

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE PERIOD
ENDED 30 SEPTEMBER 2016**

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Financial Position
As at 30 September 2016

(Unaudited) 30 September 2016 -----(US Dollars in '000)-----	(Audited) 31 December 2015		(Unaudited) 30 September 2016 ------(Rupees in '000)-----	(Audited) 31 December 2015
		Note		
ASSETS				
623	896		65,174	93,746
7,302	16,600		763,946	1,736,674
-	3,468		-	362,824
131,213	132,827	7	13,727,655	13,896,511
142,478	95,549	8	14,906,233	9,996,425
970	795	9	101,520	83,174
2,915	3,159	10	304,943	330,528
5,467	6,231		571,971	651,938
290,968	259,525		30,441,442	27,151,820
LIABILITIES				
-	-		-	-
137,885	138,398	11	14,425,722	14,479,440
66,650	38,327	12	6,972,990	4,009,860
-	-		-	-
17	19		1,749	1,973
-	-		-	-
6,378	5,243		667,416	548,402
210,930	181,987		22,067,877	19,039,675
80,038	77,538		8,373,565	8,112,145
NET ASSETS				
REPRESENTED BY				
58,783	58,783	13	6,150,000	6,150,000
9,209	8,061		963,424	843,304
8,089	6,822		846,235	713,763
76,081	73,666		7,959,659	7,707,067
93	97		9,687	10,119
76,174	73,763		7,969,346	7,717,186
3,864	3,775	14	404,219	394,959
80,038	77,538		8,373,565	8,112,145
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 nine months ended 30 September 2016

Nine months ended			Quarter ended		Nine months ended	
30 September 2016	30 September 2015		30 September 2016	30 September 2015	30 September 2016	30 September 2015
-----US Dollars in '000)-----			-----Rupees in '000)-----			
16,123	16,267	Mark-up/return/interest earned	559,084	536,355	1,686,818	1,701,915
9,789	9,921	Mark-up/return/interest expensed	345,951	310,759	1,024,111	1,037,973
6,334	6,346	Net mark-up/ interest income	213,133	225,596	662,707	663,942
(1,195)	(652)	(Reversal) of provision against non - performing advances	(19,961)	(13,029)	(125,035)	(68,170)
156	847	Provision / (reversal) for diminution in the value of investments	(3,615)	109,277	16,330	88,641
-	-	Bad debts written off directly	-	-	-	-
(1,039)	195		(23,576)	96,248	(108,705)	20,471
7,373	6,151	Net mark-up/ interest income after provisions	236,709	129,348	771,412	643,471
NON MARK-UP/INTEREST INCOME						
589	357	Fee, commission and brokerage income	14,372	4,054	61,649	37,393
308	587	Dividend income	9,617	37,868	32,256	61,450
-	-	Income from dealing in foreign currency	-	-	-	-
4,159	5,407	Gain on sale of securities	42,481	148,082	435,092	565,720
(18)	(130)	Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading' securities	(11,639)	11,463	(1,902)	(13,600)
39	(12)	Other income	2,228	(5,316)	4,051	(1,220)
5,077	6,209	Total non -mark up/interest income	57,059	196,151	531,146	649,743
12,450	12,360		293,768	325,499	1,302,558	1,293,214
NON MARK-UP/INTEREST EXPENSES						
4,154	3,254	Administrative expenses	127,151	134,629	434,594	340,469
-	-	Other write offs / provisions	-	-	-	-
188	224	Other charges	8,967	5,476	19,650	23,406
4,342	3,478	Total non-mark up/interest expenses	136,118	140,105	454,244	363,875
8,108	8,882		157,650	185,394	848,314	929,339
1,038	288	Share of results of associates - net of tax	60,907	-	108,568	30,146
-	-	Extra ordinary /unusual items	-	-	-	-
9,146	9,170	PROFIT BEFORE TAXATION	218,557	185,394	956,882	959,485
2,555	3,104	Taxation - current	58,568	79,899	267,273	324,738
370	227	- prior	-	(2)	38,746	23,716
286	216	- deferred	(6,321)	(30,515)	29,926	22,563
3,211	3,547		52,247	49,382	335,945	371,017
5,935	5,623	PROFIT AFTER TAXATION	166,310	136,012	620,937	588,468
PROFIT ATTRIBUTABLE TO:						
5,939	5,631	Shareholders of the holding company	166,257	136,051	621,369	589,268
(4)	(8)	Non-controlling interest	53	(39)	(432)	(800)
5,935	5,623		166,310	136,012	620,937	588,468
----- US Dollar -----			-----Rupee-----			
US \$ 0.0097	US \$ 0.0092	Basic and diluted earnings per share	0.27	0.22	1.01	0.96

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

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

Pak Oman Investment Company Limited

Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the nine months ended 30 September 2016

Nine months ended			Quarter ended		Nine months ended	
30 September 2016	30 September 2015		30 September 2016	30 September 2015	30 September 2016	30 September 2015
------(US Dollars in '000)-----			------(Rupees in '000)-----			
5,935	5,623	Profit after taxation	166,310	136,012	620,937	588,468
		Other comprehensive income				
-	-	Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
<u>5,935</u>	<u>5,623</u>		<u>166,310</u>	<u>136,012</u>	<u>620,937</u>	<u>588,468</u>
		Comprehensive income transferred to equity attributable to:				
5,939	5,631	Shareholders of the holding company	166,257	136,051	621,369	589,268
(4)	(8)	Non-controlling interest	53	(39)	(432)	(800)
<u>5,935</u>	<u>5,623</u>	Comprehensive income transferred to equity	<u>166,310</u>	<u>136,012</u>	<u>620,937</u>	<u>588,468</u>
		Component of comprehensive income not transferred to equity				
(74)	885	(Deficit) / surplus on revaluation of 'available for sale' investments	(17,833)	9,474	(7,708)	92,572
78	(81)	Related tax impact	8,901	(25,036)	8,196	(8,496)
4	804		(8,932)	(15,562)	488	84,076
<u>5,939</u>	<u>6,427</u>	Total comprehensive income	<u>157,378</u>	<u>120,450</u>	<u>621,425</u>	<u>672,544</u>

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
 Consolidated Condensed Interim Cash Flow Statement (Un-Audited)
 For the nine months ended 30 September 2016

30 September 2016	30 September 2015		30 September 2016	30 September 2015
------(US Dollars in '000)-----			------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES				
9,146	9,170	Profit before taxation	956,882	959,485
308	587	Less: Dividend income	32,256	61,450
<u>8,838</u>	<u>8,583</u>		<u>924,626</u>	<u>898,035</u>
Adjustments for non-cash charges				
214	137	Depreciation	22,339	14,364
1	1	Amortisation of intangible assets	61	150
18	130	Unrealised loss on revaluation of investments classified as 'held-for-trading'	1,902	13,600
(35)	20	(Gain) / loss on sale of fixed assets	(3,625)	2,100
(1,038)	(288)	Share of gain from associates - net of tax	(108,568)	(30,146)
(1,195)	(652)	(Reversal) of provision against non-performing advances	(125,035)	(68,170)
156	847	Provision for diminution in the value of investments	16,330	88,641
<u>(1,879)</u>	<u>195</u>		<u>(196,596)</u>	<u>20,539</u>
<u>6,959</u>	<u>8,778</u>		<u>728,030</u>	<u>918,574</u>
(Increase) / decrease in operating assets				
3,468	(18,224)	Landings to financial institutions	362,824	(1,906,634)
(830)	(11,559)	Net investments in held-for-trading securities	(86,816)	(1,209,278)
(45,734)	(13,001)	Advances	(4,784,773)	(1,360,187)
1,553	1,870	Other assets	162,547	195,585
<u>(41,543)</u>	<u>(40,914)</u>		<u>(4,346,218)</u>	<u>(4,280,514)</u>
Increase / (decrease) in operating liabilities				
(513)	20,121	Borrowings	(53,718)	2,105,134
28,322	(2,903)	Deposits and other accounts	2,963,130	(303,717)
1,137	1,792	Other liabilities	119,014	187,260
<u>28,946</u>	<u>19,010</u>		<u>3,028,426</u>	<u>1,988,677</u>
<u>(5,638)</u>	<u>(13,126)</u>		<u>(589,762)</u>	<u>(1,373,263)</u>
(3,533)	(2,895)	Income tax paid	(369,621)	(302,841)
<u>(9,171)</u>	<u>(16,021)</u>	Net cash (used in) operating activities	<u>(959,383)</u>	<u>(1,676,104)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
5,516	17,673	Net proceeds from available-for-sale securities	577,098	1,849,016
(2,282)	2,976	Investments in associates	(238,798)	311,314
235	792	Dividend received	24,606	82,835
(379)	(311)	Investments in operating fixed assets	(39,690)	(32,552)
39	75	Sale proceeds of property and equipment disposed-off	4,091	7,846
<u>3,129</u>	<u>21,205</u>	Net cash from investing activities	<u>327,307</u>	<u>2,218,459</u>
CASH FLOW FROM FINANCING ACTIVITIES				
(2)	(3)	Payment of lease obligation	(224)	(283)
-	(57)	Payment against right issue expense	-	(6,012)
(3,527)	(2,351)	Dividend paid	(369,000)	(246,000)
<u>(3,529)</u>	<u>(2,411)</u>		<u>(369,224)</u>	<u>(252,295)</u>
(9,571)	2,773	(Decrease) / increase in cash and cash equivalents	(1,001,300)	290,060
17,496	3,771	Cash and cash equivalents at the beginning of the period	1,830,420	394,556
<u>7,925</u>	<u>6,544</u>	Cash and cash equivalents at the end of the period	<u>829,120</u>	<u>684,616</u>

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
 Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
 For the nine months ended 30 September 2016

	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 2015	6,150,000	711,180	11,630	544,142	7,416,952	10,959	7,427,911
Total Comprehensive income							
Net profit after tax for the nine months ended 30 September 2015	-	-	-	589,268	589,268	(800)	588,468
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	589,268	589,268	(800)	588,468
Transfers							
Transfer to statutory reserve	-	130,238	-	(130,238)	-	-	-
Transactions with owners recognised directly in equity							
Dividend for the year ended 31 December 2014 (Re 0.40 per share)	-	-	-	(246,000)	(246,000)	-	(246,000)
Right issue expense	-	-	-	(6,012)	(6,012)	-	(6,012)
Balance as at 30 September 2015	6,150,000	841,418	11,630	751,160	7,754,208	10,159	7,764,367
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)	-	-	-
Transaction 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

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

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

Pak Oman Investment Company Limited
Notes to the Consolidated Condensed Interim Financial Information (Un-Audited)
For the nine months ended 30 September 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

The Group is principally engaged in promotion of the economic growth of Pakistan and Oman through industrial development and agro-based industries on commercial basis and to carry on the business of finance and/or investment bank, asset management and investment advisory services. Brief profile of the holding company and its subsidiary is as follows:

1.1 Holding Company

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

1.2 Subsidiary Company

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

1.3 The Group's Associates are as follows:

Entity	Country of incorporation	Nature of business	Holding %	
			30 September 2016	31 December 2015
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.	33.40	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.	89.98	96.50
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.	61.43	99.96
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.	68.09	99.98
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.	42.99	99.09
Japan Power Generation Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	16.48	19.59

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 2016 and the unaudited financial statements of POAMCL for the nine months ended 30 September 2016. 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)	Audited financial statements for the year ended 30 June 2016
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the nine months ended 30 September 2016
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the nine months ended 30 September 2016
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the nine months ended 30 September 2016
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the nine months ended 30 September 2016
Pak Oman Government Securities Fund	Unaudited financial statements for the nine months ended 30 September 2016

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 2015.

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 104.6214 = 1 US dollar for the nine months ended 30 September 2016 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 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 NBFs. 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 2015 except the following:

Non banking assets acquired in satisfaction of claims

Effective January 1, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated 1 January 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) and surplus on revaluation of assets would have been lower by Rs. 11.3 million and Rs. 8.77 million respectively while profit after tax and deferred tax assets - net would have been higher by Rs. 0.97 million and Rs. 3.3 million respectively.

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 2015.

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 2015.

7. INVESTMENTS - net

Note	30 September 2016 (Un-audited)			31 December 2015 (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						
	259,808	-	259,808	181,573	243,056	424,629
	-	-	-	-	-	-
	24,229	640,901	665,130	247,051	215,250	462,301
	154,522	-	154,522	110,705	-	110,705
	5,000	-	5,000	-	-	-
	35,565	-	35,565	34,950	-	34,950
	479,124	640,901	1,120,025	574,279	458,306	1,032,585
Available-for-sale securities						
	171,332	3,306,858	3,478,190	111,455	7,513,935	7,625,390
	-	-	-	300,000	-	300,000
	1,188,359	3,379,231	4,567,590	74,201	144,555	218,756
	546,998	-	546,998	682,716	-	682,716
	121,333	226,000	347,333	121,333	226,000	347,333
	1,156,451	-	1,156,451	966,619	-	966,619
7.2	1,667,286	-	1,667,286	2,233,215	-	2,233,215
	4,851,759	6,912,089	11,763,848	4,489,539	7,884,490	12,374,029
Associates						
	-	-	-	-	-	-
	174,248	-	174,248	97,832	-	97,832
	177,737	-	177,737	112,161	-	112,161
	211,389	-	211,389	103,179	-	103,179
	346,559	-	346,559	251,378	-	251,378
	361,644	-	361,644	359,045	-	359,045
	1,271,577	-	1,271,577	923,595	-	923,595
	6,602,460	7,552,990	14,155,450	5,987,413	8,342,796	14,330,209
	980,519	-	980,519	997,273	-	997,273
	5,621,941	7,552,990	13,174,931	4,990,140	8,342,796	13,332,936
	(8,415)	(30)	(8,445)	(6,701)	782	(5,919)
14	35,907	525,262	561,169	15,335	554,159	569,494
	5,649,433	8,078,222	13,727,655	4,998,774	8,897,737	13,896,511

7.2 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 2016	(Audited) 31 December 2015
	----- (Rupees in '000) -----	
8. ADVANCES - net		
Loans in Pakistan	13,016,231	9,151,174
Margin trading	582,719	-
Net investment in finance lease in Pakistan	2,096,710	1,759,713
Advances - gross	15,695,660	10,910,887
Less: Provision for non-performing advances - Specific	(789,376)	(914,462)
Provision for non-performing advances - General	(51)	-
	(789,427)	(914,462)
Advances - net of provision	14,906,233	9,996,425

8.1 Advances include amount aggregating Rs. 1,053.915 million (31 December 2015: Rs. 1,193.866 million), which have been placed under the non-performing status as detailed below:

Category of classification	30 September 2016 (Un-audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	292,849	-	292,849	72,026	72,026
Doubtful	-	-	-	-	-
Loss	761,066	-	761,066	717,350	717,350
	1,053,915	-	1,053,915	789,376	789,376

Category of classification	31 December 2015 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	310,823	-	310,823	75,135	75,135
Doubtful	-	-	-	-	-
Loss	883,043	-	883,043	839,327	839,327
	1,193,866	-	1,193,866	914,462	914,462

8.2 In accordance with BSD Circular No. 2 dated 27 January 2009 issued by the SBP, the holding company has availed the benefit of FSV against the non-performing advances and term finance certificates. As of 30 September 2016, the Company has availed total accumulated FSV benefit amounting to Rs. 98.007 million (net of tax Rs. 68.605 million). Accordingly, accumulated profit of Rs. 68.605 million (net of transfer to statutory reserves Rs. 54.884 million) will not be available for the distribution as cash or stock dividend to the shareholders / bonus to employees of the Company as required by the aforementioned SBP directives.

8.3 Particulars of provision against non-performing advances

	Nine months ended 30 September 2016 (Unaudited)			Year ended 31 December 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	914,462	-	914,462	893,914	-	893,914
Charge during the period / year	-	51	51	115,664	-	115,664
Reversal during the period / year	(125,086)	-	(125,086)	(95,116)	-	(95,116)
Net (Reversal) / charge	(125,086)	51	(125,035)	20,548	-	20,548
Less: Amounts written off during the period / year	-	-	-	-	-	-
Closing balance	789,376	51	789,427	914,462	-	914,462

9. OPERATING FIXED ASSETS

(Un-Audited)	
Nine months ended	
30 September 2016	30 September 2015
------(Rupees in '000)-----	

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

Owned

Office equipment	683	66
Computer equipment	1,035	3,811
Furniture and fixture	934	300
Vehicles	25,832	12,654
Capital work in progress	11,206	15,721
	39,690	32,552

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

Owned

Improvement	237	-
Office equipment	6	223
Computer equipment	-	9
Furniture and fixture	216	325
Vehicles	7	9,389
	466	9,946

(Un-Audited)	(Audited)
30 September 2016	31 December 2015
------(Rupees in '000)-----	

10. DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	258,415	271,007
Amortisation of premium on federal government securities	9,285	7,281
Assets subject to finance leases	32	10
Accelerated tax depreciation allowances	2,117	204
Non-banking assets	457	-
Revaluation on investments classified as held-for-trading	1,326	720
Provision against non-performing loans and advances	236,828	283,483
	508,460	562,705

Less: Deferred tax liabilities arising in respect of:

Revaluation on investments classified as available-for-sale	(166,415)	(174,611)
Revaluation of non-banking assets	(3,759)	-
Dividend receivable	(956)	-
Net investment in finance leases	(32,387)	(57,566)
	(203,517)	(232,177)
	304,943	330,528

(Un-Audited) (Audited)
30 September 2016 31 December 2015
 -----(Rupees in '000)-----

11. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan:

- Long term financing facility (LTFF)	11.1	495,245	226,709
- Financing facility for storage of agricultural produce (FFSAP)	11.1	7,523	10,031
Repurchase agreement borrowings	11.2	4,622,342	9,006,240
Long term borrowings	11.3	4,871,267	1,550,000
Short term running finance	11.4	279,451	187,460

	10,275,828	10,980,440
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Unsecured

Placements	11.5	985,000	799,000
Murabaha financing	11.6	3,164,894	2,700,000
		14,425,722	14,479,440

- 11.1** The group 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 10.10 percent per annum (2015: 6.25 to 10.10 percent per annum). These are repayable within 10 years (2015: 7 years).
- 11.2** The rate of return on these repurchase agreement borrowings, maturing in October 2016 (2015: January 2016), ranges between 5.86 to 5.87 (2015: 6.20 to 6.45) percent per annum. Securities having cost of Rs 7,326.990 million (2015: Rs 8,479.620 million) have been pledged against these borrowings.
- 11.3** The rate of return on these long-term borrowings ranges from 6.32 to 6.67 (2015: 6.83 to 7.54) percent per annum. The above facilities are secured against loan and advance receivables.
- 11.4** The rate of return on these short-term running finance facilities is three month KIBOR + 0.25% (2015: three month KIBOR + 0.25%). The above facilities are secured against loan and advance receivables.
- 11.5** The rates of return on these placements, maturing in October 2016 to February 2017 (2015: January to February 2016) ranges between 6.15 to 6.30 (2015: 6.10 to 7) percent per annum.
- 11.6** The rates of return on these murabaha financing, maturing in January 2017 to July 2017 (2015: January 2016) ranges between 5.65 to 5.87 (2015: 6.25 to 6.35) percent per annum.

(Un-Audited) (Audited)
30 September 2016 31 December 2015
 -----(Rupees in '000)-----

12. DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)

Financial institutions	2,380,700	985,726
Others	4,592,290	3,024,134
	6,972,990	4,009,860

- 12.1** The rate of return on deposits maturing between October 2016 to May 2018 (2015: January 2016 to May 2017) is 6 to 12 (2015: 6.05 to 12) percent per annum.

13. SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) 30 September 2016 ------(Number of shares)-----	(Audited) 31 December 2015		(Un-Audited) 30 September 2016 ------(Rupees in '000)-----	(Audited) 31 December 2015
<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 (2015: 307,495,900) ordinary shares of the Company, while 4,100 (2015: 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 deferred tax

Federal Government Securities

- Pakistan investment bonds
- Ijara sukuk certificates
- Treasury bills (T-Bills)

533,186	556,031
-	3,390
(51)	5
<u>533,135</u>	<u>559,426</u>

Shares-listed

12,909	12,076
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Term Finance Certificates

- Listed
- Unlisted

6,367	(3,491)
2,683	4,414
<u>9,050</u>	<u>923</u>

Sukuk certificates

6,075	(2,931)
<u>561,169</u>	<u>569,494</u>

Deferred tax asset recognized

(166,415)	(174,611)
<u>394,754</u>	<u>394,883</u>

Associate's share of deficit of revaluation of available-for-sale securities

693	76
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Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Revaluation of fixed assets / non-banking assets during the period / year

Transferred to unappropriated profit in respect of incremental depreciation charged during the period - net of deferred tax

Related deferred tax liability on incremental depreciation charged during the period / year

12,850	-
(223)	-
(96)	-
<u>12,531</u>	<u>-</u>

Less: Related deferred tax liability on:

- Revaluation of fixed assets / non-banking assets during the period / year
- Incremental depreciation charged during the period / year

(3,855)	-
96	-
<u>(3,759)</u>	<u>-</u>
8,772	-
<u>404,219</u>	<u>394,959</u>

(Un-Audited)	(Audited)
30 September 2016	31 December 2015
------(Rupees in '000)-----	

15. CONTINGENCIES AND COMMITMENTS

Underwriting commitment	50,000	-
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	1,376	-
Purchase of shares under put option	-	10,385
Commitments for loans, advances and net investment in finance leases	2,655,220	1,412,393
Commitments for operating fixed assets	-	5,000

15.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (31 December 2015: 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 2015: 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 and 2015, 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. Management estimates that sufficient provisions have been made and no further provision is required.

16. TAXATION - PRIOR

Finance Act, 2016 & 2015 imposed super tax at 3% on the taxable income for the tax year 2016 & tax year 2015 respectively for rehabilitation of temporarily displaced persons.

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

	Quarter ended		Nine months ended	
	30 September 2016	30 September 2015	30 September 2016	30 September 2015
Profit attributable to shareholders (Rupees in '000)	166,257	136,051	621,369	589,268
Weighted average number of ordinary shares (in '000)	615,000	615,000	615,000	615,000
Basic and diluted earnings per share (Rupee)	0.27	0.22	1.01	0.96

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

	30 September 2016 (Un-audited)										
	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	924,405	8,578,915	-	-	-	-	9,503,320	-	9,503,320	-	9,503,320
Listed Term Finance Certificates	25,066	750,156	-	-	-	-	775,222	-	775,222	-	775,222
Unlisted Term Finance Certificates	10,194	280,289	-	-	-	-	290,483	-	290,483	-	290,483
Sukuk Certificates	5,163	1,001,482	-	-	-	-	1,006,645	-	1,006,645	-	1,006,645
Listed shares	146,752	490,749	-	-	-	-	637,501	637,501	-	-	637,501
- Associates											
Listed shares	-	-	-	-	-	-	-	121,935	-	-	121,935
Mutual funds	-	-	-	-	909,933	-	909,933	909,933	-	-	909,933
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	-	-	-	65,174	-	-	65,174	-	-	-	-
- Balances with other banks	-	-	-	763,946	-	-	763,946	-	-	-	-
- Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-
- Unlisted shares	-	242,907	-	-	-	-	242,907	-	-	-	-
- Associates - unlisted shares	-	-	-	-	361,644	-	361,644	-	-	-	-
- Advances	-	-	-	14,906,233	-	-	14,906,233	-	-	-	-
- Other assets	-	-	-	-	411,188	-	411,188	-	-	-	-
	1,111,580	11,344,498	-	15,735,353	1,682,765	-	29,874,196	1,669,369	11,575,670	-	13,245,039
Financial liabilities not measured at fair value											
- Borrowings from financial institutions	-	-	-	-	-	14,425,722	14,425,722	-	-	-	-
- Deposits and other accounts	-	-	-	-	-	6,972,990	6,972,990	-	-	-	-
- Liabilities against assets subject to finance lease	-	-	-	-	-	1,749	1,749	-	-	-	-
- Other liabilities	-	-	-	-	-	667,416	667,416	-	-	-	-
	-	-	-	-	-	22,067,877	22,067,877	-	-	-	-
	1,111,580	11,344,498	-	15,735,353	1,682,765	(22,067,877)	7,806,319	1,669,369	11,575,670	-	13,245,039

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 2015 (Audited)						Fair value				
	HFT	Available for sale	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----											
Financial assets measured at fair value											
- Investments											
Government Securities	888,567	8,703,572	-	-	-	-	9,592,139	-	9,592,139	-	9,592,139
Listed Term Finance Certificates	25,600	740,573	-	-	-	-	766,173	-	766,173	-	766,173
Unlisted Term Finance Certificates	9,974	847,675	-	-	-	-	857,649	-	857,649	-	857,649
Sukuk Certificates	-	789,807	-	-	-	-	789,807	-	789,807	-	789,807
Listed shares	102,525	621,716	-	-	-	-	724,241	724,241	-	-	724,241
- Associates											
Listed shares	-	-	-	-	-	-	-	121,018	-	-	121,018
Mutual funds	-	-	-	-	564,550	-	564,550	564,550	-	-	564,550
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	-	-	-	93,746	-	-	93,746	-	-	-	-
- Balances with other banks	-	-	-	1,736,674	-	-	1,736,674	-	-	-	-
- Lendings to financial institutions	-	-	-	362,824	-	-	362,824	-	-	-	-
- Unlisted shares	-	242,907	-	-	-	-	242,907	-	-	-	-
- Associates - unlisted shares	-	-	-	-	359,045	-	359,045	-	-	-	-
- Advances	-	-	-	9,996,425	-	-	9,996,425	-	-	-	-
- Other assets	-	-	-	-	566,832	-	566,832	-	-	-	-
	1,026,666	11,946,250	-	12,189,669	1,490,427	-	26,653,012	1,409,809	12,005,768	-	13,415,577
Financial liabilities not measured at fair value											
- Borrowings from financial institutions	-	-	-	-	-	14,479,440	14,479,440	-	-	-	-
- Deposits and other accounts	-	-	-	-	-	4,009,860	4,009,860	-	-	-	-
- Liabilities against assets subject to finance lease	-	-	-	-	-	1,973	1,973	-	-	-	-
- Other liabilities	-	-	-	-	-	539,441	539,441	-	-	-	-
	-	-	-	-	-	19,030,714	19,030,714	-	-	-	-
	1,026,666	11,946,250	-	12,189,669	1,490,427	(19,030,714)	7,622,298	1,409,809	12,005,768	-	13,415,577

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement

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 price)

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) -----					
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%	-4.5%	-
Segment return on assets (ROA) %	-	6.13%	2.86%	-4.3%	-
Segment cost of funds (%)	-	4.75%	4.79%	-	-
Nine months ended 30 September 2015					
(Un-Audited)					
Total income	11,427	1,562,327	797,748	10,302	2,381,804
Total expense	53,994	809,584	536,111	22,630	1,422,319
Net income	<u>(42,567)</u>	<u>752,743</u>	<u>261,637</u>	<u>(12,328)</u>	<u>959,485</u>
Nine months ended 30 September 2015					
(Un-Audited)					
Segment assets -net	-	14,616,036	10,930,400	244,993	25,791,429
Segment Liabilities	-	9,897,596	7,741,508	11,083	17,650,187
Segment non performing loans	-	-	927,152	-	927,152
Investments provided for	-	1,110,025	-	-	1,110,025
Segment provision required	-	913,682	825,744	-	1,739,426
Segment return on net assets (%)	-	21.27%	10.94%	-7.03%	-
Segment return on assets (ROA) %	-	6.87%	3.19%	-6.71%	-
Segment cost of funds (%)	-	6.13%	6.28%	-	-

	(Un-Audited)	
	Nine months ended	
	30 September	30 September
	2016	2015
----- (Rupees in '000) -----		
20. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	65,174	68,310
Balances with other banks	763,946	616,306
	<u>829,120</u>	<u>684,616</u>

21. RELATED PARTY TRANSACTIONS

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

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

Related parties of the Group comprises of :

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 head of departments
- Directors

Retirement benefit fund

- Defined benefit plan
- Defined contribution plan

Other related party

- Orient Power Company (Private) Limited

22. CREDIT RATING

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

23. GENERAL

Figures have been rounded off to the nearest rupee in thousand.

24. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised on October 27, 2016 by the board of directors of the holding Company.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman