

**PAK OMAN INVESTMENT  
COMPANY LIMITED**

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

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

**Pak Oman Investment Company Limited**  
**Unconsolidated Condensed Interim Statement of Financial Position**

As at 31 March 2018

31 March 2018 ------(US Dollars in '000)-----	31 December 2017		Note	(Un-audited) 31 March 2018 ------(Rupees in '000)-----	(Audited) 31 December 2017
<b>ASSETS</b>					
1,338	1,471	Cash and balances with treasury banks		154,523	169,886
13,964	17,423	Balances with other banks		1,612,879	2,012,314
40,814	17,648	Lendings to financial institutions		4,714,005	2,038,288
68,516	348,404	Investments - net	7	7,913,606	40,240,634
189,570	162,671	Advances - net	8	21,895,369	18,788,493
633	709	Operating fixed assets	9	73,151	81,901
4,614	4,832	Deferred tax assets -net	10	532,954	558,070
6,185	6,752	Other assets		714,208	779,804
<b>325,634</b>	<b>559,910</b>			<b>37,610,695</b>	<b>64,669,390</b>
<b>LIABILITIES</b>					
-	-	Bills payable		-	-
158,549	386,214	Borrowings	11	18,312,385	44,607,690
88,276	90,919	Deposits and other accounts	12	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		-	-
10,873	12,433	Other liabilities		1,255,929	1,435,848
<b>257,709</b>	<b>489,578</b>			<b>29,765,499</b>	<b>56,546,033</b>
<b>67,925</b>	<b>70,332</b>	<b>NET ASSETS</b>		<b>7,845,196</b>	<b>8,123,357</b>
<b>REPRESENTED BY</b>					
53,247	53,247	Share capital	13	6,150,000	6,150,000
9,532	9,279	Reserves		1,100,898	1,071,761
4,544	7,256	Unappropriated profit		524,811	838,056
<b>67,323</b>	<b>69,782</b>			<b>7,775,709</b>	<b>8,059,817</b>
602	550	Surplus on revaluation of assets - net of deferred tax	14	69,487	63,540
<b>67,925</b>	<b>70,332</b>			<b>7,845,196</b>	<b>8,123,357</b>
<b>CONTINGENCIES AND COMMITMENTS</b>					
			15		

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

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
and Chief Executive**

**Chairman**

Pak Oman Investment Company Limited  
Unconsolidated 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) -----		Note	----- (Rupees in '000) -----	
6,830	6,461	Mark-up/return/interest earned	788,820	746,264
5,143	4,702	Mark-up/return/interest expensed	594,052	543,138
1,687	1,759	<b>Net mark-up/ interest income</b>	194,768	203,126
(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	-	-
(1,040)	(116)		(120,070)	(13,417)
2,727	1,875	<b>Net mark-up/ interest income after provisions</b>	314,838	216,543
<b>NON MARK-UP/INTEREST INCOME</b>				
186	104	Fee, commission and brokerage income	21,488	12,050
7	66	Dividend income	797	7,570
-	-	Income from dealing in foreign currency	-	-
84	868	Gain on sale of securities	9,684	100,279
(19)	(26)	Unrealised loss on revaluation of investments classified as 'held-for-trading' securities	(2,205)	(2,965)
159	-	Other income	18,398	-
417	1,012	<b>Total non -mark up/interest income</b>	48,162	116,934
3,144	2,887		363,000	333,477
<b>NON MARK-UP/INTEREST EXPENSES</b>				
1,262	1,168	Administrative expenses	145,718	134,920
-	-	Other write offs / provisions	-	-
73	105	Other charges	8,489	12,181
1,335	1,273	<b>Total non-mark up/interest expenses</b>	154,207	147,101
1,809	1,614		208,793	186,376
-	-	Extra ordinary /unusual items	-	-
1,809	1,614	<b>PROFIT BEFORE TAXATION</b>	208,793	186,376
329	698	Taxation - current	37,943	80,607
-	-	- prior	-	-
218	(257)	- deferred	25,164	(29,726)
547	441		63,107	50,881
1,262	1,173	<b>PROFIT AFTER TAXATION</b>	145,686	135,495
----- US Dollar -----			-----Rupees-----	
0.0021	0.0019	Basic and diluted earnings per share	0.24	0.22

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# Pak Oman Investment Company Limited

## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the first quarter ended 31 March 2018

31 March 2018 -----(US Dollars in '000)-----	31 March 2017		31 March 2018 ------(Rupees in '000)-----	31 March 2017
1,262	1,173	<b>PROFIT AFTER TAXATION</b>	145,686	135,495
		<b>Other comprehensive income</b>		
		Items that may be reclassified subsequently to profit and loss account	-	-
-	-			
<u>1,262</u>	<u>1,173</u>	<b>Comprehensive income transferred to equity</b>	<u>145,686</u>	<u>135,495</u>
		<b>Component of comprehensive income not transferred to equity</b>		
145	(695)	Surplus / (deficit) on revaluation of 'available for sale' investments	16,781	(80,233)
(26)	145	Related tax impact	(3,005)	16,798
119	(550)		13,776	(63,435)
<u>1,381</u>	<u>623</u>	<b>Total comprehensive income</b>	<u>159,462</u>	<u>72,060</u>

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Chief Financial Officer

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Pak Oman Investment Company Limited  
Unconsolidated Condensed Interim Cash Flow Statement (Un-Audited)  
For the first quarter ended 31 March 2018

31 March 2018 ------(US Dollars in '000)-----	31 March 2017		Note	31 March 2018 ------(Rupees in '000)-----	31 March 2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
1,809	1,614	Profit before taxation		208,793	186,376
7	66	Less: Dividend income		797	7,570
<u>1,802</u>	<u>1,548</u>			<u>207,996</u>	<u>178,806</u>
<b>Adjustments for non-cash charges</b>					
101	106	Depreciation		11,700	12,227
1	1	Amortisation of intangible assets		117	134
19	26	Unrealised loss on revaluation of investments classified as 'held-for-trading' securities		2,205	2,965
(9)	-	Gain on sale of fixed assets		(1,017)	-
(1,040)	(116)	(Reversal) of provision against non -performing advances		(120,070)	(13,417)
-	-	Provision for diminution in the value of investments		-	-
<u>(928)</u>	<u>17</u>			<u>(107,065)</u>	<u>1,909</u>
<u>874</u>	<u>1,565</u>			<u>100,931</u>	<u>180,715</u>
<b>(Increase) / decrease in operating assets</b>					
(23,166)	(2,393)	Lendings to financial institutions		(2,675,717)	(276,387)
176,191	(100,760)	Net Investments in held-for-trading securities		20,350,053	(11,637,821)
(25,860)	(31,074)	Advances		(2,986,806)	(3,589,087)
440	(1,540)	Other assets		50,806	(177,913)
<u>127,605</u>	<u>(135,767)</u>			<u>14,738,336</u>	<u>(15,681,208)</u>
<b>Increase / (decrease) in operating liabilities</b>					
(227,665)	188,266	Borrowings		(26,295,305)	21,744,720
(2,643)	13,512	Deposits and other accounts		(305,252)	1,560,665
(4,932)	2,030	Other liabilities		(569,610)	234,589
<u>(235,240)</u>	<u>203,808</u>			<u>(27,170,167)</u>	<u>23,539,974</u>
<u>(106,761)</u>	<u>69,606</u>			<u>(12,330,900)</u>	<u>8,039,481</u>
(682)	(331)	Income tax paid		(78,752)	(38,257)
<u>(107,443)</u>	<u>69,275</u>	Net cash (used in) / from operating activities		<u>(12,409,652)</u>	<u>8,001,224</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
103,823	(75,322)	Net proceeds from / (investments in) available-for-sale securities		11,991,551	(8,699,729)
3	-	Dividend income received		367	-
(5)	43	Investments in operating fixed assets		(576)	4,959
31	(100)	Sale proceeds on sale of fixed assets disposed off		3,570	(11,570)
<u>103,852</u>	<u>(75,379)</u>	Net cash from / (used in) investing activities		<u>11,994,912</u>	<u>(8,706,340)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
(1)	(1)	Payment of lease obligation		(58)	(79)
(3,592)	(6,105)	(Decrease) in cash and cash equivalents		(414,798)	(705,195)
18,894	15,236	Cash and cash equivalents at beginning of the period		2,182,200	1,759,805
<u>15,302</u>	<u>9,131</u>	<b>Cash and cash equivalents at the end of the period</b>	20	<u>1,767,402</u>	<u>1,054,610</u>

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

Chief Financial Officer

Managing Director  
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Managing Director  
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Chairman

Pak Oman Investment Company Limited  
 Unconsolidated 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	Total
		Statutory reserve	General reserve		
----- (Rupees in '000) -----					
<b>Balance as at 01 January 2017</b>	<b>6,150,000</b>	<b>972,797</b>	<b>11,630</b>	<b>972,325</b>	<b>8,106,752</b>
<b>Total comprehensive income</b>					
Net profit after tax for the first quarter ended 31 March 2017	-	-	-	135,495	135,495
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	135,495	135,495
<b>Transfers</b>					
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	742	742
Transfer to statutory reserve	-	27,099	-	(27,099)	-
<b>Transaction with owners recognised directly in equity</b>					
Dividend for the year ended 31 December 2016 (Re. 0.80 per share)	-	-	-	(492,000)	(492,000)
<b>Balance as at 31 March 2017</b>	<b>6,150,000</b>	<b>999,896</b>	<b>11,630</b>	<b>589,463</b>	<b>7,750,989</b>
<b>Balance as at 01 January 2018</b>	<b>6,150,000</b>	<b>1,060,131</b>	<b>11,630</b>	<b>838,056</b>	<b>8,059,817</b>
<b>Total comprehensive income</b>					
Net profit after tax for the first quarter ended 31 March 2018	-	-	-	145,686	145,686
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	145,686	145,686
<b>Transfers</b>					
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	706	706
Transfer to statutory reserve	-	29,137	-	(29,137)	-
<b>Transaction with owners recognised directly in equity</b>					
Dividend for the year ended 31 December 2017 (Re. 0.70 per share)	-	-	-	(430,500)	(430,500)
<b>Balance as at 31 March 2018</b>	<b>6,150,000</b>	<b>1,089,268</b>	<b>11,630</b>	<b>524,811</b>	<b>7,775,709</b>

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## **1. LEGAL STATUS AND NATURE OF BUSINESS**

Pak Oman Investment Company Limited (the Company) was incorporated as a private limited company on 23 July 2001. Subsequently, on 17 March 2004 the 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 Company's objectives inter alia include promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and / or investment bank. The registered office of the company is situated at 1st Floor, Tower A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan. The Company operates a branch at Lahore and other representative offices at Islamabad, Gwadar and Muscat. The Company is designated as a development financial institution (DFI) under BPD Circular No. 35 dated 28 October 2003 issued by the State Bank of Pakistan (SBP).

## **2. BASIS OF PREPARATION**

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

The US dollar amounts shown in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated 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 unconsolidated condensed interim financial information of the Company have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – Interim Financial Reporting, provisions of the Companies Act, 2017, directives issued by the 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 International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' has not been made applicable for banks and NBFIs. 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 unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial information are consistent with those applied in preparation of financial statements for the year ended 31 December 2017.

## 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

## 7. INVESTMENTS - net

Note	31 March 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
------(Rupees in '000)-----						
<b>7.1 Investments by types</b>						
<b>Held-for-trading securities</b>						
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
	1,765,517	1,742,537	3,508,054	3,801,448	20,056,659	23,858,107
<b>Available-for-sale securities</b>						
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
<b>Associates</b>						
Japan Power Generation Limited	-	70,726	70,726	-	70,726	70,726
Pak Oman Microfinance Bank Limited	384,708	-	384,708	384,708	-	384,708
Pak Oman Advantage Islamic Income Fund	165,025	-	165,025	165,025	-	165,025
Pak Oman Islamic Asset Allocation Fund	92,414	-	92,414	92,414	-	92,414
Pak Oman Advantage Asset Allocation Fund	84,078	-	84,078	84,078	-	84,078
Pak Oman Government Securities Fund	249,000	-	249,000	249,000	-	249,000
	975,225	70,726	1,045,951	975,225	70,726	1,045,951
<b>Subsidiary</b>						
Pak Oman Asset Management Company Limited	498,300	-	498,300	498,300	-	498,300
<b>Investments at cost</b>	<b>6,736,387</b>	<b>2,039,263</b>	<b>8,775,650</b>	<b>9,374,299</b>	<b>31,782,929</b>	<b>41,157,228</b>
Less: Provision for diminution in the value of investments	815,101	70,726	885,827	855,075	70,726	925,801
<b>Investments - net of provisions</b>	<b>5,921,286</b>	<b>1,968,537</b>	<b>7,889,823</b>	<b>8,519,224</b>	<b>31,712,203</b>	<b>40,231,427</b>
(Loss) on revaluation of held-for-trading securities	(4,494)	(161)	(4,655)	(883)	(1,567)	(2,450)
Surplus / (deficit) on revaluation of available-for-sale securities	14 28,438	-	28,438	13,532	(1,875)	11,657
<b>Total investments at carrying value</b>	<b>5,945,230</b>	<b>1,968,376</b>	<b>7,913,606</b>	<b>8,531,873</b>	<b>31,708,761</b>	<b>40,240,634</b>

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	----- (Rupees in '000) -----	
<b>8. ADVANCES - net</b>		
Loans in Pakistan	20,205,556	17,735,039
Margin Trading	956,937	309,281
Net investment in finance lease in Pakistan	1,488,066	1,619,433
<b>Advances - gross</b>	<b>22,650,559</b>	19,663,753
Less: Provision for non-performing advances - Specific	(754,938)	(875,047)
Provision for non-performing advances - General	(252)	(213)
	(755,190)	(875,260)
<b>Advances - net of provision</b>	<b>21,895,369</b>	18,788,493

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
	<b>844,118</b>	-	<b>844,118</b>	<b>754,938</b>	<b>754,938</b>
	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 (Un-audited)			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	<b>754,938</b>	<b>252</b>	<b>755,190</b>	875,047	213	875,260

	(Un-audited) 31 March 2018	(Audited) 31 December 2017
	----- (Rupees in '000) -----	
<b>9. OPERATING FIXED ASSETS</b>		
Property and equipment	72,361	80,994
Intangible assets	790	907
	<b>73,151</b>	81,901

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

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

**Owned**

Office equipment	85	10
Computer equipment	-	117
Furniture and fixture	350	392
Vehicles	141	3,387
Capital work in progress	-	7,664
	<b>576</b>	<b>11,570</b>

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

**Owned**

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

<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>31 March 2018</b>	<b>31 December 2017</b>
------(Rupees in '000)-----	

**10. DEFERRED TAX ASSETS - net**

**Deferred tax assets arising in respect of:**

Provision for diminution in the value of investments	235,190	235,190
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
	<b>461,818</b>	<b>501,549</b>

**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 acquired in satisfaction of claims	(13,604)	(17,126)
Dividend receivable	(54)	-
Net investment in finance leases	89,329	76,419
	<b>71,136</b>	<b>56,521</b>
	<b>532,954</b>	<b>558,070</b>

	(Un-Audited) 31 March 2018	(Audited) 31 December 2017
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Note ----- (Rupees in '000) -----

## 11. BORROWINGS

### Secured

Borrowings from the State Bank of Pakistan:

- Long term financing facility (LTFF)	11.1	1,911,319	1,644,315
- Financing facility for storage of agricultural produce (FFSAP)	11.1	2,507	3,343

Repurchase agreement borrowings	11.2	4,959,608	22,837,748
Long term borrowings	11.3	6,322,387	5,972,387
Short term running finance	11.4	615,564	563,390
Bai Muajjal	11.5	-	9,696,507
		<u>13,811,385</u>	<u>40,717,690</u>

### Unsecured

Placements	11.6	3,151,000	1,540,000
Murabaha financing	11.7	1,350,000	2,350,000
		<u>18,312,385</u>	<u>44,607,690</u>

**11.1** The Company has entered into agreements for financing with the SBP of long term finance for export oriented projects to customers. According to the terms of the respective agreements, the SBP has the right to receive the outstanding amount from the Company at the date of maturity of the finances by directly debiting the current account maintained by the Company with the SBP. The rate of return ranges from 2 to 6.25 percent per annum (2017: 2 to 6.25 percent per annum). These are repayable within 10 years (2017: 10 years).

**11.2** The rate of return on these repurchase agreement borrowings, maturing in April 2018 (2017: January 2018), ranges between 5.75 to 6.05 (2017: 5.83 to 5.90) percent per annum. Securities having cost of Rs 4,942 million (2017: Rs 23,205 million) have been pledged against these borrowings.

**11.3** The rate of return on these long-term borrowings ranges from 6.46 to 6.96 (2017: 6.44 to 6.65) percent per annum. The above facilities are secured against loan and advances receivables.

**11.4** The rate of return on these short-term running finance facilities is three month KIBOR + 0.25% (2017: three month KIBOR + 0.25%). The above facilities are secured against loan and advances receivables.

**11.5** These Bai Muajjal secured against government securities, maturing in Nil (2017: January 2018 to February 2018) and carrying rate of return ranges between Nil (2017: 5.75 to 5.84) percent per annum.

**11.6** The rates of return on these placements, maturing in April 2018 to June 2018 (2017: January 2018 to June 2018) ranges between 6.05 to 6.45 (2017: 6.15 to 6.25) percent per annum.

**11.7** The rates of return on these murabaha financing, maturing in April 2018 (2017: January 2018) ranges between 6.25 to 6.50 (2017: 6.15 to 6.50) percent per annum.

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

## 12. DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)

Financial institutions	1,075,000	3,129,000
Others	9,120,897	7,372,149
	<u>10,195,897</u>	<u>10,501,149</u>

**12.1** The rate of return on deposits maturing between April 2018 to January 2019 (2017: January 2018 to November 2018) is 3.90 to 6.45 (2017: 6 to 6.40) percent per annum.

### 13. SHARE CAPITAL

#### 13.1 Authorized capital

(Un-Audited) 31 March 2018 ------(Number of shares)-----	(Audited) 31 December 2017	Ordinary shares of Rs. 10 each	(Un-Audited) 31 March 2018 ------(Rupees in '000) -----	(Audited) 31 December 2017
<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

(Un-Audited) 31 March 2018 ------(Number of shares)-----	(Audited) 31 December 2017	Ordinary shares of Rs. 10 each	(Un-Audited) 31 March 2018 ------(Rupees in '000) -----	(Audited) 31 December 2017
<u>615,000,000</u>	<u>615,000,000</u>		<u>6,150,000</u>	<u>6,150,000</u>

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

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

Federal Government Securities		
- Pakistan investment bonds	-	852
- Treasury bills (T-Bills)	-	(2,806)
	-	(1,954)
Shares-listed	<b>13,528</b>	-
Term Finance Certificates		
- Listed	<b>3,609</b>	7,085
-Unlisted	<b>2,949</b>	(1,032)
	<b>6,558</b>	6,053
Sukuk certificates	<b>8,352</b>	7,558
	<b>28,438</b>	11,657
Deferred tax asset recognized	<b>(6,502)</b>	(3,497)
	<b>21,936</b>	8,160

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

Revaluation of fixed assets / non-banking assets January 01,	<b>79,114</b>	83,352
Disposal during the period	<b>(10,176)</b>	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	<b>(1,008)</b>	(4,238)
	<b>67,930</b>	79,114
Less: Related deferred tax liability on:		
- Revaluation of fixed assets / non-banking assets during the period / year	<b>(23,734)</b>	(25,006)
-Disposal during the period	<b>3,053</b>	-
- Incremental depreciation charged during the period / year	<b>302</b>	1,272
	<b>(20,379)</b>	(23,734)
	<b>47,551</b>	55,380
	<b>69,487</b>	63,540

14.1 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	<b>178,690</b>	178,690
Pledge of shares on behalf of Japan Power Generation Limited - note 15.1	<b>70,726</b>	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited - note 15.2	<b>226,000</b>	226,000
Commitments for:		
Purchase of government securities	<b>11,447,761</b>	121,256
Sale of government securities	<b>1,493,949</b>	1,798,281
Purchase of Term finance certificates (TFCs)	-	76,548
Commitments for loans and advances and net investment in finance leases	<b>2,824,821</b>	3,740,991
Securities given as collateral against loan taken by Pak Oman Asset Management Company Limited - note 15.3	<b>334,000</b>	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 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	31 March 2017
Profit after taxation (Rupees in '000)	<b>145,686</b>	135,495
Weighted average number of ordinary shares (in '000)	<b>615,000</b>	615,000
Basic and diluted earnings per share (Rupee)	<b>0.24</b>	0.22

## 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) -----											
<b>Financial assets measured at fair value</b>											
- Investments											
	Government Securities	3,463,736	-	-	-	-	3,463,736	-	3,463,736	-	3,463,736
	Listed Term Finance Certificates	-	871,098	-	-	-	871,098	-	871,098	-	871,098
	Unlisted Term Finance Certificates	-	1,203,872	-	-	-	1,203,872	-	1,203,872	-	1,203,872
	Sukuk Certificates	-	653,101	-	-	-	653,101	-	653,101	-	653,101
	Commercial papers	-	48,380	-	-	-	48,380	-	48,380	-	48,380
	Listed shares	39,663	91,606	-	-	-	131,269	131,269	-	-	131,269
- Associates											
	Listed shares	-	-	-	-	-	-	-	-	-	-
	Mutual funds	-	-	-	-	590,517	590,517	655,342	-	-	655,342
<b>Financial assets not measured at fair value</b>											
	- Cash and bank balances with treasury banks	18.1	-	-	154,523	-	154,523	-	-	-	154,523
	- Balances with other banks	18.1	-	-	1,612,879	-	1,612,879	-	-	-	1,612,879
	- Lendings to financial institutions	18.1	-	-	4,714,005	-	4,714,005	-	-	-	4,714,005
	- Unlisted shares	18.1	-	226,000	-	-	226,000	-	-	-	226,000
	- Associates - unlisted shares	18.1	-	-	-	384,708	384,708	-	-	-	384,708
	- Subsidiary - unlisted shares	18.1	-	-	-	340,925	340,925	-	-	-	340,925
	- Advances	18.1	-	-	21,895,369	-	21,895,369	-	-	-	21,895,369
	- Other assets	18.1	-	-	-	354,648	354,648	-	-	-	354,648
			<b>3,503,399</b>	<b>3,094,057</b>	<b>-</b>	<b>28,376,776</b>	<b>1,670,798</b>	<b>-</b>	<b>36,645,030</b>	<b>-</b>	<b>36,645,030</b>
<b>Financial liabilities not measured at fair value</b>											
	- Borrowings from financial institutions	18.1	-	-	-	-	18,312,385	18,312,385	-	-	18,312,385
	- Deposits and other accounts	18.1	-	-	-	-	10,195,897	10,195,897	-	-	10,195,897
	- Liabilities against assets subject to finance lease	18.1	-	-	-	-	1,288	1,288	-	-	1,288
	- Other liabilities	18.1	-	-	-	-	1,241,011	1,241,011	-	-	1,241,011
			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,750,581</b>	<b>29,750,581</b>	<b>-</b>	<b>-</b>	<b>29,750,581</b>

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) -----											
<b>Financial assets measured at fair value</b>											
- Investments											
	Government Securities	23,851,239	11,670,376	-	-	-	35,521,615	-	35,521,615	-	35,521,615
	Listed Term Finance Certificates	-	1,037,695	-	-	-	1,037,695	-	1,037,695	-	1,037,695
	Unlisted Term Finance Certificates	-	1,299,982	-	-	-	1,299,982	-	1,299,982	-	1,299,982
	Sukuk Certificates	-	712,599	-	-	-	712,599	-	712,599	-	712,599
	Commercial papers	-	47,479	-	-	-	47,479	-	47,479	-	47,479
	Listed shares	4,418	74,696	-	-	-	79,114	79,114	-	-	79,114
- Associates											
	Listed shares	-	-	-	-	-	-	23,438	-	-	23,438
	Mutual funds	-	-	-	-	590,517	590,517	641,389	-	-	641,389
		-	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>											
	- Cash and bank balances with treasury banks	18.1	-	-	169,886	-	169,886	-	-	-	169,886
	- Balances with other banks	18.1	-	-	2,012,314	-	2,012,314	-	-	-	2,012,314
	- Lendings to financial institutions	18.1	-	-	2,038,288	-	2,038,288	-	-	-	2,038,288
	- Unlisted shares	18.1	-	226,000	-	-	226,000	-	-	-	226,000
	- Associates - unlisted shares	18.1	-	-	-	384,708	384,708	-	-	-	384,708
	- Subsidiary - unlisted shares	18.1	-	-	-	340,925	340,925	-	-	-	340,925
	- Advances	18.1	-	-	18,788,493	-	18,788,493	-	-	-	18,788,493
	- Other assets	18.1	-	-	-	370,165	370,165	-	-	-	370,165
			23,855,657	15,068,827	-	23,008,981	1,686,315	-	-	-	63,619,780
<b>Financial liabilities not measured at fair value</b>											
	- Borrowings from financial institutions	18.1	-	-	-	-	44,607,690	44,607,690	-	-	44,607,690
	- Deposits and other accounts	18.1	-	-	-	-	10,501,149	10,501,149	-	-	10,501,149
	- Liabilities against assets subject to finance lease	18.1	-	-	-	-	1,346	1,346	-	-	1,346
	- Other liabilities	18.1	-	-	-	-	1,380,121	1,380,121	-	-	1,380,121
			-	-	-	-	56,490,306	56,490,306	-	-	56,490,306

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:

	<b>Corporate Finance</b>	<b>Trading &amp; Sales</b>	<b>Commercial Banking</b>	<b>Total</b>
-----Rupees in '000-----				
<b>First quarter ended 31 March 2018 (Un-Audited)</b>				
Total income	29,867	408,283	398,832	836,982
Total expense	29,769	388,953	209,467	628,189
Net income	<u>98</u>	<u>19,330</u>	<u>189,365</u>	<u>208,793</u>

**First quarter ended 31 March  
2018 (Un-Audited)**

Segment assets	1,445,121	13,618,810	22,546,764	37,610,695
Segment liabilities	1,048,040	10,155,728	18,561,731	29,765,499
Segment non-performing loans	-	-	844,118	844,118
Investment provided for	359,614	955,823	-	1,315,437
Segment provisions required	359,614	526,213	754,938	1,640,765
Segment return on net assets %	0.10%	2.23%	19.01%	-
Segment return on assets (ROA) %	0.03%	0.57%	3.36%	-
Segment cost of funds %	5.17%	5.17%	4.89%	-

**First quarter ended 31 March  
2017 (Un-Audited)**

Total income	35,857	503,023	324,318	863,198
Total expense	30,168	397,309	249,345	676,822
Net income	<u>5,689</u>	<u>105,714</u>	<u>74,973</u>	<u>186,376</u>

**First quarter ended 31 March  
2017 (Un-Audited)**

Segment assets	1,626,431	42,700,490	19,091,389	63,418,310
Segment liabilities	1,359,048	36,244,537	17,773,467	55,377,052
Segment non-performing loans	-	-	1,197,359	1,197,359
Investment provided for	519,446	945,198	-	1,464,644
Segment provisions required	455,070	549,995	1,051,760	2,056,825
Segment return on net assets %	8.51%	6.55%	22.75%	-
Segment return on assets (ROA) %	1.40%	0.99%	1.57%	-
Segment cost of funds %	5.07%	5.07%	4.85%	-

**(Un-Audited)**

**First quarter ended**

<b>31 March</b>	31 March
<b>2018</b>	2017

**20. CASH AND CASH EQUIVALENTS**

	-----Rupees in '000-----	
Cash and balances with treasury banks	<b>154,523</b>	92,903
Balances with other banks	<b>1,612,879</b>	961,707
	<b><u>1,767,402</u></b>	<u>1,054,610</u>

## **21. RELATED PARTY TRANSACTIONS**

- 21.1** The Company has related party relationship with its associates, subsidiary, employee benefit plans and its key management personnel (including their associates). The details of investments in subsidiary and associates are stated in note 7 to this unconsolidated 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 Company comprises of:

### **Subsidiary**

-Pak Oman Asset Management Company Limited

### **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

### **Key management Personnel**

-All heads 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 01-Jan-18	Given during the period	Repaid during the period	As at 31-Mar-18	As at 01-Jan-17	Given during the year	Repaid during the year	As at 31-Dec-17
	------(Rupees in '000)-----							
<b>Investments</b>								
Subsidiary	498,300	-	-	498,300	498,300	-	-	498,300
Associates	1,045,951	-	-	1,045,951	1,045,951	-	-	1,045,951
Other related parties	226,000	-	-	226,000	226,000	-	-	226,000
	<b>1,770,251</b>	<b>-</b>	<b>-</b>	<b>1,770,251</b>	<b>1,770,251</b>	<b>-</b>	<b>-</b>	<b>1,770,251</b>
<b>Advances</b>								
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
	<b>214,831</b>	<b>19,795</b>	<b>(14,263)</b>	<b>220,363</b>	<b>254,773</b>	<b>9,221</b>	<b>(49,163)</b>	<b>214,831</b>
<b>Deposits</b>								
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
	<b>487,794</b>	<b>710,805</b>	<b>(985,765)</b>	<b>212,834</b>	<b>204,850</b>	<b>1,583,576</b>	<b>(1,300,632)</b>	<b>487,794</b>

	(Un-Audited) 31 March 2018	(Audited) 31 December 2017
	------(Rupees in '000)-----	
<b>Other receivable</b>		
Gratuity fund	-	7,309

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

<b>Mark-up income</b>		
Key Management personnel	523	389
Other related parties	2,391	3,241

<b>Mark-up expense on Deposits</b>		
Associates	23	2,757
Key Management personnel	764	17
Retirement benefit funds	3,109	734

<b>Expenses for the period</b>		
Remuneration to key management personnel	121,849	114,244
Non-executive director's fee / remuneration	4,481	7,772
Charge for defined contribution plan	4,532	4,107
Charge for defined benefit plan	4,470	3,985

<b>Outright purchase of Government Securities</b>		
Subsidiary	115,646	-
Retirement benefit funds	-	319,646

<b>Outright sale of Government Securities</b>		
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 unconsolidated condensed interim financial information was authorised on 27 April 2018 by the board of directors.

**Chief Financial Officer**

**Managing Director  
and Chief Executive**

**Managing Director  
and Chief Executive**

**Chairman**