

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE FIRST QUARTER
ENDED 31 MARCH 2018**

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Financial Position

As at 31 March 2018

(Unaudited) March 31 2018 -----(US Dollars in '000)-----	(Audited) 31 December 2017		(Unaudited) March 31 2018 ------(Rupees in '000)-----	(Audited) 31 December 2017
ASSETS				
1,340	1,472	Cash and balances with treasury banks	154,740	170,000
14,063	17,690	Balances with other banks	1,624,316	2,043,137
40,814	17,648	Lendings to financial institutions	4,714,005	2,038,288
68,077	349,818	Investments -net	7,862,896	40,403,976
189,586	162,688	Advances -net	21,897,208	18,790,501
2,997	3,075	Operating fixed assets	346,142	355,214
4,206	4,423	Deferred tax assets -net	485,741	510,857
7,322	7,867	Other assets	845,667	908,649
328,405	564,681		37,930,715	65,220,622
LIABILITIES				
-	-	Bills payable	-	-
161,146	390,985	Borrowings	18,612,385	45,158,690
88,276	90,919	Deposits and other accounts	10,195,897	10,501,149
-	-	Sub-ordinated loans	-	-
11	12	Liabilities against assets subject to finance lease	1,288	1,346
-	-	Deferred tax liabilities	-	-
11,687	13,232	Other liabilities	1,349,859	1,528,228
261,120	495,148		30,159,429	57,189,413
67,285	69,533	NET ASSETS	7,771,286	8,031,209
REPRESENTED BY				
53,247	53,247	Share capital	6,150,000	6,150,000
9,532	9,279	Reserves	1,100,898	1,071,761
3,833	6,387	Unappropriated profit	442,690	737,744
66,612	68,913		7,693,588	7,959,505
71	70	Non controlling interest	8,211	8,142
66,683	68,983	Surplus on revaluation of assets - net of deferred tax	7,701,799	7,967,647
602	550		69,487	63,562
67,285	69,533		7,771,286	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 first quarter ended 31 March 2018

31 March 2018	31 March 2017		31 March 2018	31 March 2017
----- (US Dollars in '000) -----			----- (Rupees in '000) -----	
6,880	6,474	Mark-up/return/interest earned	794,678	747,734
<u>5,213</u>	<u>4,702</u>	Mark-up/return/interest expensed	<u>602,115</u>	<u>543,138</u>
1,667	1,772	Net mark-up/ interest income	192,563	204,596
(1,040)	(116)	(Reversal) of provision against non - performing advances	(120,070)	(13,417)
-	-	Provision for diminution in the value of investments	-	-
-	-	Bad debts written off directly	-	-
<u>(1,040)</u>	<u>(116)</u>		<u>(120,070)</u>	<u>(13,417)</u>
2,707	1,888	Net mark-up/ interest income after provisions	312,633	218,013
NON MARK-UP/INTEREST INCOME				
402	175	Fee, commission and brokerage income	46,462	20,213
7	66	Dividend income	797	7,570
-	-	Income from dealing in foreign currency	-	-
82	868	Gain on sale of securities	9,418	100,279
(11)	(25)	Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading' securities	-	-
187	-	Other income	21,629	54
<u>667</u>	<u>1,084</u>	Total non -mark up/interest income	<u>77,054</u>	<u>125,278</u>
3,374	2,972		389,687	343,291
NON MARK-UP/INTEREST EXPENSES				
1,477	1,337	Administrative expenses	170,579	154,369
-	-	Other write offs / provisions	-	-
73	105	Other charges	8,489	12,181
<u>1,550</u>	<u>1,442</u>	Total non-mark up/interest expenses	<u>179,068</u>	<u>166,550</u>
1,824	1,530		210,619	176,741
160	44	Share of results of associates - net of tax	18,432	5,027
-	-	Extra ordinary /unusual items	-	-
<u>1,984</u>	<u>1,574</u>	PROFIT BEFORE TAXATION	<u>229,051</u>	<u>181,768</u>
346	704	Taxation - current	39,941	81,345
-	-	- prior	-	-
218	(257)	- deferred	25,164	(29,726)
<u>564</u>	<u>447</u>		<u>65,105</u>	<u>51,619</u>
<u>1,420</u>	<u>1,127</u>	PROFIT AFTER TAXATION	<u>163,946</u>	<u>130,149</u>
PROFIT ATTRIBUTABLE TO:				
1,419	1,130	Shareholders of the holding company	163,877	130,521
1	(3)	Non-controlling interest	69	(372)
<u>1,420</u>	<u>1,127</u>		<u>163,946</u>	<u>130,149</u>
----- US Dollar -----			----- Rupee -----	
<u>0.0023</u>	<u>0.0018</u>	Basic and diluted earnings per share	<u>0.27</u>	<u>0.21</u>

The annexed notes from 1 to 24 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 Statement of Comprehensive Income (Un-Audited)

For the first quarter ended 31 March 2018

31 March 2018	31 March 2017		31 March 2018	31 March 2017
------(US Dollars in '000)-----			------(Rupees in '000)-----	
1,420	1,127	Profit after taxation	163,946	130,149
		Other comprehensive income		
		Items that may be reclassified subsequently to profit and loss account	-	-
<u>1,420</u>	<u>1,127</u>		<u>163,946</u>	<u>130,149</u>
		Comprehensive income transferred to equity attributable to:		
1,419	1,130	Shareholders of the holding company	163,877	130,521
1	(3)	Non-controlling interest	69	(372)
<u>1,420</u>	<u>1,127</u>	Comprehensive income transferred to equity	<u>163,946</u>	<u>130,149</u>
		Component of comprehensive income not transferred to equity		
145	(693)	Surplus / (deficit) on revaluation of 'available for sale' investments	16,759	(80,067)
(26)	145	Related tax impact	(3,005)	16,798
119	(548)		13,754	(63,269)
<u>1,539</u>	<u>579</u>	Total comprehensive income	<u>177,700</u>	<u>66,880</u>

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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 first quarter ended 31 March 2018

31 March 2018	31 March 2017		31 March 2018	31 March 2017
------(US Dollars in '000)-----			------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES				
1,984	1,574	Profit before taxation	229,051	181,768
7	66	Less: Dividend income	797	7,570
<u>1,977</u>	<u>1,508</u>		<u>228,254</u>	<u>174,198</u>
Adjustments for non-cash charges				
104	111	Depreciation	12,069	12,864
1	1	Amortisation of intangible assets	117	134
11	25	Unrealised gain on revaluation of investments classified as 'held-for-trading'	1,252	2,838
(9)	-	Gain on sale of fixed assets	(1,017)	-
(160)	(44)	Share of gain from associates - net of tax	(18,432)	(5,027)
(1,040)	(116)	(Reversal) of provision against non -performing advances	(120,070)	(13,417)
<u>(1,093)</u>	<u>(23)</u>		<u>(126,081)</u>	<u>(2,608)</u>
884	1,485		102,173	171,590
(Increase) / decrease in operating assets				
(23,166)	(2,393)	Lendings to financial institutions	(2,675,717)	(276,387)
177,060	(100,760)	Net investments in held-for-trading securities	20,450,443	(11,637,821)
(25,858)	(31,073)	Advances	(2,986,637)	(3,588,942)
417	(1,607)	Other assets	48,192	(185,700)
<u>128,453</u>	<u>(135,833)</u>		<u>14,836,281</u>	<u>(15,688,850)</u>
Increase / (decrease) in operating liabilities				
(229,838)	188,266	Borrowings	(26,546,305)	21,744,720
(2,643)	13,512	Deposits and other accounts	(305,252)	1,560,665
(4,918)	2,018	Other liabilities	(568,060)	233,093
<u>(237,399)</u>	<u>203,796</u>		<u>(27,419,617)</u>	<u>23,538,478</u>
(108,062)	69,448		<u>(12,481,163)</u>	<u>8,021,218</u>
(699)	(338)	Income tax paid	(80,750)	(38,995)
<u>(108,761)</u>	<u>69,110</u>	Net cash (used in) / from operating activities	<u>(12,561,913)</u>	<u>7,982,223</u>
CASH FLOW FROM INVESTING ACTIVITIES				
103,823	(75,322)	Net proceeds from available-for-sale securities	11,991,551	(8,699,729)
1,152	70	Investments in associates	133,025	8,087
3	43	Dividend received	367	4,959
(5)	(100)	Investments in operating fixed assets	(623)	(11,570)
31	-	Sale proceeds of property and equipment disposed-off	3,570	-
<u>105,004</u>	<u>(75,309)</u>	Net cash from / (used in) investing activities	<u>12,127,890</u>	<u>(8,698,253)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
(1)	(1)	Payment of lease obligation	(58)	(79)
<u>(3,758)</u>	<u>(6,200)</u>	(Decrease) in cash and cash equivalents	<u>(434,081)</u>	<u>(716,109)</u>
19,161	15,354	Cash and cash equivalents at the beginning of the period	2,213,137	1,773,351
<u>15,403</u>	<u>9,154</u>	Cash and cash equivalents at the end of the period	<u>1,779,056</u>	<u>1,057,242</u>

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

Chief Financial Officer

Managing Director
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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 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 first quarter ended 31 March 2017	-	-	-	130,521	130,521	(372)	130,149
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	130,521	130,521	(372)	130,149
Transfers							
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	742	742	-	742
Transfer to statutory reserve	-	27,099	-	(27,099)	-	-	-
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 31 March 2017	6,150,000	999,896	11,630	596,303	7,757,829	9,292	7,767,121
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 first quarter ended 31 March 2018	-	-	-	163,877	163,877	69	163,946
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	163,877	163,877	69	163,946
Transfers							
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	706	706	-	706
Transfer to statutory reserve	-	29,137	-	(29,137)	-	-	-
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 31 March 2018	6,150,000	1,089,268	11,630	442,690	7,693,588	8,211	7,701,799

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

Chief Financial Officer

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Pak Oman Investment Company Limited
Notes to the Consolidated Condensed Interim Financial Information (Un-Audited)
For the first quarter ended 31 March 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 %	
			31 March 2018	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.	71.17	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.	50.33	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.	83.89	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.	91.79	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.	0.03	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.	25.56	-
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 first quarter ended 31 March 2018 and the unaudited financial statements of POAMCL for the first quarter ended March 31, 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 first quarter ended March 31, 2018
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the nine months period ended March 31, 2018
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the nine months period ended March 31, 2018
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the nine months period ended March 31, 2018
Pak Oman Government Securities Fund	Unaudited financial statements for the nine months period ended March 31, 2018
Askari High Yield Scheme	Unaudited financial statements for the nine months period ended March 31, 2018
Askari Islamic Assets Allocation Fund	Unaudited financial statements for the nine months period ended March 31, 2018
Askari Sovereign Yield Enhancer	Unaudited financial statements for the nine months period ended March 31, 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 115.4999 = 1 US dollar for the first quarter ended 31 March 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, provisions 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 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 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	31 March 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	23	-	23	1,266,154	149,771	1,415,925
Market treasury bills (T-Bills)	1,721,623	1,742,537	3,464,160	2,530,885	19,906,888	22,437,773
Listed ordinary shares	43,871	-	43,871	4,409	-	4,409
Mutual fund units	-	-	-	-	-	-
Sukuk certificates	-	-	-	50,000	-	50,000
Term finance certificates (TFCs)	189,984	-	189,984	240,219	-	240,219
	1,955,501	1,742,537	3,698,038	4,091,667	20,056,659	24,148,326
Available-for-sale securities						
Pakistan investment bonds	-	-	-	59	1,081,861	1,081,920
Market treasury bills (T-Bills)	-	-	-	242,727	10,347,683	10,590,410
Listed ordinary shares	109,215	-	109,215	145,807	-	145,807
Unlisted ordinary shares	121,333	226,000	347,333	121,333	226,000	347,333
Sukuk certificates	805,794	-	805,794	866,086	-	866,086
Commercial papers	48,380	-	48,380	47,479	-	47,479
Term finance certificates (TFCs)	2,412,623	-	2,412,623	2,675,835	-	2,675,835
	3,497,345	226,000	3,723,345	4,099,326	11,655,544	15,754,870
Associates						
Japan Power Generation Limited	-	-	-	-	-	-
Pak Oman Advantage Islamic Income Fund	177,845	-	177,845	175,361	-	175,361
Pak Oman Islamic Asset Allocation Fund	111,161	-	111,161	107,021	-	107,021
Pak Oman Advantage Asset Allocation Fund	106,399	-	106,399	101,619	-	101,619
Pak Oman Government Securities Fund	259,990	-	259,990	257,385	-	257,385
Pak Oman Microfinance Bank Limited	364,200	-	364,200	362,245	-	362,245
Askari Asset Allocation Fund	53,852	-	53,852	-	-	-
Askari High Yield Scheme	1,056	-	1,056	185,487	-	185,487
	1,074,503	-	1,074,503	1,189,118	-	1,189,118
Investments at cost	6,527,349	1,968,537	8,495,886	9,380,111	31,712,203	41,092,314
Less: Provision for diminution in the value of investments	657,726	-	657,726	697,700	-	697,700
Investments - net of provisions	5,869,623	1,968,537	7,838,160	8,682,411	31,712,203	40,394,614
Loss on revaluation of held-for-trading securities	(3,541)	(161)	(3,702)	(728)	(1,567)	(2,295)
Surplus / (deficit) on revaluation of available-for-sale securities	14 28,438	-	28,438	13,532	(1,875)	11,657
Total investments at carrying value	5,894,520	1,968,376	7,862,896	8,695,215	31,708,761	40,403,976

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	----- (Rupees in '000) -----	
8. ADVANCES - net		
Loans in Pakistan	20,207,395	17,737,047
Margin trading	956,937	309,281
Net investment in finance lease in Pakistan	1,488,066	1,619,433
Advances - gross	22,652,398	19,665,761
Less: Provision for non-performing advances - Specific	(754,938)	(875,047)
Provision for non-performing advances - General	(252)	(213)
	(755,190)	(875,260)
Advances - net of provision	21,897,208	18,790,501

8.1 Advances include amount aggregating Rs. 844.118 million (31 December 2017: Rs. 964.378 million), which have been placed under the non-performing status as detailed below:

Category of classification	31 March 2018 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	209,096	-	209,096	130,938	130,938
Loss	635,022	-	635,022	624,000	624,000
	844,118	-	844,118	754,938	754,938
	31 December 2017 (Audited)				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	-	-	-	-	-
Doubtful	209,246	-	209,246	130,938	130,938
Loss	755,132	-	755,132	744,109	744,109
	964,378	-	964,378	875,047	875,047

8.2 Particulars of provision against non-performing advances

	First quarter ended 31 March 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	-	39	39	2,969	140	3,109
Reversal during the period / year	(120,109)	-	(120,109)	(189,452)	-	(189,452)
Net (Reversal) / charge	(120,109)	39	(120,070)	(186,483)	140	(186,343)
Less: Amounts written off during the period / year	-	-	-	(3,675)	-	(3,675)
Closing balance	754,938	252	755,190	875,047	213	875,260

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	----- (Rupees in '000) -----	
9. OPERATING FIXED ASSETS		
Property and equipment	81,720	90,675
Intangible assets	790	907
Goodwill	263,632	263,632
	346,142	355,214

(Un-Audited)	
First quarter ended	
31 March 2018	31 March 2017
------(Rupees in '000)-----	

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

Owned

Improvements	47	-
Office equipment	85	10
Computer equipment	-	117
Furniture and fixture	350	392
Vehicles	141	3,387
Capital work in progress	-	7,664
	<u>623</u>	<u>11,570</u>

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

Owned

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

(Un-Audited)	(Audited)
31 March 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	187,977	187,977
Amortisation of premium on federal government securities	-	3,722
Assets subject to finance leases	71	59
Provision against non-performing loans and advances	226,557	262,578
	<u>414,605</u>	<u>454,336</u>

Less: Deferred tax liabilities arising in respect of:

Accelerated tax depreciation allowances	1,202	(12)
Revaluation on investments classified as available-for-sale	(6,502)	(3,497)
Revaluation on investments classified as held-for-trading	765	737
Revaluation of non-banking assets	(13,604)	(17,126)
Dividend receivable	(54)	-
Net investment in finance leases	89,329	76,419
	<u>71,136</u>	<u>56,521</u>
	<u>485,741</u>	<u>510,857</u>

13. SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) 31 March 2018 ------(Number of shares)-----	(Audited) 31 December 2017		(Un-Audited) 31 March 2018 ------(Rupees in '000)-----	(Audited) 31 December 2017
<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	-	852
- Treasury bills (T-Bills)	-	(2,806)
	-	(1,954)
Shares-listed	13,528	-
Term Finance Certificates		
- Listed	3,609	7,085
- Unlisted	2,949	(1,032)
	6,558	6,053
Sukuk certificates	8,352	7,558
	28,438	11,657
Deferred tax asset recognized	(6,502)	(3,497)
	21,936	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	(10,176)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period	(1,008)	(4,238)
	67,930	79,114
Less: Related deferred tax liability on:		
- Revaluation of fixed assets / non-banking assets during the period / year	(23,734)	(25,006)
- Disposal during the period	3,053	-
- Incremental depreciation charged during the period / year	302	1,272
	(20,379)	(23,734)
	47,551	55,380
	<u>69,487</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)
31 March 2018	31 December 2017
------(Rupees in '000)-----	

15. CONTINGENCIES AND COMMITMENTS

Transaction related contingent liability

Standby letter of credit	178,690	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	11,447,761	121,256
Sale of government securities	1,493,949	1,798,281
Commitments for loans, advances and net investment in finance leases	2,824,821	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. This includes gain of Rs 17 million on sale of non-banking assets.

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

	First Quarter ended	
	31 March 2018	March 31 2017
Profit attributable to shareholders (Rupees in '000)	163,877	130,521
Weighted average number of ordinary shares (in '000)	615,000	615,000
Basic and diluted earnings per share (Rupee)	0.27	0.21

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

		31 March 2018 (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											
	3,463,736	-	-	-	-	-	3,463,736	-	3,463,736	-	3,463,736
	-	871,098	-	-	-	-	871,098	-	871,098	-	871,098
	190,937	1,203,872	-	-	-	-	1,394,809	-	1,394,809	-	1,394,809
	-	653,101	-	-	-	-	653,101	-	653,101	-	653,101
	-	48,380	-	-	-	-	48,380	-	48,380	-	48,380
	39,663	91,606	-	-	-	-	131,269	131,269	-	-	131,269
- Associates											
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	710,303	-	710,303	710,303	-	-	710,303
	-	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value											
	18.1	-	-	154,740	-	-	154,740	-	-	-	-
	18.1	-	-	1,624,316	-	-	1,624,316	-	-	-	-
	18.1	-	-	4,714,005	-	-	4,714,005	-	-	-	-
	18.1	-	226,000	-	-	-	226,000	-	-	-	-
	18.1	-	-	-	364,200	-	364,200	-	-	-	-
	18.1	-	-	21,897,208	-	-	21,897,208	-	-	-	-
	18.1	-	-	-	474,275	-	474,275	-	-	-	-
		3,694,336	3,094,057	-	28,390,269	1,548,778	-	36,727,440	-	-	-
Financial liabilities not measured at fair value											
	18.1	-	-	-	-	18,612,385	18,612,385	-	-	-	-
	18.1	-	-	-	-	10,195,897	10,195,897	-	-	-	-
	18.1	-	-	-	-	1,288	1,288	-	-	-	-
	18.1	-	-	-	-	1,294,653	1,294,653	-	-	-	-
		-	-	-	-	-	-	30,104,223	-	-	30,104,223

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 2017 (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											
	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	-	-	-	-
	18.1	-	-	2,043,137	-	-	2,043,137	-	-	-	-
	18.1	-	-	2,038,288	-	-	2,038,288	-	-	-	-
	18.1	-	226,000	-	-	-	226,000	-	-	-	-
	18.1	-	-	-	362,245	-	362,245	-	-	-	-
	18.1	-	-	18,790,501	-	-	18,790,501	-	-	-	-
	18.1	-	-	-	487,178	-	487,178	-	-	-	-
		24,096,031	15,118,827	-	23,041,926	1,676,296	-	63,933,080	-	-	-
Financial liabilities not measured at fair value											
	18.1	-	-	-	-	45,158,690	45,158,690	-	-	-	-
	18.1	-	-	-	-	10,501,149	10,501,149	-	-	-	-
	18.1	-	-	-	-	1,346	1,346	-	-	-	-
	18.1	-	-	-	-	1,512,799	1,512,799	-	-	-	-
		-	-	-	-	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 reprice 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)-----					
First quarter ended 31 March 2018 (Un-Audited)					
Total income	29,867	424,269	398,832	37,196	890,164
Total expense	29,769	388,953	209,467	32,924	661,113
Net income	98	35,316	189,365	4,272	229,051

First quarter ended 31 March 2018 (Un-Audited)

Segment assets -net	1,445,121	13,275,042	22,546,764	663,788	37,930,715
Segment Liabilities	1,048,040	10,155,728	18,561,731	393,930	30,159,429
Segment non performing loans	-	-	844,118	-	844,118
Investments provided for	359,614	386,797	-	-	746,411
Segment provision required	359,614	298,112	755,190	-	1,412,916
Segment return on net assets (%)	0.10%	4.53%	19.01%	6.3%	-
Segment return on assets (ROA) %	0.03%	1.06%	3.36%	2.6%	-
Segment cost of funds (%)	5.17%	5.17%	4.89%	-	-

First quarter ended 31 March 2017 (Un-Audited)

Total income	35,857	509,890	324,318	7,974	878,039
Total expense	30,168	397,309	249,345	19,449	696,271
Net income	5,689	112,581	74,973	(11,475)	181,768

First quarter ended 31 March 2017 (Un-Audited)

Segment assets -net	1,626,431	42,411,619	19,091,389	325,146	63,454,585
Segment Liabilities	1,359,048	36,244,537	17,773,467	19,744	55,396,796
Segment non performing loans	-	-	1,197,359	-	1,197,359
Investments provided for	519,446	376,172	-	-	895,618
Segment provision required	455,070	321,894	1,051,861	-	1,828,825
Segment return on net assets (%)	8.51%	7.30%	22.75%	-15.03%	-
Segment return on assets (ROA) %	1.40%	1.06%	1.57%	-14.12%	-
Segment cost of funds (%)	5.07%	5.07%	4.85%	-	-

(Un-Audited)		
First quarter ended		
31 March 2018	31 March 2017	
----- (Rupees in '000) -----		
Cash and balances with treasury banks	154,740	92,931
Balances with other banks	1,624,316	964,311
1,779,056	1,057,242	

20. CASH AND CASH EQUIVALENTS

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

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

Nature of related party transaction	(Unaudited) 31 March 2018				(Audited) 31 December 2017			
	As at 1 January 2018	Given during the period	Repaid during the period	As at 31 March 2018	As at 1 January 2017	Given during the year	Repaid during the year	As at 31 December 2017
	------(Rupees in '000)-----							
Investments								
Associates	1,189,118	-	(114,615)	1,074,503	1,278,356	-	(89,238)	1,189,118
Other related parties	226,000	-	-	226,000	226,000	-	-	226,000
	1,415,118	-	(114,615)	1,300,503	1,504,356	-	(89,238)	1,415,118
Advances								
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key Management personnel	32,399	19,795	(4,430)	47,764	36,040	9,221	(12,862)	32,399
Other related parties	114,232	-	(9,833)	104,399	150,533	-	(36,301)	114,232
	214,831	19,795	(14,263)	220,363	254,773	9,221	(49,163)	214,831
Deposits								
Associates	450,000	600,000	(900,000)	150,000	174,700	1,300,000	(1,024,700)	450,000
Key Management personnel	1,168	5,658	(5,524)	1,302	1,610	12,549	(12,991)	1,168
Retirement benefit funds	36,626	105,147	(80,241)	61,532	28,540	271,027	(262,941)	36,626
	487,794	710,805	(985,765)	212,834	204,850	1,583,576	(1,300,632)	487,794

	(Un-Audited) 31 March 2018	(Audited) 31 December 2017
	------(Rupees in '000)-----	
Other receivable		
Gratuity fund		7,309
Management fee receivables from Associates	7,555	7,555

	(Un-Audited) 31 March 2018	(Audited) 31 March 2017
	------(Rupees in '000)-----	
Mark-up income		
Key Management personnel	523	389
Other related parties	2,391	3,241
Mark-up expense on Deposits		
Associates	23	2,757
Key Management personnel	764	17
Retirement benefit funds	3,109	734
Expenses for the period		
Remuneration to key management personnel	125,316	119,380
Non-executive director's fee / remuneration	4,481	7,772
Charge for defined contribution plan	5,010	4,496
Charge for defined benefit plan	4,470	3,985
Outright purchase of Government Securities		
Subsidiary	115,646	-
Outright sale of Government Securities		
Subsidiary	231,070	-
Associates	197,218	304,271

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 27 April 2018 by the board of directors of the holding Company.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman