

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE PERIOD
ENDED 30 SEPTEMBER 2017**

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Financial Position
As at 30 September 2017

(Unaudited) 30 September 2017 ------(US Dollars in '000)-----	(Audited) 31 December 2016		(Unaudited) 30 September 2017 ------(Rupees in '000)-----	(Audited) 31 December 2016
		Note		
ASSETS				
1,026	843		108,185	88,909
12,124	15,980		1,277,986	1,684,442
22,571	8,878		2,379,230	935,826
432,189	197,901	7	45,556,788	20,860,575
185,793	140,760	8	19,584,337	14,837,460
1,106	914	9	116,616	96,337
5,018	3,721	10	528,898	392,221
11,714	9,046		1,234,651	953,536
671,541	378,043		70,786,691	39,849,306
LIABILITIES				
-	-		-	-
492,286	238,602	11	51,891,572	25,150,898
88,652	50,688	12	9,344,717	5,342,975
-	-		-	-
14	16		1,455	1,671
-	-		-	-
14,481	8,261		1,526,495	870,853
595,433	297,567		62,764,239	31,366,397
76,108	80,476		8,022,452	8,482,909
NET ASSETS				
REPRESENTED BY				
58,344	58,344	13	6,150,000	6,150,000
10,106	9,339		1,065,227	984,427
7,291	9,336		768,525	984,139
75,741	77,019		7,983,752	8,118,566
85	92		8,947	9,664
75,826	77,111		7,992,699	8,128,230
282	3,365	14	29,753	354,679
76,108	80,476		8,022,452	8,482,909
CONTINGENCIES AND COMMITMENTS				
15				

The annexed notes from 1 to 23 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 Interim Profit and Loss Account (Un-Audited)
For the nine months ended 30 September 2017

Nine months ended			Quarter ended		Nine months ended	
30 September 2017	30 September 2016		30 September 2017	30 September 2016	30 September 2017	30 September 2016
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
27,179	16,003	Mark-up/return/interest earned	1,037,347	559,084	2,864,928	1,686,818
21,086	9,716	Mark-up/return/interest expensed	821,860	345,951	2,222,630	1,024,111
6,093	6,287	Net mark-up/ interest income	215,487	213,133	642,298	662,707
(1,035)	(1,186)	(Reversal) of provision against non - performing advances	(17,584)	(19,961)	(109,079)	(125,035)
523	155	Provision for diminution in the value of investments	54,788	(3,615)	55,122	16,330
-	-	Bad debts written off directly	-	-	-	-
(512)	(1,031)		37,204	(23,576)	(53,957)	(108,705)
6,605	7,318	Net mark-up/ interest income after provisions	178,283	236,709	696,255	771,412
NON MARK-UP/INTEREST INCOME						
694	585	Fee, commission and brokerage income	11,999	14,372	73,157	61,649
226	306	Dividend income	5,946	9,617	23,796	32,256
-	-	Income from dealing in foreign currency	-	-	-	-
2,890	4,128	Gain on sale of securities	133,687	42,481	304,588	435,092
44	(18)	Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading' securities	15,427	(11,639)	4,681	(1,902)
16	38	Other income	744	2,228	1,674	4,051
3,870	5,039	Total non -mark up/interest income	167,803	57,059	407,896	531,146
10,475	12,357		346,086	293,768	1,104,151	1,302,558
NON MARK-UP/INTEREST EXPENSES						
4,152	4,123	Administrative expenses	129,115	127,151	437,663	434,594
-	-	Other write offs / provisions	-	-	-	-
365	186	Other charges	12,089	8,967	38,463	19,650
4,517	4,309	Total non-mark up/interest expenses	141,204	136,118	476,126	454,244
5,958	8,048		204,882	157,650	628,025	848,314
(61)	1,030	Share of results of associates - net of tax	-	60,907	(6,474)	108,568
-	-	Extra ordinary /unusual items	-	-	-	-
5,897	9,078	PROFIT BEFORE TAXATION	204,882	218,557	621,551	956,882
2,372	2,536	Taxation - current	87,938	58,568	249,999	267,273
369	368	- prior	-	-	38,904	38,746
(205)	284	- deferred	(4,020)	(6,321)	(21,595)	29,926
2,536	3,188		83,918	52,247	267,308	335,945
3,361	5,890	PROFIT AFTER TAXATION	120,964	166,310	354,243	620,937
PROFIT ATTRIBUTABLE TO:						
3,368	5,894	Shareholders of the holding company	120,964	166,257	354,960	621,369
(7)	(4)	Non-controlling interest	-	53	(717)	(432)
3,361	5,890		120,964	166,310	354,243	620,937
----- US Dollar -----			----- Rupee -----			
0.0055	0.0096	Basic and diluted earnings per share	0.20	0.27	0.58	1.01

The annexed notes from 1 to 23 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 nine months ended 30 September 2017

Nine months ended			Quarter ended		Nine months ended	
30 September 2017	30 September 2016		30 September 2017	30 September 2016	30 September 2017	30 September 2016
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
3,361	5,890	Profit after taxation	120,964	166,310	354,243	620,937
		Other comprehensive income				
		Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
<u>3,361</u>	<u>5,890</u>		<u>120,964</u>	<u>166,310</u>	<u>354,243</u>	<u>620,937</u>
		Comprehensive income transferred to equity attributable to:				
3,368	5,894	Shareholders of the holding company	120,964	166,257	354,960	621,369
(7)	(4)	Non-controlling interest	-	53	(717)	(432)
<u>3,361</u>	<u>5,890</u>	Comprehensive income transferred to equity	<u>120,964</u>	<u>166,310</u>	<u>354,243</u>	<u>620,937</u>
		Component of comprehensive income not transferred to equity				
(4,153)	(73)	(Deficit) on revaluation of 'available for sale' investments	(281,297)	(17,833)	(437,784)	(7,708)
1,092	78	Related tax impact	80,513	8,901	115,082	8,196
<u>(3,061)</u>	<u>5</u>		<u>(200,784)</u>	<u>(8,932)</u>	<u>(322,702)</u>	<u>488</u>
<u>300</u>	<u>5,895</u>	Total comprehensive income	<u>(79,820)</u>	<u>157,378</u>	<u>31,541</u>	<u>621,425</u>

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.

Chief Financial Officer

Managing Director
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Chairman

Pak Oman Investment Company Limited
Consolidated Condensed Interim Cash Flow Statement (Un-Audited)
For the nine months ended 30 September 2017

30 September 2017	30 September 2016		Note	30 September 2017	30 September 2016
------(US Dollars in '000)-----				------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES					
5,897	9,078	Profit before taxation		621,551	956,882
226	306	Less: Dividend income		23,796	32,256
5,671	8,772			597,755	924,626
Adjustments for non-cash charges					
348	212	Depreciation		36,707	22,339
3	1	Amortisation of intangible assets		331	61
(44)	18	Unrealised (gain) / loss on revaluation of investments classified as 'held-for-trading'		(4,681)	1,902
(13)	(34)	(Gain) on sale of fixed assets		(1,318)	(3,625)
61	(1,030)	Share of gain from associates - net of tax		6,474	(108,568)
(1,035)	(1,186)	(Reversal) of provision against non-performing advances		(109,079)	(125,035)
523	155	Provision for diminution in the value of investments		55,122	16,330
(157)	(1,864)			(16,444)	(196,596)
5,514	6,908			581,311	728,030
(Increase) / decrease in operating assets					
(13,693)	3,442	Lendings to financial institutions		(1,443,404)	362,824
(196,586)	(824)	Net investments in held-for-trading securities		(20,722,036)	(86,816)
(43,998)	(45,392)	Advances		(4,637,798)	(4,784,773)
(3,828)	1,542	Other assets		(403,466)	162,547
(258,105)	(41,232)			(27,206,704)	(4,346,218)
Increase / (decrease) in operating liabilities					
253,684	(510)	Borrowings		26,740,674	(53,718)
37,964	28,111	Deposits and other accounts		4,001,742	2,963,130
5,402	1,129	Other liabilities		569,311	119,014
297,050	28,730			31,311,727	3,028,426
44,459	(5,594)			4,686,334	(589,762)
(895)	(3,507)	Income tax paid		(94,386)	(369,621)
43,564	(9,101)	Net cash from / (used in) operating activities		4,591,948	(959,383)
CASH FLOW FROM INVESTING ACTIVITIES					
(41,597)	5,475	Net proceeds from available-for-sale securities		(4,384,729)	577,098
(798)	(2,265)	Investments in associates		(84,144)	(238,798)
211	233	Dividend received		22,287	24,606
(401)	(377)	Investments in operating fixed assets		(42,222)	(39,690)
18	39	Sale proceeds of property and equipment disposed-off		1,896	4,091
(42,567)	3,105	Net cash (used in) / from investing activities		(4,486,912)	327,307
CASH FLOW FROM FINANCING ACTIVITIES					
(2)	(2)	Payment of lease obligation		(216)	(224)
(4,668)	(3,501)	Dividend paid		(492,000)	(369,000)
(4,670)	(3,503)			(492,216)	(369,224)
(3,673)	(9,499)	(Decrease) in cash and cash equivalents		(387,180)	(1,001,300)
16,823	17,365	Cash and cash equivalents at the beginning of the period		1,773,351	1,830,420
13,150	7,866	Cash and cash equivalents at the end of the period	19	1,386,171	829,120

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.

Chief Financial Officer

Managing Director
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Managing Director
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Pak Oman Investment Company Limited
 Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
 For the nine months ended 30 September 2017

	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 2016	6,150,000	831,674	11,630	713,763	7,707,067	10,119	7,717,186
Total Comprehensive income							
Net profit after tax for the nine months ended 30 September 2016	-	-	-	621,369	621,369	(432)	620,937
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	621,369	621,369	(432)	620,937
Transfers							
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	223	223	-	223
Transfer to statutory reserve	-	120,120	-	(120,120)	-	-	-
Transactions with owners recognised directly in equity							
Dividend for the year ended 31 December 2015 (Re 0.60 per share)	-	-	-	(369,000)	(369,000)	-	(369,000)
Balance as at 30 September 2016	6,150,000	951,794	11,630	846,235	7,959,659	9,687	7,969,346
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 nine months ended 30 September 2017	-	-	-	354,960	354,960	(717)	354,243
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	354,960	354,960	(717)	354,243
Transfers							
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	2,226	2,226	-	2226
Transfer to statutory reserve	-	80,800	-	(80,800)	-	-	-
Transaction 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 September 2017	6,150,000	1,053,597	11,630	768,525	7,983,752	8,947	7,992,699

The annexed notes from 1 to 23 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 nine months ended 30 September 2017

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.

During the period POAMCL acquired entire 100% shareholding (33,500,000 ordinary shares) of Askari Bank Limited (AKBL) in Askari Investment Management Limited (AIML). Merger of AIML with and into POAMCL is in process.

1.3 The Group's Associates are as follows:

Entity	Country of incorporation	Nature of business	Holding %	
			30 September 2017	31 December 2016
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.	16.70	33.40
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.	58.49	43.34
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.	41.50	38.50
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.	60.53	60.25
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.	89.33	66.91
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.	2.28	-
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.	10.05	-
Askari Sovereign Yield Enhancer	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	9.39	-
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 nine months ended 30 September 2017 and the unaudited consolidated financial statements of POAMCL for the half year 30 June 2017. 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 2017
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the half year ended 30 June 2017
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the half year ended 30 June 2017
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the half year ended 30 June 2017
Pak Oman Government Securities Fund	Unaudited financial statements for the half year ended 30 June 2017
Askari High Yield Scheme	Unaudited financial statements for the half year ended 30 June 2017
Askari Islamic Assets Allocation Fund	Unaudited financial statements for the half year ended 30 June 2017
Askari Sovereign Yield Enhancer	Unaudited financial statements for the half year ended 30 June 2017

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 2016.

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 105.4094 = 1 US dollar for the nine months ended 30 September 2017 and the corresponding period.

2.1.5 The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP under Circular No.23 dated 04 October 2017, these consolidated condensed interim financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

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, provisions of the Companies Ordinance, 1984 and directives issued by Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984 and the said directives shall prevail.

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.

The SECP through a notification no. SRO 56(1)/2016 dated 28 January 2016, directed that the requirements of consolidation under section 237 of the Companies Ordinance, 1984 and 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 2016.

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 2016.

Property and Equipment

During the period, the group has changed its depreciation rate for leasehold improvements from 20% to 10% to reflect the pattern in which the asset's future economic benefits are expected to be consumed. The management has incorporated the effect of change in accounting estimate in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" in the financial statements. The effect of these changes on actual and expected depreciation expense are recognised in profit and loss account as follows:

	2017	2018	2019	2020	2021	Later
Increase / (decrease) in depreciation expense	<u>(2,862,601)</u>	<u>(3,222,885)</u>	<u>(3,062,483)</u>	<u>(2,574,420)</u>	<u>(1,920,608)</u>	<u>13,642,997</u>

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 2016.

7. INVESTMENTS - net

Note	30 September 2017 (Un-audited)			31 December 2016 (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						
	55,720	-	55,720	602,866	1,036,725	1,639,591
	3,621,434	20,476,371	24,097,805	430,275	1,370,506	1,800,781
	-	-	-	41,106	-	41,106
	116,929	-	116,929	66,943	-	66,943
	3,794,083	20,476,371	24,270,454	1,141,190	2,407,231	3,548,421
Available-for-sale securities						
	601	506,518	507,119	183,630	2,423,324	2,606,954
	417,905	15,666,708	16,084,613	194,832	9,733,012	9,927,844
	702,009	-	702,009	653,703	-	653,703
	121,333	226,000	347,333	121,333	226,000	347,333
	890,158	-	890,158	1,146,159	-	1,146,159
	2,247,292	-	2,247,292	1,723,926	-	1,723,926
	4,379,298	16,399,226	20,778,524	4,023,583	12,382,336	16,405,919
Associates						
	-	-	-	-	-	-
	171,338	-	171,338	176,216	-	176,216
	175,994	-	175,994	161,201	-	161,201
	224,695	-	224,695	247,788	-	247,788
	251,188	-	251,188	334,813	-	334,813
	356,929	-	356,929	358,338	-	358,338
	8,270	-	8,270	-	-	-
	111,270	-	111,270	-	-	-
	3,478	-	3,478	-	-	-
	52,614	-	52,614	-	-	-
	1,355,776	-	1,355,776	1,278,356	-	1,278,356
	9,529,157	36,875,597	46,404,754	6,443,129	14,789,567	21,232,696
	821,029	-	821,029	778,034	-	778,034
	8,708,128	36,875,597	45,583,725	5,665,095	14,789,567	20,454,662
	571	395	966	(1,985)	(1,733)	(3,718)
	(22,522)	(5,381)	(27,903)	117,230	292,401	409,631
	8,686,177	36,870,611	45,556,788	5,780,340	15,080,235	20,860,575

7.2 PIBs and T-Bills having face value amounting to 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).

7.3 As per the terms of the Share Transfer and Debt Swap Agreement, Agritech Limited shares shall be held by the respective trustees for the TFC issues in their names for and on behalf of the TFC Holders who shall be the beneficial owners of the subject shares in proportion to their holdings. The Trustees for the TFC issue are authorised pursuant to shareholders investors agreement to hold the said ordinary shares for and on behalf of TFC holders for a period of five years from the date of transfer.

	(Un-audited) 30 September 2017	(Audited) 31 December 2016
	----- (Rupees in '000) -----	
8. ADVANCES - net		
Loans in Pakistan	17,842,567	13,171,976
Margin trading	1,088,895	841,195
Net investment in finance lease in Pakistan	1,605,399	1,889,567
Advances - gross	20,536,861	15,902,738
Less: Provision for non-performing advances - Specific	(952,389)	(1,065,205)
Provision for non-performing advances - General	(135)	(73)
	(952,524)	(1,065,278)
Advances - net of provision	19,584,337	14,837,460

8.1 Advances include amount aggregating Rs. 1,041.919 million (31 December 2016: Rs. 1,218.843 million), which have been placed under the non-performing status as detailed below:

Category of classification	30 September 2017 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	209,446	-	209,446	130,938	130,938
Loss	832,473	-	832,473	821,451	821,451
	1,041,919	-	1,041,919	952,389	952,389
Category of classification	31 December 2016 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	11,877	-	11,877	2,969	2,969
Doubtful	252,878	-	252,878	125,000	125,000
Loss	954,088	-	954,088	937,236	937,236
	1,218,843	-	1,218,843	1,065,205	1,065,205

8.2 Particulars of provision against non-performing advances

	Nine months ended 30 September 2017 (Unaudited)			Year ended 31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	1,065,205	73	1,065,278	914,462	-	914,462
Charge during the period / year	2,969	62	3,031	308,796	73	308,869
Reversal during the period / year	(112,110)	-	(112,110)	(140,690)	-	(140,690)
Net (Reversal) / charge	(109,141)	62	(109,079)	168,106	73	168,179
Less: Amounts written off during the period / year	(3,675)	-	(3,675)	(17,363)	-	(17,363)
Closing balance	952,389	135	952,524	1,065,205	73	1,065,278

	(Un-audited) 30 September 2017	(Audited) 31 December 2016
	----- (Rupees in '000) -----	
9. OPERATING FIXED ASSETS		
Capital work-in-progress	-	-
Property and equipment	113,918	94,971
Intangible assets	2,698	1,366
	116,616	96,337

(Un-Audited)	
Nine months ended	
30 September 2017	30 September 2016
------(Rupees in '000)-----	

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

Owned

Improvements	27,877	-
Office equipment	3,357	683
Computer equipment	1,474	1,035
Furniture and fixture	4,125	934
Vehicles	3,715	25,832
Intangibles	1,674	-
Capital work in progress	-	11,206
	<u>42,222</u>	<u>39,690</u>

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

Owned

Improvement	-	237
Office equipment	41	6
Furniture and fixture	116	216
Vehicles	421	7
	<u>578</u>	<u>466</u>

(Un-Audited)	(Audited)
30 September 2017	31 December 2016
------(Rupees in '000)-----	

10. DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	194,932	201,620
Amortisation of premium on federal government securities	2,494	9,128
Assets subject to finance leases	62	38
Accelerated tax depreciation allowances	(1,509)	1,274
Revaluation on investments classified as held-for-trading	(128)	1,066
Provision against non-performing loans and advances	285,757	319,583
	<u>481,608</u>	<u>532,709</u>

Less: Deferred tax liabilities arising in respect of:

Revaluation on investments classified as available-for-sale	1,551	(113,531)
Revaluation of non-banking assets	(18,693)	(23,395)
Dividend receivable	(429)	(212)
Net investment in finance leases	64,861	(3,350)
	<u>47,290</u>	<u>(140,488)</u>
	<u>528,898</u>	<u>392,221</u>

10.1 Represents super tax at 3% on taxable income for tax year 2017 and 2016 for rehabilitation of temporarily displaced persons imposed through Finance Act.

13. SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) 30 September 2017 ------(Number of shares)-----	(Audited) 31 December 2016	(Un-Audited) 30 September 2017 ------(Rupees in '000)-----	(Audited) 31 December 2016
<u>1,000,000,000</u>	<u>1,000,000,000</u>	<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>	<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 (2016: 307,495,900) ordinary shares of the Company, while 4,100 (2016: 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	105	334,258
- Treasury bills (T-Bills)	(5,480)	(8,204)
	(5,375)	326,054
Shares-listed	(45,467)	62,390
Term Finance Certificates		
- Listed	12,470	12,134
- Unlisted	2,454	1,249
	14,924	13,383
Sukuk certificates	8,015	7,804
	(27,903)	409,631
Deferred tax asset recognized	1,551	(113,531)
	(26,352)	296,100
Associate's share of surplus of revaluation of available-for-sale securities	(17)	233

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	84,766	84,766
Transferred to unappropriated profit in respect of incremental depreciation charged during the period	(4,592)	(1,414)
	80,174	83,352
Less: Related deferred tax liability on:		
- Revaluation of fixed assets / non-banking assets during the period / year	(25,430)	(25,430)
- Incremental depreciation charged during the period / year	1,378	424
	(24,052)	(25,006)
	56,122	58,346
	<u>29,753</u>	<u>354,679</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 and property located in Karachi having a market value of Rs 43.424 million on valuation report April 07, 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 September 2017	31 December 2016
------(Rupees in '000)-----	

15. CONTINGENCIES AND COMMITMENTS

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:		
Sale of government securities	6,891,729	219,782
Commitments for loans, advances and net investment in finance leases		
	3,666,360	3,393,784
Commitments for sale of non-banking assets		
	46,000	46,000

15.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (31 December 2016: 17,622,878) having a cost of Rs. 70.726 million (31 December 2015: 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 2016: 22,600,000) having a cost of Rs.226 million (31 December 2015: 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 The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016, 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. BASIC AND DILUTED EARNINGS PER SHARE (Un-Audited)

	Quarter ended		Nine months ended	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Profit attributable to shareholders (Rupees in '000)	120,964	166,257	354,960	621,369
Weighted average number of ordinary shares (in '000)	615,000	615,000	615,000	615,000
Basic and diluted earnings per share (Rupee)	0.20	0.27	0.58	1.01

17. 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

		30 September 2017 (Un-audited)							Fair value			
Note	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												
	24,153,842	16,586,357	-	-	-	-	40,740,199	-	40,740,199	-	40,740,199	
	25,055	1,094,559	-	-	-	-	1,119,614	-	1,119,614	-	1,119,614	
	92,300	750,282	-	-	-	-	842,582	-	842,582	-	842,582	
	-	737,128	-	-	-	-	737,128	-	737,128	-	737,128	
	223	535,266	-	-	-	-	535,489	535,489	-	-	535,489	
- Associates												
	-	-	-	-	-	-	-	68,905	-	-	68,905	
	-	-	-	-	998,847	-	998,847	998,847	-	-	998,847	
	-	-	-	-	-	-	-	-	-	-	-	
Financial assets not measured at fair value												
	17.1	-	-	108,185	-	-	108,185	-	-	-	-	
	17.1	-	-	1,277,986	-	-	1,277,986	-	-	-	-	
	17.1	-	-	2,379,230	-	-	2,379,230	-	-	-	-	
	17.1	-	226,000	-	-	-	226,000	-	-	-	-	
	17.1	-	-	-	356,929	-	356,929	-	-	-	-	
	17.1	-	-	19,584,337	-	-	19,584,337	-	-	-	-	
	17.1	-	-	-	811,877	-	811,877	-	-	-	-	
		24,271,420	19,929,592	-	23,349,738	2,167,653	-	69,718,403	1,603,241	43,439,523	-	45,042,764
Financial liabilities not measured at fair value												
	17.1	-	-	-	-	51,891,572	51,891,572	-	-	-	-	
	17.1	-	-	-	-	9,344,717	9,344,717	-	-	-	-	
	17.1	-	-	-	-	1,455	1,455	-	-	-	-	
	17.1	-	-	-	-	1,401,636	1,401,636	-	-	-	-	
		-	-	-	-	62,639,380	62,639,380	-	-	-	-	
		24,271,420	19,929,592	-	23,349,738	2,167,653	(62,639,380)	7,079,023	1,603,241	43,439,523	-	45,042,764

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

		31 December 2016 (Audited)						Fair value					
Note	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	3,437,225	12,860,852	-	-	-	16,298,077	-	16,298,077	-	16,298,077		
	Listed Term Finance Certificates	25,187	683,612	-	-	-	708,799	-	708,799	-	708,799		
	Unlisted Term Finance Certificates	-	678,322	-	-	-	678,322	-	678,322	-	678,322		
	Sukuk Certificates	-	970,626	-	-	-	970,626	-	970,626	-	970,626		
	Listed shares	40,291	660,104	-	-	-	700,395	700,395	-	-	700,395		
- Associates													
	Listed shares	-	-	-	-	-	-	98,512	-	-	98,512		
	Mutual funds	-	-	-	-	920,018	920,018	920,018	-	-	920,018		
							-				-		
Financial assets not measured at fair value													
	- Cash and bank balances with treasury banks	17.1	-	-	88,909	-	88,909	-	-	-	-		
	- Balances with other banks	17.1	-	-	1,684,442	-	1,684,442	-	-	-	-		
	- Lendings to financial institutions	17.1	-	-	935,826	-	935,826	-	-	-	-		
	- Unlisted shares	17.1	-	226,000	-	-	226,000	-	-	-	-		
	- Associates - unlisted shares	17.1	-	-	-	358,338	358,338	-	-	-	-		
	- Advances	17.1	-	-	14,837,460	-	14,837,460	-	-	-	-		
	- Other assets	17.1	-	-	-	399,021	399,021	-	-	-	-		
			3,502,703	16,079,516	-	17,546,637	1,677,377	-	38,806,233	1,718,925	18,655,824	-	20,374,749
Financial liabilities not measured at fair value													
	- Borrowings from financial institutions	17.1	-	-	-	25,150,898	25,150,898	-	-	-	-		
	- Deposits and other accounts	17.1	-	-	-	5,342,975	5,342,975	-	-	-	-		
	- Liabilities against assets subject to finance lease	17.1	-	-	-	1,671	1,671	-	-	-	-		
	- Other liabilities	17.1	-	-	-	870,853	870,853	-	-	-	-		
			-	-	-	31,366,397	31,366,397	-	-	-	-		
			3,502,703	16,079,516	-	17,546,637	1,677,377	(31,366,397)	7,439,836	1,718,925	18,655,824	-	20,374,749

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).

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

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

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

	Corporate Finance	Trading & Sales	Commercial Banking	Asset Management	Total
----- (Rupees in '000) -----					
Nine months ended 30 September 2017					
(Un-Audited)					
Total income	14,120	2,134,754	1,093,611	23,865	3,266,350
Total expense	67,419	1,726,405	806,325	44,650	2,644,799
Net income	<u>(53,299)</u>	<u>408,349</u>	<u>287,286</u>	<u>(20,785)</u>	<u>621,551</u>
Nine months ended 30 September 2017					
(Un-Audited)					
Segment assets -net	-	49,605,710	20,246,875	934,106	70,786,691
Segment Liabilities	-	43,069,316	19,054,857	640,066	62,764,239
Segment non performing loans	-	-	1,041,919	-	1,041,919
Investments provided for	-	1,027,710	-	-	1,027,710
Segment provision required	-	821,029	952,524	-	1,773,553
Segment return on net assets (%)	-	8.33%	32.13%	-9.4%	-
Segment return on assets (ROA) %	-	1.10%	1.89%	-3.0%	-
Segment cost of funds (%)	-	5.26%	5.01%	-	-
Nine months ended 30 September 2016 (Un-Audited)					
Total income	11,057	1,444,278	830,972	40,225	2,326,532
Total expense	63,458	742,838	512,449	50,905	1,369,650
Net income	<u>(52,401)</u>	<u>701,440</u>	<u>318,523</u>	<u>(10,680)</u>	<u>956,882</u>
Nine months ended 30 September 2016 (Un-Audited)					
Segment assets -net	-	15,256,927	14,850,433	334,082	30,441,442
Segment Liabilities	-	11,025,392	11,026,763	15,722	22,067,877
Segment non performing loans	-	-	1,053,915	-	1,053,915
Investments provided for	-	1,249,009	-	-	1,249,009
Segment provision required	-	980,519	789,427	-	1,769,946
Segment return on net assets (%)	-	22.10%	11.11%	-4.47%	-
Segment return on assets (ROA) %	-	6.13%	2.86%	-4.26%	-
Segment cost of funds (%)	-	4.75%	4.79%	-	-

19. CASH AND CASH EQUIVALENTS

	(Un-Audited)	
	Nine months ended	
	30 September	30 September
	2017	2016
----- (Rupees in '000) -----		
Cash and balances with treasury banks	108,185	65,174
Balances with other banks	1,277,986	763,946
	<u>1,386,171</u>	<u>829,120</u>

20. RELATED PARTY TRANSACTIONS

20.1 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

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

Nature of related party transaction	(Unaudited) 30 September 2017				(Audited) 31 December 2016			
	As at 1 January 2017	Given during the period	Repaid during the period	As at 30 September 2017	As at 1 January 2016	Given during the year	Repaid during the year	As at 31 December 2016
	------(Rupees in '000)-----							
Investments								
Associates	1,278,356	77,420	-	1,355,776	923,595	354,761	-	1,278,356
Other related parties	226,000	-	-	226,000	226,000	-	-	226,000
	1,504,356	77,420	-	1,581,776	1,149,595	354,761	-	1,504,356
Advances								
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key Management personnel	36,040	8,573	(11,640)	32,973	49,225	4,497	(17,682)	36,040
Other related parties	150,533	-	(26,781)	123,752	182,429	-	(31,896)	150,533
	254,773	8,573	(38,421)	224,925	299,854	4,497	(49,578)	254,773
Deposits								
Associates	174,700	700,000	(274,700)	600,000	535,926	896,437	(1,257,663)	174,700
Key Management personnel	1,610	9,063	(9,521)	1,152	2,149	12,906	(13,445)	1,610
Retirement benefit funds	28,540	195,244	(147,094)	76,690	5,358	159,879	(136,697)	28,540
	204,850	904,307	(431,315)	677,842	543,433	1,069,222	(1,407,805)	204,850

	(Un-Audited) 30 September 2017	(Audited) 31 December 2016
	------(Rupees in '000)-----	
Other receivable		
Gratuity fund		54
Associates		-
Other payable		
Gratuity fund	1,328	-
(Un-Audited)		
Nine months ended		
	30 September 2017	30 September 2016
	------(Rupees in '000)-----	
Mark-up income		
Key Management personnel	1,137	1,574
Other related parties	9,194	11,842
Dividend income		
Associates	24,282	29,574
Mark-up expense on Deposits		
Associates	17,833	18,795
Key Management personnel	52	90
Retirement benefit funds	2,791	1,038
Expenses for the period		
Remuneration to key management personnel	208,565	155,360
Non-executive director's fee / remuneration	15,860	12,404
Charge for defined contribution plan	13,343	14,726
Charge for defined benefit plan	11,954	13,664
Outright purchase of Government Securities		
Retirement benefit funds	1,971	319,646
Outright sale of Government Securities		
Retirement benefit funds	1,971	286,759
Associates	753,104	
Capital gain on Government Securities		
Retirement benefit funds	-	7
Associates	3	
Capital gain on sale of shares		
Associates	-	23,857

21. 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.

22. GENERAL

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

23. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised on 20 October 2017 by the board of directors of the holding Company.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman