

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE FIRST QUARTER
ENDED 31 MARCH 2017**

Pak Oman Investment Company Limited
Consolidated Condensed Interim Statement of Financial Position
As at 31 March 2017

(Unaudited) 31 March 2017 -----(US Dollars in '000)-----	(Audited) 31 December 2016		(Unaudited) 31 March 2017 ------(Rupees in '000)-----	(Audited) 31 December 2016
		Note		
ASSETS				
886	848		92,931	88,909
9,197	16,066		964,311	1,684,442
11,562	8,926		1,212,213	935,826
392,120	198,964		41,112,160	20,860,575
175,876	141,517	7	18,439,819	14,837,460
955	919	8	100,134	96,337
4,185	3,741	9	438,745	392,221
10,438	9,095	10	1,094,272	953,536
605,219	380,076		63,454,585	39,849,306
LIABILITIES				
-	-		-	-
447,282	239,885	11	46,895,618	25,150,898
65,846	50,960	12	6,903,640	5,342,975
-	-		-	-
15	16		1,592	1,671
-	-		-	-
15,222	8,306		1,595,946	870,853
528,365	299,167		55,396,796	31,366,397
76,854	80,909		8,057,789	8,482,909
NET ASSETS				
REPRESENTED BY				
58,658	58,658	13	6,150,000	6,150,000
9,648	9,389		1,011,526	984,427
5,687	9,387		596,303	984,139
73,993	77,434		7,757,829	8,118,566
89	92		9,292	9,664
74,082	77,526		7,767,121	8,128,230
2,772	3,383	14	290,668	354,679
76,854	80,909		8,057,789	8,482,909
CONTINGENCIES AND COMMITMENTS				
15				

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

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

Pak Oman Investment Company Limited
Consolidated Condensed Interim Profit and Loss Account (Un-Audited)
For the first quarter ended 31 March 2017

31 March 2017 -----(US Dollars in '000)-----	31 March 2016		31 March 2017 ------(Rupees in '000)-----	31 March 2016
7,132	5,633	Mark-up/return/interest earned	747,734	590,560
<u>5,180</u>	<u>3,295</u>	Mark-up/return/interest expensed	<u>543,138</u>	<u>345,509</u>
1,952	2,338	Net mark-up/ interest income	204,596	245,051
(128)	(777)	(Reversal) of provision against non - performing advances	(13,417)	(81,419)
-	10	Provision for diminution in the value of investments	-	1,092
-	-	Bad debts written off directly	-	-
<u>(128)</u>	<u>(767)</u>		<u>(13,417)</u>	<u>(80,327)</u>
<u>2,080</u>	<u>3,105</u>	Net mark-up/ interest income after provisions	218,013	325,378
NON MARK-UP/INTEREST INCOME				
193	177	Fee, commission and brokerage income	20,213	18,506
72	134	Dividend income	7,570	14,023
-	-	Income from dealing in foreign currency	-	-
956	1,418	Gain on sale of securities	100,279	148,714
(27)	307	Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading' securities	-	32,207
1	1	Other income	54	67
<u>1,195</u>	<u>2,037</u>	Total non -mark up/interest income	<u>125,278</u>	<u>213,517</u>
3,275	5,142		343,291	538,895
NON MARK-UP/INTEREST EXPENSES				
1,472	1,293	Administrative expenses	154,369	135,592
-	-	Other write offs / provisions	-	-
116	54	Other charges	12,181	5,704
<u>1,588</u>	<u>1,347</u>	Total non-mark up/interest expenses	<u>166,550</u>	<u>141,296</u>
1,687	3,795		176,741	397,599
48	212	Share of results of associates - net of tax	5,027	22,230
-	-	Extra ordinary /unusual items	-	-
<u>1,735</u>	<u>4,007</u>	PROFIT BEFORE TAXATION	<u>181,768</u>	<u>419,829</u>
776	865	Taxation - current	81,345	90,707
-	-	- prior	-	-
(284)	425	- deferred	(29,726)	44,511
<u>492</u>	<u>1,290</u>		<u>51,619</u>	<u>135,218</u>
<u>1,243</u>	<u>2,717</u>	PROFIT AFTER TAXATION	<u>130,149</u>	<u>284,611</u>
PROFIT ATTRIBUTABLE TO:				
1,247	2,718	Shareholders of the holding company	130,521	284,684
(4)	(1)	Non-controlling interest	(372)	(73)
<u>1,243</u>	<u>2,717</u>		<u>130,149</u>	<u>284,611</u>
----- US Dollar -----			-----Rupee-----	
<u>0.0020</u>	<u>0.0044</u>	Basic and diluted earnings per share	<u>0.21</u>	<u>0.46</u>

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

Chief Financial Officer

Managing Director
and Chief Executive

Managing Director
and Chief Executive

Chairman

Pak Oman Investment Company Limited

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

For the first quarter ended 31 March 2017

31 March 2017	31 March 2016		31 March 2017	31 March 2016
------(US Dollars in '000)-----			------(Rupees in '000)-----	
1,243	2,717	Profit after taxation	130,149	284,611
		Other comprehensive income		
		Items that will not be reclassified subsequently to profit and loss account	-	-
<u>1,243</u>	<u>2,717</u>		<u>130,149</u>	<u>284,611</u>
		Comprehensive income transferred to equity attributable to:		
1,247	2,718	Shareholders of the holding company	130,521	284,684
(4)	(1)	Non-controlling interest	(372)	(73)
<u>1,243</u>	<u>2,717</u>	Comprehensive income transferred to equity	<u>130,149</u>	<u>284,611</u>
		Component of comprehensive income not transferred to equity		
(764)	889	(Deficit) / surplus on revaluation of 'available for sale' investments	(80,067)	93,157
160	(295)	Related tax impact	16,798	(30,943)
<u>(604)</u>	<u>594</u>		<u>(63,269)</u>	<u>62,214</u>
<u>639</u>	<u>3,311</u>	Total comprehensive income	<u>66,880</u>	<u>346,825</u>

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

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman

Pak Oman Investment Company Limited
Consolidated Condensed Interim Cash Flow Statement (Un-Audited)
For the first quarter ended 31 March 2017

31 March 2017	31 March 2016		Note	31 March 2017	31 March 2016
------(US Dollars in '000)-----				------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES					
1,735	4,007	Profit before taxation		181,768	419,829
72	134	Less: Dividend income		7,570	14,023
<u>1,663</u>	<u>3,873</u>			<u>174,198</u>	<u>405,806</u>
Adjustments for non-cash charges					
123	67	Depreciation		12,864	7,061
1	-	Amortisation of intangible assets		134	20
27	(307)	Unrealised loss / (gain) on revaluation of investments classified as 'held-for-trading'		2,838	(32,207)
(48)	(212)	Share of gain from associates - net of tax		(5,027)	(22,230)
(128)	(777)	(Reversal) of provision against non -performing advances		(13,417)	(81,419)
-	10	Provision for diminution in the value of investments		-	1,092
(25)	(1,219)			(2,608)	(127,683)
<u>1,638</u>	<u>2,654</u>			<u>171,590</u>	<u>278,123</u>
(Increase) / decrease in operating assets					
(2,636)	(317)	Lendings to financial institutions		(276,387)	(33,275)
(110,999)	(90,899)	Net investments in held-for-trading securities		(11,637,821)	(9,530,356)
(34,231)	(9,206)	Advances		(3,588,942)	(965,262)
(1,771)	1,196	Other assets		(185,700)	125,441
<u>(149,637)</u>	<u>(99,226)</u>			<u>(15,688,850)</u>	<u>(10,403,452)</u>
Increase / (decrease) in operating liabilities					
207,397	89,631	Borrowings		21,744,720	9,397,419
14,885	(6,201)	Deposits and other accounts		1,560,665	(650,191)
2,222	(712)	Other liabilities		233,093	(74,436)
<u>224,504</u>	<u>82,718</u>			<u>23,538,478</u>	<u>8,672,792</u>
<u>76,505</u>	<u>(13,854)</u>			<u>8,021,218</u>	<u>(1,452,537)</u>
(372)	(713)	Income tax paid		(38,995)	(74,745)
<u>76,133</u>	<u>(14,567)</u>	Net cash from / (used in) operating activities		<u>7,982,223</u>	<u>(1,527,282)</u>
CASH FLOW FROM INVESTING ACTIVITIES					
(82,976)	4,308	Net proceeds from available-for-sale securities		(8,699,729)	451,709
77	(2,184)	Investments in associates		8,087	(229,000)
47	30	Dividend received		4,959	3,151
(110)	(77)	Investments in operating fixed assets		(11,570)	(8,071)
<u>(82,962)</u>	<u>2,077</u>	Net cash (used in) / from investing activities		<u>(8,698,253)</u>	<u>217,789</u>
CASH FLOW FROM FINANCING ACTIVITIES					
(1)	-	Payment of lease obligation		(79)	(49)
<u>(6,830)</u>	<u>(12,490)</u>	(Decrease) in cash and cash equivalents		<u>(716,109)</u>	<u>(1,309,542)</u>
<u>16,914</u>	<u>17,458</u>	Cash and cash equivalents at the beginning of the period		<u>1,773,351</u>	<u>1,830,420</u>
<u>10,084</u>	<u>4,968</u>	Cash and cash equivalents at the end of the period	19	<u>1,057,242</u>	<u>520,878</u>

The annexed notes from 1 to 23 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 first quarter ended 31 March 2017

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Sub Total	Non controlling Interest	Total
		Statutory reserve	General reserve				
------(Rupees in '000)-----							
Balance as at 01 January 2016	6,150,000	831,674	11,630	713,763	7,707,067	10,119	7,717,186
Total Comprehensive income							
Net profit after tax for the first quarter ended 31 March 2016	-	-	-	284,684	284,684	(73)	284,611
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	284,684	284,684	(73)	284,611
Transfers							
Transfer to statutory reserve	-	53,353	-	(53,353)	-	-	-
Transactions with owners recognised directly in equity							
Dividend for the year ended 31 December 2015 (Re 0.60 per share)	-	-	-	(369,000)	(369,000)	-	(369,000)
Balance as at 31 March 2016	6,150,000	885,027	11,630	576,094	7,622,751	10,046	7,632,797
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)	-	-	-
Transaction with owners recognised directly in equity							
Dividend for the year ended 31 December 2016 (Re 0.80 per share)	-	-	-	(492,000)	(492,000)	-	(492,000)
Balance as at 31 March 2017	6,150,000	999,896	11,630	596,303	7,757,829	9,292	7,767,121

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

Chief Financial Officer

Managing Director
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and Chief Executive

Chairman

Pak Oman Investment Company Limited
Notes to the Consolidated Condensed Interim Financial Information (Un-Audited)
For the first quarter ended 31 March 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

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

1.1 Holding Company

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

1.2 Subsidiary Company

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

The Board of Directors of the POAMCL had approved the acquisition of Askari Investment Management Limited (the "Target Company" or "AIML") by way of purchasing of 33,500,000 ordinary shares of the Target Company from Askari Bank Limited (the "Seller" or "AKBL"). The acquisition transaction is to be followed by merger of both the entities. The merger will enable POAMCL to grow its assets under management at a higher rate besides increasing the number of funds under management and this will in turn contribute to higher returns to the shareholders. AKBL has accepted the POAMCL's bid of Rs 551 million to acquire 100% shares of the Target Company.

On April 06, 2017 Securities and Exchange Commission of Pakistan (SECP) has also granted its approval vide letter No. SCD/AMCW/507/2017 with regards to the acquisition of entire shareholding (33,500,000 ordinary shares) of AKBL in AIML by the POAMCL, subject to the condition that process of merger shall be completed within two months of date of entering into agreement with AKBL.

Subsequent to SECP approval, POAMCL has entered into sale purchase agreement with AKBL on April 10, 2017.

For the purpose of above mentioned acquisition, POAMCL will acquire commercial loan from a bank. The loan availed by POAMCL will be secured by TDR/T-Bills/PIBs of POICL.

1.3 The Group's Associates are as follows:

Entity	Country of incorporation	Nature of business	Holding %	
			31 March 2017	31 December 2016
Pak Oman Microfinance Bank Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in providing microfinance services to the poor and underserved segment of the society.	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.	54.09	43.34
Pak Oman Islamic Asset Allocation fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	35.00	38.50
Pak Oman Advantage Asset Allocation Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	57.79	60.25
Pak Oman Government Securities Fund	Pakistan	Established as an open-end scheme under the Non-Banking Finance Companies Rules, 2003 and Notified Entities Regulations, 2008.	54.53	66.91
Japan Power Generation Limited	Pakistan	Incorporated under the Companies Ordinance, 1984 and is engaged in generation of power and its supply to WAPDA.	11.29	11.29

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 2017 and the unaudited financial statements of POAMCL for the first quarter ended 31 March 2017. The accounting policies used by POAMCL and associates in preparation of their respective financial statements are consistent with that of the holding company except for the accounting policy for investments.
- 2.1.2** The associates have been accounted for in this consolidated condensed interim financial information under the equity method of accounting on the respective basis as follows:

Entity	Source of information
Japan Power Generation Limited (JPGL)	Unaudited financial statements for the six months ended 31 December 2016
Pak Oman Microfinance Bank Limited (POMFBL)	Unaudited financial statements for the first quarter ended 31 March 2017
Pak Oman Advantage Islamic Income Fund	Unaudited financial statements for the first quarter ended 31 March 2017
Pak Oman Islamic Asset Allocation Fund	Unaudited financial statements for the first quarter ended 31 March 2017
Pak Oman Advantage Asset Allocation fund	Unaudited financial statements for the first quarter ended 31 March 2017
Pak Oman Government Securities Fund	Unaudited financial statements for the first quarter ended 31 March 2017

- 2.1.3** The disclosures made in this condensed interim consolidated financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016.
- 2.1.4** The US dollar amounts shown in the consolidated condensed interim statement of financial position, consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated condensed interim cash flow statement are stated solely for information purposes. For this purpose the amounts in Pakistan rupees have been converted into US Dollars at a rate of Rs 104.8458 = 1 US dollar for the first quarter ended 31 March 2017 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 NBFCs. Therefore, it is also not applicable on the Company as it follows the same format of reporting as made applicable on banks by the SBP and accordingly, the requirements of this standard have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

The SECP through a notification no. SRO 56(1)/2016 dated 28 January 2016, directed that the requirements of consolidation under section 237 of the Companies Ordinance, 1984 and IFRS 10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust Structure. Accordingly, the aforesaid requirements have not been considered in the preparation of these consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2016.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2016.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2016.

7. INVESTMENTS - net

Note	31 March 2017 (Un-audited)			31 December 2016 (Audited)		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
------(Rupees in '000)-----						
7.1 Investments by types						
Held-for-trading securities						
	1,345,716	7,388,179	8,733,895	602,866	1,036,725	1,639,591
	1,312,125	4,961,832	6,273,957	430,275	1,370,506	1,800,781
	111,447	-	111,447	41,106	-	41,106
	67,188	-	67,188	66,943	-	66,943
	2,836,476	12,350,011	15,186,487	1,141,190	2,407,231	3,548,421
Available-for-sale securities						
	110,503	6,224,011	6,334,514	183,630	2,423,324	2,606,954
	-	14,835,498	14,835,498	194,832	9,733,012	9,927,844
	585,068	-	585,068	653,703	-	653,703
	121,333	226,000	347,333	121,333	226,000	347,333
	1,059,687	-	1,059,687	1,146,159	-	1,146,159
7.2	1,942,478	-	1,942,478	1,723,926	-	1,723,926
	3,819,069	21,285,509	25,104,578	4,023,583	12,382,336	16,405,919
Associates						
	-	-	-	-	-	-
	254,067	-	254,067	176,216	-	176,216
	143,641	-	143,641	161,201	-	161,201
	245,901	-	245,901	247,788	-	247,788
	272,780	-	272,780	334,813	-	334,813
	359,073	-	359,073	358,338	-	358,338
	1,275,462	-	1,275,462	1,278,356	-	1,278,356
	7,931,007	33,635,520	41,566,527	6,443,129	14,789,567	21,232,696
	776,964	-	776,964	778,034	-	778,034
	7,154,043	33,635,520	40,789,563	5,665,095	14,789,567	20,454,662
	(7,596)	795	(6,801)	(1,985)	(1,733)	(3,718)
14	42,493	286,905	329,398	117,230	292,401	409,631
	7,188,940	33,923,220	41,112,160	5,780,340	15,080,235	20,860,575

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) 31 March 2017	(Audited) 31 December 2016
	------(Rupees in '000)-----	
8. ADVANCES - net		
Loans in Pakistan	16,562,401	13,171,976
Margin trading	1,154,743	841,195
Net investment in finance lease in Pakistan	1,774,536	1,889,567
Advances - gross	19,491,680	15,902,738
Less: Provision for non-performing advances - Specific	(1,051,760)	(1,065,205)
Provision for non-performing advances - General	(101)	(73)
	(1,051,861)	(1,065,278)
Advances - net of provision	18,439,819	14,837,460

8.1 Advances include amount aggregating Rs. 1,197.359 million (31 December 2016: Rs. 1,218.843 million), which have been placed under the non-performing status as detailed below:

Category of classification	31 March 2017 (Un-audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	------(Rupees in '000)-----				
Substandard	-	-	-	-	-
Doubtful	264,755	-	264,755	130,938	130,938
Loss	932,604	-	932,604	920,822	920,822
	1,197,359	-	1,197,359	1,051,760	1,051,760

Category of classification	31 December 2016 (Audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	------(Rupees in '000)-----				
Substandard	11,877	-	11,877	2,969	2,969
Doubtful	252,878	-	252,878	125,000	125,000
Loss	954,088	-	954,088	937,236	937,236
	1,218,843	-	1,218,843	1,065,205	1,065,205

8.2 Particulars of provision against non-performing advances

	First quarter ended 31 March 2017 (Unaudited)			Year ended 31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	------(Rupees in '000)-----					
Opening balance	1,065,205	73	1,065,278	914,462	-	914,462
Charge during the period / year	2,969	28	2,997	308,796	73	308,869
Reversal during the period / year	(16,414)	-	(16,414)	(140,690)	-	(140,690)
Net (Reversal) / charge	(13,445)	28	(13,417)	168,106	73	168,179
Less: Amounts written off during the period / year	-	-	-	(17,363)	-	(17,363)
Closing balance	1,051,760	101	1,051,861	1,065,205	73	1,065,278

9. OPERATING FIXED ASSETS

(Un-Audited)	
First quarter ended	
31 March 2017	31 March 2016
------(Rupees in '000)-----	

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

Owned

Office equipment	10	683
Computer equipment	117	345
Furniture and fixture	392	-
Vehicles	3,387	3,270
Capital work in progress	7,664	3,773
	<u>11,570</u>	<u>8,071</u>

10. DEFERRED TAX ASSETS - net

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

Deferred tax assets arising in respect of:

Provision for diminution in the value of investments	201,620	201,620
Amortisation of premium on federal government securities	10,256	9,128
Assets subject to finance leases	44	38
Accelerated tax depreciation allowances	2,444	1,274
Revaluation on investments classified as held-for-trading	1,201	1,066
Provision against non-performing loans and advances	315,558	319,583
	<u>531,123</u>	<u>532,709</u>

Less: Deferred tax liabilities arising in respect of:

Revaluation on investments classified as available-for-sale	(96,733)	(113,531)
Revaluation of non-banking assets	(21,828)	(23,395)
Dividend receivable	(580)	(212)
Net investment in finance leases	26,763	(3,350)
	<u>(92,378)</u>	<u>(140,488)</u>
	<u>438,745</u>	<u>392,221</u>

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

11. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan:

- Long term financing facility (LTFF)	11.1	1,533,627	1,229,176
- Financing facility for storage of agricultural produce (FFSAP)	11.1	5,851	6,687
Repurchase agreement borrowings	11.2	15,065,820	5,351,991
Long term borrowings	11.3	5,871,640	4,546,640
Short term running finance	11.4	443,373	480,389
Bai Muajjal	11.5	19,079,288	9,851,015
		41,999,599	21,465,898
Unsecured			
Placements	11.6	1,546,019	685,000
Murabaha financing	11.7	3,350,000	3,000,000
		46,895,618	25,150,898

- 11.1** The holding 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 8.20 percent per annum (2016: 2 to 10.10 percent per annum). These are repayable within 10 years (2016: 10 years).
- 11.2** The rate of return on these repurchase agreement borrowings, maturing in April 2017 (2016: January 2017), ranges between 5.88 to 5.95 (2016: 5.70 to 5.93) percent per annum. Securities having cost of Rs 14,591.796 million (2016: Rs 5,172.066 million) have been pledged against these borrowings.
- 11.3** The rate of return on these long-term borrowings ranges from 6.36 to 6.63 (2016: 6.32 to 6.56) 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% (2016: 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 June 2017 to February 2018 (2016: January 2017 to October 2017) and carrying rate of return ranges between 5.65 to 5.84 (2016: 5.65 to 5.87) percent per annum.
- 11.6** The rates of return on these placements, maturing in April 2017 to August 2017 (2016: January 2017 to February 2017) ranges between 5.25 to 6.25 (2016: 5.85 to 6.30) percent per annum.
- 11.7** The rates of return on these murabaha financing, maturing in April 2017 to June 2017 (2016: January 2017 to June 2017) ranges between 6.00 to 6.25 (2016: 6.15 to 6.25) percent per annum.

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

12. DEPOSITS AND OTHER ACCOUNTS

Certificate of investments - remunerative (in local currency)

Financial institutions	1,197,700	252,700
Others	5,705,940	5,090,275
	6,903,640	5,342,975

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

13. SHARE CAPITAL

13.1 Authorized capital

(Un-Audited) 31 March 2017 ------(Number of shares)-----	(Audited) 31 December 2016	(Un-Audited) 31 March 2017 ------(Rupees in '000)-----	(Audited) 31 December 2016
<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

13.2 Issued, subscribed and paid - up capital

<u>615,000,000</u>	<u>615,000,000</u>	<u>6,150,000</u>	<u>6,150,000</u>
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13.3 The Ministry of Finance on behalf of the Government of Pakistan and the Sultanate of Oman through its Ministry of Finance each holds 307,495,900 (2016: 307,495,900) ordinary shares of the Company, while 4,100 (2016: 4,100) ordinary shares each are held by the Secretary - Economic Affairs Division, Government of Pakistan and Ministry of Commerce and Industry, Sultanate of Oman.

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

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

Federal Government Securities		
- Pakistan investment bonds	297,544	334,258
- Treasury bills (T-Bills)	(10,831)	(8,204)
	<u>286,713</u>	<u>326,054</u>
Shares-listed	13,913	62,390
Term Finance Certificates		
- Listed	17,591	12,134
- Unlisted	1,043	1,249
	<u>18,634</u>	<u>13,383</u>
Sukuk certificates	10,138	7,804
	<u>329,398</u>	<u>409,631</u>
Deferred tax asset recognized	(96,733)	(113,531)
	<u>232,665</u>	<u>296,100</u>
Associate's share of surplus of revaluation of available-for-sale securities	399	233

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

Revaluation of fixed assets / non-banking assets during the period / year	84,766	84,766
Transferred to unappropriated profit in respect of incremental depreciation charged during the period	(2,474)	(1,414)
	<u>82,292</u>	<u>83,352</u>
Less: Related deferred tax liability on:		
- Revaluation of fixed assets / non-banking assets during the period / year	(25,430)	(25,430)
- Incremental depreciation charged during the period / year	742	424
	<u>(24,688)</u>	<u>(25,006)</u>
	<u>57,604</u>	<u>58,346</u>
	<u>290,668</u>	<u>354,679</u>

14.2.1 Surplus on revaluation of non-banking assets arising on the property located in Lahore having a market value of RS 374.538 million on valuation report Sep 08, 2016 and property located in Karachi having a market value of Rs 43.424 million on valuation report April 07, 2016. The factors taken include the nature, physical condition of building & civil structure, location, market feedback, the property buying and selling activity, buyers' purchasing power, prevailing market conditions, return on investment, adverse factors, threats and opportunities of real estate industry, etc.

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

15. CONTINGENCIES AND COMMITMENTS

Pledge of shares on behalf of Japan Power Generation Limited - note 15.1	70,726	70,726
Pledge of shares on behalf of Orient Power Company (Private) Limited - note 15.2	226,000	226,000
Commitments for:		
Sale of government securities	8,393,587	219,782
Purchase of government securities	2,972,856	-
Commitments for loans, advances and net investment in finance leases		
	3,521,227	3,393,784
Commitments for sale of non-banking assets	46,000	46,000

15.1 Shares in Japan Power Generation Limited (an associate) aggregating 17,622,878 (31 December 2016: 17,622,878) having a cost of Rs. 70.726 million (31 December 2015: Rs. 70.726 million) have been pledged as security on behalf of that associated company against a syndicate finance facility obtained by it.

15.2 Shares in Orient Power Company (Private) Limited (related party) aggregating 22,600,000 (31 December 2016: 22,600,000) having a cost of Rs.226 million (31 December 2015: Rs. 226 million) are pledged as security on behalf of Orient Power Company (Private) Limited (related party) against a syndicate finance facility obtained by Orient Power Company (Private) Limited (related party).

15.3 The Income tax Department has amended the deemed assessment orders for the tax years 2004, 2009, 2010, 2011, 2012, 2013, 2014 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. Further, for the matter of WWF, Supreme Court (SC) in its recent decision has annulled the amendments made through Finance Act 2006 and 2008. However, Federal Board of Revenue (FBR) has now filed review petition in the SC against the SC decision in the matter of WWF. Management estimates that sufficient provisions have been made and no further provision is required.

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

	First quarter ended	
	31 March 2017	31 March 2016
Profit attributable to shareholders (Rupees in '000)	130,521	284,684
Weighted average number of ordinary shares (in '000)	615,000	615,000
Basic and diluted earnings per share (Rupee)	0.21	0.46

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

		31 March 2017 (Un-audited)											
Note	HFT	Available for sale	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value			Total		
								Level 1	Level 2	Level 3			
----- (Rupees in '000) -----													
Financial assets measured at fair value													
- Investments													
	Government Securities	15,006,773	21,456,725	-	-	-	36,463,498	-	36,463,498	-	36,463,498		
	Listed Term Finance Certificates	25,060	1,357,791	-	-	-	1,382,851	-	1,382,851	-	1,382,851		
	Unlisted Term Finance Certificates	42,254	185,945	-	-	-	228,199	-	228,199	-	228,199		
	Sukuk Certificates	-	886,489	-	-	-	886,489	-	886,489	-	886,489		
	Listed shares	105,599	544,062	-	-	-	649,661	649,661	-	-	649,661		
- Associates													
	Listed shares	-	-	-	-	-	-	103,799	-	-	103,799		
	Mutual funds	-	-	-	916,389	-	916,389	916,389	-	-	916,389		
							-	-	-	-	-		
Financial assets not measured at fair value													
	- Cash and bank balances with treasury banks	17.1	-	-	92,931	-	92,931	-	-	-	-		
	- Balances with other banks	17.1	-	-	964,311	-	964,311	-	-	-	-		
	- Lendings to financial institutions	17.1	-	-	1,212,213	-	1,212,213	-	-	-	-		
	- Unlisted shares	17.1	-	226,000	-	-	226,000	-	-	-	-		
	- Associates - unlisted shares	17.1	-	-	-	359,073	359,073	-	-	-	-		
	- Advances	17.1	-	-	18,439,819	-	18,439,819	-	-	-	-		
	- Other assets	17.1	-	-	-	580,310	580,310	-	-	-	-		
			15,179,686	24,657,012	-	20,709,274	1,855,772	-	62,401,744	1,669,849	38,961,037	-	40,630,886
Financial liabilities not measured at fair value													
	- Borrowings from financial institutions	17.1	-	-	-	-	46,895,618	46,895,618	-	-	-	-	
	- Deposits and other accounts	17.1	-	-	-	-	6,903,640	6,903,640	-	-	-	-	
	- Liabilities against assets subject to finance lease	17.1	-	-	-	-	1,592	1,592	-	-	-	-	
	- Other liabilities	17.1	-	-	-	-	1,595,946	1,595,946	-	-	-	-	
			-	-	-	-	55,396,796	55,396,796	-	-	-	-	
			15,179,686	24,657,012	-	20,709,274	1,855,772	(55,396,796)	7,004,948	1,669,849	38,961,037	-	40,630,886

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

		31 December 2016 (Audited)						Fair value					
Note	HFT	Available for sale	HTM	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total		
----- (Rupees in '000) -----													
Financial assets measured at fair value													
- Investments													
	Government Securities	3,437,225	12,860,852	-	-	-	16,298,077	-	16,298,077	-	16,298,077		
	Listed Term Finance Certificates	25,187	683,612	-	-	-	708,799	-	708,799	-	708,799		
	Unlisted Term Finance Certificates	-	678,322	-	-	-	678,322	-	678,322	-	678,322		
	Sukuk Certificates	-	970,626	-	-	-	970,626	-	970,626	-	970,626		
	Listed shares	40,291	660,104	-	-	-	700,395	700,395	-	-	700,395		
- Associates													
	Listed shares	-	-	-	-	-	-	98,512	-	-	98,512		
	Mutual funds	-	-	-	-	920,018	920,018	920,018	-	-	920,018		
							-				-		
Financial assets not measured at fair value													
	- Cash and bank balances with treasury banks	17.1	-	-	88,909	-	88,909	-	-	-	-		
	- Balances with other banks	17.1	-	-	1,684,442	-	1,684,442	-	-	-	-		
	- Lendings to financial institutions	17.1	-	-	935,826	-	935,826	-	-	-	-		
	- Unlisted shares	17.1	-	226,000	-	-	226,000	-	-	-	-		
	- Associates - unlisted shares	17.1	-	-	-	358,338	358,338	-	-	-	-		
	- Advances	17.1	-	-	14,837,460	-	14,837,460	-	-	-	-		
	- Other assets	17.1	-	-	-	399,021	399,021	-	-	-	-		
			3,502,703	16,079,516	-	17,546,637	1,677,377	-	38,806,233	1,718,925	18,655,824	-	20,374,749
Financial liabilities not measured at fair value													
	- Borrowings from financial institutions	17.1	-	-	-	25,150,898	25,150,898	-	-	-	-		
	- Deposits and other accounts	17.1	-	-	-	5,342,975	5,342,975	-	-	-	-		
	- Liabilities against assets subject to finance lease	17.1	-	-	-	1,671	1,671	-	-	-	-		
	- Other liabilities	17.1	-	-	-	870,853	870,853	-	-	-	-		
			-	-	-	-	31,366,397	-	31,366,397	-	-	-	
			3,502,703	16,079,516	-	17,546,637	1,677,377	(31,366,397)	7,439,836	1,718,925	18,655,824	-	20,374,749

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

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

	Corporate Finance	Trading & Sales	Commercial Banking	Asset Management	Total
----- (Rupees in '000)' -----					
First quarter ended 31 March 2017 (Un-Audited)					
Total income	3,875	541,872	324,318	7,974	878,039
Total expense	27,131	389,554	260,137	19,449	696,271
Net income	(23,256)	152,318	64,181	(11,475)	181,768

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

Segment assets -net	-	44,038,050	19,091,389	325,146	63,454,585
Segment Liabilities	-	37,603,585	17,773,467	19,744	55,396,796
Segment non performing loans	-	-	1,197,359	-	1,197,359
Investments provided for	-	895,618	-	-	895,618
Segment provision required	-	776,964	1,051,861	-	1,828,825
Segment return on net assets (%)	-	9.47%	19.48%	-15.0%	-
Segment return on assets (ROA) %	-	1.38%	1.34%	-14.1%	-
Segment cost of funds (%)	-	5.07%	4.85%	-	-

First quarter ended 31 March 2016 (Un-Audited)

Total income	6,307	551,028	259,135	9,837	826,307
Total expense	22,324	264,672	108,585	10,897	406,478
Net income	(16,017)	286,356	150,550	(1,060)	419,829

First quarter ended 31 March 2016 (Un-Audited)

Segment assets -net	-	24,496,184	11,431,930	243,274	36,171,388
Segment Liabilities	-	18,925,766	9,143,665	11,987	28,081,418
Segment non performing loans	-	-	1,105,931	-	1,105,931
Investments provided for	-	1,168,598	-	-	1,168,598
Segment provision required	-	981,228	833,043	-	1,814,271
Segment return on net assets (%)	-	20.56%	26.32%	-1.83%	-
Segment return on assets (ROA) %	-	4.68%	5.27%	-1.74%	-
Segment cost of funds (%)	-	4.83%	4.89%	-	-

(Un-Audited)

First quarter ended

31 March 2017	31 March 2016
----- (Rupees in '000) -----	
92,931	57,867
964,311	463,011
1,057,242	520,878

19. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	92,931	57,867
Balances with other banks	964,311	463,011
	1,057,242	520,878

20. RELATED PARTY TRANSACTIONS

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

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

Related parties of the Group comprises 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

21. CREDIT RATING

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

22. GENERAL

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

23. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised on 27 April 2017 by the board of directors of the holding Company.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman