

**PAK OMAN INVESTMENT
COMPANY LIMITED**

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

**FOR THE PERIOD
ENDED 30 SEPTEMBER 2016**

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

30 September 2016 ------(US Dollars in '000)-----	31 December 2015		Note	(Un-audited) 30 September 2016 ------(Rupees in '000)-----	(Audited) 31 December 2015
ASSETS					
623	896	Cash and balances with treasury banks		65,130	93,725
7,267	15,169	Balances with other banks		760,232	1,586,956
-	3,468	Lendings to financial institutions		-	362,824
131,412	134,517	Investments - net	7	13,748,520	14,073,356
142,452	95,518	Advances - net	8	14,903,481	9,993,263
870	787	Operating fixed assets	9	91,048	82,316
3,366	3,626	Deferred tax assets -net	10	352,156	379,314
5,134	5,954	Other assets		537,140	622,875
291,124	259,935			30,457,707	27,194,629
LIABILITIES					
-	-	Bills payable		-	-
137,885	138,398	Borrowings	11	14,425,722	14,479,440
66,650	38,327	Deposits and other accounts	12	6,972,990	4,009,860
-	-	Sub-ordinated loans		-	-
17	19	Liabilities against assets subject to finance lease		1,749	1,973
-	-	Deferred tax liabilities		-	-
6,229	5,147	Other liabilities		651,694	538,270
210,781	181,891			22,052,155	19,029,543
80,343	78,044	NET ASSETS		8,405,552	8,165,086
REPRESENTED BY					
58,783	58,783	Share capital	13	6,150,000	6,150,000
9,209	8,061	Reserves		963,424	843,304
8,494	7,426	Unappropriated profit		888,602	776,899
76,486	74,270			8,002,026	7,770,203
3,857	3,774	Surplus on revaluation of assets - net of deferred tax	14	403,526	394,883
80,343	78,044			8,405,552	8,165,086
CONTINGENCIES AND COMMITMENTS					
			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 nine months ended 30 September 2016

Nine months ended			Quarter ended		Nine months ended	
30 September	30 September		30 September	30 September	30 September	30 September
2016	2015		2016	2015	2016	2015
----- (US Dollars in '000) -----			----- (Rupees in '000) -----			
16,070	16,250	Mark-up/return/interest earned	557,984	536,549	1,681,253	1,700,063
9,789	9,921	Mark-up/return/interest expensed	345,951	310,759	1,024,111	1,037,973
6,281	6,329	Net mark-up/ interest income	212,033	225,790	657,142	662,090
(1,195)	(652)	(Reversal) of provision against non -performing advances	(19,961)	(13,029)	(125,035)	(68,170)
156	852	Provision / (reversal) for diminution in the value of investments	(3,615)	109,277	16,330	89,122
-	-	Bad debts written off directly	-	-	-	-
(1,039)	200		(23,576)	96,248	(108,705)	20,952
7,320	6,129	Net mark-up/ interest income after provisions	235,609	129,542	765,847	641,138
NON MARK-UP/INTEREST INCOME						
467	275	Fee, commission and brokerage income	8,420	4,029	48,810	28,796
591	1,275	Dividend income	9,618	82,732	61,831	133,423
-	-	Income from dealing in foreign currency	-	-	-	-
4,387	5,532	Gain on sale of securities	66,375	156,343	458,931	578,758
(17)	(116)	Unrealised (loss) / gain on revaluation of investments classified as 'held-for-trading' securities	(11,571)	10,690	(1,760)	(12,128)
37	(20)	Other income	1,905	(3,989)	3,861	(2,100)
5,465	6,946	Total non -mark up/interest income	74,747	249,805	571,673	726,749
12,785	13,075		310,356	379,347	1,337,520	1,367,887
NON MARK-UP/INTEREST EXPENSES						
3,699	3,038	Administrative expenses	114,684	123,543	387,002	317,839
-	-	Other write offs / provisions	-	-	-	-
156	224	Other charges	5,654	5,476	16,337	23,406
3,855	3,262	Total non-mark up/interest expenses	120,338	129,019	403,339	341,245
8,930	9,813		190,018	250,328	934,181	1,026,642
-	-	Extra ordinary /unusual items	-	-	-	-
8,930	9,813	PROFIT BEFORE TAXATION	190,018	250,328	934,181	1,026,642
2,517	3,103	Taxation - current	57,896	80,152	263,336	324,619
370	227	- prior	-	-	38,746	23,718
301	259	- deferred	(6,321)	(30,515)	31,499	27,116
3,188	3,589		51,575	49,637	333,581	375,453
5,742	6,224	PROFIT AFTER TAXATION	138,443	200,691	600,600	651,189
----- US Dollar -----			----- Rupees -----			
0.0093	0.0101	Basic and diluted earnings per share	0.23	0.33	0.98	1.06

Note

16

17

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 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) -----			
5,742	6,224	PROFIT AFTER TAXATION	138,443	200,691	600,600	651,189
		Other comprehensive income				
		Items that will not be reclassified subsequently to profit and loss account	-	-	-	-
<u>5,742</u>	<u>6,224</u>	Comprehensive income transferred to equity	<u>138,443</u>	<u>200,691</u>	<u>600,600</u>	<u>651,189</u>
		Component of comprehensive income not transferred to equity				
(80)	881	(Deficit) / surplus on revaluation of 'available for sale' investments	(18,085)	9,474	(8,325)	92,166
78	(81)	Related tax impact	8,901	(25,036)	8,196	(8,496)
(2)	800		(9,184)	(15,562)	(129)	83,670
<u>5,740</u>	<u>7,024</u>	Total comprehensive income	<u>129,259</u>	<u>185,129</u>	<u>600,471</u>	<u>734,859</u>

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 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		
8,930	9,813	Profit before taxation	934,181	1,026,642
591	1,275	Less: Dividend income	61,831	133,423
<u>8,339</u>	<u>8,538</u>		<u>872,350</u>	<u>893,219</u>
		Adjustments for non-cash charges		
209	135	Depreciation	21,884	14,103
1	1	Amortisation of intangible assets	61	150
17	116	Unrealised loss on revaluation of		
(37)	20	investments classified as 'held-for-trading' securities	1,760	12,128
(1,195)	(652)	(Gain) / (loss) on sale of fixed assets	(3,861)	2,100
156	852	(Reversal) of provision against non-performing advances	(125,035)	(68,170)
(849)	472	Provision for diminution in the value of investments	16,330	89,122
<u>7,490</u>	<u>9,010</u>		<u>(88,861)</u>	<u>49,433</u>
			<u>783,489</u>	<u>942,652</u>
		(Increase) / decrease in operating assets		
3,468	(18,224)	Landings to financial institutions	362,824	(1,906,634)
(782)	(9,865)	Net Investments in held-for-trading securities	(81,825)	(1,032,103)
(45,738)	(13,001)	Advances	(4,785,183)	(1,360,187)
1,608	1,898	Other assets	168,315	198,634
<u>(41,444)</u>	<u>(39,192)</u>		<u>(4,335,869)</u>	<u>(4,100,290)</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)
1,083	1,763	Other liabilities	113,424	184,518
<u>28,892</u>	<u>18,981</u>		<u>3,022,836</u>	<u>1,985,935</u>
<u>(5,062)</u>	<u>(11,201)</u>		<u>(529,544)</u>	<u>(1,171,703)</u>
		Income tax paid	(365,684)	(302,372)
<u>(3,495)</u>	<u>(2,890)</u>	Net cash (used in) operating activities	<u>(895,228)</u>	<u>(1,474,075)</u>
<u>(8,557)</u>	<u>(14,091)</u>			
		CASH FLOW FROM INVESTING ACTIVITIES		
5,516	17,673	Net proceeds from / (Investments in) available-for-sale securities	577,098	1,849,016
(956)	(2,198)	Investment in Subsidiary	(100,000)	(230,000)
(926)	2,404	Investment in associates	(96,852)	251,470
518	1,480	Dividend income received	54,181	154,808
(279)	(311)	Investments in operating fixed assets	(29,230)	(32,552)
38	75	Sale proceeds on sale of fixed assets disposed off	3,936	7,846
<u>3,911</u>	<u>19,123</u>	Net cash from investing activities	<u>409,133</u>	<u>2,000,588</u>
		CASH FLOW FROM FINANCING ACTIVITIES		
(2)	(3)	Payment of lease obligation	(224)	(283)
(3,527)	(2,351)	Dividend paid	(369,000)	(246,000)
<u>(3,529)</u>	<u>(2,354)</u>		<u>(369,224)</u>	<u>(246,283)</u>
		(Decrease) / increase in cash and cash equivalents	(855,319)	280,230
<u>16,064</u>	<u>3,767</u>	Cash and cash equivalents at beginning of the period	<u>1,680,681</u>	<u>394,085</u>
<u>7,889</u>	<u>6,445</u>	Cash and cash equivalents at the end of the period	<u>825,362</u>	<u>674,315</u>

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

	Issued, subscribed and paid up capital	Reserves		Unappropriated profit	Total
		Statutory reserve	General reserve		
------(Rupees in '000)-----					
Balance as at 01 January 2015	6,150,000	711,180	11,630	545,915	7,418,725
Total comprehensive income					
Net profit after tax for the nine months ended 30 September 2015	-	-	-	651,189	651,189
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	651,189	651,189
Transfers					
Transfer to statutory reserve	-	130,238	-	(130,238)	-
Transaction with owners recognised directly in equity					
Dividend for the year ended 31 December 2014 (Re. 0.40 per share)	-	-	-	(246,000)	(246,000)
Balance as at 30 September 2015	6,150,000	841,418	11,630	820,866	7,823,914
Balance as at 01 January 2016	6,150,000	831,674	11,630	776,899	7,770,203
Total comprehensive income					
Net profit after tax for the nine months ended 30 September 2016	-	-	-	600,600	600,600
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	600,600	600,600
Transfers					
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	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)
Balance as at 30 September 2016	6,150,000	951,794	11,630	888,602	8,002,026

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

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 2015.

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.104.6214 = 1 US dollar for the nine months ended 30 September 2016 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 Ordinance, 1984, directives issued by the 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 International Financial Reporting Standard (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 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 2015.

Non banking assets acquired in satisfaction of claims

Effective 1 January 2016, the Company 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 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 2015.

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 2015.

7. INVESTMENTS - net

Note	30 September 2016 (Un-audited)			31 December 2015 (Audited)		
	Held by the Company	Given as collateral	Total	Held by the Company	Given as collateral	Total
------(Rupees in '000)-----						
7.1 Investments by types						
Held-for-trading securities						
Pakistan investment bonds	259,808	-	259,808	181,573	243,056	424,629
Ijara sukuk certificates	-	-	-	-	-	-
Market treasury bills (T-Bills)	24,229	640,901	665,130	247,051	215,250	462,301
Listed ordinary shares	154,522	-	154,522	110,705	-	110,705
	438,559	640,901	1,079,460	539,329	458,306	997,635
Available-for-sale securities						
Pakistan investment bonds	171,332	3,306,858	3,478,190	111,455	7,513,935	7,625,390
Market treasury bills (T-Bills)	1,188,359	3,379,231	4,567,590	74,201	144,555	218,756
Ijara sukuk certificates	-	-	-	300,000	-	300,000
Listed ordinary shares	546,998	-	546,998	682,716	-	682,716
Unlisted ordinary shares	121,333	226,000	347,333	121,333	226,000	347,333
Sukuk certificates	1,156,451	-	1,156,451	966,619	-	966,619
Term finance certificates (TFCs)	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						
Japan Power Generation Limited	32,484	70,726	103,210	51,921	70,726	122,647
Pak Oman Microfinance Bank Limited	384,708	-	384,708	384,708	-	384,708
Pak Oman Advantage Islamic Income Fund	165,025	-	165,025	65,025	-	65,025
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
	1,007,709	70,726	1,078,435	927,146	70,726	997,872
Subsidiary						
Pak Oman Asset Management Company Limited	498,300	-	498,300	398,300	-	398,300
Investments at cost	6,796,327	7,623,716	14,420,043	6,354,314	8,413,522	14,767,836
Less: Provision for diminution in the value of investments	1,165,118	59,271	1,224,389	1,198,160	59,271	1,257,431
Investments - net of provisions	5,631,209	7,564,445	13,195,654	5,156,154	8,354,251	13,510,405
(Loss) / gain on revaluation of held-for-trading securities	(8,273)	(30)	(8,303)	(7,325)	782	(6,543)
Surplus on revaluation of available-for-sale securities	35,907	525,262	561,169	15,335	554,159	569,494
Total investments at carrying value	5,658,843	8,089,677	13,748,520	5,164,164	8,909,192	14,073,356

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 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.

8. ADVANCES - net	(Un-audited) 30 September 2016	(Audited) 31 December 2015
	------(Rupees in '000)-----	
Loans in Pakistan	13,013,479	9,148,012
Magrin Trading	582,719	-
Net investment in finance lease in Pakistan	2,096,710	1,759,713
Advances - gross	15,692,908	10,907,725
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	14,903,481	9,993,263

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)			Provision	
	Domestic	Overseas	Total	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

	31 December 2015 (Audited)				
	------(Rupees in '000)-----				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
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 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 (Un-audited)			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

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

9. OPERATING FIXED ASSETS

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

Owned

Office equipment	683	66
Computer equipment	895	3,811
Furniture and fixture	934	300
Vehicles	23,946	12,654
Capital work in progress	2,772	15,721
	<u>29,230</u>	<u>32,552</u>

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

Owned

Office equipment	-	223
Computer equipment	-	9
Furniture and fixture	75	325
Vehicles	-	9,389
	<u>75</u>	<u>9,946</u>

(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	305,628	319,793
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
	<u>555,673</u>	<u>611,491</u>

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 acquired in satisfaction of claims	(3,759)	-
Dividend receivable	(956)	-
Net investment in finance leases	(32,387)	(57,566)
	<u>(203,517)</u>	<u>(232,177)</u>
	<u>352,156</u>	<u>379,314</u>

	(Un-Audited) 30 September 2016	(Audited) 31 December 2015
Note	----- (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
		<u>10,275,828</u>	<u>10,980,440</u>
Unsecured			
Placements	11.5	985,000	799,000
Murabaha financing	11.6	3,164,894	2,700,000
		<u>14,425,722</u>	<u>14,479,440</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 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 advances receivable.
- 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 advances receivable.
- 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) 30 September 2016	(Audited) 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
		<u>6,972,990</u>	<u>4,009,860</u>

- 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>	<u>10,000,000</u>	<u>10,000,000</u>
	Ordinary shares of Rs. 10 each		

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>
	Ordinary shares of Rs. 10 each		

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 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
--------	--------

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>

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>
<u>8,772</u>	<u>-</u>
<u>403,526</u>	<u>394,883</u>

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	Fair value			Total
								Level 1	Level 2	Level 3	
----- (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	-	750,156	-	-	-	-	750,156	-	750,156	-	750,156
Unlisted Term Finance Certificates	-	280,289	-	-	-	-	280,289	-	280,289	-	280,289
Sukuk Certificates	-	1,001,482	-	-	-	-	1,001,482	-	1,001,482	-	1,001,482
Listed shares	146,752	490,749	-	-	-	-	637,501	637,501	-	-	637,501
- Associates											
Listed shares	-	-	-	-	16,715	-	16,715	146,587	-	-	146,587
Mutual funds	-	-	-	-	590,517	-	590,517	667,112	-	-	667,112
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	-	-	-	65,130	-	-	65,130	-	-	-	-
- Balances with other banks	-	-	-	760,232	-	-	760,232	-	-	-	-
- Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-
- Unlisted shares	-	242,907	-	-	-	-	242,907	-	-	-	-
- Associates - unlisted shares	-	-	-	-	384,708	-	384,708	-	-	-	-
- Subsidiary - unlisted shares	-	-	-	-	340,925	-	340,925	-	-	-	-
- Advances	-	-	-	14,903,481	-	-	14,903,481	-	-	-	-
- Other assets	-	-	-	-	390,804	-	390,804	-	-	-	-
	1,071,157	11,344,498	-	15,728,843	1,723,669	-	29,868,167	1,451,200	11,535,247	-	12,986,447
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	-	-	-	-	-	651,694	651,694	-	-	-	-
	-	-	-	-	-	22,052,155	22,052,155	-	-	-	-
	1,071,157	11,344,498	-	15,728,843	1,723,669	(22,052,155)	7,816,012	1,451,200	11,535,247	-	12,986,447

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	-	740,573	-	-	-	-	740,573	-	740,573	-	740,573
Unlisted Term Finance Certificates	-	847,675	-	-	-	-	847,675	-	847,675	-	847,675
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	-	-	-	-	19,864	-	19,864	121,018	-	-	121,018
Mutual funds	-	-	-	-	490,517	-	490,517	539,798	-	-	539,798
Financial assets not measured at fair value											
- Cash and bank balances with treasury banks	-	-	-	93,725	-	-	93,725	-	-	-	-
- Balances with other banks	-	-	-	1,586,956	-	-	1,586,956	-	-	-	-
- Lendings to financial institutions	-	-	-	362,824	-	-	362,824	-	-	-	-
- Unlisted shares	-	242,907	-	-	-	-	242,907	-	-	-	-
- Associates - unlisted shares	-	-	-	-	384,708	-	384,708	-	-	-	-
- Subsidiary - unlisted shares	-	-	-	-	240,925	-	240,925	-	-	-	-
- Advances	-	-	-	9,993,263	-	-	9,993,263	-	-	-	-
- Other assets	-	-	-	-	561,036	-	561,036	-	-	-	-
	991,092	11,946,250	-	12,036,768	1,697,050	-	26,671,160	1,385,057	11,970,194	-	13,355,251
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	-	-	-	-	-	529,309	529,309	-	-	-	-
	-	-	-	-	-	19,020,582	19,020,582	-	-	-	-
	991,092	11,946,250	-	12,036,768	1,697,050	(19,020,582)	7,650,578	1,385,057	11,970,194	-	13,355,251

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 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 repriced 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	Total
-----Rupees in '000-----				
Nine months ended 30 September 2016 (Un-Audited)				
Total income	11,057	1,410,897	830,972	2,252,926
Total expense	63,458	742,838	512,449	1,318,745
Net income	<u>(52,401)</u>	<u>668,059</u>	<u>318,523</u>	<u>934,181</u>

**Nine months ended 30 September
2016 (Un-Audited)**

Segment assets	-	15,607,274	14,850,433	30,457,707
Segment liabilities	-	11,025,392	11,026,763	22,052,155
Segment non-performing loans	-	-	1,053,915	1,053,915
Investment provided for	-	1,850,519	-	1,850,519
Segment provisions required	-	1,224,389	789,376	2,013,765
Segment return on net assets %	-	19.44%	11.11%	-
Segment return on assets (ROA) %	-	5.71%	2.86%	-
Segment cost of funds %	-	4.75%	4.79%	-

**Nine months ended 30 September
2015 (Un-Audited)**

Total income	11,427	1,617,637	797,748	2,426,812
Total expense	53,994	810,065	536,111	1,400,170
Net income	<u>(42,567)</u>	<u>807,572</u>	<u>261,637</u>	<u>1,026,642</u>

**Nine months ended 30 September
2015 (Un-Audited)**

Segment assets	-	14,909,734	10,930,400	25,840,134
Segment liabilities	-	9,897,596	7,741,508	17,639,104
Segment non-performing loans	-	-	927,152	927,152
Investment provided for	-	1,630,972	-	1,630,972
Segment provisions required	-	1,173,840	825,744	1,999,584
Segment return on net assets %	-	21.48%	10.94%	-
Segment return on assets (ROA) %	-	7.22%	3.19%	-
Segment cost of funds %	-	5.77%	5.91%	-

20. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks
Balances with other banks

(Un-Audited)	
Nine months ended	
30 September 2016	30 September 2015
-----Rupees in '000-----	
65,130	68,284
760,232	606,031
825,362	674,315

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)				(Audited)			
	30 September 2016				31 December 2015			
	As at 01-Jan-16	Given during the year	Repaid during the year	As at 30-Sep-16	As at 01-Jan-15	Given during the year	Repaid during the year	As at 31-Dec-15
	----- (Rupees in '000) -----							
Investments								
Subsidiary	398,300	100,000	-	498,300	168,300	230,000	-	398,300
Associates	997,872	100,000	(19,437)	1,078,435	1,099,342	193,500	(294,970)	997,872
Other related parties	226,000	-	-	226,000	226,000	-	-	226,000
	1,622,172	200,000	(19,437)	1,802,735	1,493,642	423,500	(294,970)	1,622,172
Advances								
Associates	68,200	-	-	68,200	68,200	-	-	68,200
Key Management personnel	49,225	4,497	(7,240)	46,482	49,859	19,973	(20,607)	49,225
Other related parties	182,429	-	(23,531)	158,898	210,454	-	(28,025)	182,429
	299,854	4,497	(30,771)	273,580	328,513	19,973	(48,632)	299,854
Deposits								
Associates	535,926	896,437	(1,257,663)	174,700	732,747	592,926	(789,747)	535,926
Key Management personnel	2,149	9,013	(9,239)	1,923	4,988	19,198	(22,037)	2,149
Retirement benefit funds	5,358	98,677	(57,573)	46,462	-	36,555	(31,197)	5,358
	543,433	1,004,127	(1,324,475)	223,085	737,735	648,679	(842,981)	543,433
							(Un-Audited)	(Audited)
							30 September 2016	31 December 2015
							----- (Rupees in '000) -----	
Other payable								
Gratuity fund							-	8,961
							(Un-Audited)	
							Nine months ended	
							30 September 2016	30 September 2015
							----- (Rupees in '000) -----	
Mark-up income								
Key Management personnel							1,574	1,924
Other related parties							11,842	16,854
Dividend income								
Associates							29,574	71,875
Other related party							-	33,900
Mark-up expense on Deposits								
Associates							18,795	41,339
Key Management personnel							90	330
Retirement benefit funds							1,038	579
Expenses for the period								
Remuneration to key management personnel							145,139	139,967
Non-executive director's fee / remuneration							12,404	11,588
Charge for defined contribution plan							12,765	10,720
Charge for defined benefit plan							13,664	9,474
Outright purchase of Government Securities								
Retirement benefit funds							319,646	398,576
Outright sale of Government Securities								
Subsidiary							108,960	-
Retirement benefit funds							286,759	488,370
Capital gain on Government Securities								
Subsidiary							(73)	-
Retirement benefit funds							7	156
Capital gain on Mutual funds								
Associates							-	13,120
Capital gain on sale of shares								
Associates							23,857	-

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 unconsolidated condensed interim financial information was authorised on October 27, 2016 by the board of directors.

Chief Financial Officer

**Managing Director
and Chief Executive**

**Managing Director
and Chief Executive**

Chairman