

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE HALF YEAR
ENDED 30 JUNE 2018**

Pak Oman Investment Company Limited
 Consolidated Condensed Interim Statement of Financial Position
 As at 30 June 2018

(Unaudited) 30 June 2018 ------(US Dollars in '000)-----	(Audited) 31 December 2017		(Unaudited) 30 June 2018 ------(Rupees in '000)-----	(Audited) 31 December 2017
ASSETS				
1,393	1,399	Cash and balances with treasury banks	169,257	170,000
12,176	16,816	Balances with other banks	1,479,409	2,043,137
51,326	16,776	Lendings to financial institutions	6,236,023	2,038,288
212,697	332,551	Investments -net	25,842,108	40,403,976
183,230	154,658	Advances -net	22,261,967	18,790,501
2,795	2,924	Operating fixed assets	339,626	355,214
3,591	4,205	Deferred tax assets -net	436,353	510,857
8,903	7,479	Other assets	1,081,631	908,649
476,111	536,808		57,846,374	65,220,622
LIABILITIES				
-	-	Bills payable	-	-
316,498	371,685	Borrowings	38,453,611	45,158,690
86,016	86,431	Deposits and other accounts	10,450,694	10,501,149
-	-	Sub-ordinated loans	-	-
10	11	Liabilities against assets subject to finance lease	1,167	1,346
-	-	Deferred tax liabilities	-	-
9,241	12,580	Other liabilities	1,123,039	1,528,228
411,765	470,707		50,028,511	57,189,413
64,346	66,101	NET ASSETS	7,817,863	8,031,209
REPRESENTED BY				
50,618	50,618	Share capital	6,150,000	6,150,000
9,189	8,821	Reserves	1,116,378	1,071,761
4,004	6,072	Unappropriated profit	486,505	737,744
63,811	65,511		7,752,883	7,959,505
69	67	Non controlling interest	8,382	8,142
63,880	65,578		7,761,265	7,967,647
466	523	Surplus on revaluation of assets - net of deferred tax	56,598	63,562
64,346	66,101		7,817,863	8,031,209
CONTINGENCIES AND COMMITMENTS				
15				

The annexed notes from 1 to 24 form an integral part of this consolidated condensed interim financial information.



Chief Financial Officer



Managing Director
and Chief Executive



Managing Director
and Chief Executive



Chairman

Pak Oman Investment Company Limited
 Consolidated Condensed Interim Profit and Loss Account (Un-Audited)
 For the half year ended 30 June 2018

Half year ended			Quarter ended		Half year ended	
30 June 2018	30 June 2017		30 June 2018	30 June 2017	30 June 2018	30 June 2017
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
12,780	15,042	Mark-up/return/interest earned	758,116	1,079,847	1,552,794	1,827,581
9,518	11,529	Mark-up/return/interest expensed	554,336	857,632	1,156,451	1,400,770
3,262	3,513	Net mark-up/ interest income	203,780	222,215	396,343	426,811
(1,706)	(753)	(Reversal) of provision against non - performing advances	(87,146)	(78,078)	(207,216)	(91,495)
(76)	3	(Reversal) / provision for diminution in the value of investments	(9,242)	334	(9,242)	334
-	-	Bad debts written off directly	-	-	-	-
(1,782)	(750)		(96,388)	(77,744)	(216,458)	(91,161)
5,044	4,263	Net mark-up/ interest income after provisions	300,168	299,959	612,801	517,972
NON MARK-UP/INTEREST INCOME						
779	503	Fee, commission and brokerage income	48,135	40,945	94,597	61,158
13	147	Dividend income	742	10,280	1,539	17,850
-	-	Income from dealing in foreign currency	-	-	-	-
179	1,407	Gain on sale of securities	12,362	70,622	21,780	170,901
36	(88)	Unrealised gain / (loss) on revaluation of investments classified as 'held-for-trading' securities	5,585	(7,908)	4,333	(10,746)
195	8	Other income	2,114	876	23,743	930
1,202	1,977	Total non -mark up/interest income	68,938	114,815	145,992	240,093
6,246	6,240		369,106	414,774	758,793	758,065
NON MARK-UP/INTEREST EXPENSES						
2,756	2,540	Administrative expenses	164,307	154,179	334,886	308,548
-	-	Other write offs / provisions	-	-	-	-
150	217	Other charges	9,730	14,193	18,219	26,374
2,906	2,757	Total non-mark up/interest expenses	174,037	168,372	353,105	334,922
3,340	3,483		195,069	246,402	405,688	423,143
98	(53)	Share of profit / (loss) from associates - net of tax	(6,544)	(11,501)	11,888	(6,474)
-	-	Extra ordinary /unusual items	-	-	-	-
3,438	3,430	PROFIT BEFORE TAXATION	188,525	234,901	417,576	416,669
722	1,334	Taxation - current	47,839	80,716	87,780	162,061
230	320	- prior	27,884	38,904	27,884	38,904
652	(145)	- deferred	54,110	12,151	79,274	(17,575)
1,604	1,509		129,833	131,771	194,938	183,390
1,834	1,921	PROFIT AFTER TAXATION	58,692	103,130	222,638	233,279
PROFIT ATTRIBUTABLE TO:						
1,832	1,927	Shareholders of the holding company	58,521	103,475	222,398	233,996
2	(6)	Non-controlling interest	171	(345)	240	(717)
1,834	1,921		58,692	103,130	222,638	233,279
----- US Dollar -----			----- Rupee -----			
0.0030	0.0031	Basic and diluted earnings per share	0.10	0.17	0.36	0.38

The annexed notes from 1 to 24 form an integral part of this consolidated condensed interim financial information.


 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 half year ended 30 June 2018

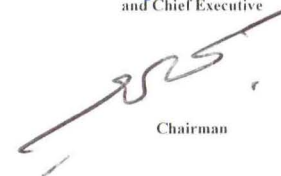
Half year ended			Quarter ended		Half year ended	
30 June	30 June		30 June	30 June	30 June	30 June
2018	2017		2018	2017	2018	2017
---(US Dollars in '000)---			------(Rupees in '000)-----			
1,834	1,921	Profit after taxation	58,692	103,130	222,638	233,279
		Other comprehensive income				
-	-	Items that may be reclassified subsequently to profit and loss account			-	-
<u>1,834</u>	<u>1,921</u>		<u>58,692</u>	<u>103,130</u>	<u>222,638</u>	<u>233,279</u>
		Comprehensive income transferred to equity attributable to:				
1,832	1,927	Shareholders of the holding company	58,521	103,475	222,398	233,996
2	(6)	Non-controlling interest	171	(345)	240	(717)
<u>1,834</u>	<u>1,921</u>	Comprehensive income transferred to equity	<u>58,692</u>	<u>103,130</u>	<u>222,638</u>	<u>233,279</u>
		Component of comprehensive income not transferred to equity				
(1)	(1,288)	Surplus / (deficit) on revaluation of 'available for sale' investments	(16,841)	(76,420)	(82)	(156,487)
2	285	Related tax impact	3,254	17,771	249	34,569
1	(1,003)		(13,587)	(58,649)	167	(121,918)
<u>1,835</u>	<u>918</u>	Total comprehensive income	<u>45,105</u>	<u>44,481</u>	<u>222,805</u>	<u>111,361</u>

The annexed notes from 1 to 24 form an integral part of this consolidated condensed interim financial information.


 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 half year ended 30 June 2018

30 June 2018	30 June 2017		Note	30 June 2018	30 June 2017
----(US Dollars in '000)----				----(Rupees in '000)----	
CASH FLOW FROM OPERATING ACTIVITIES					
3,438	3,430	Profit before taxation		417,576	416,669
13	147	Less: Dividend income		1,539	17,850
3,425	3,283			416,037	398,819
Adjustments for non-cash charges					
194	202	Depreciation		23,563	24,536
2	2	Amortisation of intangible assets		235	263
(36)	88	Unrealised (gain) / loss on revaluation of investments classified as 'held-for-trading'		(4,333)	10,746
(14)	(5)	Gain on sale of fixed assets		(1,662)	(574)
(98)	53	Share of (profit) / loss from associates - net of tax		(11,888)	6,474
(1,706)	(753)	(Reversal) of provision against non-performing advances		(207,216)	(91,495)
(76)	3	(Reversal) / provision for diminution in the value of investments		(9,242)	334
(1,734)	(410)			(210,543)	(49,716)
1,691	2,873			205,494	349,103
(Increase) / decrease in operating assets					
(34,550)	2,357	Lendings to financial institutions		(4,197,735)	286,340
83,917	(177,668)	Net investments in held-for-trading securities		10,195,649	(21,586,202)
(26,867)	(40,448)	Advances		(3,264,250)	(4,914,307)
(1,438)	(5,936)	Other assets		(174,575)	(721,157)
21,062	(221,695)			2,559,089	(26,935,326)
Increase / (decrease) in operating liabilities					
(55,187)	259,750	Borrowings		(6,705,079)	31,558,873
(415)	24,518	Deposits and other accounts		(50,455)	2,978,858
(3,318)	4,295	Other liabilities		(402,977)	521,848
(58,920)	288,563			(7,158,511)	35,059,579
(36,167)	69,741			(4,393,928)	8,473,356
(970)	(546)	Income tax paid		(117,876)	(66,299)
(37,137)	69,195	Net cash (used in) / from operating activities		(4,511,804)	8,407,057
CASH FLOW FROM INVESTING ACTIVITIES					
34,453	(67,478)	Net proceeds from available-for-sale securities		4,185,905	(8,198,384)
1,693	(693)	Investments in associates		205,695	(84,144)
(138)	62	Dividend received		(16,766)	7,541
(11)	(336)	Investments in operating fixed assets		(1,392)	(40,854)
38	9	Sale proceeds of property and equipment disposed-off		4,570	1,111
36,035	(68,436)	Net cash from / (used in) investing activities		4,378,012	(8,314,730)
CASH FLOW FROM FINANCING ACTIVITIES					
(1)	(1)	Payment of lease obligation		(179)	(159)
(3,543)	(4,049)	Dividend paid		(430,500)	(492,000)
(3,544)	(4,050)			(430,679)	(492,159)
(4,646)	(3,291)	(Decrease) in cash and cash equivalents		(564,471)	(399,832)
18,216	14,596	Cash and cash equivalents at the beginning of the period		2,213,137	1,773,351
13,570	11,305	Cash and cash equivalents at the end of the period	20	1,648,666	1,373,519

The annexed notes from 1 to 24 form an integral part of this consolidated condensed interim financial information.



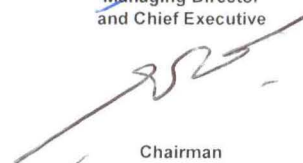
Chief Financial Officer



Managing Director
and Chief Executive



Managing Director
and Chief Executive



Chairman

Pak Oman Investment Company Limited
 Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
 For the half year ended 30 June 2018

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve				
(Rupees in '000)							
Balance as at 01 January 2017	6,150,000	972,797	11,630	984,139	8,118,566	9,664	8,128,230
Total Comprehensive income							
Net profit after tax for the half year ended 30 June 2017	-	-	-	233,996	233,996	(717)	233,279
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	233,996	233,996	(717)	233,279
Transfers							
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	1,484	1,484	-	1,484
Transfer to statutory reserve	-	56,607	-	(56,607)	-	-	-
Transactions with owners recognised directly in equity							
Dividend for the year ended 31 December 2016 (Re 0.80 per share)	-	-	-	(492,000)	(492,000)	-	(492,000)
Balance as at 30 June 2017	6,150,000	1,029,404	11,630	671,012	7,862,046	8,947	7,870,993
Balance as at 01 January 2018	6,150,000	1,060,131	11,630	737,744	7,959,505	8,142	7,967,647
Total Comprehensive income							
Net profit after tax for the half year ended 30 June 2018	-	-	-	222,398	222,398	240	222,638
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	222,398	222,398	240	222,638
Transfers							
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	1,480	1,480	-	1,480
Transfer to statutory reserve	-	44,617	-	(44,617)	-	-	-
Transaction with owners recognised directly in equity							
Dividend for the year ended 31 December 2017 (Re 0.70 per share)	-	-	-	(430,500)	(430,500)	-	(430,500)
Balance as at 30 June 2018	6,150,000	1,104,748	11,630	486,505	7,752,883	8,382	7,761,265

The annexed notes from 1 to 24 form an integral part of this consolidated condensed interim financial information.



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 half year ended 30 June 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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 Holding Company

Pak Oman Investment Company Limited (the "holding company" or "POICL" or "parent") was incorporated as a private limited company on July 23, 2001. Subsequently, on March 17, 2004 the holding company was converted into a public limited company. It is a joint venture between the Government of Pakistan and the Government of the Sultanate of Oman. The objectives of the holding company include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and/or investment bank. Its registered office is situated at 1st Floor, Tower A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. 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 No. 35 dated October 28, 2003 issued by the State Bank of Pakistan (SBP).

1.2 Subsidiary Company

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

1.3 The Group's Associates are as follows:

Entity	Country of incorporation	Nature of business	Holding %	
			30-Jun-18	31 December 2017
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in providing microfinance services to the poor and underserved segment of the society.	16.67	16.67
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.	56.38	53.99
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.	39.11	49.99
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.	81.23	81.28
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.	98.68	90.42
Japan Power Generation Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	11.29	11.29
Askari High Yield Scheme	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	-	5.62
Askari Islamic Assets Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	-	-
Askari Sovereign Yield Enhancer	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	-	-
Askari Equity Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	-	-
Askari Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	-	-
Askari Sovereign Cash Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	-	-
Askari Islamic Income Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	-	-

2. BASIS OF PRESENTATION AND CONSOLIDATION

2.1 Basis of presentation

2.1.1 This consolidated condensed interim financial information has been prepared from the information available in the unaudited unconsolidated condensed interim financial information of the holding company for the half year ended 30 June 2018 and the unaudited financial statements of POAMCL for the half year ended 30 June 2018. The accounting policies used by POAMCL and associates in preparation of their respective financial statements are consistent with that of the holding company except for the accounting policy for investments.

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

Entity	Source of information
Japan Power Generation Limited (JPGL)	Unaudited financial statements for the year ended 30 June 2017
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the half year ended 30 June 2018
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the half year ended 30 June 2018
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the half year ended 30 June 2018
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the half year ended 30 June 2018
Pak Oman Government Securities Fund	Unaudited financial statements for the half year ended 30 June 2018
Askari High Yield Scheme	Unaudited financial statements for the half year ended 30 June 2018
Askari Islamic Assets Allocation Fund	Unaudited financial statements for the half year ended 30 June 2018
Askari Sovereign Yield Enhancer	Unaudited financial statements for the half year ended 30 June 2018

2.1.3 The disclosures made in this condensed interim consolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2017.

2.1.4 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 121.4972 = 1 US dollar for the half year ended 30 June 2018 and the corresponding period.

3. STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the group have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting' as applicable in Pakistan, the requirement of the Companies Act, 2017 and directives issued by Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where requirements differ, the provisions of the Companies Act, 2017 and the directives issued by the SECP and SBP have been followed. Moreover, SBP has notified a new format of financial statements vide BPRD circular No.2 of 2018 which would be effective from accounting year ended 31 December 2018.

The SBP has deferred the applicability of IAS 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Non Banking Financial Institutions in Pakistan vide BSD Circular Letter number 11 dated September 11, 2002, till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks and NBFCS. Therefore, it is also not applicable on the Company as it follows the same format of reporting as made applicable on banks by the SBP and accordingly, the requirements of this standard have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

3.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

- IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 15 'Revenue from contracts with customers'

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- 'IFRS 16 'Leases'

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

The SECP through a notification no. SRO 56(1)/2016 dated 28 January 2016, directed that the requirements of IFRS 10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust Structure. Accordingly, the aforesaid requirements have not been considered in the preparation of these consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2017.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2017.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2017.

7. INVESTMENTS - net

Note	30 June 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total

(Rupees in '000)

7.1 Investments by types

Held-for-trading securities

Pakistan investment bonds	408,487	3,593,188	4,001,675	1,266,154	149,771	1,415,925
Market treasury bills (T-Bills)	1,813,753	7,850,458	9,664,211	2,530,885	19,906,888	22,437,773
Listed ordinary shares	-	-	-	4,409	-	4,409
Sukuk certificates	-	-	-	50,000	-	50,000
Term finance certificates (TFCs)	286,946	-	286,946	240,219	-	240,219
	2,509,186	11,443,646	13,952,832	4,091,667	20,056,659	24,148,326

Available-for-sale securities

Pakistan investment bonds	-	1,812,584	1,812,584	59	1,081,861	1,081,920
Market treasury bills (T-Bills)	-	5,935,216	5,935,216	242,727	10,347,683	10,590,410
Listed ordinary shares	-	-	-	145,807	-	145,807
Unlisted ordinary shares	121,333	226,000	347,333	121,333	226,000	347,333
Sukuk certificates	780,888	-	780,888	866,086	-	866,086
Commercial papers	49,290	-	49,290	47,479	-	47,479
Term finance certificates (TFCs)	2,572,543	-	2,572,543	2,675,835	-	2,675,835
	3,524,054	7,973,800	11,497,854	4,099,326	11,655,544	15,754,870

Associates

Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Islamic Income Fund	171,763	-	171,763	175,361	-	175,361
Pak Oman Islamic Asset Allocation Fund	105,241	-	105,241	107,021	-	107,021
Pak Oman Advantage Asset Allocation Fund	99,970	-	99,970	101,619	-	101,619
Pak Oman Government Securities Fund	251,725	-	251,725	257,385	-	257,385
Pak Oman Microfinance Bank Limited	366,590	-	366,590	362,245	-	362,245
Askari High Yield Scheme	-	-	-	185,487	-	185,487
	995,289	-	995,289	1,189,118	-	1,189,118

Investments at cost

	7,028,529	19,417,446	26,445,975	9,380,111	31,712,203	41,092,314
Less: Provision for diminution in the value of investments	617,347	-	617,347	697,700	-	697,700
Investments - net of provisions	6,411,182	19,417,446	25,828,628	8,682,411	31,712,203	40,394,614

Gain / (loss) on revaluation of held-for-trading securities

	407	1,476	1,883	(728)	(1,567)	(2,295)
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Surplus / (deficit) on revaluation of available-for-sale securities

14	22,702	(11,105)	11,597	13,532	(1,875)	11,657
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Total investments at carrying value

	6,434,291	19,407,817	25,842,108	8,695,215	31,708,761	40,403,976
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	(Un-audited) 30 June 2018	(Audited) 31 December 2017
	----- (Rupees in '000) -----	
8. ADVANCES - net		
Loans in Pakistan	20,771,611	17,737,047
Margin trading	709,870	309,281
Net investment in finance lease in Pakistan	<u>1,448,530</u>	<u>1,619,433</u>
Advances - gross	22,930,011	19,665,761
Less: Provision for non-performing advances - Specific	<u>(667,792)</u>	<u>(875,047)</u>
Provision for non-performing advances - General	<u>(252)</u>	<u>(213)</u>
	(668,044)	(875,260)
Advances - net of provision	<u>22,261,967</u>	<u>18,790,501</u>

8.1 Advances include amount aggregating Rs. 776.813 million (31 December 2017: Rs. 964.378 million), which have been placed under the non-performing status as detailed below:

Category of classification	30 June 2018 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	193,937	-	193,937	95,938	95,938
Loss	<u>582,876</u>	-	<u>582,876</u>	<u>571,854</u>	<u>571,854</u>
	<u>776,813</u>	-	<u>776,813</u>	<u>667,792</u>	<u>667,792</u>
Category of classification	31 December 2017 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	209,246	-	209,246	130,938	130,938
Loss	<u>755,132</u>	-	<u>755,132</u>	<u>744,109</u>	<u>744,109</u>
	<u>964,378</u>	-	<u>964,378</u>	<u>875,047</u>	<u>875,047</u>

8.2 Particulars of provision against non-performing advances

	Half year ended 30 June 2018 (Unaudited)			Year ended 31 December 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	875,047	213	875,260	1,065,205	73	1,065,278
Charge during the period / year	<u>-</u>	<u>39</u>	<u>39</u>	2,969	<u>140</u>	<u>3,109</u>
Reversal during the period / year	<u>(207,255)</u>	<u>-</u>	<u>(207,255)</u>	(189,452)	<u>-</u>	<u>(189,452)</u>
Net (Reversal) / charge	<u>(207,255)</u>	<u>39</u>	<u>(207,216)</u>	(186,483)	140	<u>(186,343)</u>
Less: Amounts written off during the period / year	-	-	-	(3,675)	-	(3,675)
Closing balance	<u>667,792</u>	<u>252</u>	<u>668,044</u>	875,047	<u>213</u>	<u>875,260</u>

	(Un-audited) 30 June 2018	(Audited) 31 December 2017
	----- (Rupees in '000) -----	
9. OPERATING FIXED ASSETS		
Property and equipment	75,322	90,675
Intangible assets	672	907
Goodwill	<u>263,632</u>	<u>263,632</u>
	<u>339,626</u>	<u>355,214</u>

(Un-Audited)	
Half year ended	
30 June 2018	30 June 2017
------(Rupees in '000)-----	

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

Owned

Improvements	46	23,220
Office equipment	238	3,236
Computer equipment	562	1,360
Furniture and fixture	405	3,151
Vehicles	141	3,715
Intangibles	-	1,674
Capital work in progress	-	4,498
	<u>1,392</u>	<u>40,854</u>

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

Owned

Improvement	-	-
Office equipment	21	-
Furniture and fixture	124	116
Vehicles	2,763	421
	<u>2,908</u>	<u>537</u>

(Un-Audited)	(Audited)
30 June 2018	31 December 2017
------(Rupees in '000)-----	

10. DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	169,709	187,977
Amortisation of premium on federal government securities	880	3,722
Assets subject to finance leases	60	59
Provision against non-performing loans and advances	187,052	262,578
	<u>357,701</u>	<u>454,336</u>

Less: Deferred tax liabilities arising in respect of:

Accelerated tax depreciation allowances	2,109	(12)
Revaluation on investments classified as available-for-sale	(3,248)	(3,497)
Revaluation on investments classified as held-for-trading	(115)	737
Revaluation of non-banking assets	(11,387)	(17,126)
Dividend receivable	(4,576)	-
Net investment in finance leases	95,869	76,419
	<u>78,652</u>	<u>56,521</u>
	<u>436,353</u>	<u>510,857</u>

10.1 Represents super tax at 3% on taxable income for tax year 2018 and 2017 for rehabilitation of temporarily displaced persons imposed through Finance Act.

13. SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) 30 June 2018	(Audited) 31 December 2017		(Un-Audited) 30 June 2018	(Audited) 31 December 2017
------(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>

13.2 Issued, subscribed and paid - up capital

<u>615,000,000</u>	<u>615,000,000</u>	Ordinary shares of Rs. 10 each.	<u>6,150,000</u>	<u>6,150,000</u>
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13.3 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 (2017: 307,495,900) ordinary shares of the Company, while 4,100 (2017: 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.

14. SURPLUS ON REVALUATION OF ASSETS - net of deferred tax

14.1 Surplus / (deficit) on revaluation of available-for-sale securities - net of deferred tax

Federal Government Securities				
- Pakistan investment bonds		(10,527)		852
- Treasury bills (T-Bills)		(578)		(2,806)
		(11,105)		(1,954)
Term Finance Certificates				
- Listed		6,047		7,085
- Unlisted		9,761		(1,032)
		15,808		6,053
Sukuk certificates		6,894		7,558
		11,597		11,657
Deferred tax asset recognized		(3,248)		(3,497)
		8,349		8,160
Associate's share of surplus of revaluation of available-for-sale securities		-		22

14.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Revaluation of fixed assets / non-banking assets during the period / year		79,114		83,352
Disposal during the period		(10,172)		-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period		(1,930)		(4,238)
		67,012		79,114
Less: Related deferred tax liability on:				
- Revaluation of fixed assets / non-banking assets during the period / year		(22,152)		(25,006)
- Disposal during the period		2,849		-
- Incremental depreciation charged during the period / year		540		1,272
		(18,763)		(23,734)
		48,249		55,380
		<u>56,598</u>		<u>63,562</u>

14.2.1

Surplus on revaluation of non-banking assets arising on the property located in Lahore having a market value of RS 374.538 million on valuation report Sep 08, 2016. The factors taken include the nature, physical condition of building & civil structure, location, market feedback, the property buying and selling activity, buyers' purchasing power, prevailing market conditions, return on investment, adverse factors, threats and opportunities of real estate industry, etc.

(Un-Audited) (Audited)
30 June 2018 31 December 2017
 -----(Rupees in '000)-----

15. CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability

Standby letter of credit	189,190	178,690
Pledge of shares on behalf of Japan Power Generation Limited - note 15.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited - note 15.2	226,000	226,000
Commitments for:		
Purchase of government securities	19,467,204	121,256
Sale of government securities	18,500,982	1,798,281
Commitments for loans, advances and net investment in finance leases	2,427,062	3,740,991
Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited - note 15.3	334,000	626,000

15.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (31 December 2017: 17,622,878) having a cost of Rs. 70.726 million (31 December 2017: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.

15.2 Shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 (31 December 2017: 22,600,000) having a cost of Rs. 226 million (31 December 2017: Rs. 226 million) are pledged as security on behalf of Orient Power Company (Private) Limited (related party) against a syndicate finance facility obtained by Orient Power Company (Private) Limited (related party).

15.3 PIBs having face value amounting to Rs. 334 million (2017: PIBs and T-Bill Rs 626 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).

15.4 The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017, 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 holding 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 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.

16. Other income

	Half year ended	
	30 June 2018	30 June 2017
	------(Rupees in '000)-----	
Gain on sale of non-banking assets	17,381	-
Gain on sale of property and equipment	1,662	574
Rental income	3,000	-
Scarp sale	1,670	-
Others	30	356
	23,743	930

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

	Quarter ended		Half year ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Profit attributable to shareholders (Rupees in '000)	58,521	103,475	222,398	233,996
Weighted average number of ordinary shares (in '000)	615,000	615,000	615,000	615,000
Basic and diluted earnings per share (Rupee)	0.10	0.17	0.36	0.38

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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:

On balance sheet financial instruments

Note	30 June 2018 (Un-audited)						Fair value				
	HFT	Available for sale	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)											
Financial assets measured at fair value											
- Investments:											
Government Securities	13,665,296	7,736,695	-	-	-	-	21,402,991	-	21,402,991	-	21,402,991
Listed Term Finance Certificates	-	823,211	-	-	-	-	823,211	-	823,211	-	823,211
Unlisted Term Finance Certificates	288,419	1,430,171	-	-	-	-	1,718,590	-	1,718,590	-	1,718,590
Sukuk Certificates	-	626,737	-	-	-	-	626,737	-	626,737	-	626,737
Commercial papers	-	49,290	-	-	-	-	49,290	-	49,290	-	49,290
- Associates:											
Listed shares	-	-	-	-	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	628,699	-	628,699	628,699	-	-	628,699
Financial assets not measured at fair value											
Cash and bank balances with treasury banks	18.1	-	-	169,257	-	-	169,257	-	-	-	-
Balances with other banks	18.1	-	-	1,479,409	-	-	1,479,409	-	-	-	-
Lendings to financial institutions	18.1	-	-	6,236,023	-	-	6,236,023	-	-	-	-
Unlisted shares	18.1	-	226,000	-	-	-	226,000	-	-	-	-
Associates - unlisted shares	18.1	-	-	-	366,590	-	366,590	-	-	-	-
Advances	18.1	-	-	22,261,967	-	-	22,261,967	-	-	-	-
Other assets	18.1	-	-	-	704,407	-	704,407	-	-	-	-
		13,954,715	10,892,104	30,146,656	1,699,696	-	56,693,171	-	-	-	-
Financial liabilities not measured at fair value											
Borrowings from financial institutions	18.1	-	-	-	-	38,453,611	38,453,611	-	-	-	-
Deposits and other accounts	18.1	-	-	-	-	10,450,694	10,450,694	-	-	-	-
Liabilities against assets subject to finance lease	18.1	-	-	-	-	1,167	1,167	-	-	-	-
Other liabilities	18.1	-	-	-	-	1,112,713	1,112,713	-	-	-	-
		-	-	-	-	50,018,185	50,018,185	-	-	-	-

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:

On balance sheet financial instruments

Note	31 December 2017 (Audited)										
	HFT	Available for sale	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value			Total
								Level 1	Level 2	Level 3	
(Rupees in '000)											
Financial assets measured at fair value											
- Investments											
	23,851,239	11,670,376	-	-	-	-	35,521,615	-	35,521,615	-	35,521,615
	25,379	1,037,695	-	-	-	-	1,063,074	-	1,063,074	-	1,063,074
	214,995	1,299,982	-	-	-	-	1,514,977	-	1,514,977	-	1,514,977
	-	762,599	-	-	-	-	762,599	-	762,599	-	762,599
	-	47,479	-	-	-	-	47,479	-	47,479	-	47,479
	4,418	74,696	-	-	-	-	79,114	79,114	-	-	79,114
- Associates											
	-	-	-	-	-	-	-	23,438	-	-	23,438
	-	-	-	-	826,873	-	826,873	826,873	-	-	826,873
Financial assets not measured at fair value											
	18.1	-	-	170,000	-	-	170,000	-	-	-	170,000
	18.1	-	-	2,043,137	-	-	2,043,137	-	-	-	2,043,137
	18.1	-	-	2,038,288	-	-	2,038,288	-	-	-	2,038,288
	18.1	-	226,000	-	-	-	226,000	-	-	-	226,000
	18.1	-	-	-	362,245	-	362,245	-	-	-	362,245
	18.1	-	-	18,790,501	-	-	18,790,501	-	-	-	18,790,501
	18.1	-	-	-	487,178	-	487,178	-	-	-	487,178
		24,096,031	15,118,827	23,041,926	1,676,296	-	63,933,080	-	-	-	63,933,080
Financial liabilities not measured at fair value											
	18.1	-	-	-	-	45,158,690	45,158,690	-	-	-	45,158,690
	18.1	-	-	-	-	10,501,149	10,501,149	-	-	-	10,501,149
	18.1	-	-	-	-	1,346	1,346	-	-	-	1,346
	18.1	-	-	-	-	1,512,799	1,512,799	-	-	-	1,512,799
		-	-	-	-	57,173,984	57,173,984	-	-	-	57,173,984

The Company 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).

18.1 The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or recycle over short term. Therefore their carrying amounts are reasonable approximation of fair value

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

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

	Corporate Finance	Trading & Sales	Commercial Banking	Asset Management	Total
----- (Rupees in '000) -----					
Half year ended 30 June 2018 (Un-Audited)					
Total income	67,186	726,186	849,830	67,472	1,710,674
Total expense	63,052	694,394	479,815	55,837	1,293,098
Net income	4,134	31,792	370,015	11,635	417,576
Half year ended 30 June 2018 (Un-Audited)					
Segment assets -net	1,758,561	32,498,142	22,843,613	746,058	57,846,374
Segment Liabilities	1,438,711	27,174,989	20,944,211	470,600	50,028,511
Segment non performing loans	-	-	776,813	-	776,813
Investments provided for	542,431	95,365	-	-	637,796
Segment provision required	542,431	74,916	668,044	-	1,285,391
Segment return on net assets (%)	2.58%	1.19%	38.96%	8.4%	-
Segment return on assets (ROA) %	0.47%	0.20%	3.24%	3.1%	-
Segment cost of funds (%)	5.25%	5.25%	4.97%	-	-
Half year ended 30 June 2017 (Un-Audited)					
Total income	66,034	1,262,219	709,082	23,865	2,061,200
Total expense	34,375	1,079,677	485,829	44,650	1,644,531
Net income	31,659	182,542	223,253	(20,785)	416,669
Half year ended 30 June 2017 (Un-Audited)					
Segment assets -net	1,560,503	51,585,036	20,474,923	934,106	74,554,568
Segment Liabilities	1,333,307	45,139,889	19,339,035	640,066	66,452,297
Segment non performing loans	-	-	1,074,097	-	1,074,097
Investments provided for	624,837	304,076	-	-	928,913
Segment provision required	624,837	152,394	973,783	-	1,751,014
Segment return on net assets (%)	27.87%	5.66%	39.31%	-14.14%	-
Segment return on assets (ROA) %	4.06%	0.71%	2.18%	-4.45%	-
Segment cost of funds (%)	5.24%	5.24%	5.00%	-	-

20. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks
Balances with other banks

(Un-Audited)	
Half year ended	
30 June 2018	30 June 2017
----- (Rupees in '000) -----	
169,257	96,114
<u>1,479,409</u>	<u>1,277,405</u>
<u>1,648,666</u>	<u>1,373,519</u>

21. RELATED PARTY TRANSACTIONS

21.1 The Group has related party relationship with its associates, employee benefit plans, its key management personnel (including their associates). The details of investments in associates are stated in note 7 to this consolidated condensed interim financial information.

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

Related parties of the Group comprises :

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

Key management Personnel

- All head of departments
- Directors

Retirement benefit fund

- Defined benefit plan
- Defined contribution plan

Other related party

- Orient Power Company (Private) Limited

22. **CREDIT RATING**


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

23. **GENERAL**

Amounts in this financial information have been rounded off to the nearest rupee in thousand except stated otherwise.

24. **DATE OF AUTHORISATION FOR ISSUE**

This consolidated condensed interim financial information was authorised on 18 August 2018 by the board of directors of the holding Company.



Chief Financial Officer



**Managing Director
and Chief Executive**



**Managing Director
and Chief Executive**



Chairman