)	258,806
Non mark-up / return / interest income	6,966	15,476	13,534	17,359	53,335
Total Income	165,071	(3,034)	133,564	16,540	312,141
Segment direct expenses	82,980	23,802	42,608	22,209	171,599
Reversals	(22,985)	(4,246)	-	-	(27,231)
Profit before tax	105,076	(22,590)	90,956	(5,669)	167,773
Balance Sheet					
Cash & Bank balances	-	-	2,117,522	9,796	2,127,318
Investments	-	2,718,947	15,954,280	227,210	18,900,437
Lendings to financial institutions			4,816,018		4,816,018
Advances - performing	20,235,312	-	279,171	1,182	20,515,665
non- performing	130,712	-	-	-	130,712
Others	761,143	504,381	425,857	461,382	2,152,763
Total Assets	21,127,167	3,223,328	23,592,848	699,570	48,642,913
Borrowings	14,663,483	1,914,742	14,014,779	292,500	30,885,504
Subordinated debt	-	-	-	-	-
Deposits & other accounts	3,670,135	559,945	4,098,464	-	8,328,544
Others	885,181	79,605	582,663	139,367	1,686,817
Total liabilities	19,218,799	2,554,292	18,695,907	431,867	40,900,865
Equity	1,908,368	669,035	4,896,941	267,703	7,742,048
Total Equity & liabilities	21,127,167	3,223,328	23,592,848	699,570	48,642,913
Contingencies & Commitments	908,284	630,726	2,520,320	-	4,059,330

	First quarter ended 31 March 2018 (Unaudited)				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/profit	139,535	(10,858)	66,091	(2,205)	192,563
Non mark-up / return / interest income	17,572	35,567	11,009	31,338	95,486
Total Income	157,107	24,709	77,100	29,133	288,049
Segment direct expenses	79,299	24,002	50,906	24,861	179,068
(Reversals) / Provisions	(120,070)	-	-	-	(120,070)
Profit before tax	197,878	707	26,194	4,272	229,051

	Year ended 31 December 2018				
	Corporate Banking	Investment Banking	Treasury	Asset Management	Total
	(Rupees in '000)				
Balance Sheet					
Cash & Bank balances	-	-	2,398,193	18,614	2,416,807
Investments	-	2,764,394	25,349,242	228,199	28,341,835
Lendings to financial institutions			5,434,296		5,434,296
Advances - performing	20,120,488	-	229,460	1,354	20,351,302
non-performing	130,754	-	-	-	130,754
Others	609,138	487,315	214,123	411,084	1,721,659
Total Assets	20,860,380	3,251,709	33,625,314	659,251	58,396,653
Borrowings	15,797,715	2,130,705	22,033,225	292,500	40,254,145
Subordinated debt	-	-	-	-	-
Deposits & other accounts	3,255,468	507,461	5,247,561	-	9,010,490
Others	585,930	35,808	370,282	87,005	1,079,025
Total liabilities	19,639,114	2,673,974	27,651,068	379,505	50,343,660
Equity	1,221,266	577,735	5,974,246	279,746	8,052,993
Total Equity & liabilities	20,860,380	3,251,709	33,625,314	659,251	58,396,653
Contingencies & Commitments	2,250,553	630,726	16,814,413	-	19,695,692

35 RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, subsidiary company, employee benefit plans, company having common directors and its key management personnel (including their associates). The details of investments in subsidiary company and associates are stated in note 9 to these financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation / terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Advances are given to employees as per the Group's Policy. Transactions with other related parties are carried out on commercial terms and as per market rates.

The nature of the relationships and transactions with related parties, other than those which have been specifically disclosed elsewhere in the consolidated financial statements are as follows:

35.1 Associates

Japan Power Generation Limited
Pak Oman Microfinance Bank Limited
Pak Oman Advantage Islamic Income Fund
Pak Oman Islamic Asset Allocation Fund
Pak Oman Advantage Asset Allocation Fund
Pak Oman Government Securities Fund
Askari High Yield Scheme
Askari Equity Fund
Askari Asset Allocation Fund
Askari Sovereign Yield Enhancer
Askari Sovereign Cash Fund
Askari Islamic Asset Allocation Fund
Askari Islamic Income Fund

35.2 Key management personnel

All heads of departments
Directors

35.3 Retirement benefit fund

Defined benefit plan
Defined contribution plan

35.4 Other related party

Orient Power Company (Private) Limited

36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-Audited) 31 March 2019	(Audited) 31 December 2018
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>6,150,000</u>	<u>6,150,000</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>5,060,336</u>	<u>5,438,603</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>5,060,336</u>	<u>5,438,603</u>
Eligible Tier 2 Capital	<u>-</u>	<u>-</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>5,060,336</u>	<u>5,438,603</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>26,449,755</u>	<u>30,183,104</u>
Market Risk	<u>4,209,787</u>	<u>1,003,458</u>
Operational Risk	<u>2,240,602</u>	<u>2,240,602</u>
Total	<u>32,900,144</u>	<u>33,427,164</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>15.38%</u>	<u>16.27%</u>
Tier 1 Capital Adequacy Ratio	<u>15.38%</u>	<u>16.27%</u>
Total Capital Adequacy Ratio	<u>15.38%</u>	<u>16.27%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>5,060,336</u>	<u>5,438,603</u>
Total Exposures	<u>51,932,881</u>	<u>78,092,345</u>
Leverage Ratio	<u>9.74%</u>	<u>6.96%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>6,561,375</u>	<u>6,503,094</u>
Total Net Cash Outflow	<u>10,375,939</u>	<u>16,808,490</u>
Liquidity Coverage Ratio	<u>63.24%</u>	<u>38.69%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>19,376,790</u>	<u>20,705,300</u>
Total Required Stable Funding	<u>18,763,186</u>	<u>18,970,216</u>
Net Stable Funding Ratio	<u>103.27%</u>	<u>109.15%</u>

37 CREDIT RATING

The JCR-VIS Credit Rating Company Limited has maintained the holding Company's rating of AA+ (Double A Plus) in the long term and A-1+ (A One Plus) for the short term.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset management rating of AM3+ (Stable) to the subsidiary company in the medium and long term vide its report dated 28 August 2018.

38. GENERAL

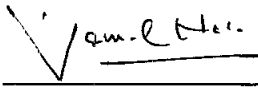
38.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

38.2 Corresponding figures

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation in accordance with the new format prescribed by State Bank of Pakistan vide BPRD circular letter no. 5 of 2019.

39. DATE OF AUTHORISATION FOR ISSUE

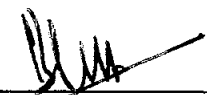
These consolidated financial statements were authorised for issue on 06 May 2019 by the Board of Directors of the holding company.



Chief Financial Officer



**Managing Director
and Chief Executive**



**Managing Director
and Chief Executive**



Chairman